



IFC to Support Improved Corporate Governance Practices in Ukraine's Banking Sect



May 31 2005

Press Release - International Finance Corporation

Kyiv, Ukraine , May 31, 2005 — Today the International Finance Corporation, the private sector arm of the World Bank Group, launched its Ukraine Banking Corporate Governance Project. The project is funded by the State Secretariat for Economic Affairs of Switzerland (seco).

The project's goal is to improve the corporate governance practices in Ukrainian banks. Better practices should raise the flow of investment and improve access to capital for the banks. An enhanced capital structure is in turn expected to stimulate business lending to the country's small and medium enterprises.

The project will focus on enhancing the internal controls of Ukrainian banks as well as on applying a standardized corporate governance approach to assessing the creditworthiness of the banks' corporate clients. These objectives will be accomplished through seminars and workshops, as well as direct consultations with the banks on best practices in corporate governance. In addition, the project will work with selected Ukrainian banks to carry out a full corporate governance assessment, as well as provide support in implementing the recommended changes.

To foster sustainability and promote self-regulatory initiatives within the banks, the project will work with industry associations to strengthen their activities and their client base. Public-private dialogue on banking reforms is on the agenda as well. IFC will advise on the drafting of new domestic legislation, drawing on international best practices. The main participants in this undertaking are the National Bank of Ukraine, the Ukrainian Securities and Stock Market State Commission, the Association of Ukrainian Banks, and the First Securities Trading System.

Speaking at the project's launch ceremony, Christian Faessler, Switzerland's ambassador to Ukraine, noted, "There is heightened interest in investing in Ukraine following the Orange Revolution, and now is an ideal time for banks to strengthen their international relations and integration into international capital markets. To do this requires adherence to international standards, and banks that raise their corporate governance standards clearly have a better opportunity to raise international capital. It is this access to capital that will determine the winners in the Ukrainian banking sector."

Other speakers at the launch included Boris Timonkin, chairman of the board of Ukrsotsbank, and Tatyana Vazhejivska, deputy chairman of Ukrsibbank. Speaking on behalf of IFC were Elena Voloshina, head of operations in Ukraine, and Desmond O'Maonaigh, the project manager.

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