



IFC's Role in Improving Corporate Governance in the Middle East and North Africa

Good corporate governance is essential for modern, well-managed corporations. Many Middle Eastern and North African enterprises have reached a stage in their corporate life where improving transparency, professionalizing board practices, and reinforcing shareholder rights have become crucial to their future growth and competitiveness.

The International Finance Corporation (IFC) integrates corporate governance considerations into all its investments and its advisory role in the region. One of IFC's key goals is to help clients improve their corporate governance to achieve better operational results with lower cost of capital, and to further enhance their reputations at home and abroad. Working with client companies to adopt good practices also helps IFC manage its own portfolio risks.

IFC has helped improve corporate governance in more than 80 countries, including many in the Middle East and North Africa. This broad experience positions IFC as a global authority on governance issues for the private sector in emerging markets.

IFC is working at many levels to improve corporate governance practices in the Middle East and North Africa. In addition to its Corporate Governance Department in Washington DC, IFC established a Private Enterprise Partnership (PEP) based in Cairo, Egypt and Karachi, Pakistan to provide advisory services in the region. Our efforts include operational work with clients; advice to governments on regulatory reforms; organizing seminars and awareness raising events; and supporting the work of corporate governance institutions.

Operational Work with Clients

IFC's Corporate Governance Methodology helps the Corporation's investment staff assess the quality of corporate governance of potential clients and identify ways to improve these companies' governance policies and practices. The Methodology (available at: www.ifc.org/corporategovernance) has been used to assess companies from different industries and countries. It employs assessment tools tailored to the specific governance priorities of publicly-listed companies, founder and family-owned firms, financial institutions, and newly privatized enterprises. The Methodology focuses on making the business case for corporate governance; it is fully integrated with IFC's operating procedures and is applied in all the Corporation's investments. Members of IFC's Corporate Governance Department participate in appraisal of client companies whenever corporate governance issues are identified as a significant risk. In the Middle East and North Africa, IFC works with several companies and financial institutions to improve their governance practices. IFC also assists its corporate governance clients to communicate the quality

of their governance within their home market, across the region, and around the globe. In Jordan, for example, Hikma Pharmaceuticals Plc benefited from IFC's advice on board composition and strategy before its successful listing on the London Stock Exchange in 2005.

Corporate governance relates to the ways modern corporations are directed and controlled. Practices vary between companies and countries. For globally mobile investors, the corporate governance of firms has become an increasingly important factor when choosing where to invest. Good governance has therefore become a central concern for companies and governments that seek to attract capital and to develop sound capital markets.

A Sample of IFC's Corporate Governance Clients in the Region

Company Name	Country	Year
SGH Group	Saudi Arabia	2008
EGYTRANS	Egypt	2007
Wadi Holdings	Egypt	2007
TPSP	Pakistan	2007
Ensec	UAE	2006
RedMed	Algeria	2006
Bank Audi	Lebanon	2006
Sabis	Lebanon	2005
Hikma Pharmaceutical	Jordan	2003

Legal and Regulatory Reform: UAE, Lebanon, West Bank and Gaza, Jordan, Egypt, and Pakistan

IFC offers experience and perspective as a global investor to governments and regulators as well as companies. IFC believes that a good regulatory framework and better corporate governance practices are crucial to building greater public confidence in each country's securities market.

IFC has engaged in several corporate governance advisory initiatives in Algeria, the UAE, Lebanon, West Bank and Gaza, Jordan, Egypt and Pakistan. In the UAE, IFC advised the Central Bank on drafting a set of corporate governance guidelines for bank directors. In Lebanon, IFC conducted a corporate governance survey of banks and a review of the legal

and regulatory corporate governance framework. In Jordan, IFC helped develop a voluntary corporate governance code for the banking sector. IFC has also advised on twelve national corporate governance codes, including in Jordan, Egypt, Lebanon, Saudi Arabia, West Bank and Gaza, the UAE, and Pakistan.

Seminars and Awareness Raising Events

IFC regularly collaborates with universities, central banks, and other local Middle Eastern and North African institutions to organize seminars and corporate governance events. In 2007, IFC organized a conference in Riyadh on bank corporate governance for over 200 bankers from across the Middle East and North Africa region. IFC also organized a similar conference in 2006 in Abu Dhabi and a high-level seminar on corporate governance in the West Bank in 2005.

Corporate Governance Institutions

IFC believes that partnerships with local corporate governance institutions constitute a fundamental step towards building solid corporate governance systems and practices. IFC focuses on institutes of directors by supporting the development of director training programs, manuals and best practice guidance. IFC helped build the capacity of the Egyptian Institute of Directors (EIoD) and is currently helping the Pakistan Institute of Corporate Governance.

IFC has also supported the launch of Hawkamah, the Institute for Corporate Governance, in Dubai. Hawkamah aims to support corporate governance reforms and assist countries in the region in developing sound and globally well integrated corporate governance frameworks.

IFC is currently helping and guiding the Lebanon Transparency Association.

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