

# CG Updates

Newsletter produced by  
IFC's Corporate Governance Group

## Feature



### Learning and Networking at Annual DFI Corporate Governance Conference

More than 90 participants and over 60 representatives of development finance institutions gathered at IFC headquarters for their thirteenth conference on corporate governance. The annual event has become an important learning and networking opportunity for the signatories of the Corporate Governance Development Framework. [Conference page](#) | [Agenda](#) | [Summary](#) | [Photo album](#) | [Topic page](#) | [Fact sheet](#)

## NEWS

### GLOBAL

#### IFC Disclosure and Transparency Toolkit Wins World Bank Group Award

Washington, D.C., March 19, 2019—At a celebratory event at World Bank Headquarters, the team behind IFC's disclosure and transparency toolkit was acknowledged for their collaborative work and exceptional leadership. The team received the prestigious World Bank Group President's Award for Excellence for their efforts to fill the gaps between companies and investors on environmental, social, and governance practices with the [Beyond the Balance Sheet: IFC Toolkit for Disclosure and Transparency](#). Released in January 2018, the toolkit provides companies, investors, stock exchanges, and regulators in emerging capital markets with guidance on disclosure for ESG-related information. Across emerging markets, the toolkit is helping to drive the creation of new standards for heightened disclosure and transparency, thereby improving investor confidence and trust. [Fact Sheet](#)

### IFC's Corporate Governance Program

#### In Numbers

**\$11** BILLION  
in financing  
facilitated due  
to improved CG  
practices

**1,600+**  
firms reached  
and 1300+  
firms reporting  
improved CG  
practices

**35**  
DFIs have  
adopted the CG  
Development  
Framework

**133**  
laws, regulations  
and codes adopted  
or improved

**98**  
partner  
intermediaries now  
promote CG and  
provide CG training  
and other services  
for fees

#### About IFC

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working with 2,000 businesses worldwide, we use our six decades of experience to create opportunity where it's needed most. In FY16, our long-term investments in developing countries rose to nearly \$19 billion, leveraging our capital, expertise and influence to help the private sector end extreme poverty and boost shared prosperity.

January - March 2019

## IFC and UN Partners Strengthen ESG Disclosure and Reporting in Ethiopia, Rwanda, and Kenya

**Addis Ababa, Kigali, Nairobi, February 25–March 8, 2019**—In a series of roundtables throughout East Africa, corporate governance experts shared highlights from the [IFC toolkit for disclosure and transparency](#), with the goal of improving integrated reporting and disclosure practices for issuers and listed companies in Kenya and Rwanda. Jointly sponsored by IFC, the World Bank, the Sustainable Stock Exchanges Initiative and in collaboration with local stock exchanges and central banks, the events were designed to encourage better disclosure, with the goal of building investor trust, attracting capital, and growing stronger capital markets in both countries. Similar sessions were held for private companies and representatives of the central bank in Ethiopia, which is poised to launch the nation's first stock exchange by 2020. [Summary report](#) | [Fact sheet](#)

## EAST ASIA AND THE PACIFIC

### China: Report on China's "Big 6" Commercial Banks Reveals Corporate Governance Progress

**Boao, Hainan Province, March 29, 2019**—A new joint report from IFC and Deloitte looks at China's six largest commercial banks with a focus on the progression of their corporate governance practices. The study, ["Research Report on the Corporate Governance Practices of China's Big 6 Commercial Banks"](#) explores the banks' corporate governance practices and comprehensively summarizes their achievements in corporate governance development. Among the governance areas analyzed: party committees' role within the governance structure and executive remuneration mechanisms. Key findings and recommendations from the report were presented at the Boao Asian Forum in March. The event attracted significant attention, drawing former senior government officials, executives and independent directors of listed companies, capital market professionals, as well as the media.

### Indonesia: Stock Exchange Joins Sister Exchanges to Ring the Bell for Gender Equality

**Jakarta, March 13, 2019**—For the first time ever, the Indonesia Stock Exchange participated in the global event known as "Ring the Bell for Gender Equality" to mark International Women's Day. The exchange partnered with IFC, the Sustainable Stock Exchanges Initiative, and others for the event, which attracted more than 100 participants and featured Indonesia Minister of Finance Sri Mulyani Indrawati as one of the keynote speakers. In her remarks Indrawati highlighted the ministry's initiatives to empower girls and women. All speakers emphasized the pivotal role that the private sector can play in advancing gender equality. [Topic page](#)





## Myanmar: IFC and Partners Ring the Bell for Gender Equality in Yangon

**Yangon, March 8, 2019**—IFC, the Securities and Exchange Commission of Myanmar and the Yangon Stock Exchange joined stock exchanges around the world to mark International Women's Day by ringing the exchange's bell in a symbolic act to promote gender equality. The event brought together business leaders, investors, civil society members, and other key partners to highlight the business case for increased participation of women in companies and financial institutions. [Topic page](#)

## Vietnam: Building Board Skills; Inspiring Investor Confidence

**Ho Chi Minh City and Hanoi, January–March 2019**—Through a series of training programs, the Vietnam Institute of Directors is helping to advance board professionalism and promote business ethics and transparency in this rapidly growing economy. With support from IFC and other partners, the Institute has built the skills of more than 160 senior business professionals in recent months through courses such as a director certification program, an internal audit program, and the corporate secretaries' event. By providing such professional development opportunities, the Institute aims to create a pool for independent directors, build a network to connect corporate leaders and stakeholders, and help companies inspire investor confidence.

