

Corporate Governance **TRENDS**

Special Publication for the Middle East and North Africa

Number 12 Spring 2008

Government of Yemen Supports Private Sector Corporate Governance Initiative

Sana'a, Yemen – The need to stimulate growth and investment and expand employment opportunities in the Middle East has never been greater. The Center for International Private Enterprise (CIPE) is responding to these issues with its recently launched regional corporate governance program in Bahrain, Tunisia, and Yemen. Working with local partners in each country, CIPE is providing technical assistance to private sector stakeholders to advance their efforts in realizing stronger norms for corporate governance.

In Yemen, CIPE is partnering with the Yemeni Businessmen Club (YBC), a non-profit association

established in 2003 to bring together both established and aspiring businesspeople to advocate for greater economic reform and freedom in Yemen. CIPE and YBC launched the new initiative with a high-profile conference, “Corporate Governance: Reality and Future,” in Sana'a, Yemen, on February 6, 2008. The conference attracted more than 200 participants as well as significant media attention, and was co-sponsored by the Hawkamah Institute of Corporate Governance and the Global Corporate Governance Forum.

The Government of Yemen showed strong support for this initiative; the conference was held



Saadaldeem Talib, member of the Supreme National Authority for Combating Corruption, discusses corporate governance as a method for combating corruption.

under the auspices of Deputy Prime Minister Abdulkarim Al Arhabi with opening remarks by Minister

continued on page 4

Turkish Directors Implement Better Governance Practices

Istanbul, Turkey – Company directors in Turkey have been inspired to make changes in their corporate governance practices as a result of a series of workshops conducted by CIPE and the Corporate Governance Association of Turkey (COGAT). Using ideas presented in the workshops, Nuri Sozkesen of Funika Holding reported that he had made specific changes within his company: “Executive roles of family members on the board were assigned to professional managers, and an executive committee was constituted apart from the board of directors. Also, independent

director participation on the board has increased.”

Many of the Turkish directors who participated in the workshops have started to make positive changes in their firms’ governance, focusing on the practical application of corporate governance best practices. At the workshops – in Antalya, Diyarbakir, Eskisehir, and Izmir – directors shared their experiences in implementing best practices and discussed the real-life examples presented by the workshop facilitators.

continued on page 2

IN THIS ISSUE

- 1 Government of Yemen Supports Corporate Governance Initiative
- 1 Turkish Directors Implement Better Governance Practices
- 2 A Force for Good Governance in MENA
- 2 Code Launched in Morocco
- 3 Around the World & CG Events



published by the **Center for International Private Enterprise** • an affiliate of the U.S. Chamber of Commerce
1155 Fifteenth Street NW • Suite 700 • Washington, DC 20005 • USA
ph: (202) 721-9200 • fax: (202) 721-9250 • web: www.cipe.org • e-mail: cipe@cipe.org



Corporate Governance Code Launched in Morocco

Rabat, Morocco – The launch of Morocco’s first corporate governance code on March 17, 2008, is clear evidence that efforts to advance the adoption of better practices in Morocco have begun to bear fruit. “What we are really looking for is cultural change, a change in attitudes, and changes in corporate practices... like all intangible values, changes in attitudes are hard to measure,” observes Senior Consultant to the Global Corporate Governance Forum (GCGF) Richard Frederick. “In Morocco, we are witnessing a paradigm shift in attitudes towards corporate governance.”

The code has had an almost immediate effect on governance practices in Morocco. Even as the launch ceremonies were underway, the press reported on actions taken by Morocco’s Securities and Exchange Commission against an issuer and intermediaries involved in a flawed stock flotation. While such actions are not necessarily the goal of efforts to advance corporate governance, they do represent a commitment to exercising more effective regulatory oversight. The new code can provide encouragement to enforce regulation – and does so transparently.

“It is now open season on attitudes and practices that were once considered too difficult to change, and minds have been opened to a new standard of governance,” Mr. Frederick adds. “Moroccan companies will now need to adapt to new expectations, and this sea change will certainly be welcomed by investors.” ♦

A Force for Good Governance in MENA

Corporate governance is now an area of great interest for groups across the Middle East and North Africa (MENA). As a result of a series of CIPE workshops between October 2007 and February 2008, private sector taskforces in Jordan, Oman, and Tunisia are developing action plans to implement good governance principles in a number of sectors. Faced with issues of globalization, demographic pressures, regional instability, and the management of natural resources, stakeholders have increasingly realized that accountability, transparency, and the rule of law are essential to sustainable economic growth.

In Tunisia, key stakeholders from the public and private sectors – such as the Central Market Authority, Central Bank, business leaders, academics, and the Finance Ministry – came together to explore ways to enhance corporate governance in Tunisian family-owned enterprises. Through a cooperative effort, the group is now developing advisory and training services that will multiply the effect of the initial workshop. The taskforce in Oman has brought the private sector



Private sector representatives discuss ways to improve coordination with the public sector to advance good governance practices.

together with the Omani Capital Markets Authority, and the groups are now coordinating their activities to advance implementation. The Jordanian taskforce is creating a strong communications plan to reach a wide business audience (as well as the government) with the business case for good governance.

The taskforces will serve as focal points for building strong corporate governance in countries across the MENA region, and represent the foundation for local groups to direct change in each country. Both the public and private sectors have accepted the need to address corporate governance reform as one of the most crucial topics affecting international competitiveness, the investment climate, and the region’s capital markets development. ♦

Turkish Directors

continued from page 1

In the months following the workshops, COGAT reached out to participants to assess the program’s impact. Of those companies interviewed, each had since taken at least one significant step towards better governance. Nearly all respondents that had lacked a family constitution prior to the workshops had since either adopted or started to prepare such a document. Several had

created audit committees, added independent directors to their boards, formulated succession plans, and better separated the roles and authority of company officers and board members.

