# Network of Corporate Governance Institutes in Latin America:

## Bonding over Common Objectives while Meeting Local Needs

Global Corporate Governance Forum

IFC International Finance Corporation
World Bank Group

Lessons Learned

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*This is the story of a group of corporate governance institutes in Latin America that realized that there is strength—and leverage—in numbers. By forming a network, these institutes benefited from otherwise inaccessible information and know-how, improved their performance, and enhanced their reputations in their own countries. In a short time, the Latin American Network of Corporate Governance Institutes (IGCLA, its Spanish acronym) has empowered its members with a network of connections and tools.*

Something historic happened at the 2009 Latin American Corporate Governance Roundtable in Santiago, Chile—organized by the OECD (Organisation for Economic Co-operation and Development), IFC (International Finance Corporation), and the Global Corporate Governance Forum. Besides the usual discussions of the region's corporate governance issues by policymakers and the private sector, the idea emerged that it was now time for Latin American corporate governance institutes to start long-term collaboration. The Instituto Brasileiro de Governança Corporativa (IBGC) asked the roundtable organizers to book a small conference room the morning before the roundtable so they could gather other institutes that were there—to "see the ways they could work together."

The IBGC's idea was not new; a similar attempt in 2003 had not gained sufficient traction. But this time there was a feeling that things could work. The corporate governance environment was flourishing in the region, and several institutes were already interacting bilaterally. For instance, the Instituto de Gobierno Corporativo-Panamá (IGC-P), the Centro de Excelencia de Gobierno Corporativo (CEGC) from Mexico, and IBGC had been exchanging materials and know-how, with the Forum's support through a program based on its *Building Director Training Organizations* toolkit.

Unlike the 2003 attempt, it was clear during the Santiago meeting that the institutes were ready to commit to the next step: putting time and effort into collaborating with other peers in the region. The institutes believed this

### ABOUT THE FORUM

The Global Corporate Governance Forum is the leading knowledge and capacity building platform dedicated to corporate governance reform in emerging markets and developing countries. The Forum offers a unique collection of expertise, experiences, and solutions to key corporate governance issues from developed and developing countries.

The Forum's mandate is to promote the private sector as an engine of growth, reduce the vulnerability of developing and emerging markets to financial crisis, and provide incentives for corporations to invest and perform efficiently in a transparent, sustainable, and socially responsible manner. In doing so, the Forum partners with international, regional, and local institutions, drawing on its network of global private-sector leaders.

The Forum is a multi-donor trust fund facility located within the IFC, co-founded in 1999 by the World Bank and the Organisation for Economic Co-operation and Development (OECD).

would give them access to practical and varied know-how for running their organizations.

Two years and four meetings later, the participating institutes report that they already see the network's benefits. For instance, they have improved their organizations' structures and learning programs from insights gained through sharing experiences and expertise, and they have obtained guidance on how to organize courses, administer the institutes, and deploy learning techniques, materials, and resources. Moreover, the member institutes have acquired a sense of belonging to a group of peers that allows them to communicate their accomplishments and increase their outreach worldwide, gaining recognition that was hard for them to get on their own.

IGCLA.net

First IGCLA Meeting in Santiago, during the 2009 OECD Latin American Corporate Governance Roundtable.

*"By knowing the steps taken in other markets and by learning about the experiences of different countries, we can move forward in creating a more effective Institute, avoiding traumatic situations, and knowing exactly where to go."*

**Patricio Peña**
Chairman of the Stock Market of Quito

## IGCLA'S EVOLUTION

**December 2009**—Institutes from Argentina, Brazil, Chile, Colombia, Mexico, and Panama gather at the Latin American and Caribbean Roundtable in Santiago to create the network. The Forum agrees to support a follow-up meeting in Panama City.

**March 2010**—The IGC-Panamá hosts the second network meeting. Representatives from Bolivia, Costa Rica, Ecuador, El Salvador, and Peru join the initiatives' six original members. Some of the institutes start working with the OECD and the Forum on producing materials for the next roundtable.

**October 2010**—During the LAC Roundtable in Rio de Janeiro, the institutes hold their third meeting to continue discussing the network's objectives and future activities. Three working groups are established: website development, Memorandum of Understanding contents, and a standardized survey for companies.

