

Corporate Governance East Asia and the Pacific



WHAT WE DO

We help firms across different sectors improve their performance and attract investment through the adoption of good corporate governance practices. We also work to strengthen key market players, regulators and the investment climate throughout the region.

HOW WE DO IT

IFC provides corporate governance services at various levels of a given market:

- We assess and advise firms on how to improve their corporate governance practices.
- We provide specialized advisory services on board effectiveness, internal control, and family business governance.
- We build the capacity of local partners, institutes of directors, the media, and educational institutions on corporate governance services, training, and reporting.
- We work with regulatory institutions and governments to improve corporate governance laws, regulations, codes, and listing requirements.
- We raise awareness of corporate governance through conferences, workshops, and publications.

RAISING CORPORATE GOVERNANCE IN INVESTEE FIRMS

IFC is the first development finance institution to require corporate governance analysis for every investment transaction as part of its due diligence. We apply IFC's corporate governance methodology to evaluate the governance risks and opportunities of client companies and advise them on how to make improvements. Such corporate governance analysis has been a formal part of our appraisal process since July 2011. We encourage clients to adopt good corporate governance practices, including strengthening shareholder rights, board of directors, accountability, internal control, and disclosure and transparency.

EAST ASIA PACIFIC CORPORATE GOVERNANCE PROGRAM

The program supports companies of all sizes and structures, helping them improve performance, access finance, and enhance overall sustainability through better corporate governance. It is implemented jointly by IFC and the World Bank with the support of Switzerland's State Secretariat for Economic Affairs, Australia's Department of Foreign Affairs and Trade, and the U.K. Department for International Development.

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 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 business governance. The Group also supports corporate governance improvements and reforms in emerging markets and developing countries, while leveraging and integrating knowledge tools, expertise, and networks regionally and globally.

DIVERSE REGION, TAILORED APPROACH

In this diverse region, we promote awareness and adoption of best corporate governance practices in line with regional priorities and local market conditions. We bring together the unique strengths and experience of IFC and the World Bank to address the complex governance challenges of individual countries and in the region.

The East Asia Pacific Corporate Governance Program works in markets as diverse as Cambodia, China, Indonesia, and Lao People's Democratic Republic to Mongolia, Myanmar, the Pacific, the Philippines, and Vietnam. As market integration among the Association of Southeast Asian Nations (ASEAN) moves forward, companies in the region need to adopt stronger corporate governance standards to attract investors and remain competitive.

SUPPORTING REGULATORS

Firm-level corporate governance initiatives alone will not address the range of economic development challenges faced by East Asia Pacific countries. Thus, IFC is working at multiple levels to improve the broader investment climate in the region. In 2016, we provided assistance to regulators in China, Indonesia, the Philippines, and Vietnam as they revised their corporate-governance codes and regulations. In the past, IFC, together with the World Bank, supported the creation of a corporate governance roadmap in Indonesia to strengthen its regulatory framework. We also provided technical advice to Vietnamese lawmakers in drafting the country's Law on Enterprises that took effect on July 1, 2015.

ENABLING FRONTIER MARKETS

In 2016, we successfully launched a Corporate Governance Program in Myanmar, an important frontier market. Together with our partners, IFC established the Myanmar Corporate Governance Initiative (MCGI), which will support our longer-term objective of establishing an institute of directors or a corporate governance training center in the country. We also translated the family governance handbook into the Myanmar language to promote the adoption of best international practices.

WORKING WITH LOCAL PARTNERS

Our local partners – including chambers of commerce, institutes of directors, universities, associations, and the media – play a critical role in our work. With our partners, we have delivered in-depth training workshops and large conferences, developed a range of publications, and provided consulting services based on our methodology. As the demand for such consulting services grows, our local partners are well positioned to meet this need, thus ensuring a sustainable program that will yield positive results for years to come.

HELPING COMPANIES IMPROVE GOVERNANCE

Good corporate governance helps companies improve performance, increase access to financing, and strengthen long-term sustainability. The East Asia Pacific Corporate Governance Program works directly with firms to strengthen their governance frameworks. Our team typically assesses a company's governance practices, identifies areas for improvement, and customizes a roadmap for the company to follow. We use the same methodology for IFC's own investments, leveraging years of expertise and bringing an investor's perspective for the benefit of clients.

SELECTED REGIONAL RESULTS ACHIEVED AS OF DECEMBER 2016:

- Direct firm engagements facilitated more than \$852 million in financing due in part to corporate governance improvements.
- More than 100 public-awareness events attracted over 9,300 participants and 2,600 firms.
- Over 380 trainers received training in countries throughout the region.
- Partner-conducted workshops – enabled through train-the-trainer workshops – reached more than 7,300 executives.
- Twenty-one laws, regulations, codes, and policies were improved in the region.
- More than 3,400 women at the board and senior management levels were trained and/or attended corporate governance events.

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