[The first Director Certification Program](#)

[The first awareness-raising event on the Corporate Secretary supported by IFC](#)



## EUROPE AND CENTRAL ASIA

### Serbia: IFC, Ministry of Economy Renew Engagement to Support SOE Reforms

**Belgrade, March 27, 2019**—IFC and Serbia's Ministry of Economy have agreed to a second engagement to advise on the continuing reforms of the country's state-owned enterprise (SOE) sector. Focus is on corporate governance—specifically on SOE governance-related issues. The scope of the effort will encompass guidance on SOE governance regulations, development of tools to assess SOE governance based on [IFC's Corporate Governance Methodology](#), and training for boards of select SOEs. Additional activities include cross-border learning opportunities for the Ministry's staff.

### Georgia: Stock Exchange Hosts Events to Mark International Women's Day

**Tbilisi, March 12, 2019**—To mark International Women's Day, the Georgian Stock Exchange hosted a "Ring the Bell for Gender Equality" event, in cooperation with IFC and UN Women. The program attracted significant interest, drawing



attendance from the local business community, regulatory authorities, and nongovernmental organizations. In addition to actually ringing the stock exchange's bell, activities included an interactive panel on challenges and opportunities for the participation of women on boards. Of particular interest to attendees was a discussion on the country's recently adopted Environment, Social and Corporate Governance Code for Commercial Banks, developed with IFC support. Among other actions, the new code requires banks to have at least a 20 percent female representation on their supervisory boards. [Topic page](#)

### **Kazakhstan: Stock Exchange Rings the Bell for Gender Equality**

**Almaty, March 7, 2019**—the Kazakhstan Stock Exchange joined sister exchanges around the world in ringing the bell for gender equality to mark International Women's Day 2019. Jointly sponsored by IFC, the World Bank, the Sustainable Stock Exchanges Initiative, and UN Women in Kazakhstan, the event drew an engaged and interested audience. Keynote speakers noted that greater participation of women in the labor market at a level equal to men could significantly increase GDP of countries and boost the national economic growth. The keynote speakers furthermore stated that Kazakhstan is moving in the right direction, expressing hope that the country will see a further expansion of women's rights and opportunities. [Topic page](#)

---

## **LATIN AMERICA AND THE CARIBBEAN**

### **Argentina, Chile, Brazil, Mexico, Panama, and Peru: Stock Exchanges Ring Bells Across the Region**

**Buenos Aires, Santiago, Sao Paulo, Mexico City, Panama City, and Lima, March 2019**—As with sister exchanges around the world, stock exchanges throughout the region marked International Women's Day 2019 by ringing their bells—a symbolic act to advocate for gender equality. Jointly hosted by IFC and the Sustainable Stock Exchanges Initiative, the efforts were designed to promote gender equality not only in executive suites, corporate boardrooms, and workplaces, but across society as whole. The event in Mexico represented first time participation for the Bolsa Mexicana de Valores. Other countries plan to convene similar programs going forward, including Colombia, which is organizing a high-level event for May 2019 to draw attention to the importance of gender equality. [Topic page](#)

### **Colombia: Closing Gender Gaps in the Boardroom; Promoting Women's Leadership**

**Bogota, March 2019**—In a nation with a male-dominated business culture, where women have faced challenges in ascending to top leadership positions, an innovative program is aimed at shrinking the female representation gaps

## **Press Releases**

---

### **Abidjan**

IFC and West African Stock Exchange Partner to Strengthen Corporate Governance

### **Fiji**

Fiji to host first ever Pacific summit on corporate governance

### **Global**

IFC and Stock Exchanges Around the World Ring the Bell for Gender Equality

[Spanish](#) | [Portuguese](#)

Local Ring the Bell for Gender Equality Press Releases

[Bangladesh](#) | [Egypt](#) | [Georgia](#)  
[Lebanon](#) | [Myanmar](#) | [Sri Lanka](#)

### **Washington, D.C**

IFC Launches Updated Corporate Governance Methodology to Integrate Environmental and Social Issues

---



in boardrooms and executive suites. Tailored exclusively to the Colombian context, the Leadership for Women program—developed by IFC in partnership with the prestigious business and finance university Colegio de Estudios Superiores de Administración—is designed to build the board skills of female professionals. The goal is to boost the number of women directors in the country, given that only 17 percent of Colombia’s board directors are female. The inaugural cohort included 25 women with outstanding professional backgrounds from a range of sectors. Additional efforts include engaging with the private sector directly, to demonstrate the business case for more women in leadership and to build demand, even as the supply of qualified female directors increases. [Topic page](#)

### **Peru: Improving the Business Environment; Boosting Capital Markets**

**Lima, February–March 2019**—A novel partnership between Corporate Secretaries of Latin America, the Association of Capital Market Promoters, and IFC is helping to address challenges in Peru’s business environment with the goal of improving overall capital market performance. A series of frank roundtable discussions have looked at such critical issues as ethics and the prevention of corruption, compliance as a legal requirement, and the role of the independent director. Participants have included key market players such as the capital markets regulator, the president of the Lima Stock Exchange, main market issuers, financial sector associations, and private sector representatives. In addition to identifying market-wide issues and solutions, the events give company representatives an opportunity to examine their own corporate culture and identify areas for improvement and change. The next session will explore the role of the board in the digital and innovation environment.

