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

**Elena Miteva**

**Economist**

**Corporate Affairs, Directorate for Financial and Enterprise Affairs**

**MENA OECD Investment Programme**

**Working Group**

**MENA Regional Corporate Governance Forum**

**14 February 2005, Amman, Jordan**

# Improving Corporate Governance in MENA: the MENA OECD Investment Programme and the Regional Corporate Governance Forum

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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***

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- 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?**

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- 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***

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## **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***

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- **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, 2<sup>nd</sup> 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***

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- **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***

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- **Short term actions stemming from recommendations of the 2<sup>nd</sup> 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)***

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## **□ 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

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- 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)

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- 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)

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## 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)

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## CG initiatives underway

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

## Regional co-operation

# In conclusion

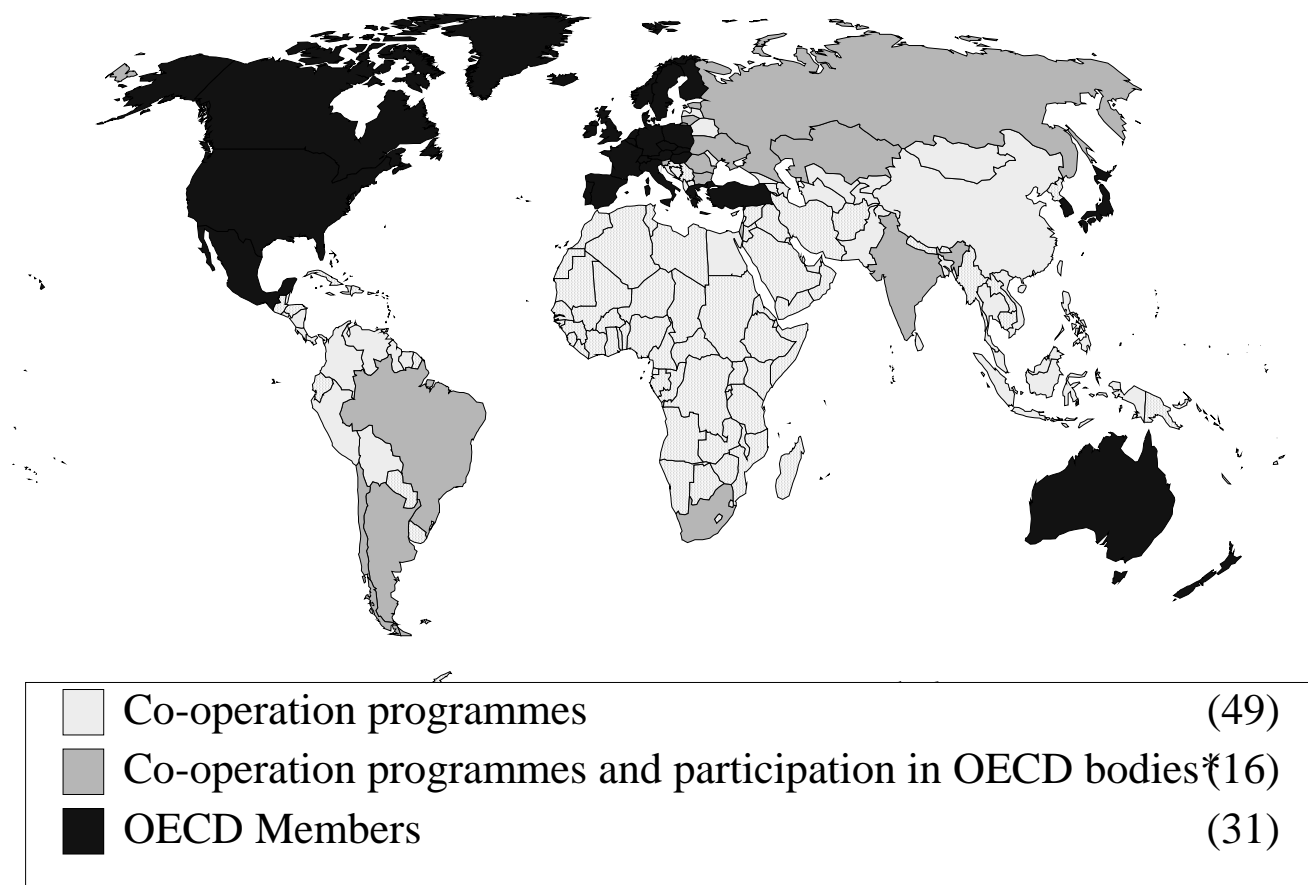
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- WG5 and the RCGF and their constituencies are there to serve and support the CG work in the region**
- Home grown efforts are of the essence**
- Public sector reforms cannot change the CG landscape without the private sector adhering to good CG standards**

**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

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

# For further information...

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On OECD corporate governance  
activities and regional roundtables

**[www.oecd.org/daf/corporate-affairs](http://www.oecd.org/daf/corporate-affairs)**