IFC’s Role in supporting development of Corporate Governance Scorecards

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5 PILLARS AND 4 OFFERS
of IFC support in development of Corporate Governance Scorecards

5 PILLARS OF SUPPORT:
- Standards on which Scorecard may be based
- Structure of Scorecard
- Development process for Scorecard
- People to engage in the process (peer-reviewers, stakeholders etc)
- Application of Scorecard

4 OFFERS / TOOLS OF SUPPORT:
- Access - to documents, institutions, experts...
- Knowledge - on standards, best practice, process, lessons learned
- Products - previously developed models/templates
- Practical support - in different phases of development and application of the Scorecard
IFC is able to provide **ACCESS** to relevant standards on which Scorecards can be based and **KNOWLEDGE** and experience in the analysis and selection of relevant elements of such standards.

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**Standards:**

**Legislative / Regulatory Provisions**
- **Mandatory compliance (focus on non-enforced provisions?)**

**National Best Practices**
- **Voluntary compliance**
  - CG Code for Listed Companies (e.g. Stock Exchange Code based on ‘comply-or-explain’)
  - Sector-specific Codes (e.g. for Banks, Pension Funds)
  - Other National Codes (e.g. for Unlisted Companies in Albania)

**International Best Practice**
- **Voluntary compliance**
  - OECD Principles of Corporate Governance/Guidelines for SOEs
  - IFC Methodology/Tools
    - Five paradigms (listed, family-owned, financial institutions, SOEs, privatized)
    - ICGN, Stewardship Codes, Responsible Investment
IFC is able to provide **KNOWLEDGE** and experience on the benefits and limitations of different types of Scorecard, as well as samples of **PRODUCTS** that have been developed around the world.

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**Structures:**
- 'Quantitative' CG Scorecard (for JSCs): *yes, no, partially*
- Semi-Quantitative CG Scorecard (for LLCs/FOBs): 1-10
- Qualitative CG Review Tool (eg, CGRs in Kosovo): comment-based only
- **CG-Lite** (now developed for ECA CGP/replication opportunity)
  - Based on:
    - IFC CG Methodology
    - Other IFC Tools (CG Screening Tool for Banking Organizations, CG Diagnostic for SMEs)
  - Can be used as entry-tool
    - for assessing needs of different markets
    - for deeper company work
    - as a basis for development of tailored national/sector-specific Scorecards
PILLAR 3 OF IFC SUPPORT: DEVELOPMENT

IFC is able to provide **KNOWLEDGE** based on lessons learned on the process for development of Scorecards, based on their planned use; **ACCESS** to institutions as key stakeholders in the process, and **PRACTICAL SUPPORT** in each of the various steps for development of the Scorecard.

“Lessons Learned: CG Scorecards: Versatile Tool for Companies, Investors, and Regulator - Experiences from South Europe and East Asia”, March 2011, GCGF
IFC is able to provide **ACCESS** to individuals/experts who have peer-reviewed various Scorecards and **PRACTICAL SUPPORT** from international practitioners, IFC staff and local partners.

**People:**
- **Peer Reviewers**
  - Private Sector Advisory Group (PSAG)
  - National stakeholders (experts, institutions, regulators)

Institutional Owners/Users of CG Scorecards with which IFC cooperated:
- Stock Exchanges (eg, BiH, Macedonia)
- Regulators (eg, Montenegro)
- IoDs/CG Institutes (eg, Macedonia, Albania)
- Chambers of Commerce (eg, Serbia)

Local Partners that will receive support from IFC as part of ECA CGP (including in development/application of Scorecards), from among the following:
- Albania
- Armenia
- Azerbaijan
- Bosnia and Herzegovina
- Georgia
- Kazakhstan
- Kosovo
- Macedonia
- Moldova
- Serbia
IFC is able to provide **KNOWLEDGE** on various approaches in applying the Scorecard and on development of new applications, as well as **PRACTICAL SUPPORT** in application.

**Applications:**

<table>
<thead>
<tr>
<th>Private Good</th>
<th>Both Private and Public Good</th>
<th>Public Good</th>
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<tbody>
<tr>
<td>- Self-Assessment by companies</td>
<td>- Surveys on state of Corporate Governance</td>
<td>- Annual Reporting (e.g., to Stock Exchanges /Regulators)</td>
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<td>- Tool for provision of Consultancy Services</td>
<td>- Comparator tools</td>
<td>- Additional Services by SEs for listed companies</td>
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<td>- Investor use</td>
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Thank you for your attention.

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