### **Honduras: Governance Helps Financial Institutions Operate on a Sustainable Basis**

**Tegucigalpa, February 7–8, 2019**—As part of Honduras’ Sustainable Banking Initiative, IFC is partnering with the country’s banking association to share knowledge about corporate governance and sustainability. A February workshop focused on corporate governance’s critical role in ensuring that financial institutions operate on a sustainable basis. Presenters highlighted the importance of integrating environmental and social factors into their investment and risk management decisions, including in their interactions with their own clients. Over the course of two days some 25 participants from 12 banks—primarily operational staff—learned more about the governance practices of state-owned enterprises and the family businesses that constitute the majority of their clients. They also explored governance practices of financial institutions and small and medium businesses. A similar workshop took place in April, targeting bank directors, CEOs, and senior management. The Sustainable Banking Initiative is a two-year program to



build the capacity of Honduran banks, supported by IFC, the Dutch development bank FMO and Norfund. Previous workshops have focused on gender issues, development of environmental sustainability management systems and climate.

---

## MIDDLE EAST AND NORTH AFRICA

### Egypt: Governance, Challenges and Possibilities in Family Businesses

**Cairo, March 12-14, 2019**—Many family businesses are transitioning into the complex process of a new generation of leaders. Their success and continuity depend on the leadership effectiveness of those at the top. The IFC, the American University in Cairo, and Babson College launched a joint program to enhance family business leaders' abilities to leverage the intrinsic strengths of their family enterprises and to implement practices that drive high performance and healthy family relationships. The program was delivered over three days to address the multifaceted dynamics of family business and to establish a foundation for long-term business success that safeguards the legacy of founders and family values.

[Topic page](#)

### Yemen Joins Iraq, Egypt, and Lebanon to Ring the Bell for Gender Equality

**Sana'a, March 11 and March 14**—Despite the non-existent Yemeni Stock Exchange and on-going political conflict, the Yemeni Institute of Directors has persisted in its efforts to promote good governance and women's equality. Most recently marking International Women's Day, the group rang a symbolic bell, coordinating the timing with IFC's bell ringing in Washington DC. In partnership with IFC, events surrounding the Yemen bell ringing highlighted the prominent role of women business leaders in supporting the Yemeni economy, as many male leaders have been lost to war.

Meanwhile, in Baghdad, the Iraqi Stock Exchange also marked International Women's Day with bell-ringing events—representing the exchange's first-time participation in the global Ring the Bell initiative. The event attracted significant interest, with such prominent speakers as the stock exchange's CEO, who noted the importance of increased gender balance on boards. A panel discussion featured female executives from leading Iraqi firms, who shared their struggles and successes in overcoming gender bias. Another session explored ways to remove the barriers preventing more women from climbing the business ranks to reach the top. Similar events were held in Egypt and Lebanon. [Topic page](#)

### Egypt and Lebanon: New Studies Highlight Value of Gender-Diverse Boards

**Cairo and Beirut, March 2019**—Lebanese and Egyptian companies with women on their boards outperform those with all-male boards—that is the clear conclusion from two recently published IFC studies. In Lebanon, the study

## Quick Access to IFC CG Topic Pages and Fact Sheets

---

Board Leadership Training  
[www.ifc.org/cgboardleadership](http://www.ifc.org/cgboardleadership)

Building Corporate Governance  
Institutes  
[ifc.org/cgioid](http://ifc.org/cgioid)

Corporate Governance Codes  
and Scorecards  
[ifc.org/cgcodes](http://ifc.org/cgcodes)  
- Fact Sheet

Corporate Governance  
Development Framework  
[ifc.org/cgdevelopmentframework](http://ifc.org/cgdevelopmentframework)  
- Fact Sheet

Corporate Secretaries  
[www.ifc.org/cgcorpsec](http://www.ifc.org/cgcorpsec)

Disclosure and Transparency  
Standards in Emerging Markets  
- Fact Sheet  
- Toolkit Fact Sheet

Family Business Governance  
[ifc.org/cgfamilybusinessgovernance](http://ifc.org/cgfamilybusinessgovernance)

Fragile and Conflict-Affected  
Situations  
[ifc.org/cgfcfs](http://ifc.org/cgfcfs)  
- Fact Sheet

Microfinance Institutions  
[www.ifc.org/cgmfi](http://www.ifc.org/cgmfi)  
- Fact Sheet

Resolving Corporate Governance  
Disputes  
[ifc.org/cgdisputes](http://ifc.org/cgdisputes)

Small and Medium Enterprises  
[ifc.org/cgsme](http://ifc.org/cgsme)  
- Fact Sheet

State-Owned Enterprises  
[www.ifc.org/cgsme](http://www.ifc.org/cgsme)  
- Fact Sheet

