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ملحوظة

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Advancing Corporate Governance in Egypt

Many countries in the Middle East and North Africa (MENA) region have come to realize the importance of good corporate governance. Countries such as Egypt and Lebanon are actively working to develop the tools and institutions necessary to implement sound governance principles on a national scale. It is interesting to note, however, that one of the key obstacles to the successful implementation of governance standards is the private sector's lack of awareness about the subject and the benefits it provides.

CIPE partner the Egyptian Junior Business Association (EJB) maintains that to facilitate private-sector adoption of corporate governance standards, grassroots efforts must be initiated through specialized training programs to expose the underlying problems that can be rectified in part by implementing corporate governance standards. Egypt recently developed a national Code of Corporate Governance to provide Egyptian listed companies with a standard of best practices in this area. EJB aims to facilitate implementation



Participants discuss corporate governance in family-owned businesses.

of the Code of Corporate Governance by conducting an awareness program for its members and by publishing a manual to facilitate the adoption of the Egyptian Code by the country's businesses.

EJB held the second and third workshops in its corporate governance series in the first quarter

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Cooperating for Change: Africa Unites for Better Governance

On March 16-17, 2006, CIPE participated in a workshop on corporate governance hosted by the African Development Bank in Tunis, Tunisia. The workshop was organized in response to feedback from stakeholders at the Third Annual Pan-African Consultative Forum on Corporate Governance (PACFCG), which was held in November 2005. PACFCG is a cooperative framework that brings together African organizations to coordinate and promote the development

of good corporate governance practices in the region. This involves establishing effective partnerships with organizations at the Pan-African and sub-regional levels and local institutions to enhance their capacities to promote and practice sound corporate governance.

The workshops were designed to facilitate enhanced cooperation and consultation among various groups undertaking corporate governance initiatives across Africa.

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Regional Corporate Governance Institute Opens in Dubai

The Hawkamah Institute for Corporate Governance, an initiative to promote corporate governance reform in the MENA region, was recently launched in Dubai. The Institute represents a groundbreaking development for institution building, corporate sector reform, good governance, financial market development, investment, and growth.

Hawkamah will be a technical and knowledge resource center for countries by focusing on laws, institutions, regulations, codes, and principles. It will also be a valuable resource to corporations, and enterprises, as it will undertake corporate governance assessments and provide technical assistance for reform.

Hawkamah will undertake analysis and research, reporting on the state and advancement of corporate governance in the region. It will also foster communication and policy dialogue at the regional and international levels through workshops, seminars, and conferences. The Institute also plans to work closely with think tanks, regional roundtables, and national corporate governance task forces.

The Hawkamah Institute initiative brings together business leaders, think tanks, governments, bankers, auditors, accountants, and other corporate governance practitioners from MENA countries including the United Arab Emirates, the Kingdom of Saudi Arabia, Bahrain, Kuwait, Egypt, Jordan, Lebanon, Algeria, Morocco, Qatar, Oman, Tunisia, and the Palestinian territories, as well as Turkey.



Richard E. Hecklinger, Deputy Secretary General of the Organisation for Economic Co-operation and Development; Dr. Omar Bin Sulaiman, Director General of the Dubai International Finance Center Authority; Dr. Mohammed Khalfan Bin Kharbash, UAE Minister of State for Financial and Industrial Affairs; and Dr. Nasser H. Saidi launch Hawkamah.

These countries have taken up the challenge to adopt and implement 'best international practices' and corporate governance principles. More importantly, the Hawkamah country partners will join policymakers and officials around the world in addressing corporate governance issues. Regional cooperation will facilitate information exchange and allow countries to learn from successful experiences, combine efforts, move towards harmonization of corporate governance frameworks, and build on the synergy that will develop as a result of national initiatives. ♦

For more information, visit www.hawkamah.org.

Cooperating for Change

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Representatives from the African Business Roundtable, the African Development Bank Group, the Center for Corporate Governance, the Commonwealth Secretariat, the Global Corporate Governance Forum, the International Finance Corporation, the IFC Private Enterprise Partnership for Middle East and North Africa, the New Partnership for Africa's Development, the Organization for Economic Cooperation and Development, and the United Nations Economic Commission for Africa took part in the event.

The participants shared their corporate governance experiences and agreed that it was in the best interest of all organizations involved to implement good corporate governance practices, to strengthen cooperation between the organizations, and to work to avoid the duplication of efforts. The organizations agreed to exchange information on their activities as well as any toolkits, methodologies, lessons learned, and expertise they develop as they proceed.

As a next step, the participants decided that a working group should be formed to help achieve these aims. A follow-up meeting will be held later in the year to review the progress made in advancing corporate governance across the continent. ♦

For more information on the PACFCG, please visit www.corporategovernanceafrica.org.

Global Forum Aids Governance Efforts

The Global Corporate Governance Forum (www.gcgf.org) has launched several global and regional initiatives focusing on capacity building. The primary goal of these efforts is to raise awareness about the overarching importance of good corporate governance and the institutions that must be developed to ensure its long-term success. A second effort centers on the development of national codes of corporate governance.

The first in a series of three technical assistance workshops to support the development and implementation of corporate governance codes of best practices in the MENA region was held in Cairo, Egypt on March 16-17. This series of workshops, sponsored by GCGF and its Private Enterprise Partnership, stemmed from a growing demand by the MENA region for better corporate governance practices to promote investment, foster reform efforts, and provide companies with guidance for their governance policies. Workshop participants will ultimately develop, draft, implement, and review corporate governance codes according to internationally recognized best practices.

