

Earning Astana Yellow Jerseys in a Corporate Governance Race: Engaging External Partners in Communications in Kazakhstan

What do corporate governance and bicycle racing have in common? Frankly, not much. But the IFC Central Asia Corporate Governance Project team felt like cycling champions after our success in raising awareness about corporate governance in Kazakhstan. The corporate governance “race” in Kazakhstan started in 2006 in Almaty when a team of 11 people got together to launch the project. Just as the Astana cycling team retains its first place in the world ranking, subsequently reinforced by the victory of Alberto Contador in the Tour de France, our project team came out winners in helping corporate governance become an important topic in Kazakhstan. In this SmartLesson we would like to share how the project partnered with international coaches, local experts, and government bodies to promote corporate governance through publications, annual conferences, and seminars for mass media representatives in Kazakhstan.

BACKGROUND

Kazakhstan is located in the heart of the Eurasian continent at the crossroads of East and West. When the project started operations, not many of the region’s businesspeople knew what corporate governance was. IFC’s communications objective was to widely spread the word about corporate governance, convince policymakers to create a favorable legislative framework, and—the most important task—inspire joint-stock companies and banks to implement corporate governance standards. A yellow jersey goes to those companies and banks whose shareholders value investment attractiveness!

The success of the Astana team expanded the popularity of cycling around the world, including in Central Asia. Similarly, just a year later after the project launch, the need for improved corporate governance has been noticed at the highest levels of power in Kazakhstan. In February 2007, President Nursultan Nazarbayev publicly emphasized the importance of development of corporate governance principles and improvement of corporate governance at state-owned companies. Samruk-Kazyna National Welfare Fund was established to enhance the

competitiveness and sustainability of the national economy, relying on corporate governance principles. Prime Minister Karim Massimov also participated in a corporate governance awareness conference in February 2007 in the Kazakhstani capital, Astana, thereby greatly raising the profile of the topic through the accompanying press coverage. In spring 2007, full Senate hearings on the competitiveness of the economy included invited experts on corporate governance.

However, the corporate governance race was not easy. To provide an information campaign to raise awareness on corporate governance, the project team developed a three-year communications strategy that included:

- **Engaging international partners** such as Organisation for Economic Co-operation and Development, German Technical Cooperation Society, and Reuters;
- **Collaborating with the government** of Kazakhstan in conducting three annual international conferences with participation of more than 200 delegates each year from different countries;

- **Engaging the local business community** through publication of their views and experience in our quarterly magazine, *Vestnik of Corporate Governance*; and
- **Inviting IFC internal involvement**, including organizing four seminars for 40 journalists, one of them in cooperation with the Global Corporate Governance Forum and Reuters.

Moreover, the project published more than 300 analytical and informational corporate governance-related articles, and produced helpful publications.

LESSONS LEARNED

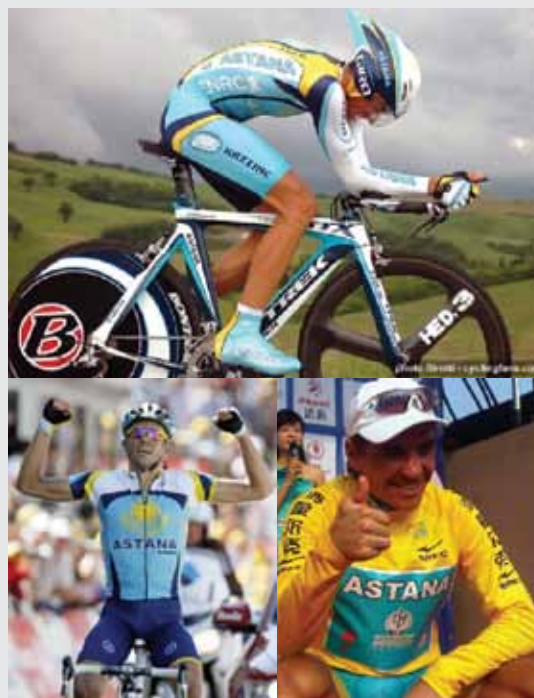
1) To multiply your project's effectiveness in raising awareness about corporate governance, build partnerships with government agencies and with associations of financial institutions.

The project partnered with the Agency of the Republic of Kazakhstan on Regulation and Supervision of the Financial Market and Financial Organizations and with the Financial Institutions' Association of Kazakhstan. Together we promoted good corporate governance by organizing annual international conferences in 2006, 2007, 2008, and 2010.

The events were platforms to analyze and discuss the practical issues and challenges in the implementation of corporate governance principles in Kazakhstan, to promulgate the experience and recommendations of the international experts, and to develop optimal solutions regarding efficient corporate governance and controls in companies.