Women on Boards and in  
Business Leadership  
[www.ifc.org/cggender](http://www.ifc.org/cggender)  
- Fact sheet

All topics:  
[www.ifc.org/cgtopics](http://www.ifc.org/cgtopics)

---



looked at a sample of 1,600 companies and found that Lebanese firms with female board members exhibited higher profitability measures, better solvency, greater preference for equity financing, and less dependency on debt. In Egypt, the study covered a sample of 2,139 companies and revealed that privately-held companies with female board members and a gender diverse workforce benefit from twice the profit growth, three times more solvency, and quadruple the return on sales compared to firms with all-male boards. Overview: [Egypt](#) | [Lebanon](#) | [Topic page](#)

### Lebanon: Igniting Change by Training Women's Leadership Trainers

**Beirut, January 28–31, 2019**—Over the course of four days, professional trainers engaged in a variety of experiential learning sessions designed to advance their understanding of transformational change and the enriching impact of gender diversity on improved business performance, corporate governance systems, and long-term sustainable development of companies. Led by IFC's master trainers, the program helped participants build their skills using IFC's Women on Boards and in Business Leadership toolkit as a roadmap. Through challenging and innovative coursework and practice, participants prepared to present the Women on Boards and Business Leadership program on their own. The training-of-trainers initiative is designed to increase the reach of the program, which, to date, has trained more than 400 promising female business professionals in emerging markets around the world. [Topic page](#) | [Brochure](#)

### Egypt: Increasing the Reach of IFC's Internal Audit Master Program

**Cairo, January 14–15, 2019**—Professional trainers and internal auditors from Egypt, Jordan, Lebanon, and Yemen gathered in Cairo to learn more about how to facilitate IFC's new Internal Audit Master Program (IAMP). Featuring case studies and interactive learning exercises based on good international standards and practices, the IAMP program builds participants' knowledge on the internal audit function base and strengthens their internal auditor skills. The new program is part of IFC's on-going effort to promote best corporate governance practices in markets where IFC operates.

## South Asia

### Bangladesh and Sri Lanka: Prioritizing Gender Equality

**Dhaka and Colombo, March 8 and 12, 2019**—New IFC publications highlight the importance of increased gender diversity in business leadership for the Bangladesh and Sri Lanka economies. Findings from the Bangladesh [Women on Boards of Companies Listed on the Dhaka Stock Exchange](#) directory were presented at the Dhaka Stock Exchange's Ring the Bell for Gender Equality event to mark International Women's Day. The report notes



that 18 percent of board directors of listed companies are women. Only 4 percent of these companies' independent directors are female. The numbers indicate a marginal increase in representation over last year.

Sri Lanka's [Realizing Sustainability Through Diversity: The Case for Gender Diversity Among the Sri Lanka's Business Leadership](#) demonstrates the business case for more women at the top. This study, also launched in conjunction with International Women's Day, identifies a correlation between financial performance and gender diversity in Sri Lanka's 30 largest companies. It also offers practical strategies on ways to bridge the gender gap in Sri Lanka's boardrooms and C-suites. The study's publication also coincided with the Colombo Stock Exchange's participation in the Ring the Bell for Gender Equality initiative. The [Women on Boards of Companies Listed on the Colombo Stock Exchange, 2nd edition](#) was also launched on this occasion. [Topic page](#)

### Bangladesh: Corporate Governance Guidance for Japanese Investors and IFC Clients

**Dhaka, February 19–20, 2019**—In back-to-back IFC seminars, two diverse groups learned more about the role of corporate governance in their business approaches. The first event targeted Japanese investors in the Bangladesh market. Focus was on investment challenges related to corporate governance in a country that is seeing a growing amount of foreign direct investment but still faces issues with its business environment: Bangladesh was recently ranked 176 out of 190 countries for ease of doing business by the World Bank. The event attracted more than 90 participants from Bangladesh's leading business houses and Japanese investor community. The second event explored the dynamics of family businesses. Aimed at IFC's investment and pipeline clients, the program highlighted key components of a successful family business and the importance of developing a clear family governance structure as different generations join the family business.

### India: 2018 Scorecard Measures Governance Performance of 150 Companies

**Mumbai, February 4, 2019**—Indian companies have improved their overall level of corporate governance and many have enhanced their disclosure and transparency, according to the [Indian Corporate Governance Scorecard](#). The scorecard developed by IFC, BSE Limited, and Institutional Investor Advisory Services India Limited, measures the corporate governance performance of Indian companies. This year's report represents the third issuance of the scorecard and includes results from 150 Indian firms. For the first time, the report scores the performance of IPO companies. Among the report's key findings: The number of companies in the "Leadership" grade has increased, and that most of the top 20 companies evaluated last year have displayed





an improvement or maintained their overall score despite a more stringent scoring standard adopted this year. On disclosure and transparency, some companies scored an impressive 87 percent. The scorecard results were released at a February event that also featured panel discussions on the roles of boards, management and investors in shaping governance practices.

[Topic page](#)

## Bangladesh: Chartered Accountants Learn to Train Others on Board Leadership

**Dhaka, January 26–28, 2019**—Twenty-two chartered accountants gathered in January to hone their knowledge about corporate governance and board leadership, to prepare them for facilitating future programs. Jointly sponsored by IFC and the Institute of Chartered Accountants of Bangladesh, the training-of-trainers program emphasized the vital role of directors in promoting economic growth and sustainability in the region. In addition to building their subject matter expertise, participants also sharpened their experiential learning and training skills, so they could engage senior leaders in productive corporate governance deliberations. Future plans include launching targeted programs for the institute's female members, which also would qualify them to serve on boards of listed companies, in addition to building their facilitation skills.

## Sub-Saharan Africa

### Ethiopia: Raising Awareness on ESG Standards and Disclosure for Banking Sector

**Addis Ababa, March 8, 2019**—The lack of consistent and easily accessible information on companies' environmental, social, and governance performance is preventing more capital from flowing into emerging markets such as Ethiopia. At a March workshop led by IFC, representatives of Ethiopia's central bank—the National Bank of Ethiopia—learned more about ESG standards and good global practices on annual reporting and disclosure. The effort was aimed at strengthening the banking sector's reporting requirements to include increased ESG disclosure. Better transparency and disclosure can mitigate perceived risks about weaker corporate governance and heightened social and environmental risks. Ultimately, such integrated reporting can help build investor trust, attract capital, and strengthen capital markets.

Moving forward, IFC hopes to develop a formal partnership with the central bank. The partnership would focus on promoting overall corporate

## New Publication

### Governance for SME Sustainability and Growth



## Related Links

[Corporate Governance and SMEs Topic Page](#) | [Fact Sheet](#)  
[May 2019](#)

[IFC Corporate Governance Progression Matrix for SMEs](#)  
[April 2019](#)

## In the next CG Updates Newsletter

Launch of the SME Governance Guidance Handbook, Women on Boards in East Asia and the Pacific study, and updated Corporate Governance Methodology Tools and Corporate Governance Methodology Parameters.

governance in the banking sector and encouraging increased disclosure and transparency by Ethiopian banks and financial institutions as a means to attract more investment into the country. [Fact sheet: Disclosure and Transparency Standards in Emerging Markets](#) | [Fact sheet: Disclosure and Transparency Toolkit](#)

### **Nigeria: National-Level Effort Harmonizes Sector-Specific Corporate Governance Codes**

**Abuja, January 25, 2019**—Nigeria's industries have made great strides in recent years by developing corporate governance codes specific to their sectors. Now a new national-level code harmonizes the country's corporate governance framework, marking an important milestone in the effort to strengthen the country's business environment. IFC provided technical support to Nigeria's Financial Reporting Council in the development of the Nigerian Code of Corporate Governance, which involved a rigorous stakeholder consultative process. The new code is expected to boost investor confidence and address perceived gaps in the country's regulatory structure. A high-level event in January marked the launch of the code, featuring prominent speakers including Nigeria's vice president and its minister of trade and investment.

### **Sierra Leone: New Corporate Governance Code Aims to Improve Business Environment**

**Freetown, January 23, 2019**—The nation's new corporate governance code formally took effect in January, signaling the country's heightened focus on improving its business environment and attracting new investment. These are must-haves for an economy still struggling to rebound from the deadly 2015 Ebola outbreak. Sierra Leone's Corporate Affairs Commission took the lead on developing the code, with assistance from IFC. It incorporates feedback following a wide consultation process and builds on global best practice. With the goal of boosting transparency and accountability, the code features sector-specific provisions such as disclosure of beneficial ownership, particularly in the extractives industry. Also among the provisions: improving the protection of minority investors and establishing a 30 percent target for gender representation on company boards.





## IN PICTURES: Ring the Bell for Gender Equality 2019



IFC and the [Sustainable Stock Exchanges Initiative \(SSE\)](#), [UN Global Compact](#), [UN Women](#), [Women in ETFs](#), and the [World Federation of Exchanges](#), partnered with over 80 stock exchanges around the world to “Ring the Bell for Gender Equality”—an initiative linked with International Women’s Day to promote increased women’s participation in the global economy to catalyze sustainable and inclusive private sector growth. [Press release](#)

## Ring the Bell for Gender Equality



## Media Coverage

This section includes links to articles, editorials, and op-eds where IFC colleagues are the authors or have been quoted or interviewed about IFC corporate governance programs. This material was published in various media outlets around the world. Also featured here are our contributions to reports, white papers, and other documents published by organizations outside IFC. Items are arranged in alphabetical order by country and the text is in English, unless otherwise noted.

