How to optimise the role of the Belgian State as a shareholder?

Memorandum to the attention of the political parties

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Foreword

With this memorandum GUBERNA wants to present to the political parties its 'Recommendations for improving the role of the Belgian State as a shareholder'. These are no guidelines, but a set of recommendations that hopefully can guide the Belgian authorities in their search for professional governance in State-owned enterprises.

This memorandum is based on a detailed research report (available for consultation on www.guberna.be), built on in-depth international research, complemented with input from several international roundtables (that GUBERNA organised in 2012 and 2013) as well as input from expert group meetings held in 2013.

GUBERNA would like to thank all those who took an active part in this reflection and whose contribution was of critical importance in finalising the report. GUBERNA also would like to thank the long-lasting partners of the Centre Public Governance: Belfius and Deloitte. However, the present recommendations only engage GUBERNA: they do not necessarily represent the point of view of GUBERNA's members or partners, of the experts consulted or the speakers invited at our round table sessions.

1. Introduction

In a world where politicians increasingly regulate the governance of corporations, they can no longer escape public scrutiny when it comes to their own public governance. This is all the more true in an era where the role of the State as a shareholder is drastically increasing. So developing a well-founded and professional framework for State shareholding (with sufficient attention for the specific needs such 'public' shareholding poses) seems a must.

But like in any company, **installing a new public governance framework necessitates first of all a willingness by those in power** for shifting gear to a professional (rather than a pure political) approach with sufficient checks and balances, clear procedures of delegation -that are fully complied with-, well-defined accountabilities and a better transparency. Public organisations are generally aware of the need for such governance practices, but are often dependent upon the political willingness to move things forward. Taking into account the mounting public pressure and the increasing interest for good corporate governance practices by many leaders of the public organisations, GUBERNA is convinced that **the upcoming elections are the ideal moment for organising a political debate on the route(s) to a professional governance for State-owned enterprises** (SOEs).

GUBERNA (whose mission is to stimulate good governance in all types of organisations) has been promoting public governance for years now. Over the last 2 years we have been analysing and **comparing the Belgian public governance practices**[1] **with the OECD recommendations** (the only international guidelines on the governance of SOEs) **and international best practices**. Our research report has been enriched by the discussion with Belgian as well as international experts. On the base of this research report (available for consultation on GUBERNA's website - www.guberna.be) we have drafted this Memorandum to the political parties.

The conclusion is that, **notwithstanding some best practices in public governance, there certainly is room for improvement**. We focus our attention to two main driving forces in this respect, namely the way the State organises and governs its shareholdings and the way the State selects its directors and interacts with them. While our recommendations are inspired by the OECD Guidelines and by international best practices, they also take the Belgian reality into consideration and include the best practices drawn from the Belgian context. Moreover, Belgium has its own characteristics and political priorities and **it is the government's responsibility to define the optimal public ownership model**, with enough attention (and justification) for a tailor-made approach. It is not different in private companies where flexibility and tailor-made approach are offered, provided that enough explanations are given on the choices made (via the "comply or explain" principle). We hope this Memorandum and the underlying research report give sufficient food for thought for debating and modernising the Belgian public governance framework.

[1] In this research report we focused our attention to those federal public organisations that operate as an enterprise with a board of directors, hence the term 'State-owned enterprises' or SOEs.

2. Analysis of the organisation of State shareholding within the politico-administrative system

2.1. What are the relevant (international) governance norms and guidelines?

According to the OECD, the organisation of the State's shareholdings is a key factor in the search for good governance in SOEs. **A major challenge for the State (as shareholder) is to find the right balance between its responsibilities for actively exercising its ownership function while at the same time refraining from imposing undue political interference in the management of the company**. Moreover, the State should **ensure a clear separation between its ownership function and other State functions** that may influence the conditions for SOEs, particularly with regard to market regulation.

In OECD countries three main organisation formats were used[2] for organising State shareholding: the centralised, the dual and the decentralised model. The OECD considers some degree of **centralisation** as the best way for organising State shareholdings, generating many positive effects. Whenever the centralised model is not adopted, then it is recommended to **at least organise State shareholding in a coherent way**.

