



Teresa C. Barger
Director

IFC/World Bank Corporate Governance
Department

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IFC's Corporate Governance Initiatives in Latin America – the CG Value Proposition

IFC's Corporate Governance Products

- **IFC Corporate Governance Methodology**
 - Applied in all our investments
- **Corporate Governance Equity Fund**
 - Puma II / Dynamo
- **Corporate Governance Credit Line**
 - Banco Real Sustainability Credit Line (SCL)
- **Market Initiatives / Technical Assistance**
 - Build Public / Private Infrastructure

IFC Corporate Governance Methodology

- **Organized along OECD Principles**
 - Integrates our Regional Learning and Experience – White Papers
- **A Series of Tools to Analyze Governance Risk and Opportunity**
- **Value-Added Focus**
 - Making the Business Case for Corporate Governance
- **Four Paradigms of Companies**
- **Tools Fully Integrate with IFC Operating Procedures (Due Diligence)**
- **Applied in All Investments**
- **Staff Training Program**

Value Proposition: Understanding Governance of Clients and Adding Value Manages Our Financial and Reputational Risk

Puma II Fund – CG Equity Fund

- **Managed by Dynamo**
 - US\$100 Million
 - 8 To Ten Undervalued Listed Brazilian Firms
- **Controllers Receptive to Reforms; Seeking Access to Capital**
 - Tag-along Rights
 - Better Boards
 - Transparency

Value Proposition: Communicating Good Governance to the Market Eliminates Governance Discount, One-Time Value Increase

Corporate Governance Credit Line

- **Banco ABN AMRO Real Sustainability Credit Line**
 - **Environmental and Social Investment Tranche**
 - **Corporate Governance Tranche**
 - **US\$88 Million / Dollar Denominated Long-Term Credit Line Available for Combined Tranches**
- **Medium-Sized, Family-Controlled Firms**
- **Employs the IFC CG Methodology**
 - **Tailored to Market Segment (Medium-Sized Brazilian Family Firms)**
 - **Must Meet Minimum Criteria to Qualify**
 - **Management Must Commit to Advance to Next Level**

Value Proposition: Better Governance Means Better Long-Term Risk

Market Initiatives / Technical Assistance

- Legal / Regulatory Reforms
 - Chile (1997-9); Brazil (2000); Colombia (2001-2)
- OECD Latin America CG Roundtable
 - Cornerstone of Regional Efforts since 2000
 - Companies Circle
- Private Sector Responses
 - Novo Mercado / Access Market
 - Listing Rules
- Institutes of Directors
 - Standard Setting (Codes)
 - Training Programs: Colombia, Mexico, Costa Rica

Value Proposition: Public and Private Infrastructure is Critical to Credible Governance Improvement