**February 2011**—Confecámaras hosts the fourth IGCLA meeting in Bogotá, Colombia. The institutes present the working groups' advances and then sign a letter of intention to subscribe to a future MOU.

**2011/2012**—Member institutes are planning the fifth IGCLA meeting.

The IGCLA is composed of 11 institutes—from Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Ecuador, El Salvador, México, Panama, and Peru—that interact with passion and hard work. They strive to improve corporate governance based on internationally recognized good practices—regionally and within their own countries. Forum support includes coordinating the network's secretariat and co-organizing meetings. Below are key steps that the IGCLA has taken to achieve success:

**Step 1: Identify not only those institutes that are interested in immediate collaboration, but also those that may get involved in the future.**

By the time of the Santiago meeting, several Latin American institutes had already participated in the roundtables and international events. In this international arena, they saw other peer institutions in the region with which they could exchange knowledge and resources, despite several developmental differences.

Although only six institutes were officially convened by the IBGC for that first meeting, they were already thinking about prospective additions: those institutions that had long participated in the roundtables, were recognized as serious institutions, and had experience working internationally. The convened institutions understood from the first meeting that the network's establishment was a gradual, step-by-step process of finding commonalities and areas of work synergy.

The founding members all agreed that a network beyond those initially involved would help create a community with different institution structures, markets, and histories. This expansion would broaden the network's knowledge base and increase members' learning opportunities.

Having a third party, the Forum, as the secretariat freed the institutes to focus on building strong relationships with each other and with prospective participants. The network's secretary general, Forum consultant Santiago Chaher, provided effective administrative support and a single point of entry for new members.

**Step 2: Once the network's members began collaborating, their attention turned to discussions about their common needs and objectives.**

It is important to know from the outset what each network member wants to achieve, and how. Through an exchange of e-mails before and after each meeting, the network's secretariat

Second IGCLA Meeting, Panama City.

identified common goals, gauged the institutes' interaction and levels of commitment, and helped prevent one institution's goal from overshadowing those of the others.

All IGCLA members shared the objective of advancing the development of corporate governance knowledge in their own countries. Having this common objective allowed members to exchange information and experiences, which resulted in speeding up the learning process, lowering costs of obtaining information, and somewhat homogenizing regional development.

Moreover, when working toward the same objective with an identified set of needs, members tend to be more open to learning about the practices of other member institutions and adapting those good practices to their local context. More seasoned members — those who know the challenges to be faced, steps to be taken, and benefits to be reaped — share their experiences with those that have less experience or are simply searching for improvement. This identification of common ground fosters a more productive interaction among the institutes and lowers the risks they — particularly the newer institutes — could incur in their development process.

Whether looking for knowledge on best corporate governance practices or improved ways to manage the institutes, the exercise of identifying common objectives is critical in creating a bond between the participants and empowering the network to be a catalyst for development.

**Step 3: Meet face to face, making sure that each member institute has the responsibility of hosting a meeting — and the chance to make the meeting its own.**

Each of the four IGCLA meetings to date — in Chile, Panama, Brazil, and Colombia — was coordinated and hosted by a different member institute. On each occasion, the local corporate governance institute helped with the organization and meeting logistics — and had the opportunity to promote its work internationally and build up its local reputation.

Hosting these meetings prepared the institutes to develop the necessary contacts to hold world-class events in their own countries afterwards. For example, Panama's institute invited foreign lecturers, professionals, and experts to share their experiences on interacting with private sector companies and state-owned entities. The institute was able to approach those speakers as a direct result of the exchange of contacts and the credibility gained from the second IGCLA meeting held in Panama City. The meeting not only provided Panamanian companies with high-quality international expertise, but it also spiked domestic interest among Panamanian companies and corporate governance entities.

**Step 4: Use agendas to establish a different purpose for each meeting, while keeping all meetings on track to advance a common goal.**

One of the major achievements of the IGCLA so far is that, after two years, the network is steadily advancing toward a common goal, and with benefits at least equal to the efforts. This success is due in large part to the network's encouraging the institutes to give careful thought to the meeting agendas — and promoting agendas that offer a mix of sessions, both on how to run a corporate governance institute and on corporate governance as a subject. For example, the network enabled the Chilean Center of Corporate Governance and Capital Markets to access valuable corporate governance information and use it to launch a training course with a methodology based on other institutes' experiences.