Most of the OECD countries have taken advantage of the 2005 OECD recommendations to critically evaluate their public governance. Many have opted for a reorganisation, giving priority to some form of centralisation. To further fine-tune the governance of State shareholding, specific criteria have often been used, such as the **distinction between commercially versus public service oriented SOEs**. This distinction makes sense as the OECD Guidelines are primarily addressed to commercially oriented SOEs. As far as commercial SOEs are concerned, the OECD recommends **subjecting them at least to the same level of requirements (and transparency) as listed companies**.

2.2. What about the Belgian public governance practices?

Our analysis shows that the current Belgian State ownership model is more a consequence of historical evolutions rather than a well-thought model as proposed by the OECD. **In contrast to many other OECD countries, a critical comparison between the Belgian public governance practices and the 2005 OECD recommendations is totally lacking**.

Belgium does not really fit into one of the OECD models (see appendix 1 – Overview of the Belgian shareholding model). Today, there are four companies under the responsibility of the Minister for public enterprises. Those enterprises have been set up in 1991 as autonomous public enterprises, taking over the former public services offered by specific State organisations (telecommunication, postal services and (2) railways). Today, these four companies make up a rather heterogeneous portfolio as they possess different characteristics both in terms of their shareholding structure and the nature of their market context. Two of them have been partly privatised (via private shareholders and then via the stock exchange) and are operating in a (highly) competitive

[2] For more detail, we refer to the detailed research report

environment, what makes the direction of the company by a public shareholder even more complex. Other SOEs still fulfil public service oriented missions which requires – in light of international practices – another kind of ownership approach.

Besides the companies governed by the Minister for public enterprises, there is also a separate holding company: the Federal Holding and Investment Company (FPIM-SFPI) which is under the responsibility of the Minister of Finance. The federal government is the sole shareholder of the FPIM-SFPI. The FPIM-SFPI centrally manages the federal government's shareholdings, cooperates with the government on specific projects and pursues its own investment policy in the interests of the Belgian economy. Actually, the FPIM-SFPI has three core businesses. First, the holding acquires shareholdings in public and private companies that are of strategic importance in terms of federal policy (holding company – 17 participations in 2012). Second, it invests in companies with an attractive social value in one of the FPIM-SFPI's priority sectors (investment company – 26 participations in 2012). Finally, the Federal Holding and Investment Company cooperates on policy matters with the federal government and works on behalf of the government to implement specific projects (delegated missions – 11 participations in 2012). This third function has been notably materialised via the capital support to the banks after the financial crisis.

Finally, there are different other SOEs that are under the responsibility of a sector ministry.

Comparing the Belgian landscape of SOEs with the OECD recommendations and the international best practices and given the feedback from Belgian and international experts, we have identified the following **weaknesses** in the current organisational model of Belgian State shareholdings:

1. There is **a lack of transparency** on the organisation of the (Federal) State shareholdings. An **overall view is lacking completely**. The investigation of the different participations is a real challenge (except for the 'own' FPIM-SFPI portfolio), not only because of their heterogeneous and complex organisation at the level of the government, but also because it is not always straight forward to identify their 'real public shareholder'. There is also some opacity over the role of the different ministers, coupled with a sometimes ambiguous role of the government commissioners.

2. The current heterogeneous system is **not supportive for developing a professional State shareholding function** as prescribed by the OECD.

3. **A clear policy underlying the State's participations is lacking**. There is certainly a need for a clear industrial policy for the commercially oriented participations. But even for those 'enterprises' that perform an important public function, a clear shareholder strategy (that goes beyond the different management contracts) seems a must.