COGAT and CIPE will intensify these efforts throughout 2008 as the Turkish Parliament prepares amendments to Turkey’s commercial code that will reflect certain corporate governance principles. ♦

Philippines Stock Exchange Commits to Good Corporate Governance

Manila, Philippines – The Philippines Stock Exchange (PSE) signed a memorandum with the Institute of Corporate Directors (ICD) that requires listed companies to assess their corporate governance practices using ICD's corporate governance scorecard. Companies submitted their results to the Securities and Exchange Commission (SEC) in late 2007.

The agreement is a significant step for the Philippine business community, says PSE President Francis Lim. "We will be able to elevate our corporate governance standards to world standards... This is one big step our stock market has to take to be globally competitive."

With support from CIPE, ICD developed the corporate governance scorecard as part of its programs to promote good governance practices in Philippine firms. The scorecard is a



ICD is cooperating with PSE, the Philippines SEC, and Ateneo Law School to support good governance standards.

tool that helps companies determine where they are in their corporate governance practices relative to other companies in the Philippines, the region, and the world. The scorecard can be used to identify areas for improvement and develop a roadmap for corporate governance best practice.

This initiative will raise the profile of the Philippine business community. ISA Chairman Dr. Jesus Estanislao says, "I would even dare say that this memorandum of agreement would give the Philippines an edge over the others in East Asia with respect to the corporate governance scorecard." ♦

Zambia: President Mwanawasa Hails IOD

(Lusaka, Zambia) – Zambian President Levy Mwanawasa lauded the efforts of the Institute of Directors (IOD) of Zambia to reduce corruption by promoting good corporate governance. At a business event in October 2007, President Mwanawasa stated that corruption in Zambia cannot be stymied unless "good corporate governance practices are instituted both in the private and public sectors, and causes of corruption on the supply and demand side of corruption are addressed."

With CIPE support, IOD published a corporate governance code for Zambia's small and medium-sized enterprise (SME) sector. The code is a tool for SMEs to realize their wealth creation potential through enhanced efficiency, productivity, transparency, and accountability. As a direct outcome of IOD's CIPE-supported stakeholders' seminar in April 2007, the Lusaka Stock Exchange made compliance with IOD's corporate governance code a condition for SMEs to list on the exchange. ♦

CG Events May-October 2008

MENA Events

May 17-19, Sharm El Sheikh, Egypt

World Economic Forum on the Middle East (OECD)
www.oecd.org

June 2-4, Egypt

The Role of the Board in Protecting Shareholders (Egyptian Institute of Directors)
www.eiod.org

Global Events

June 19, Seoul, South Korea

International Corporate Governance Network 2008 Annual Conference, with opening address by the OECD Secretary General Angel Gurría (OECD)
www.oecd.org

June 23-24, Paris, France
2008 High-Level

Roundtable on Corporate Responsibility, Employment and Industrial Relations: Promoting Responsible Business Conduct in a Globalising Economy (OECD)

Contact: marie-france.houde@oecd.org or peter.tergeist@oecd.org

July 28, Johannesburg, South Africa

Building Effective Audit Committees (Institute of Directors in Southern Africa)
www.iodsa.co.za

September 13, Barcelona, Spain

Final Conference of the European Corporate Governance Training Network (Centre for Economic Policy Research)
www.cepr.org

Government of Yemen Supports Corporate Governance Initiative

continued from page 1

of Industry and Trade Yahya Al Mutawakel. In his address, Minister Al Mutawakel stated, “Corporate governance is an essential condition to the establishment of a stock market, attracting major investment, and developing national reserves, which will lead to combating unemployment and reducing poverty.”

CIPE Executive Director John D. Sullivan outlined the core principles of corporate governance and discussed how corporate governance compliance can benefit individual firms and the economy as a whole. The issue of corporate governance is extremely salient as Yemen is still in the early stages of developing a stock exchange.

Building on the momentum of the launch conference, CIPE and YBC convened a workshop on February 10, 2008 for a core group of stakeholders from the private sector, government ministries, the media, and academia. Working toward the establishment of a private sector-led taskforce, participants gained a deeper understanding of corporate governance issues.

CIPE’s strategy for Yemen empowers the private sector to play a leading role in the adoption of corporate governance principles. CIPE and YBC will work with the emerging taskforce to evaluate the current legal and regulatory framework and develop locally relevant corporate governance guidelines. ♦

Corporate governance issues are increasingly attracting media attention across the MENA region.



CIPE’s MENA Corporate Governance Initiative

This program is part of a broader, regional corporate governance initiative in Bahrain, Tunisia, and Yemen that is supported by the Middle East Partnership Initiative (MEPI) of the U.S. Department of State. The two-year initiative will strengthen local efforts to promote corporate governance practices.

In Bahrain, a National Steering Committee on Corporate Governance that was established two years ago has nearly completed a corporate governance code. CIPE will assist the steering committee through the process of completing and implementing the code.

In Tunisia, CIPE partner L’Institute Arabe des Chefs d’Entreprise has formed a Corporate Governance Advisory Council that will build awareness of local and international best practices. The group will also establish an Institute of Corporate Governance in Tunis.

Strengthening democracy around the globe through private enterprise and market-oriented reform.

CIPE Egypt

Building #4, Al-Marwa New Towers • Floor #10, Apartment #1003
Koleyat Al-Banat, Heliopolis, Cairo, Egypt

T: +20-2-2414 3283 • F: +20-2-2414 3295 • www.cipe-arabia.org • E-mail: dgreenfield@cipe.org