

Corporate Governance

Sub-Saharan 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
- raising awareness of corporate governance through conferences, workshops and publication

PROMOTING CORPORATE GOVERNANCE PRACTICES IN INVESTEE COMPANIES

IFC is the first development finance institution to require corporate governance analysis for every investment transaction as part of its due diligence process. This analysis has been part of our appraisal process since July 2011.

In this analysis, we make use of IFC's Corporate Governance Methodology, a system of evaluating the corporate governance risks and opportunities of client companies. The methodology helps to uncover these risks and opportunities, while offering direction on solutions that will address the issues and enable improvement. Focus is on commitment to good corporate governance practices, shareholder rights, accountability and the board of directors, the control environment, and disclosure and transparency.

AFRICA CORPORATE GOVERNANCE PROGRAM (AFCGP)

The Africa Corporate Governance Program—AfCGP—is a four-year program funded by the State Secretariat for Economic Affairs (SECO) to promote the adoption of corporate governance best practices and standards, in alignment with regional priorities. This work will help 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.

AfCGP REGIONAL RESULTS AND IMPACT AS OF JUNE 2016

- The Nigeria Securities and Exchange Commission adopted and launched its corporate governance scorecards at a highly publicized event.
- In 2016 the Nairobi Securities Exchange was the first to Ring the Bell for Gender Equality, marking International Women's Day and raising awareness on the importance of gender equality to capital markets.
- AfCGP facilitated an effective orientation program in Kenya for the board of Shelter Afrique, a pan-African development finance Institution.
- In Nigeria, a collaboration with the Society for Corporate Governance Nigeria yielded a 100 percent satisfaction rating for events that trained 19 company secretaries and 30 directors.
- The second Corporate Governance Dialogue, co-hosted by ACCA Ghana, brought together 70 participants from across the industry spectrum, to share knowledge and improve governance awareness.
- Direct work with East and West African companies has led to the implementation of corporate governance changes, yielding tangible performance improvements.

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APPROACH ADDRESSES UNIQUE NEEDS OF EAST, WEST, AND SOUTH AFRICA

AfCGP is at work throughout the region, using a targeted approach tailored for the various business environments of the continent and aimed at all institutions that impact the overall economic environment. The West Africa program extends to Cote D'Ivoire, Ghana, Liberia, Nigeria, Senegal, and Sierra Leone. The East Africa program works with Ethiopia, Kenya, Uganda, Rwanda, South Sudan and Tanzania. In South Africa, where corporate governance improvement initiatives are ongoing, we are leveraging our track record of experience in this market for broader knowledge sharing throughout the region.

NIGERIA ACTIVITIES BUILD AWARENESS; IMPROVE PRACTICES

Since its inception, AfCG's activities in Nigeria have attracted six new partners to assist in the work, with a reach that extends through West Africa. To date, the work has built the skills of company secretaries, underscored board responsibilities for directors of companies and banks, educated regulators and government staff, and yielded a new law and scorecard. The scope of the work, spanning the range of market stakeholders, has contributed to increased awareness and improved governance practices.

MARKET GROWTH AND ECONOMIC EXPANSION IN GHANA

IFC's Ghana Corporate Governance Program is working to educate the next generation of business leaders on the value of corporate governance, in collaboration with the University of Ghana's business school. On the public relations front, a monthly radio program highlights newsworthy governance topics. At the regulatory level, the team is working with both the Ghana Stock Exchange and the Bank of Ghana to heighten awareness. At the company level, partnerships with local organizations including the Ghana Institute of Directors and ACCA Ghana have led to successful sessions in which secretaries of listed companies and board directors learned more about their roles and responsibilities.

IN EAST AFRICA, DEEPENING MARKETS, STRENGTHENING FIRMS, BUILDING REGIONAL TIES

IFC's East Africa focus is on increasing regional cooperation, building sustainable businesses and improving the business environment. Firm-level engagement is aimed at enhancing governance practices to minimize risks and maximize performance. This facilitates financing by reducing cost of capital, improving loan terms and increasing access to investors, ultimately supporting growth.

As the integration of East Africa's markets progresses with the development of the East Africa Capital Markets Association, demand for governance advisory services will continue to grow. IFC stands ready to meet the growing need, in partnership with the World Bank. We are building the capacity of local partners, including the Institute of Certified Public Secretaries, the Institute of Directors, the College of Insurance, Shelter Afrique, and Strathmore Business School, to broaden our reach and create a new market niche—with new revenue streams—for these local organizations.