4. **It should be clarified who is acting on behalf of the State to perform its shareholding duties and execute its shareholding rights.** A clear insight in the process of 'leadership', 'directing' and 'control' – the three essential elements of governance – is completely lacking. The State participations are sometimes 'direct' and sometimes 'indirect'. In both cases the State may be considered being the 'ultimate' shareholder, but who is acting on behalf of the State? Our research demonstrates that this problem is far from new, but needs more

attention than ever before, given the need for more professionalism, effectiveness and efficiency (both in financial and societal/welfare terms).

5. In many cases there is an **evident lack of communication** between the State (in all its dimensions) and the directors and management of the different SOEs.

6. The **political dimension is omnipresent** and often prevails over strategic, business and economic arguments. Because of the absence of an organisation dedicated to shareholding issues, cabinets play a critical role.

In conclusion, the Belgian ownership model lacks consistency and is missing out opportunities to further build synergies and create value added for its SOEs and society at large.

2.3. GUBERNA's recommendations

Considering the recent increase in the State's portfolio and the need for a more effective use of State assets in the actual socio-economic context, it seems that **the Belgian government can no longer continue on the historical track nor stay partisan of a wait-and-see policy**. None of the international examples analysed has proven to be the ideal model or could be copy-pasted in Belgium. This Belgian passivity contrasts deeply with the attention in many other OECD countries for modernizing their public governance frameworks. We do not plead for copying those international best practices nor for an undifferentiated implementation of the OECD Guidelines, but rather for a deep reflection with all concerned actors on the optimal Belgian ownership model.

In order to reach a more professional and effective organisation of the State's shareholdings, GUBERNA would like to make the following recommendations:

1. **At the start of each legislature, the government should make a declaration of its general policy on SOEs and on the industrial strategy underlying public shareholding**. This would improve the understanding of the ambition and scope of the government's interference as public service provider and as shareholder in commercial business firms, its long-term strategy as well as the outcome envisaged. International examples have proven that such approach can lead to better efficiency and a better outcome. This would allow the directors and managers of SOEs to get a better view on the rules of the game, i.e. the ambitions and objectives of the State shareholder, their responsibility and hence accountability for developing the best way forward.

2. In light of the OECD recommendations and the international best practices, the government should **critically revise the organisation model** for governing its heterogeneous portfolio of SOEs. GUBERNA pleads for a **dual approach** with at the one hand, the **commercially oriented SOEs** (and SOEs having limited public service functions) and at the other hand the **public service oriented organisations**. Based on the actual governmental organisation, we would like to propose that the commercially oriented companies be governed by the FPIM-SFPI holding, under the responsibility of the Minister of Finance. All other SOEs, being (mainly) public service oriented, could be supervised by the Minister for public enterprises.

As to the additional provision of public services by commercially oriented SOEs, the Minister for public services could keep a 'droit de regard' in order to supervise the respect of the adjacent management contract (his/her intervention being limited to monitoring the provision of public services). Sector ministries could additionally give input for fine-tuning the development and monitoring of the management contract with those companies.

A professional direction is important for every SOE but the ambition, the objectives and the context widely differ depending on whether the SOE has a commercial aim or whether the company is first and foremost in charge of public services. A distinction based on the degree of commerciality seems to be an important – if not essential – step in the search for a measured State intervention and for an effective direction of SOEs. For commercially oriented SOEs, it is of critical importance to keep the direction as far as possible away from the political agenda (and from the news of the day), respecting primarily the 'public' governance principles (minimum the reference with the rules of the listed companies, as suggested by the OECD). For public service oriented SOEs, a professional and managerial approach is also required but societal objectives will play a prominent role in the definition of success factors and performance indicators.

3. Within this dual model, GUBERNA proposes **envisaging a further sub classification of the (commercially oriented) SOEs based on rational and relevant criteria** (as is the case in many European countries). Different departments could be organised (within the FPIM-SFPI) for groups of companies requiring a comparable kind of governance approach. GUBERNA suggests organising this classification around the following criteria: listed versus unlisted companies, companies where the State is the sole shareholder, companies where the State is the majority shareholder and companies where the State has only a minority stake (with eventually a special subdivision for companies operating with private equity partner(s), or in the framework of a public-private partnership). It could also be relevant to foresee differentiated support according to the specific sectors (see point 4).