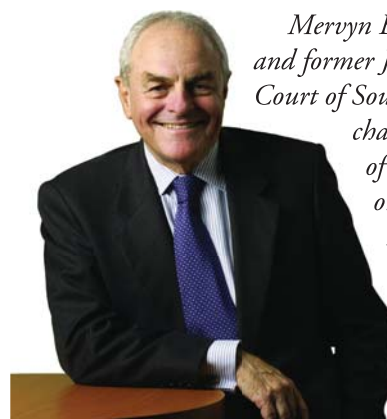
The major issues addressed in the first workshop included: uses for corporate governance codes, the objectives of a code, initiating and leading the drafting process, crafting an action plan, and managing difficulties in drafting a code.

Participants from seven countries attended the event, which was keynoted by Mervyn E. King, Senior Counsel and former Judge of the Supreme Court of South Africa (see box at right). He has also chaired and served as director of several companies listed on the Johannesburg Stock Exchange. Mr. King currently chairs the King Committee on Corporate Governance in South Africa.

The second workshop will be held in the United Arab Emirates in November 2006. It will focus on drafting the content for a code and consulting stakeholders. The third workshop will be held in Lebanon in March 2007 and will focus on implementation and monitoring.

In addition to the workshops, GCGF is developing a series of corporate governance reform toolkits to

further the implementation of national corporate governance reform across the globe. The toolkits build on assessments taken throughout the world and are intended to provide policymakers, private-sector leaders, and civil-society organizations with additional guidance on how to best structure their efforts to improve corporate governance. The first toolkit addresses building director training organizations. The second toolkit focuses on developing corporate governance codes of best practice. It provides a step-by-step approach that can be followed by stakeholders to develop, implement, and review a corporate governance code of best practices. ♦



Mervyn E. King is a Senior Counsel and former Judge of the Supreme Court of South Africa. He has chaired and been a director of several companies listed on the Johannesburg Stock Exchange, including First National Bank Holdings Ltd., Capital Alliance Ltd., and Frame Group Holdings.

In addition, he is Professor Extraordinaire at the University of South Africa on Corporate Citizenship and Chairman of the King Committee on Corporate Governance in South Africa. He is also the Chairman of the United Nations Steering Committee that reviews governance and oversight within the United Nations.

Previously, he served as the first President of the Commonwealth Association of Corporate Governance. He has a Bachelor of Law degree from the University of the Witwatersrand in South Africa.

What's New?

The Global Corporate Governance Forum publication *Guidance for the Directors of Banks* has been translated into Arabic and posted on CIPE's Hawkama web site: <http://www.hawkama.net/files/pdf/article529.pdf>. *Guidance for the Directors of Banks* is a manual designed to provide boards of directors with practical ways to attain a high standard of internal governance. ♦

Advancing Corporate Governance in Egypt

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of this year. Fifty-seven people attended the second workshop, held in Cairo on February 28, 2006. The workshop focused on family business governance and aimed to generate awareness among families engaged in business about the importance of corporate governance and how it manages conflicts and ensures growth of the firm. Guest speakers included Dr. Ziad Baha'a El Din, Chairman of the General Authority for Investment and Free Zones, and Dr. Sa'ad Sallam, Chairman of the Olympic Group, who shared his company's experiences implementing corporate governance standards, noting the initial resistance to separate ownership from management among family members.

Dr. Baha'a El Din, who was a principle contributor to the Egyptian Code of Corporate Governance, discussed the importance of its adoption and what it can do for the sustainability of public companies. He emphasized that the implementation of a corporate governance code aids in global competitiveness, gives confidence to multinational companies when dealing with local firms, increases the number of investors in local companies, protects businesses, and reduces investment risk.

The third workshop entitled "Securing Efficient Management through Corporate Governance," was held in Cairo on March 2, 2006. Dr. Mahmoud Mohei El Din, Minister of Investment, and Yasser El Mallawany, CEO and Chairman of EFG, addressed more than 80 workshop participants.

The Egyptian Junior Business Association (EJB) was established in 1999 with the mission to "support the comprehensive development of Egypt and its business community through the creation and coordination of a mutually supportive community of Egyptian junior businesspeople committed to this culture." More information on EJB can be found at <http://www.ejb.org.eg>.

Minister Mahmoud discussed how corporate governance contributes to the overall health of an economy and preserves the stability of companies and the market in general. He also discussed the fundamental principles of corporate governance: disclosure, transparency, accountability, and timely reporting.

Mr. El Mallawany related his company's experiences in implementing corporate governance standards and outlined how these practices aid in securing access to financing, saying, "corporate governance is a journey, not a destination, a culture that has to be progressively introduced in the organization to secure efficient management, avoid conflicts of interest, and promote future growth."

The next step in EJB's program is to incorporate the results of the three workshops into a manual outlining how to implement the Egyptian Code of Corporate Governance. ♦

The Center for International Private Enterprise is a non-profit affiliate of the U.S. Chamber of Commerce and one of the four core institutes of the National Endowment for Democracy. CIPE has supported more than 900 local initiatives in over 100 developing countries, involving the private sector in policy advocacy and institutional reform, improving governance, and building understanding of market-based democratic systems. CIPE programs are also supported through the United States Agency for International Development.

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