### **Bangladesh**

#### **Poor corporate governance chokes foreign investment**

(Sanaa Abouzaid)

*The Daily Star*, February 20, 2019

### **Brazil**

#### **The Employee is Always Right: Employee Satisfaction and Corporate Performance in Brazil**

(Alexandre Di Miceli da Silveira)

*SSRN*, March 19, 2019

- Full paper

### **Brazil**

#### **Women in Leadership Roles Improve Governance – in Portuguese**

(Alexandre Di Miceli da Silveira)

*Valor Economico*, March 11, 2019

### **Colombia**

#### **25 women trained to join high-level boards of directors – in Spanish**

(Francisco Prada)

*La Gran Noticia*, February 18, 2019

### **Egypt**

#### **47% of companies in Egypt have female board members: IFC**

(Yehia El-Husseiny)

*Daily News Egypt*, March 4, 2019

### **Fiji**

#### **Strong Corporate Governance Improves A Company's Bottom Line**

(Tom Jacobs)

*Fiji Sun*, March 23, 2019

### **Fiji**

#### **Good Governance Improves Performance, Fosters Sustained Growth**

*Fiji Sun*, March 21, 2019

### **India**

#### **Governance standards improving in corporate India**

(Vladislava Ryabota)

*mydigitalfc.com* February 5, 2019

### **Ivory Coast**

#### **Organizational Management: Administrators trained in the governance of family businesses – in French**

(Moez Miaoui)

*Fraternité Matin*, February 23, 2019

### **Myanmar**

#### **Woman heads institute pushing for corporate change in Myanmar**

(IFC Family Business Governance Handbook)

*Myanmar Times*, February 20, 2019

### **Poland**

#### **The Quotas are Not Enough – in Polish**

(Wiebke Schloemer)

*Parquet*, March 23, 2019

### **Rwanda**

#### **Rwandan companies train to strengthen disclosure practices (video interview)**

(Roman Zyla)

*CNBC Africa*, February 26, 2019

### **Vietnam**

#### **Vietnam Institute of Directors Launches Certification Program**

(Kyle Kelhofer)

*Vietnam Economic Times*, January 3, 2019

### **West Africa**

#### **IFC and West African stock exchange tackle corporate governance**

(Adamou Labara)

*African Law & Business*, February 14, 2019



### WHERE ARE THE WOMEN IN ECA BOARDROOMS?

#### Five ways to accelerate the pace of change

When I first began advising companies in Eastern Europe and Central Asia (ECA) on corporate governance some years ago, the degree of uptake on issues around gender diversity in the boardroom was minimal. Today, it's a different story.

Often, when I meet with representatives of companies that work with the IFC, they acknowledge the importance of diversity. They readily volunteer information about the number of women on their boards and their path to improving gender diversity throughout the organization.

Some of this attitude shift can be attributed to the increased global spotlight on gender inequality. It's also a result of seeing first movers reap the benefits from the presence of women on their boards. There's another dynamic at play as well. Companies in the region are faced with a new reality: investors care about this issue. And it will become increasingly difficult to raise funds without demonstrating commitment to diversity. IFC, for instance, has mainstreamed a focus on environmental, social and governance considerations, including boardroom diversity, into its core investment due diligence – part of its overarching mission to create markets and equal opportunity. Progress towards aligning with international best practices in these areas is now a condition of IFC financing. Women currently represent 30 per cent of directors we place on the boards of our investee companies worldwide and we are pushing toward a goal of full parity by 2030.

While investors are looking for more transparency on the diversity issue as they conduct their investment due diligence, activist shareholders and proxy advisors are also putting pressure on their portfolio companies, demanding more on the gender front.

Despite the heightened awareness, the situation in boardrooms throughout the region is only slightly better than it was a few years ago. Consider this: in Eastern Europe, women held about 8.5 per cent of board

positions as of 2016, according to the International Labor Organization – just a small uptick from the average of 7.9 per cent in 2012. In Turkey, about 61 per cent of companies listed on the Borsa Istanbul reported having female board members at year-end 2018, with women representing about 15 per cent of directors of large Turkish company boards. Here, the overall trend is positive, with a 27 per cent increase in the number of women on large Turkish company boards since 2014. On the other hand, in the Czech Republic, Latvia and Slovakia there are fewer women on boards today than in the past.

#### Board diversity contributes to better company performance

Business studies on gender diversity have repeatedly shown that companies with gender-diverse management teams and boardrooms achieve better financial results on average than companies with homogeneous management and boards. A 2016 OECD report showed that companies with gender-diverse executive committees outperformed those without women in senior positions, achieving an average of 47 per cent higher return on equity and 55 per cent higher gross income. A 2018 Harvard Business Review survey of 1,700 companies in eight emerging and developed markets found a 'statistically significant' relationship between diversity in leadership and increased innovation. In Eastern Europe and Central Asia, studies such as a 2018 report by Sabanci University's Corporate Governance Forum have also connected gender-diverse leadership with an increased focus on ethical conduct and risk mitigation. This represents an important role for female leaders in a region characterized by a comparatively under-developed private sector in the early stages of growth. Taken together, such findings should represent a powerful motivating force for ECA companies to prioritize diversity in leadership. Yet, progress remains slow.

In fact, it seems as if company decision-makers themselves remain puzzled by this disconnect. After one recent presentation on the business case for diversity in the boardroom and C-suites of ECA companies, an audience member – a principal in a financial institution – approached me with an interesting observation. “We don’t need to be persuaded of the business case. We know it’s there,” he said. His point: it is one thing to appeal to the rational side of human nature. That will only go so far and there will always be sceptics. It is another thing entirely to persuade people that changing the status quo – one that is often rooted in a complex stew of gendered societal, cultural and family expectations – to achieve a new and more equitable normal is an imperative that yields broader benefits over the long term.

How can we accelerate the pace of change, to upend long-held traditions and help ECA companies thrive over the long term by increasing the number of women in leadership? Here are five suggestions.