Another good practice is to keep the sessions short, dynamic, and based on the issues agreed upon during the previous meeting — but always adding another element to keep the meetings innovative and interesting. The agendas are shared in advance with the network members, whose feedback is vital to setting up interesting and challenging sessions.

It is equally important to reserve the last session of each meeting for a discussion — moderated by the secretariat, to maintain neutrality — and coordination of an action plan with specific objectives and deliverables for task groups to work on until the following summit. Having these tasks keeps members connected to the network even when they are not personally together, fosters relationships with their peers in the assigned groups, and gives them responsibility for producing something that will benefit all members of the network and not just themselves.

*"Strategically, being part of the network and hosting an event like [IGCLA's meeting] allows us to expand our corporate governance initiatives in the Colombian business sector. Now, we can prove that this is not just a local initiative. This is about the whole region adopting similar good practices."*

**Francisco Prada**
Confecámaras, Colombia

**Step 5: Make sure all institutions participate — regardless of their size.**

In a network with institutions of different sizes and development stages, the major institutions often end up driving the growth process, setting the agenda, and reaping the benefits, with the smaller ones simply along for the ride without any real influence or impact. In the IGCLA, the most influential members of the network were careful to encourage everyone to get involved — with the same amount of energy and time — from the first day, because they believed there was something to learn from every member and not just those similar to themselves. A key to the success of this approach was entrusting an impartial third party, the Forum, with the network's secretariat.

According to Heloisa Bedicks of IBGC, the size or "seniority" of an institute is not an impediment to participating in cross-border cooperation. In fact, she said, Brazil learned from interacting with other institutes when participating in an event on family-owned businesses held by its Colombian counterpart in November 2010. After learning about Colombia's rules on reporting practices, the

Brazilians were able to better explain to their own regulatory agency the need to change and improve Brazilian methods to acquire corporate information.

To make the most of such situations and promote active participation, the IGCLA has prepared meeting agendas that encourage smaller members to take part. For example, these agendas include presentations by smaller members on specific topics, allocate equal times for presentations, and provide for an organized round of questions after each session. Furthermore, the member institutes have let the international supporting institutions moderate these sessions, thus ensuring that there is an objective and neutral party to manage the times, to see that people take turns speaking, and to guide the conversation — and freeing the member institutes of any responsibility that could negatively affect the dynamic. This approach positions the third-party moderator to ask the difficult questions and to give the network constructive follow-up feedback about its work dynamic, objectives, and activities.

*"We can learn from every fellow institute. The diversity of history, experience, size, and structure that each institute has sets different trajectories that allow us to have a live feed of what does and doesn't work, helping us save time, effort, and money."*

**Carlos Pace**
Instituto Argentino de Gobierno Corporativo, Argentina

Another way to encourage members' full engagement is through the working groups, mentioned earlier, for tasks to be accomplished between IGCLA meetings. Each of these groups is led by one of the institutes, which takes responsibility for enlisting the participation and interaction of the other institutes in that working group. Assigning these focused tasks to smaller groups fosters a sense of responsibility and accountability that keeps everybody engaged.

**Step 6: Take minutes and share them — and any other record of meetings.**

With members' headquarters in different countries, and without a constant exchange of correspondence, it is easy to forget or misinterpret what was discussed and decided at the last meeting. Translation issues (Portuguese-Spanish), or even slight language differences (between those speaking Spanish), can work against the common understanding of what transpired. So, it is important to keep an accurate record of the progress, assignments, and commitments that occur in each official meeting.

So far, each member that has hosted the annual meeting has taken notes of every conversation, discussion, and conclusion at the meeting. These minutes are circulated among the participants for their comments, and then the final version is distributed to them in advance of the following meeting. This practice not only refreshes members' recollection of what was said and reminds them of their common goals, but it also helps them evaluate their own development based on the objectives discussed at the last gathering. The results have been so positive that the IGCLA has started a less-detailed version of the same practice for official conference calls.

**Step 7: Encourage fluid internal communication.**

When beginning a network with limited funding and mostly pro bono participation, internal communication is critical. It takes only one or two mistakes — when a member does not get the right information, or doesn't get it on time — to lead to loss of interest or loss of faith in the network. So, the network constantly looks for innovative approaches to establishing good communication channels.