4. On top of the dual model, GUBERNA proposes **setting up a central 'Knowledge & Support Centre' (K&S Centre) to support the State as well as the SOEs in developing a professional governance approach.** Based on the international analysis and the in-depth reflections with experts and practitioners in Belgium, GUBERNA proposes to set up the K&S Centre within the existing framework of the FPIM-SFPI, under the direct supervision of the Minister of Finance and the indirect control of the Council of Ministers. This would offer the advantage of economies of scale and scope. However, the interaction of the K&S Centre with the SOEs could be rather different, depending on the degree of public service orientation.

The general 'raison d'être' of this Centre would be to **effectively promote and support coherent public governance practices in all SOEs** in a transparent and professional way (as demanded by the OECD). In this respect, we suggest the Centre should be made up of independent experts having relevant skills in finance, governance, law, etc.

Besides this general governance support function, the **Centre could also play an important role in professionalising the strategic leadership of the SOEs.** This strategic function might be differentiated according to the specific position of each SOE (with at least a different approach for commercially and public service oriented SOEs and eventually also per type of industry).

The **monitoring** of commercially oriented SOEs could remain with the experts of the K&S Centre, without any direct interference from the government as demanded by the OECD (and no government commissioner). It would be the K&S Centre that is placed under the control of the government and its strategic goals and ambition should be regulated by a management contract, supervised by a government commissioner. The K&S Centre should become accountable towards the government and the parliament for the results of the industrial policy in general and the specific output of those SOEs under its direct control.

This process could be different in SOEs with primarily a public service function. Here, the development of the strategic framework, formalised in the management contract, and the supervision of its execution could remain with the Minister for public enterprises, supported by a government commissioner per SOE. Public service oriented SOEs could remain directly accountable towards the government and the parliament.

The K&S Centre would offer many advantages. It would be the central reference concerning shareholding and governance issues for the companies as well as for the government, it would ensure consistency, continuity (over the period of one legislature) and attention for the long-term strategy, it would execute the overall industrial strategy (that has been defined by the government), it would allow to improve the accountability process of the various actors towards the parliament and finally, it would represent a pool of experts able to support the government and the SOEs in their governance roles (including the selection process of board members). The Centre could play an important role in supporting the public directors in their responsibilities of strategy approval and evaluation of strategy execution.

5. **GUBERNA proposes to clearly define the role of the different actors and to improve their interaction and communication**. With the support of the K&S Centre, the State should be responsible for defining its overall industrial policy and for (indirectly) approving the strategy of each SOE, while fully respecting the role of the other shareholders (where relevant). However, it is the responsibility of each SOE board to develop and monitor its specific corporate strategy. In order to fulfil their mission at best, public directors could ask support from the K&S Centre. However they should be well aware that– because of their liability – they finally remain responsible for the board decisions. Consequently board decisions should primarily be made with the interest of the SOE in mind.

   The Minister of Finance, supported by the government commissioner who controls the FPIM-SFPI, should ensure that commercially oriented SOEs respect the agreed industrial strategy and are professionally directed. The Minister for public enterprises could be responsible for monitoring the public service oriented SOEs, supported by a government commissioner. The role of the government commissioner should be clearly defined. He or she should focus on compliance with relevant laws and on the execution of the management contract, while limiting the check on the opportunity of decisions in case decisions would endanger the fulfilment of the management contract.

Appendix 2 contains a graphical representation of the proposed organisation structure. Appendix 3 highlights the responsibilities of every actor. Please note that the suggestions are only tentative proposals, since the organisation finally needs to be defined by the policy-makers.