More than 150 delegates participated each year, including shareholders, bankers, investors, and financial market regulatory bodies. They represented Kazakhstan, Russia, Azerbaijan, the United Kingdom, and the United States. Discussions covered such issues of corporate governance as protection of joint-stock companies against hostile takeovers and greenmail, information disclosure, establishment of efficient internal controls, corporate governance rating, actual issues of board of directors' activities, corporate

DRAWING INSPIRATION FROM THE ASTANA PROTEAM



Astana is a professional road bicycle racing team sponsored by the Astana group, a coalition of state-owned companies from Kazakhstan, and named after its capital city, Astana. The Astana team attained UCI (Union Cycliste Internationale) ProTeam status in its inaugural year, 2007.

Since 1919, the leader of the general classification in the Tour de France (the classification by which the winner is determined) wears a yellow jersey.

governance concerns in initial public offering holdings, and development of a corporate secretary institute.

2) Cultivate champions for corporate governance from among international coaches and worldwide experts.

The project worked with a variety of individuals and organizations to raise awareness of corporate governance, particularly among key stakeholders. For example:

COMMUNICATIONS STRATEGY FOR 3 YEARS



A Kazakh translation of OECD Principles.

• **OECD Principles in Kazakh:** IFC partnered with OECD to publish the official translation of the OECD Principles in Kazakh to educate policy-makers, investors, corporations, journalists, and other stakeholders in Kazakhstan. That was the first

international benchmark in corporate governance to be translated into the Kazakh language. The official translation plays a significant role in enhancing corporate governance standards and advancing business standards of Kazakhstani companies, which in turn enables them to improve company performance and attract outside capital. In addition, the official translation of the document facilitates the development of the legislative framework and enforcement of effective rules of corporate governance.

• **Cooperation with GTZ:** Together with GTZ and the Supreme Court of the Republic of Kazakhstan, IFC organized a series of events in which leading experts in corporate governance from Germany spoke to representatives from joint-stock companies and banks. The series focused on actual issues concerning the Law on Joint-Stock Companies in Kazakhstan.

3) Provide workshops, seminars, and other vehicles for educating the mass media.

IFC, the Global Corporate Governance Forum, and Reuters cooperated in organizing a regional media workshop: “Reporting on Corporate Governance in Central Asia and the Caucasus Region.”

The project organized other seminars for journalists, who in turn became effective at promoting corporate governance through mass media in Kazakhstan. Not all participants of our seminars became fans of the topic. However, with some of them, IFC acquired long-term, fruitful relationships. Since 2006, for instance, Kazinform has published more than 30 news stories, articles, and interviews about IFC and corporate governance.



The conferences boosted the level of corporate governance in the local market and raised awareness of the topic through media mentions about its importance.



Twenty-four mass-media representatives participated in the writing seminar and evaluated it highly.

“The seminar for journalists organized by IFC was interesting due to the fact that it raises awareness of corporate governance. The topics were selected appropriately, the speakers were brilliant, and the presentations were informative, interesting, and intelligible. I personally learned important and interesting facts.”

—*Daniyar Sikhimbaev, Kazinform News Agency*

One of the seminars the project organized for journalists addressed the issue of writing about corporate governance. It started by explaining corporate governance from the very beginning: What is corporate governance? What are its principles? It also discussed how to promote corporate champions and how to shame bad practice. And an independent economic observer from Kazakhstan conducted a session on how to prepare analytical material on corporate governance.

At the second seminar, “Corporate Governance: Current Realities,” an expert from Interfax, Moscow, focused on investor relations for 17 mass-media representatives. IFC’s legal advisors explained

“Social Corporate Responsibility versus Corporate Governance, and Rights of Minority Shareholders.” And IFC’s investment staff discussed “Importance of Corporate Governance in the Investment Decision-Making Process.”

4) *Engage the local business community and international experts in promoting corporate governance—by inviting them to write for your own publication.*

The project worked closely with such partners as Standard & Poors, KPMG, international experts, and local bankers by publishing articles, interviews, and theoretical materials in our quarterly magazine, *Vestnik of Corporate Governance*.



Vestnik of Corporate Governance.

We initiated a public information campaign to raise awareness on corporate governance–related issues among the wider reader community in Kazakhstan. That campaign targeted managers of joint-stock companies, supervisory board members, government

officials, students at institutions of higher education, the mass media, and securities-market professionals, as well as existing and prospective shareholders.

Vestnik of Corporate Governance became a valuable source of information, with case studies from the world’s best corporate governance practices, modern trends, experts’ opinions, theoretical aspects, and an effective toolkit for the introduction of proper corporate governance principles.

Initially it was distributed only in Kazakhstan and then far beyond the borders—in the Kyrgyz Republic, Tajikistan, and Russia. It is always hard to measure communications efforts, but one indicator is the increasing number of subscribers—of both hard copies and the electronic version—and a growing number of downloads from the Web site.