### SMALL AND LARGE INSTITUTES SYNERGIZED

*"We benefited through interaction, by knowing the actions taken by other countries, the type of problems they had to face, and the proposed solutions. It has been a starting point to reflect on Brazil's future course of action."*

**Heloisa Bedicks**
Instituto Brasileiro de Governanca Corporativa

*"We benefited from having access to information already developed by large institutes. Small institutes lack the resources required to achieve such a level of development. We have imported seven years of knowledge in nine months."*

**Franklin Noguera**
Instituto de Gobierno Corporativo - Costa Rica

For instance, with 11 IGCLA institutions interacting and communicating via e-mail, the number of e-mails multiplies rapidly, making systematic communication hard to handle if not done carefully. To mitigate the risk of not getting in touch with the right person at each institute, the IGCLA asked each member for two official contacts in each country, thus creating an e-mail list of those who will be responsible for confirming receipt of the e-mails and replying as necessary.

The network has found Internet resources to be cost-effective, easy-to-use, and eco-friendly. In particular, Web surveys are useful for both internal purposes (evaluation of activities) and external purposes (Brazil's support of the rest of the institutes via a corporate governance survey to clients through a well-known Web-survey page that has shown great results for the IBGC).


Marta Vaca (Mexico) and Nabil Miguel (Bolivia) at the forth IGCLA meeting, in Bogotá, Colombia.

Members are also communicating through Twitter, the 140-character communication platform that lets them exchange information instantly and promote each other's activities and events to the "twittersphere." To encourage the use of Twitter, the network created a common account called @IGCLAnet, which is open to any member to promote its events, materials, and news. Not all members knew how to use this relatively modern platform, so the Mexican institute took the lead in creating a helpful "How to Use Twitter" guide.

Mexico, with one of the most advanced websites among the IGCLA members, has also helped fellow institutes improve their websites and has helped modernize the official network site. These are all steps that give the network a more coordinated and unified approach to communication.

*"Thanks to the collaboration of the Mexican Center for Excellence in Corporate Governance, we have a robust website."*

**Franklin Noguera**
Instituto de Gobierno Corporativo - Costa Rica

Visit **http://www.igcla.net** for more information.

**Step 8: Give members a strong network identity.**

Besides such benefits as ease of access to information or materials not otherwise available to members, IGCLA offers the reputational advantage of being identified with a network of peers. This strong identity serves not only as an advertising tool but also as a bond between the members. The network reinforces that identity through a logo and an annual publication, to be launched shortly.

**Step 9: Be sure the members understand that the network's success is due to them, not to an outside source.**

Operating in the international arena opens the doors for many outside players to approach and interact with the network and its members. Often, outside parties are there to support, help, and catalyze members' efforts into a better outcome. For example, both international organizations involved in IGCLA—the OECD and the Forum—have always proposed options and alternatives to each idea or plan without trying to impose their own agendas or objectives. Their motive is to help the institutes carve their own way.

But that is not always the case. Sometimes outsiders try to take ownership of the network's current or potential success, thereby creating a danger that members will see their links weakened, lose interest, and withdraw from participation. This is why it is important to remind members that the network's successes are due to their own efforts.

Each member's direct involvement strengthens that member's bond with the network and with the other members. The stronger those bonds, the more freely the members interact with the rest of the network, and the more confident they are in working with other institutions.

*"The Institute and Bolivia profited from the knowledge obtained by having access to other institutes, which are already better organized and have more experience. Such knowledge enables us to define our course of action. At a national level, we can now assess the alignment between the principles to be adapted in Bolivia and the international corporate governance standards, and their applicability to our reality."*

**Nabil Miguel**
Bolivia

*"Through IGCLA we get to know what other countries are doing. We can learn from the mistakes made by other markets. For small institutes—like our own—their experiences represent a window into the future. The steps taken by other members allow us to devise more rational plans for our small-scale economies."*

**Irvin Halman**
Instituto de Gobierno Corporativo – Panamá

**Step 10: Use the network's positive results to remind members that they are part of it—and to get them motivated.**

Despite its being so young—and the range of differences in members' development—the IGCLA has already produced valuable results. These results will undoubtedly have a positive impact on each member's individual development as an institute and on its corporate governance environment. These early positive outcomes serve to keep the members engaged and eager for more.

The OECD has collaborated with the network by coordinating a set of international studies, surveys, and research on board practices. These activities, carried out by the institutes, not only serve as input for the Latin American Roundtable but also provide the basis for a comparative analysis between practices. Twice in the last two years, IFC has supported this initiative by co-funding the Roundtables where the network has met.

Organizing and consolidating diverse institutes for IGCLA has not been an easy task, and members have had to overcome challenges—and they still have a long road ahead. However, they already have an advantage: they can rely on and learn from each other. And, they can use each other as leverage to reach their common goals of becoming a sustainable and efficient network of institutes with distinct benefits and rewards; of gaining access to international resources and knowledge that are otherwise inaccessible; and of earning global recognition as a unit that has the corporate governance knowledge and network experience to lay the foundation for replicating similar initiatives outside Latin America.

## IGCLA RESULTS, SO FAR

- **Recognition of institutes as drivers of corporate governance development in their own countries.** In a survey, 9 of the 11 institutes said their membership in IGCLA enabled them to speed up the implementation of corporate governance in their countries and to be recognized as a "catalyst for corporate governance development."
- **Faster and less expensive implementation of reforms.** Besides facilitating the adoption of international standards, IGCLA enables its members to make projections on the basis of other countries' experiences—to anticipate what challenges they will face, what benefits they will obtain, and which steps they should take in the process of developing good corporate governance. Countries such as Ecuador, which struggled with the concept of strengthening the corporate governance environment through the creation of a corporate governance institute, have found that participation in the network provides a more solid foundation (through learning from the experiences of other institutions) and a reduction of costs (through the leverage the network provides). IGCLA allows these countries to study real cases and to anticipate the possible impacts of their activities and decisions as they implement the corporate governance model that suits their country. Even Mexico's long-standing CEGC reports that "learning of the experience of other institutes, such as the IBGC, has enabled us to step up our development."
- **Access to valuable resources and literature.** As a rule, there is very little good-quality literature and information available on corporate governance in local languages and with locally adapted content. IGCLA permits the exchange of and access to valuable resources and literature otherwise not available to all members. For instance, Mexico's Center for Excellence in Corporate Governance provided the Costa Rican Corporate Governance Institute with its publications, so the Costa Rican Institute could use the information in trainings and publish it on its website. This valuable contribution saved time and resources in promoting the main concepts of corporate governance among local companies and future clients.
- **Exchange of international speakers and experts.** Participation of international experts in local events allows the institutes to provide a distinct look at the issues, enhance their own reputations, and make the experience much more interesting for audiences by comparing the cases and best practices. For the younger institutes, sponsoring such world-class events without the network would have been almost impossible because of the high costs involved in getting high-quality expertise and the difficulties of making those contacts. Another benefit of this exchange of expertise is through cross-border projects in which one of the institutes provides the expertise and logistics and the other takes care of getting the clients. For example, Chile and Ecuador jointly organized a training session for 20 executives of Quito's Stock Market in Santiago.
- **Support from international organizations.** Working with 11 important institutions together under the same umbrella is a more attractive proposition for international organizations than dealing with the institutions one at a time. The network offers these organizations a broader reach at a lower cost—in time, funding, and other resources. An individual entity seeking this kind of support would never match the level of access or impact of a network representing the interests of multiple countries. And, the outcomes benefit all members.
- **Positive peer pressure.** IGCLA's "single voice" strengthens the position of all member institutes and allows them to obtain better results in the region. For example, the Forum and the OECD have been conducting a study on the efficiency of boards of directors and administering it through the network. The response has been particularly good, with each member responding to the positive peer pressure to present high-quality deliverables.

## NEXT STEPS FOR THE IGCLA NETWORK

- Sign the Memorandum of Understanding between members and establish a permanent secretariat.
- Distribute the first IGCLA newsletter.
- Launch a second version of the website with more features to make possible the presentation of original IGCLA content and better distribution of members' publications.
- Launch a standardized version of a survey to companies, which will permit a regional comparison of results.
- Continue to collaborate with the Forum and the OECD on the board-effectiveness study.
- Launch the first IGCLA publication, in 2011.

## NEXT ISSUE:

The Brazilian Institute of Corporate Governance (IBGC) was founded in 1995 as a non-profit entity. Over the years, it has become the central forum for the introduction and dissemination of good corporate governance practices in Brazil. It also plays an increasingly prominent role in South-South collaboration, especially in building institutional and training capacity of corporate governance institutes. Learn about IBGC's evolution, challenges and achievements.

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