3. The selection of SOE directors and their interactions with the State

3.1. What are the relevant (international) governance norms and guidelines?

Besides a more professional organisation of the State's shareholding, it is also indispensable to screen the selection of the SOE directors and their interactions with the State. Such analysis should not only be built on the international recommendations but also take note of the societal debates which recently flood the Belgian press. Having a professional board of directors is a challenge for each company but it is even more complex in a public context. Numerous problems need further investigation, such as (1) the large impact of political considerations, when selecting public directors; (2) a clear definition of the responsibilities of the SOE board (which necessitates – like in every company – a tailor-made approach within a well-defined reference framework); (3) the way the State (in all its dimensions) will, can and must interact with the SOEs' directors and management; (4) and how (and towards whom) the SOE directors are accountable. This challenge is even more complex than in a traditional company, where the shareholder is often himself present at the board.

The OECD recommends that the selection and nomination process be conducted in a professional and transparent way under the final responsibility of the board of directors. While the board of directors, eventually supported by a nomination committee, should guide and coordinate the selection process of new directors, it is the right of shareholders to finally nominate the directors. Of course, shareholders can also give input to the board and provide candidates to be proposed for nomination.

Given the political sensitivities around (board) nominations in SOEs, it is of particular importance to find a right balance between, at the one hand, a professional selection process coordinated by the board and, on the other hand, the respect of the nomination right of the government. To reach the required degree of professionalism and transparency, the nomination process of public directors still has a long way to go. At national, as well as international level, there is growing criticism towards a sometimes highly political process that might ignore not only public governance recommendations but even go counter to the compliance with corporate governance principles of commercially oriented SOEs. **In a public context, the challenge is to select directors in a transparent way and to ensure that the process is professional and not (only) based on political bargains.** In light of this, the OECD points out that **an efficient and coherent selection process starts with a strong and centralised nomination framework which shields the board from direct political intervention**.

The rigorous selection process prescribed by the OECD is of particular relevance for selecting **independent directors**. While there is no widely accepted definition of independent directors in the public sector, the OECD emphasizes that independent directors do not represent stakeholder interests in the company (independent from management, government, business relationships, …)

but bring relevant skills and competencies to the board. For independent directors, the OECD recommends that for each vacancy, the required skills should be clearly spelled out in an open and transparent way. Although such professional selection procedure should be set up for all SOEs, it can be necessary to slightly adapt the procedure according to the kind of organisation and shareholding structure.

The fact that **State-appointed directors** are not 'independent' from the political decision-makers does not imply that the selection process should not be professional or competitive. Also for these nominations, decisions should be based on their professional merit and competence. Such a competitive and professional process will reinforce their position as professional directors.

As to the nomination (and the dismissal) of the CEO of an SOE, the OECD as well as international experts recommend that the **SOE board of directors should have the power to appoint and remove the CEO**.

The OECD also emphasizes that proper channels should exist between the State and the board in order for the State to be able to **inform the board and its directors of the State's objectives and priorities, without infringing upon board autonomy and independence or interfering with decisions which have to be made by the board or the management.**

3.2. What about the Belgian situation?

Our research report concludes that the **responsibilities for the nomination of Belgian SOE boards are not transparent, while political actors are hesitant on the procedure to follow**. There is no formalised and uniform process for selecting public directors or even independent directors in Belgian SOEs.[3] In practice, one can notice that the composition of the boards reflects mainly a political choice. The problem of political interventionism is not new, but the recent avalanche of media criticism shows that societal expectations are critically increasing and/or political interventionism has seriously grown over the last decennium. **Yet there are good practices as well, practices that should be encouraged, generalised and formalised**.

Another conclusion of our analysis is that 'independent' directors are only found in a limited number of SOEs, what proves that **the concept of 'independent director' is not well anchored into the public sector in Belgium**.

Concerning the package of duties of SOE boards, it appears that Belgium experiences some drawbacks. The most important point of attention is that **in many Belgian SOEs, the board does not nominate or remove the CEO**, which runs totally counter to the OECD recommendations. However, some disposals exist to **counter-balance** for the fact that the board does not nominate the CEO. The law of 1991 on SOE's foresees that **it is the government that appoints the CEO, but it is the board that develops the contract with the CEO and sets its remuneration**. With the recent political discussion on remuneration of top management in SOEs, this **'balance of power' seems to be**

[3] See research report for an overview of the (theoretical) selection process of public directors in Belgian SOEs.

broken, with the government also taking over the determination of CEO remuneration; all the more reasons for critically reviewing these balancing principles and their (non)respect.

