

Corporate Governance

Middle East and North Africa

WHAT WE DO

IFC works with firms to attract and retain investment by promoting the adoption of good corporate governance practices and standards.

HOW WE DO IT

IFC and the World Bank are building on their successful track record with the aim of delivering targeted corporate governance support to more clients and stakeholders for even better results by:

- assessing a firm's corporate governance practices and providing advice on how to improve them;
- providing specialized advisory services on board effectiveness, the control environment and family business governance;
- building capacity of local partners, institutes of directors, media, and educational institutions on corporate governance services, training and reporting;
- working with regulatory institutions and governments to improve corporate governance laws, regulations, codes and listing requirements; and
- raising awareness of corporate governance through conferences, workshops and publication

PROMOTING CORPORATE GOVERNANCE PRACTICES IN INVESTEE COMPANIES

IFC's Corporate Governance Methodology is a system of evaluating the corporate governance risks and opportunities of client companies, applying the relevant set of tools in the areas of commitment to good corporate governance practices, shareholder rights, accountability and the board of directors, the control environment, and disclosure and transparency.

IFC is the first development finance institution to undertake corporate governance analysis of every investment transaction as part of its standard due diligence process. This focused approach has been implemented for many years but it was formalized as of July 1, 2011. This has helped IFC identify relevant corporate governance risks in our clients and suggest appropriate solutions to address the risks and take advantage of improvement opportunities.

MIDDLE EAST AND NORTH AFRICA CORPORATE GOVERNANCE PROGRAM

The Middle East and North Africa (MENA) Corporate Governance Program works to promote the adoption of corporate governance best practices and standards, in alignment with regional priorities. This work helps to expand markets, attract and retain additional investment, and improve firm-level performance for increased economic growth.



BACKGROUND

Corporate governance is defined as the structures and processes by which companies are directed and controlled. Good corporate governance helps companies operate more efficiently, improve access to capital, mitigate risk and safeguard against mismanagement. It makes companies more accountable and transparent to investors and gives them the tools to respond to stakeholder concerns. Corporate governance also contributes to development. Increased access to capital encourages new investments, boosts economic growth, and provides employment opportunities.

IFC CORPORATE GOVERNANCE GROUP

The Group brings together staff from investment support and advisory operations into a single, global team. This unified team advises on all aspects of corporate governance and offers targeted client services in areas such as increasing board effectiveness, improving the control environment, and family businesses governance. The Group also helps support corporate governance improvements and reform efforts in emerging markets and developing countries, while leveraging and integrating knowledge tools, expertise, and networks at the global and regional levels.

OUR IN-DEPTH WORK WITH CLIENTS

Over the past seven years, the MENA Corporate Governance Program has worked with more than 161 clients across the region to provide them with in-depth corporate governance assistance. These clients span the industry spectrum and range from large multinational and listed companies, to banks, private equity and microfinance institutions, to fast growing small and medium enterprises (SMEs). To date, 75 percent of these firms have reported improvements in their operational performance. More than half have received new sources of financing as a result of the corporate governance enhancements, totaling over \$577 million.

OUR CLIENTS (list is not exhaustive)



OUR WORK WITH SMES

In the MENA region, small and medium enterprises represent more than 80 percent of all businesses. They employ the majority of the region's working population: 70 percent of all workers in the private sector are employed by SMEs.

A strategic priority for IFC, SMEs are the focus of a recently introduced initiative of IFC's MENA Advisory Services. The new SME Governance initiative encourages SMEs to implement sound corporate governance standards as a means to improve performance, increase access to finance, and foster sustained growth. Effective corporate governance can help rapidly expanding SMEs overcome the challenges associated with growth by establishing formal structures and processes, improving internal controls, minimizing the probability of fraud losses, and reducing reliance on key individuals. Companies with sound corporate governance practices look more attractive and less risky for the investors and banks that are considering financing.

IFC collaborates with several partners in this work, which includes interactive workshops and selective interventions, and makes use of newly developed SME governance materials and diagnostic tools. Additional efforts include training of trainers and consultants to enable expanded outreach, building the capacity of partners, advising firms, and providing financial institutions with the tools and knowledge needed to assess the corporate governance of their SME clients.

SELECTED REGIONAL RESULTS AND IMPACT ACHIEVED AS OF APRIL 2015:

- 6,477 companies and banks were reached in training and awareness events.
- 23 codes of corporate governance were implemented in 15 countries.
- 161 companies and banks received in-depth advisory services.
- 82 entities received financing due to corporate governance improvements.
- 24,586 directors and senior managers from over 10 countries received training.
- 10 corporate governance institutes of directors were established.
- 123 entities improved performance due to corporate governance.
- \$577 million in financing was raised by companies with improved corporate governance.
- 565 trainers and consultants were trained.
- 35 laws, regulations, and amendments were enacted.
- 39 specialized training modules were created for listed and family companies, banks, and SMEs.

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