



Improving Corporate Governance in the Middle East and North Africa: the MENA OECD Initiative and its Comparative CG Survey

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A MENA OECD Initiative

The Investment Programme of the Initiative

The Working Group on CG and the
Regional Corporate Governance Forum

A Comparative CG Survey of MENA

A MENA OECD Initiative

- MENA – OECD consultations since September 2003 to explore scope and priority areas for co-operation**
- Part of G8 commitment to assist regional efforts to remove barriers to investment**
- Public Governance Programme: Aimed modernising the government structures and processes in MENA**
- Investment Programme: Aimed at improving the policies and environment for investment in the region**
 - Two Steering Group meetings: Amman, June and September 2004**

Why such a programme?

- Establishing a process of change**
 - Multilateral policy dialogue
 - Peer pressure
 - Building of a network of MENA and OECD officials for a practical exchange of experience
- Result oriented focus**
 - Assessment of progress and impact
- Framework**
 - Thematic Working Groups (co-chairs)
 - Three year horizon (renewable)
 - Sequencing: stock taking, development of action plans, implementation (possibly peer reviews)
 - Synergies and coherence of Investment and Governance components: co-ordination and communication
 - Partnerships: UNDP, World Bank Group, EU, private sector
 - Support to concrete country or regional projects in addition to policy dialogue

The Investment Programme of the Initiative

□ A Programme Steering Group

- Representatives of MENA and OECD governments, international organisations, NGOs, private sector
- Co-chairs: OECD and MENA country (Japan and Jordan)
- Thematic Working Groups meeting once or twice a year

□ Working Groups

- Steering implementation
- MENA/OECD Co-chairs: consult with members, establish meeting agendas, invite participants, interact with external participants and act as WG speakers at Steering Group

□ Country Economic Teams

- Representation of country ministries and agencies
- Country level co-ordination, design and implementation of country action programmes, to be submitted to a Ministerial meeting in the fall of 2005
- Led by a Minister or a deputy Minister

Investment Programme Working Groups

- WG 1: Transparent and open investment policies (co-chairs Jordan and Japan), 1-2 Feb (Dubai)**
- WG 2: Investment promotion agencies and business associations (co-chairs: Dubai, 2nd chair tbd), 2-3 Feb (Dubai)**
- WG 3: Tax framework for investment and investment incentives (co-chairs: Bahrain and Turkey), 26-27 Jan (Bahrain)**
- WG 4: Financial sector and enterprise development (co-chairs: Saudi Arabia and UK), 7-8 Feb (Jeddah, Saudi Arabia)**
- WG 5: Improving corporate governance, (co-chairs: Lebanon CG TF and OECD Secretariat)14 Feb (Amman, Jordan)**

Working Group 5

- Operates under the MENA – OECD Investment Programme**
 - Three phases of work:**
 - stock taking,**
 - development of country specific and regional policy advice and initiatives,**
 - support and assessment of progress in implementation**
- In co-operation with the Global Corporate Governance Forum and the Centre for International Private Enterprise**
 - Convenes the MENA Regional Corporate Governance Forum**

Working Group 5

- **Short term actions stemming from recommendations of the 2nd RCGF**
 - **Raising awareness**
 - National CG task forces (public and private sector) and other public and private sector initiatives,
 - Development of action plans and recommendations
 - Reports on progress and developments at the plenary WG5-RCGF meeting
 - **Drafting a comparative CG survey**
 - **Supporting a regional survey of CG of banks – UAB**
 - **Supporting and disseminating results of CG activities of WB and IFC: ROSCs, IFC CG assessment methodology (applied at the company level)**
 - **Working with the private sector: CIPE (training, communication and dissemination, support for private sector initiatives)**
 - **Including MENA countries in the global CG dialogue – OECD consultations on SOEs governance and non-listed companies**

Working Group 5 consultative meeting (14 Feb, Amman)

Agenda

- Main issues and a framework for a MENA Comparative CG Survey
- Improving CG of listed companies
- Challenges of CG of MENA banks
- Action plan of WG5 and the RCGF

MENA Comparative CG Survey

- Stock taking
- Summarising and analysing data gathered within the RCGF
- Informing about and assessing existing public and private sector initiatives
- Supporting the design of an action plan for WG 5 and the RCGF

The Comparative CG Survey

- Reliance on data gathered in the framework of the RCGF, ROSCs and other sources**
- Identifying information gaps and expanding the number of MENA countries covered by CG research**
- Questionnaire on the legal framework**
- Chapters**
 - CG landscape**
 - National CG initiatives**
 - Regional co-operation**