3.3. GUBERNA's recommendations

Except for **some examples of Belgian best practices**, our detailed analysis demonstrates **a lack of transparency, consistency and efficiency in the selection procedures**. Those conclusions are fully in line with the recent press coverage of what they called the nomination and remuneration saga in SOEs. This is in contrast to many European countries that have set up formal and structured processes for selecting public and/or independent directors. Our report highlights that much inspiration can be found in the OECD recommendations and reports as well as in the different international practices studied. This not only holds for guidance in developing a more professional selection and nomination process but also for a clearer communication and support of public directors. GUBERNA therefore proposes the following recommendations:

1. **GUBERNA proposes to focus more attention on board effectiveness of SOEs.** To this end, **any nomination process should start with a critical board and director evaluation**. Our research and international comparison demonstrate that evaluating the board's composition in terms of skills, experiences, gender, age, … can help identifying missing profiles within the board and therefore greatly facilitates the development of the relevant profile for a board vacancy. Particular attention should be given to the professionalism, the confidentiality and the independence of the evaluation process (that should preferably be led externally). Board evaluation already occurs in some Belgian SOEs on an ad-hoc basis but GUBERNA recommends that these best practices be promoted and generalised to also serve a more professional selection process.

2. **The incumbent board and its chairman should be given a more substantial role in the selection process of a new non-executive director and in the nomination of the CEO of a SOE**. Based on a focused evaluation, the incumbent board should make recommendations and play an active role in the development of the vacancy profile and in the assessment of potential candidates. The role of the board in the selection process could be different whether the selection concerns public directors or whether independent directors have to be found (see also point 3). Anyhow, the function profiles based on the evaluation should be guiding the ownership entity.

   In order for Belgium to respect the OECD recommendations, GUBERNA recommends giving the SOE board the full power to nominate the CEO of the company, (eventually) after consultation with the State as the main shareholder. This would allow to reinforce the role and the legitimacy of the board towards the management and to avoid the board to be circumvented (both by the shareholder and the CEO).

3. **GUBERNA proposes generalizing the presence of 'independent directors' in all public organisations**. It is the combination of independent directors (also attracted for their specific know how and experience) with public directors that should guarantee that each SOE is

governed with a balanced attention for the corporate as well as the public service function. The more important the commercial orientation will become, the more important the role of independent directors will be.

The selection of independent directors should distance itself as much as possible from political considerations. In case of the presence of other shareholders (in listed companies for example), the State should refrain from nominating the independent directors (as it is already the case at Belgacom for instance). In other cases, a co-optation system could be used, where incumbent directors would nominate new independent directors by consensus.

While there is no definition of independence commonly accepted in the public sector, GUBERNA proposes (and is ready to provide support for) developing a clear definition of independence in a public context. Such definition should at least encompass the definition of the company code and ideally include additional incompatibilities in order to avoid a too-narrow relationship between the independent directors and the political decision-makers.

Finally, a board can demand the full involvement and commitment of its directors only if it provides them a right remuneration. GUBERNA recommends providing a differentiated remuneration in function of the nature and the size of the company. For commercially oriented SOEs, it could be useful to follow the market norms.

4. **The Knowledge & Support Centre could play an important role in promoting board effectiveness and in developing a coherent and professional selection process of directors of SOEs**. The involvement of the Centre should be instrumental when it comes to the selection of public directors. But also for the selection of independent directors this K&S Centre could play a supporting role for the board of the SOE who must remain in the driving seat. GUBERNA recommends the K&S Centre playing a prominent role in promoting professional development and education of directors (public as well as independent directors). Such a broad involvement would generate many advantages as detailed in the research report.

