

Corporate Governance

Latin America and the Caribbean

WHAT WE DO

We support firms throughout Latin America and the Caribbean across a broad range of sectors (financial institutions, agribusiness, food and beverage, infrastructure, construction, manufacturing and pharmaceuticals) to improve their performance, manage risks, deliver on their strategies and attract investment. These goals are accomplished through the adoption of good corporate governance practices, including proactive integration of environmental and social considerations into their decision making. In addition, we work to raise standards and strengthen key market players, regulators and the investment climate throughout the region.

HOW WE DO IT

An extensive body of research shows that companies with solid environmental, social and governance (ESG) practices demonstrate substantially better long-term financial results, especially in emerging markets. They grow faster, weather volatilities more successfully, and develop in more sustainable ways. Conversely, results consistently show that poor ESG practices are linked to weaker business performance, financial loss, and reputational harm.

PROMOTING BEST PRACTICES IN OUR 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 a formal part of our appraisal process since July 2011. In this analysis, we apply our Corporate Governance Methodology, a system for evaluating the corporate governance risks and opportunities of our clients. The Methodology helps to uncover risks and key opportunities, while offering direction on solutions that will address the issues and enable improvement. Focus is on commitment to good practices, shareholder rights, accountability, the board of directors, the control environment, disclosure and transparency, and stakeholder engagement. In addition, IFC's Environmental and Social Performance Standards represent the global standard for managing environmental and social risks in emerging and developed markets alike.



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 ENVIRONMENTAL, SOCIAL AND 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 ESG and offers targeted client services in these areas.

The Group also helps support reform efforts in emerging markets and developing countries, while leveraging and integrating knowledge tools, expertise, and networks at the global and regional levels.

LATIN AMERICA AND THE CARIBBEAN CORPORATE GOVERNANCE PROGRAM

Our current program (2015–2020) is implemented jointly by IFC and the World Bank with the support of the State Secretariat for Economic Affairs (SECO) of the Government of Switzerland. Through a comprehensive advisory approach, the program supports companies of all sizes and structures, including SMEs, family businesses, state-owned enterprises, listed companies and financial institutions. We help them improve performance, manage risks, access finance, and enhance their overall sustainability.

IN A DIVERSE REGION, A TAILORED APPROACH

In this diverse region, our work includes promoting awareness and adoption of best corporate governance and ESG practices in line with regional priorities and local market conditions. Our efforts bring to bear the unique strengths and experience of IFC and the World Bank in a collaborative and comprehensive effort to address the complex web of challenges that may impede investment at the regional and national levels.

WORKING WITH LOCAL PARTNERS

Our local partners — including chambers of commerce, business associations, corporate governance institutes, institutes of directors, educational institutions, and the media — play a critical role in our work. With our partners, we deliver in-depth technical workshops and large conferences, develop a range of publications, and support the delivery of consulting services based on our methodology. These local partners will, in turn, be well positioned to meet the future needs of the market, thus ensuring a sustainable program that will yield positive impacts for years to come.

BOOSTING REGIONAL COOPERATION

Regional cooperation is a priority in Latin America and the Caribbean, where economies are working together towards common market-driven goals. We support these efforts in multiple ways. One initiative of note is the Latin American Companies Circle, a group of top Latin American companies recognized for their corporate governance leadership. Since its 2005 launch, the Companies Circle has taken a proactive role in promoting the value of good corporate governance by sharing member firms' experiences with the wider market. We also work with a wide network of corporate governance institutions from around the region, facilitating the exchange of ideas through training events, webinars and other joint initiatives.

SELECTED REGIONAL RESULTS ACHIEVED AS OF JUNE 2019

358 events, training workshops and conferences, reaching over 20,000 participants in 18 countries across Latin America and the Caribbean.

26 publications developed and shared on a range of topics, including boards of directors, integrating sustainability strategies into decision making, and transparency.

17 formal regional partnerships, plus collaborations with many institutions, including stock exchanges, regulators and other agencies; nearly 400 trainers trained on CG Methodology.

15 laws, codes, listing rules and regulations adopted around the region with IFC support.

More than 100 clients of IFC and partners reporting improved performance due to implementing program recommendations; of these, 20 have newly accessed finance as a result, totaling \$560,000,000.

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In partnership with:

