Fostering Good Governance
Governance

- Process by which decisions are made and implemented
- Key attributes
  - Stakeholder participation
  - Transparency
  - Accountability
  - Administration in accordance with law
  - Adherence to policies
  - Effective delivery of benefits
Governance

- Key building blocks
  - Clearly define roles and responsibilities
  - Reduce real and potential conflicts of interest
  - Recognize and manage competing needs
  - Staff appropriately
Governance

- Clearly define roles and responsibilities
  - Define purpose and goals
  - Ensure proper funding
  - Monitor operational compliance
  - Establish transparent procedures
  - Ensure execution of roles and responsibilities
Governance

- Reduce real and potential conflicts of interest
  - Require proper disclosure
  - Emphasize fiduciary responsibility
  - Avoid moral hazard
Governance

- Recognize and manage competing needs
  - Anticipate unintended consequences
  - Balance competing interests
  - Establish appropriate legislation, regulations, and rules
  - Ensure strong oversight
  - Incorporate disincentives for excessive risk taking
  - Use self-adjusting mechanisms
Governance

- Staff appropriately
  - Engage independent experts
  - Include representatives of key stakeholders
  - Establish explicit procedures and transparent mechanisms for appointments
  - Disclose remuneration policy and other terms
Governance Summary

- Clearly defines roles and responsibilities, and acts in accordance with them
- Reduces real and potential conflicts of interest
- Recognizes and manages competing needs
- Staffs boards with financial and other professionals who possess relevant expertise