The Comparative CG Survey (cont'd)

- CG landscape**
- Ownership and control**
 - Patterns of ownership**
 - Types of companies: legal form; widely held, closely held, widely held with a controlling shareholder**
 - Concentration of control: widely held with a controlling shareholder (control with financial institution or state-owned or private corporation)**
 - Types of controlling shareholders**
 - Publicly traded companies**
 - Family owned businesses**
 - State-owned enterprises**
- Evolution of the existing structures**

The Comparative CG Survey (cont'd)

CG landscape

- Legal and regulatory framework
 - Enforcement
 - The legal system and role of courts
 - The securities regulator and self regulatory organizations
 - Market discipline and self enforcement
 - Institutional structures for the exercise of state ownership rights
 - Thematic review of emerging issues
 - Shareholders rights and equitable treatment
 - Responsibilities of the board
 - The role of stakeholders
 - Transparency and disclosure
- Some conclusions

The Comparative CG Survey (cont'd)

CG initiatives underway

- **Public sector reforms**
- **Private sector initiatives**
 - **Surveys**
 - **Corporate governance codes**
 - **Business and professional associations**

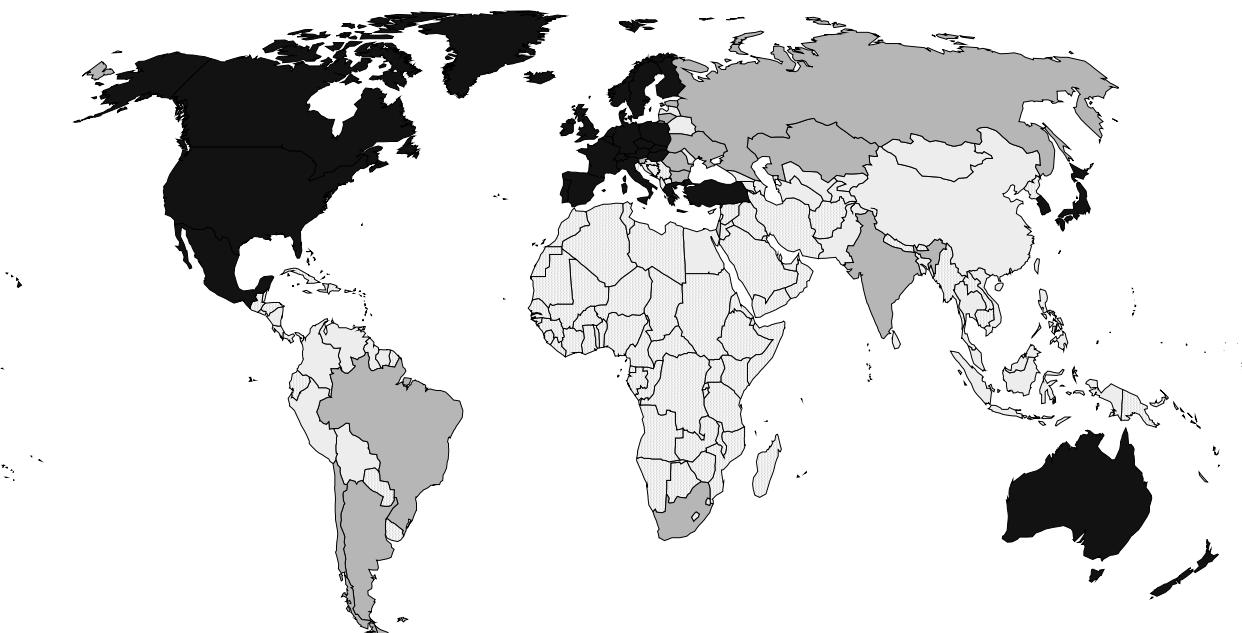
Regional co-operation

In conclusion

- WG5 and the RCGF and their constituencies are there to serve and support the CG work in the region**
- Home grown efforts are of the essence**
- Public sector reforms cannot change the CG landscape without the private sector adhering to good CG standards**

Founded in 1961 as a follow on to the Marshall Plan, the Organisation for Economic Co-operation and Development promotes international codes, guidelines and principles by which countries can make their economic systems compatible.

OECD Member Countries and Co-operating Countries



- | | |
|---|------|
| Co-operation programmes | (49) |
| Co-operation programmes and participation in OECD bodies* | (16) |
| OECD Members | (31) |

* Non-Members not participating in OECD bodies take part in OECD meetings and activities upon *ad hoc* invitations.

For further information...

On OECD corporate governance
activities and regional roundtables

www.oecd.org/daf/corporate-affairs