

Corporate Governance

Advisory Program Summary of Activities Calendar Year 2016



During calendar year 2016 IFC's corporate governance program has continued to deliver on its mandate to improve the governance practices of firms in key emerging markets. In addition to direct engagement with firms, the program works with partners and regulators, building the local infrastructure to promote broader benefits of good governance. The program operates across all six IFC regions with focused programmatic interventions in selected countries. This work is bolstered by tools, publications, and guidance provided by the global knowledge management team, as illustrated in the following examples.

WORKING WITH PARTNERS

Our work to build capacity of local partner intermediaries remained a central pillar of our 2016 program. During the year we provided 66 workshops for our intermediary partners and trained 584 trainers in our methodology and tools. We aim to embed knowledge of good corporate governance standards in local organizations so they can offer training and services in the future. This will also allow us to extend our reach into the market.

In 2016, our partners delivered 159 workshops, reaching nearly 2,000 firms and over 6,000 training participants, making use of IFC projects, tools, and materials. Partners generated over \$2.3 million in sales revenue from provision of these services, indicating a certain level of viability of their ongoing operations. One strong example comes from the Forum for Women in Leadership in India. During 2016, IFC supported the forum in its delivery of three fee-for-service training sessions aimed at building the skills of women on boards and corporate leadership. Combined, the sessions generated \$3,092 in sales revenue for the organization.

During the year IFC signed agreements with 41 new partner intermediaries to collaborate on promoting better practices in local markets. A particular focus is on helping local partners reach unlisted and smaller firms (SMEs) that are often family-owned. To support this work in various regions, IFC rolled out new SME governance tools for use by local partners. For example, in Indonesia, IFC is partnering with the Family Business Nusantara Foundation to target family-owned businesses (FOB).

In Lebanon a new IFC-supported organization is also focusing on FOB. Excellence in Governance Lebanon will provide corporate governance services and training, specifically aimed at family businesses. Elsewhere in the region, IFC-trained trainers from Yemen traveled to Iraq under the auspices of IFC to build the capacity of trainers at the Kurdistan Institute of Directors.

In Colombia, IFC's CG team provided training on the IFC Corporate Governance Methodology, our highly-defined process to analyze corporate governance structures and policies. With an emphasis on SMEs and FOBs, the program attracted more than 35 Colombian and Peruvian corporate governance professionals, all local IFC partners. The event also enabled participants to network and exchange experiences.

To build global academic corporate governance resources, IFC partnered with several universities and business schools in various regions this year. Efforts focused on developing up-to-date corporate governance curricula and courses based on IFC's Corporate Governance Methodology. In Africa, this work involved reviewing syllabuses and developing additional corporate governance curricula at two educational institutions, in Kenya and Ghana. In the Latin America and Caribbean region, IFC teams worked with professors from six Colombian universities, training them to teach the next generation of executives about the benefits of good governance. In the Middle East and North Africa region, similar trainings for Cairo University students and professors and for representatives of the West Bank's Palestinian Market Authority took place.

In 2016 we continued the roll out of our partner capacity measurement tool (sponsored primarily by SECO). The tool measures the impact of our interventions on our partners. It also measures their level of viability and highlights areas of weakness where IFC could help in building long-term sustainability. The Europe and Central Asia region piloted the tool, with some interesting findings: three of our ten key partners have now advanced beyond the intermediate level designation, meaning that they are on their way to becoming sustainable organizations.

By the end of the year, more than 80 IFC partners around the world were successful in improving their capacity. These partners generated a combined \$5 million in corporate governance-related sales revenue for the year, due in large part to the support and assistance provided by IFC.

WORKING WITH REGULATORS

A key part of IFC's corporate governance work involves helping to improve the regulatory environment for corporate governance. Building on our frontline experience as an investor, we collaborate closely with the World Bank to ensure that new governance regulations and codes in emerging markets are based on international best practices. In 2016, IFC's CG team provided recommendations on 13 newly adopted laws, regulations, codes or scorecard: five countries—Brazil, Jamaica, Moldova, Pakistan, and Philippines—updated their corporate governance codes; Laos adopted four new regulations; Kyrgyz Republic revised a banking law; Georgia updated a law to include provisions that protect minority investors; and India and Macedonia adopted new scorecards.

Scorecards can be used in a variety of ways to encourage better practices or help enforce codes or laws. For example, India's new scorecard, a joint initiative of IFC, Institutional Investor Advisory Services, and the Bombay Stock Exchange, gives Indian firms a concrete way to compare their corporate governance performance against generally accepted good practice standards. Going forward, such benchmarking will help companies identify areas where improvements are needed, to enable more effective decision-making, robust risk management and stronger governance structures.

To date, the IFC Corporate Governance Group has advised on a total of 104 regulations, laws, codes and scorecards that have been adopted.

WORKING WITH FIRMS

In 2016, the IFC Corporate Governance Group provided direct, in-depth advice on improving governance practices to 64 firms. Of this figure, 58 firms implemented recommended changes during the period, with 53 of the 58 reported positive impacts on performance: more than \$1.3 million in financing facilitated, along with improved productivity, accountability, operations, loan terms, and valuation.

IFC's rich experience has led other development banks and investors working in emerging markets to look to us for leadership on corporate governance strategies. Through the Corporate Governance Development Framework, more than 30 development finance institutions have adopted the IFC Corporate Governance Methodology. We are now integrating environmental and social oversight into our governance tools, an essential area that is often neglected in emerging markets.

In collaboration with the World Bank, we are working to improve the governance of state-owned enterprises in a number of countries, including Colombia, Egypt, Kyrgyz Republic, Pakistan, Peru, Serbia and Vietnam. Our 2016 firm-level efforts also focused on several fragile and conflict-affected states: Afghanistan, Bosnia and Herzegovina, Iraq, Kosovo, Lebanon, Liberia, Myanmar, Sierra Leone and Yemen.

In 2016, our firm-level work featured a number of outreach efforts, such as the seminar in Sierra Leone for private and public sector companies that explored ways accounting professionals can help organizations establish effective corporate governance systems and controls. In Myanmar, a first-ever event for senior executives on long-term sustainability of family businesses featured the newly launched Myanmar language version of IFC's Family Business Governance handbook. In Bangladesh, we provided corporate governance advice to family businesses so they could position themselves for listing in local and international exchanges.

To date, IFC's Corporate Governance Group has provided advice that has helped firms in emerging markets all over the world access more than \$6.7 billion in financing, including \$1.5 billion from IFC.

Note on visibility: all events and publications include reference to the relevant development partners. For further information: IFC publishes a newsletter on our global CG advisory work on a quarterly basis, which is distributed to over 9,000 subscribers.

To access the latest newsletter ([Oct-Dec 2016](#)) and for more information about IFC's corporate governance work, visit www.ifc.org/corporategovernance