### **1. Address generational shifts in what workers value**

Estimates suggest that Millennials will represent 46 per cent of the workforce by 2020. And younger workers – who eventually become the seasoned talent pool from which managers are selected – are accustomed to a different reality than their parents’ generation. They are used to working in collaborative and diverse teams as they likely did at university and they expect a similar level of diversity at work as well as equal pay for equal work. They are more attuned to work-life balance and more concerned about environmental and social stewardship. They will tailor their job searches accordingly, meaning that companies that fail to place a greater priority on such issues could be at risk of losing out on top talent – including capable women who have the potential to become future leaders.

### **2. Fix the ‘leaking pipeline’ of female talent**

In many countries and in certain industry sectors, there’s a nearly equal divide between the number of male and female entry-level workers. As workers transition into mid-career managerial posts, gender imbalances become more apparent, due in part to the number of women who drop out of the workforce or slow down their career development paths to focus on the family. This causes leaks in the pipeline of women with the potential to ascend through the most senior ranks of management. And, since management experience is a key criterion for board qualifications, the drop-off reduces even more the number of women with the skills and expertise to ascend into the boardroom.

It’s a global problem that also affects ECA. Only 20 per cent of firms in the region have female top managers, IFC research from 2013 has found. And, while there are countries in the region, such as Belarus, where the share of firms with women in top management is among the highest in the world, there are also places like Kosovo, which has almost no companies with women at the top.

Encouraging women to remain in the job and work their way up the corporate ladder to grow the pipeline requires action on multiple fronts: implementing women- and family-friendly workplace policies, such as flexi-time arrangements, providing child-care benefits and encouraging women to return to work after stepping off the career track by rewarding alternate experience and offering transitional opportunities for women to ease back in.

### **3. Promote female managers into front-line roles**

The lack of experienced women with the qualifications to ascend to board positions means that when there is an external push for greater diversity – say as the result of a regulatory requirement or a demand from an activist shareholder – the risk increases that the resulting board appointments are simply tokens.



The designated women might not be up to the task. It's not necessarily because they lack the smarts, skills or business savvy. Rather, it could be that their career trajectory didn't give them the hands-on exposure to core operations that would enable knowledgeable contributions to board discussions on strategic direction. Frankly, the optics of this situation are worse than if there were no women on the board at all.

To address this issue, heightened attention should be on the career trajectory of mid-career female managers. In Eastern Europe, the talent pool clearly exists, with women representing 25 to 40 per cent of the mid-senior level management ranks in countries throughout the region. But a look beneath this statistic reveals clear stratification by gender and job function: female managers typically supervise departments that support core business functions, while male managers oversee key operational and financial units. The ILO study cites a recent survey of 100 companies by the Montenegro Employers Federation, which found that around 80 per cent of these firms' female managers work in human resources, communications, or public relations.

Important as these functions are, female managers should be encouraged to seek out – and be given equal access to – additional challenging assignments and key operational responsibilities. This will increase their exposure to the broader range of experience and better prepare them for a future that might include board directorships.

#### **4. Invest in women's professional development**

In my role as a corporate governance professional, I have presented on the value of diversity in leadership to hundreds of male and female business leaders. The single most common thing I hear from the women – regardless of age, experience level or industry – is that they are not comfortable when they reach that long-wanted directorship. The reasons vary. Some do not feel accepted as an equal to their male colleagues

and worry that they got the position because of their gender and not their qualifications. Others are insecure about their skills and capabilities. Still others simply feel lonely, since most are the only female member and therefore feel like the odd (wo)man out.

Conquering that little voice inside women's heads that tells them they are not up to the task is a monumental challenge. At IFC, we've seen first-hand that women – even the most accomplished and experienced – need training and coaching on how to assert themselves, how to tap into their own strengths to build their personal leadership style and how to communicate in high-powered, male-dominated settings. We have teamed with local organizations in Bosnia and Herzegovina, Kazakhstan, Kosovo, Macedonia, Serbia and Ukraine to offer workshops specifically designed to prepare high-potential women for board service. The feedback from participants has been remarkably positive, with many noting a greater degree of self-confidence that has stayed with them well after the training.

#### **5. Raise the visibility of female candidates**

In meetings with company representatives, I often hear a common refrain when I raise the issue of board diversity: 'we'd like to appoint a woman, but the nominating committee doesn't have any qualified female candidates'. It's not that the candidates aren't there, though. It's that they might not be visible to those with power over the nominations process who may be relying on their own male-dominated social or business networks to identify prospective directors.

Pulling together information on qualified candidates who fall outside of these networks and making this information easily accessible helps address this issue. Such a seemingly simple fix is having demonstrable results. For example, the database created by Turkey's Independent Women Directors at Sabanci University is helping Turkish companies tap into a pool of candidates previously unknown to the companies' nominations committee.

Beyond tokenism and merely ticking the diversity box, such databases ensure that companies committed to increased female representation can identify candidates who meet the company's business needs.

Other efforts, such as the global 'Ring the Bell for Gender Equality' events associated with International Women's Day, are raising the profile of female leaders as well. Last year, such events were held at 65 stock exchanges around the world, including those in Istanbul, Tbilisi and Bucharest, highlighting the push for more gender diversity on boards.