5. **Finally GUBERNA proposes routes for improving the interaction between the State, the public directors and the SOEs**. Convinced by the added value of a constructive interaction between the major governance bodies, GUBERNA recommends that the responsible Minister or the K&S Centre (depending on the type of enterprise considered) presents to the board the shareholder strategy (a practice already occurring on an ad-hoc basis). This brings clarity to the State's strategy and their expectations towards the board and the directors. Moreover, GUBERNA also recommends structuring the accountability of the SOEs, their CEO and chairman, towards the Parliament. The challenge is to combine the necessary accountability towards the shareholders and society at large with the need for a professional and effective conduct of the business activities. Special attention should be given to optimise this process and avoid that confidential and strategic information be diffused in the public square. For public service functions of a company, it might be envisaged that a direct accountability is developed between the SOE, the responsible minister and the parliament. It would be good to limit this public accountability to an annual reporting (like the annual shareholders' meeting), unless extreme situations occur. As far as commercial performances

are concerned, direct accountability could be organised towards the K&S Centre, which represents the shareholder towards those companies. In turn the K&S Centre could be directly accountable towards the parliament for all SOEs under its authority, thus shielding those companies from direct political interference. In case it would be necessary to organise a direct parliamentarian reporting for these kind of companies, it would be advisable to look for alternative routes that guarantee confidentiality, such as a closed-door committee dedicated to discuss the industrial strategy of commercial SOEs.

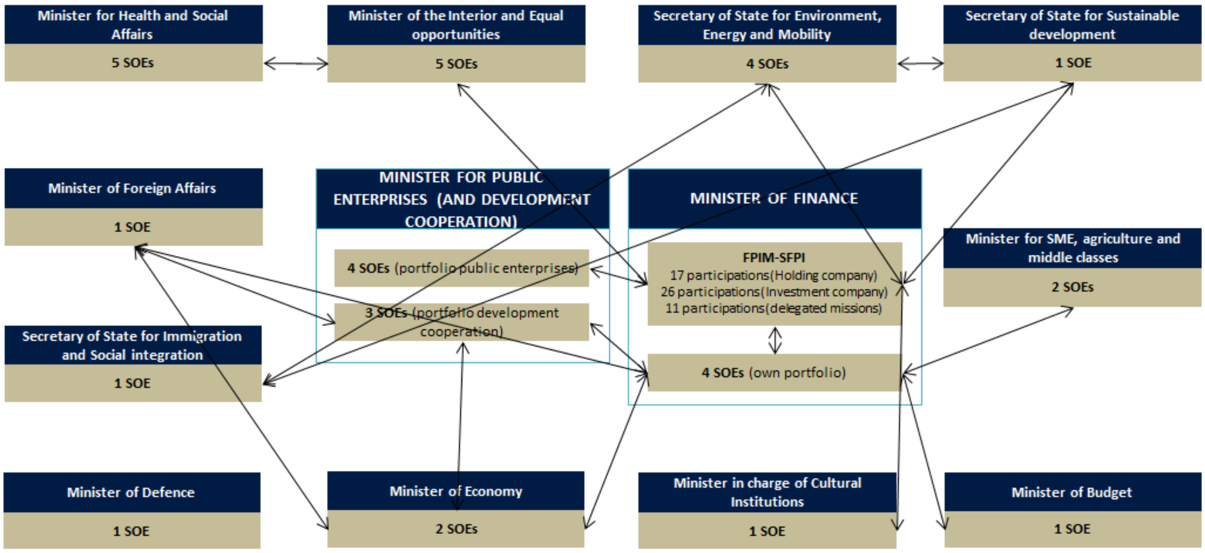
4. Conclusion

In order for the Belgian State to fulfil its shareholder role at best, quite a lot of issues need careful reconsideration. However, GUBERNA's analysis must not ignore the fact that there are already some best practices and positive evolutions occurring in Belgium. What is however lacking is a critical screening of the global situation in light of the OECD recommendations. Besides these recommendations, inspiration might be found in the Belgian as well as the numerous international best practices to bring the Belgian public governance on a more modern footing. Those best practices must be highlighted, promoted and introduced at all SOEs. Individual organisations are generally aware of the need for good governance practices, especially in the public sector. They are however often dependent upon the political willingness to make things move forward.

In light of these observations, GUBERNA proposes to the political decision makers to take advantage of the establishment of a new government (both at federal and regional level) to use this momentum to engage for a more professional and effective public governance for its heterogeneous set of SOEs. We sincerely hope this Memorandum will contribute to this discussion and reform.

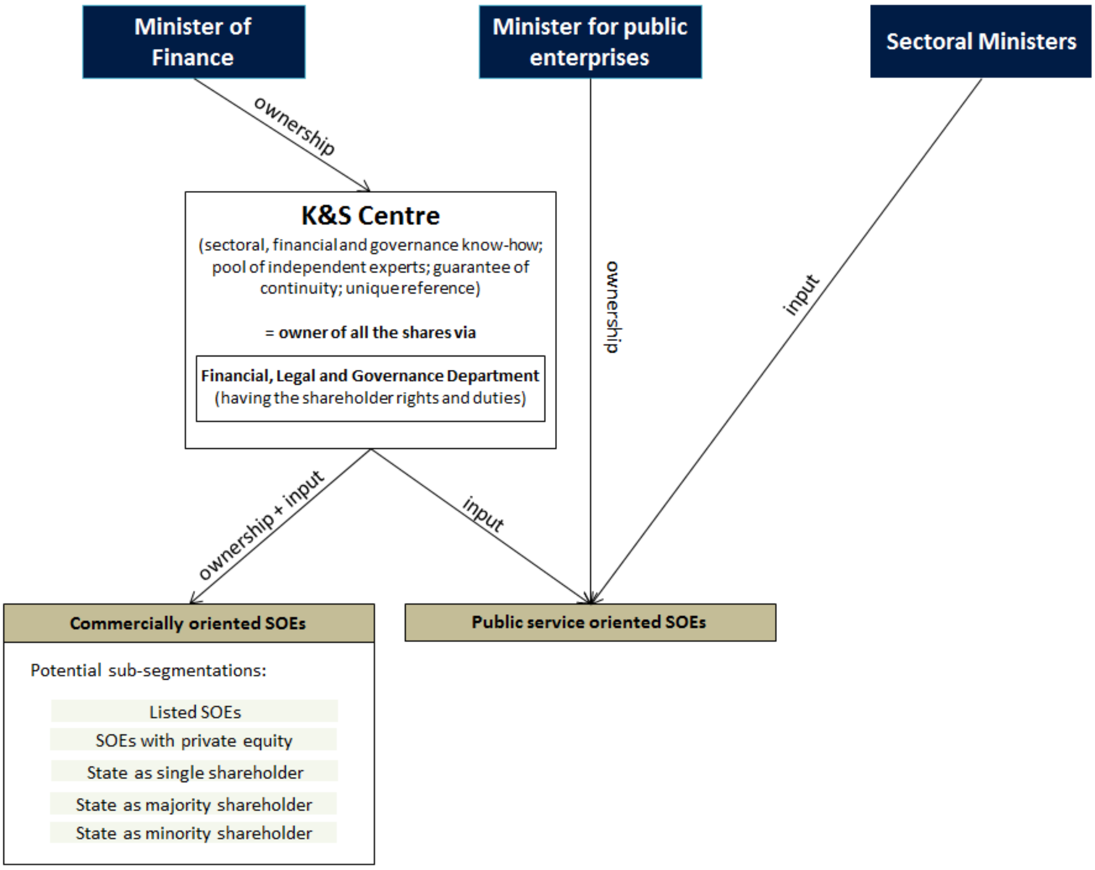
5. Appendix

5.1. Appendix 1 – Overview of the Belgian shareholding model



Some SOEs are under the responsibility of several entities. The arrows indicate shared responsibilities amongst different actors. A detailed overview of the Belgian shareholding model can be found in the full research report.

5.2. Appendix 2 – Suggested Belgian shareholding organisational model



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