“We are very much interested in *Vestnik of Corporate Governance* magazine issued by IFC, which in our opinion is one of the leading professional corporate governance magazines in the Commonwealth of Independent States.”

—*Igor Korotetskiy, KPMG Moscow*

The most remarkable aspect of the whole process of developing magazines was the active involvement of all members of the team—from discussing the name of the publication, to brainstorming the concept and contents of every edition, to inviting international and local partners to write articles based on theoretical knowledge and practical experience. This quote from the Astana Cycling Team’s official Web site captures it well: “Cycling is a team sport. Without a coherent and competent team, no leader can win a victory.”

5) Look within IFC to discover talents that support your project.

Along with promotion of corporate governance, we discovered talents *within* IFC. For example, Nurlan Sarsenov, legal advisor, became an excellent writer who contributed a lot to the communications component of the project. Not only has he written analytical and informational articles for more than half of the editions of *Vestnik*, but his articles also have been published in *Securities Market Magazine* in Kazakhstan almost every month for three years. He has already published three books on corporate governance issues and will do more in the future!

Another is Adalyat Abdumanapova, team leader for Kazakhstan, whose many talents include making presentations, lecturing students, consulting, and writing, and her successful initiative to develop a Corporate Secretaries Club in Kazakhstan can be replicated in other countries. Now the project communicates regularly with members of the Corporate Secretaries Club via newsletters.

TEAM SPIRIT

Guest members of our publication team:

INTERNATIONAL EXPERTS

Lado Chanturia, professor from Bremen University in Germany, wrote “The Boundaries of What Is Permitted: Shareholders Rights to Get Information on Germany.”

Hans Joachim Schramm, also from Bremen University, shared his knowledge on “Corporate Blackmail: Useful Information for Kazakhstan, Based on Experience in Germany.”

Aleksandr Okunev, Director of Corporate Governance Center in Ukraine, wrote “Where to Get 46,000 Corporate Secretaries in Ukraine?!”

LOCAL EXPERTS

The team has also partnered with the **Kazakhstan Supreme Court**, conducting joint training and roundtables on corporate governance topics. As a result, **Ulbosyn Suleimenova**, judge of the Supreme Court of Kazakhstan, published a practical article in *Vestnik*, “Judicial Practice in Shareholders’ Agreements.”

Beybit Shermuhametov, Judge of Financial Court in Almaty, dedicated a series of articles in *Vestnik* to “Problematic Issues of Invalidation of Large Transactions in Kazakhstan.” The series became a practical guide for international legal companies operating in Kazakhstan, according to feedback from readers.

Other IFC contributors to *Vestnik* include Boris Janjalia, a colleague from IFC’s sister project in Georgia, who wrote an article on “Mediation—An Alternative to Corporate Disputes”; Yulia Holodkova, a team leader for the Kyrgyz Republic, who contributed an article about “Results of the Corporate Governance Survey in Kyrgyz Companies”; and Tahmina Nurova, a team leader for Tajikistan, who wrote on “Review of IFC Corporate Governance Project in Tajikistan.”

Note: Some people have writing talent, and some do not. At first, the team thought everyone should contribute to *Vestnik* on a rotation basis: all experts would write articles about their own spheres of expertise. But this approach became very challenging for the whole team when it became clear that some team members were just not good at writing and sometimes took weeks or even months to finalize an article, even with the help of other team members. It is more efficient to identify the good writers and then let them do the writing.

6) Find ways to support the media’s efforts to cover corporate governance.

As a result of educating journalists, the number of media mentions has increased. However, most news agencies use their in-house translators, who are not familiar with corporate governance terms. We found that the following items helped improve the journalists’ accuracy:



“Brief Glossary of Corporate Governance Terminology.”

- **Brief Glossary:** In some cases, translators used *Corporate Management* instead of *Corporate Governance* in articles and widely published them. Communications associates tried to explain the difference over the phone, but without much success. IFC’s in-house translator,

Zhanna Ambartsumyan, came up with a brilliant idea—to develop a “Brief Glossary of Corporate Governance Terminology.”

- **Russian-English/English-Russian Glossary:** When someone mixed up “shark repellent” with “white knight,” we realized we needed to develop the “Russian-English/English-Russian Corporate Governance Glossary.” In consultation with the project’s experts, IFC’s in-house translator endeavored to make the glossary as comprehensive as possible. The idea of a corporate governance glossary was replicated in Tajikistan’s project.

CONCLUSION: SEASON ENDS WITH YELLOW JERSEYS

Engaging the government and international and local partners in promoting corporate governance worked well in Kazakhstan. To demonstrate how it works in practice, the project chose a few “pilot” companies. This will be another story—another stage of the race.

ABOUT THE AUTHOR

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APPROVING MANAGER

Adalyat Abdumanapova, Team Leader for the IFC Central Asia Corporate Governance Project in Kazakhstan.

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