### More work needed

I am encouraged by the successes I have witnessed: a woman-founded small enterprise that grew into a significant market player under her leadership; a board chairman who told me that adding women to his board opened his eyes to unaddressed risks and new opportunities; male business leaders who are speaking to large audiences of their peers about the benefits of gender diversity.

Yet, much work remains, particularly in a region with tremendous potential but very real economic and social challenges – including high youth unemployment – and where key industry sectors, such as manufacturing and energy remain predominantly male. Accelerating the pace of women joining the boards of companies in all industry sectors stands to make a real difference, contributing to private sector growth, expanded economic opportunity and job creation.



*Merima Zupcevic Buzadzic*  
*IFC's Corporate Governance Lead*  
*Europe and Central Asia region*  
*Ethical Boardroom, Winter 2019*  
[www.ethicalboardroom.com](http://www.ethicalboardroom.com)



# REPORTS AND PUBLICATIONS

This section highlights latest publications produced by IFC's corporate governance group. Some publications may be available in different languages and will be noted.



PSO 43: Governance for SME Sustainability and Growth



Governance and Performance in Emerging Markets



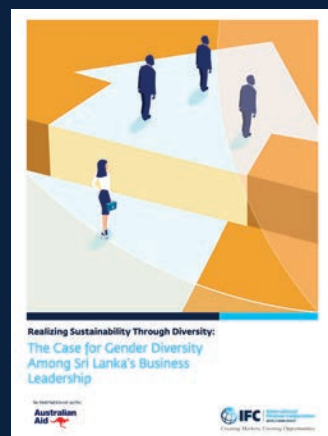
We Lead: Five Women Who Drove Company Success in the Middle East and North Africa



Women on Boards - Research Study in Lebanon (Synopsis)



Myanmar Corporate Governance Scorecard 2018: A Report on the Assessment of Myanmar Companies



The Case for Gender Diversity Among Sri Lanka's Business Leadership



Women on Boards - Research Study in Egypt (Synopsis)



India: Corporate Governance Scores 2018



PSO 42: Women in Business Leadership Boost ESG Performance

► MORE CG PUBLICATIONS

# CORPORATE GOVERNANCE TOOLKITS AND MANUALS

Click on the graphics to launch the toolkit



## INSTITUTION BUILDING

To build capacity of local institutions to promote CG reforms and good practices in a sustainable manner



## CODES AND STANDARDS/SCORECARDS

To support the improvement of the CG framework and regulatory environment in which companies operate



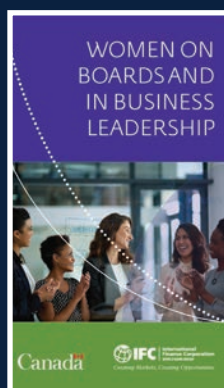
## BOARD LEADERSHIP

To provide training material that builds on directors' expertise and emphasize practical approaches to leadership



## DISPUTE RESOLUTION

To equip board directors with knowledge and skills to resolve CG disputes and difficult conversations on the board



## Women on Boards and in Business Leadership

To promote the business case for more women in business leadership positions



## CORPORATE SECRETARIES

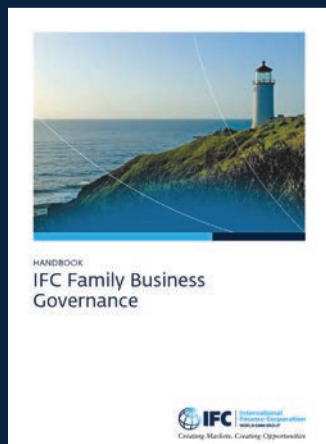
To enhance the corporate secretary's roles, functions, responsibilities, and skills

## FIRM-LEVEL TOOLS FOR CG SERVICES



### BOARD EFFECTIVENESS

To provide guidance, tools and other resources for IFC practitioners to help firms improve board effectiveness



### FAMILY BUSINESS GOVERNANCE

To help IFC CG and investment officers to identify and address basic family business governance issues with their clients



### CONTROL ENVIRONMENT

To help improve the control environment and its components, including the internal audit function, internal control system, risk management and compliance

## CG METHODOLOGY AND TOOLS



The process of analyzing companies' corporate governance structures, ESG policies and processes applying the relevant set of tools for listed companies, family businesses, financial institutions, funds, state-owned enterprises, and SMEs.

For more information regarding any of these toolkits and manuals, contact Ghita Alderman at [galderman@ifc.org](mailto:galderman@ifc.org)





*Creating Markets, Creating Opportunities*

## About IFC Corporate Governance Group

IFC Corporate Governance 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 services in areas such as board effectiveness, the control environment, and family businesses governance. We also help assess and 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.

For more information about our work, visit:  
[www.ifc.org/corporategovernance](http://www.ifc.org/corporategovernance)

Join our Corporate Governance Development Facebook page:  
<https://www.facebook.com/groups/40550303685/>

For questions and feedback contact  
Inna Peoria at [ipeoria@ifc.org](mailto:ipeoria@ifc.org)

**Subscribe to our Newsletter**

© IFC 2019

## IN PARTNERSHIP WITH:

