



**MENA-OECD INITIATIVE ON GOVERNANCE AND INVESTMENT FOR DEVELOPMENT**  
**Investment Programme: Working Group 5**  
**IMPROVING CORPORATE GOVERNANCE**

In Co-operation with

**MENA REGIONAL CORPORATE GOVERNANCE FORUM**

**A CORPORATE GOVERNANCE  
FRAMEWORK FOR THE MENA  
REGION**

**DRAFT AGENDA**  
**First Meeting**

Hosted by  
**THE JORDAN SECURITIES COMMISSION**

**14th February 2005**

## Objectives of the meeting

This meeting aims at defining an action plan for the MENA-OECD Working Group 5 on Improving Corporate Governance as a contribution to the Investment Programme of the MENA OECD Initiative on Governance and Investment for Development. It will also carry forward the work of the MENA Regional Corporate Governance Forum, together with its partners from the Global Corporate Governance Forum<sup>1</sup> (GCGF) and the Centre for International Private Enterprise (CIPE).

The objectives of the meeting are as follows:

- (i) Propose and discuss a framework for reviewing current developments in corporate governance in MENA;
- (ii) Identify the main issues to be compared and analysed by the proposed Survey of corporate governance in the region; and
- (iii) Agree on the future work and division of responsibilities among partner including MENA countries, GCGF, CIPE, World Bank/IFC and other organisations.

## Background

Most countries from the Middle East and North Africa (MENA) have economic legislation and institutions that provide the foundation for corporate governance. Current efforts in this area constitute an important aspect of market oriented reforms, as they provide opportunities for improving investor confidence and interest and more broadly, for improving corporate performance and the prospects for sustainable economic growth in the region.

Recognising the importance of addressing these issues, the GCGF worked with participants from the region and CIPE to launch the MENA Regional Corporate Governance Forum. The first meetings of the Forum were held in 2003 and 2004 with additional support from the OECD and the World Bank. This initiative resulted in the publication of an overview of “Corporate Governance in Morocco, Egypt, Lebanon and Jordan” in October 2003 and a recent edition of the proceedings of the second meeting of the Forum on “Improving Transparency and Disclosure”. The latter also outlines long term priorities for reform, that need to evolve further in light of additional consideration at national and regional levels.

## The Framework of Working Group 5 and the MENA Regional Corporate Governance Forum

In order to achieve its goals Working Group 5 agreed to combine its efforts with the MENA Regional Corporate Governance forum.

It will rely on input by Country Economic Teams, co-ordinating the contribution of various national institutions to the MENA - OECD Investment Programme (see Addendum). Working Group 5 will organise its work in three phases, involving (i) stock taking, (ii) development of country specific and regional policy advice and initiatives; as well as (iii) monitoring and assessing progress in policy implementation.

Working Group 5, in co-operation with the GCGF and CIPE, will convene the Forum on an annual basis as a network of senior policy makers, regulators and market participants from the region, as well as international experts from OECD member countries and international organisations.

The Forum discussions will be supported by topical and country specific work and research. More specifically, the OECD Secretariat will work with MENA countries and interested partners to develop and agree on a suitable template, which will serve as the basis for development of a Comparative Survey of Corporate Governance in MENA. The Survey will outline and analyse the corporate governance frameworks and ownership structures; laws, policies, regulations, standards, voluntary initiatives and current corporate practices. It is intended to support

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<sup>1</sup> Using the OECD Principles of Corporate Governance, the OECD and the World Bank Group (WB) have agreed to co-operate in improving corporate governance in emerging and transition economies. To this end, they created the OECD/WB Global Corporate Governance Forum (GCGF), which provides financial support. One important outcome of the agreement between the OECD and the WB has been the establishment of Regional Corporate Governance fora aiming to promote good governance in Latin America, Asia, Eurasia, Russia, and South East Europe.

efforts to define reform priorities in the region and corporate governance issues which should constitute the main focus of the Forum.

### **The Consultative Meeting of the MENA-OECD Working Group 5 on Improving Corporate Governance**

The presentations and discussions by the participants will be made in four sessions, focusing on the following issues:

Session I: Main Issues and a Framework for a MENA Comparative Corporate Governance Survey

Session II: Improving Corporate Governance of Listed Companies

Session III: Challenges of Corporate Governance of MENA Banks

Session IV: Action Plan of the Working Group (WG) 5 on Improving Corporate Governance and the MENA Regional Corporate Governance Forum

Main speakers will make presentations of about 10-15 minutes each, while discussants will have 5-10 minutes each. Speakers are invited to keep their presentations within the proposed time limitations in order to leave ample time for debate and discussion.

During the last session, a brief conclusions from the different sessions will presented. This will also constitute an opportunity for participants to agree on the action plan of the Forum.

## Monday 14th February 2005

08:30 – 09:00 Registration

### OPENING SESSION

09:00 – 09:30 Welcoming remarks

- *TBD*

#### Opening remarks

- The MENA Regional Corporate Governance Forum (RCCF) and the OECD MENA Initiative on Governance and Investment. Main objectives of the meeting, *Mr. Rainer Geiger, Deputy Director, Directorate for Financial and Enterprise Affairs, OECD*

### SESSION I

#### Advancing the MENA Comparative Corporate Governance Survey: a Framework

09:30 – 11:00 • **Chair: Dr. Nasser Saidi, Chairman of the Lebanon Corporate Governance Task Force**

#### Presentations:

- Recommendations on a Survey Framework stemming from the Second meeting of the MENA RCGF, *Introductory presentation by the chair*
- Proposed framework of the Survey, *Ms. Elena Miteva, Project Manager, Working Group 5, OECD*

#### Panel discussion:

- Recommendations from the regional corporate governance private sector consultative meeting. *Dr. Fouad Shaker, Union of Arab Banks, and Mr. Fawaz Shalan, Medicare Jordan*
- General discussion and feedback from participants

#### General discussion

**The first session** will set the stage for continuing and completing the process of stock taking, in defining the agenda of Working Group 5 and the MENA RCGF. *The objective of the discussions will be to lead to an agreement on the draft structure of the survey, the main issues it will encompass, as well as the information sources and gaps to be explored.*

Following the recommendation of the second meeting of the MENA RCGF, participants will discuss the draft methodology for the proposed MENA Regional Comparative Corporate Governance Survey. It is intended to set a framework for gathering comparative qualitative and factual information on the ownership structures, legal and institutional frameworks and voluntary initiatives.

#### Proposed Survey Structure:

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)

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

Majority controlled companies: benefits and challenges/costs of control in MENA

Companies with state participation

CG reforms underway

In the public sector

In the private sector: surveys; corporate governance codes; business and professional associations

Regional co-operation

Case studies: Lessons from recent reform efforts

*Annex:* Initial country tables comparing company law frameworks in the region

**11:00 – 11:30** *Refreshments*

## SESSION II

### Improving Corporate Governance of Listed Companies

**11:30 – 13:00** **Chair: TBD**

**Panel Discussion**

- Lessons from World Bank Reports on Observance of Standards and Codes, *Ms. Tatiana Nenova, Financial Economist, Corporate Governance Department, The World Bank Group*
- Role of corporate governance codes in enhancing corporate governance of listed companies, *Dr. Maged Shawky Sourial, Deputy Chair, Cairo and Alexandria Stock Exchanges, Egypt*
- Feedback from the private sector: results from a recent survey on corporate governance of listed companies in Morocco, *Dr. Rachid Belkahia, Morocco, CGEM*
- Corporate governance of listed companies: review of experiences and recent reforms in Jordan, *Mr. Jalil Tarif, Executive Manager, Amman Stock Exchange*

**General discussion**

In session two, participants will examine the main corporate governance issues arising in listed companies in the Middle East and North Africa. More specifically, they will analyse current trends and important initiatives underway. They will further focus on the importance of developing corporate governance codes and the prerequisites for their effective implementation. Transparency and disclosure, which have been identified as a challenge for most countries of the region, will also be touched upon, with emphasis on the role of auditors.

Participants are invited to take an active part in the general discussion in order to provide recommendations as to how to analyse and reflect the main corporate governance issues arising in MENA listed companies in the proposed MENA Comparative Corporate Governance

Survey.

13:00 – 14:15 *Lunch*

### SESSION III

#### Challenges of Corporate Governance of MENA Banks

14:15 – 15:30 **Chair: Mr. Mifleh Akel, Chairman of the Association of Jordanian Banks.**

**Presentations:**

- Union of Arab Banks Survey on Corporate Governance of Banks: rationale and framework, **Mr. Fouad Shaker, Secretary General, UAB**
- IFC Initiatives on Corporate Governance of Financial Institutions in MENA, **Ms. Jumana Cobein, Programme Manager, International Finance Corporation**

**Panel discussion:**

- The current programme of the Islamic Financial Services Board on better governance of banks, **Mr. Madzlan Mohamad Hussain, Project Manager, IFSB**

**General discussion**

Recognising the important role of banks in the MENA region in imposing financial discipline and efficiently allocating capital, **session III** will examine planned initiatives targeting corporate governance of banks. MENA corporations rely much more on internally generated funds and on banks than they do on capital markets. In the short term, debt financing is likely to prevail as a source of external finance. When banks efficiently mobilise and allocate funds, this lowers the cost of capital to firms, boosts capital formation and stimulates productivity and growth. Weak governance of banks reverberates throughout the economy and therefore, special attention needs to be paid to legal, regulatory and supervisory policies, ensuring sound bank governance in countries from the MENA.

15:30 – 16:00 *Refreshments*

### SESSION IV

#### Action Plan for Working Group 5 and the MENA Regional Corporate Governance Forum

16:00 – 17:30 **Chair: Mr. Juan Munguira Gonzales, Spanish Securities and Exchange Commission (CNMV)**

**Panel discussion:**

- Next Steps for MENA OECD Investment Programme and MENA RCGF, **Mr. Rainer Geiger, Deputy Director, Directorate for Financial and Enterprise Affairs, and Mr. Daniel Blume, Principal Administrator, Corporate Governance Outreach, OECD**
- Corporate Governance Initiatives in the MENA: the World Bank and IFC perspective, **Tatiana Nenova, WB**
- CIPE Regional and Country Specific Work on Corporate Governance in the MENA and Support to the MENA Regional Corporate Governance Forum, **Talal Abu Hassan, Programme Officer, CIPE**
- Regional and national public and private sector initiatives

## General Discussion

**The fourth session** will inform the participants about national and regional private sector initiatives on corporate governance and important substantive work on topics of interest to the MENA region, such as governance issues related to state-owned enterprises and non-listed companies, including family owned. Presentations by the WB group, CIPE and the OECD will provide sufficient background to MENA participants in order to elicit a discussion on synergies between private sector projects and Working Group 5. Input and feedback on topics of interest to the region to be examined in the framework of Working Group 5 and the MENA Regional Corporate Governance Forum or country specific events will also be sought.

**17:30 - 18:30** *Pause*

## Conclusions and Next Steps

**18:30 – 19:30** **Chair: Mr. Rainer Geiger, OECD**

### Open discussion on future work

Participants will be invited to consider the set of issues to be discussed at the next annual meeting of the WG 5 / MENA Regional Corporate Governance Forum and the deliverables to be prepared for the autumn 2005 Ministerial meeting of the MENA Investment Programme. The role of country input, and in particular by country CG Task Forces, will be examined. Options for co-operation on its preparation with multilateral, regional and national institutions, including on its venue and co-hosts, will also be explored.

## Contact persons

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## MENA-OECD Investment Programme in Brief

The MENA/OECD Initiative on Governance and Investment for Development (GfID) represents an opportunity to promote broad reforms to enhance investment and development, strengthen interregional as well as international partnerships, and promote sustainable development throughout MENA countries. The process aims at strengthening countries' capacity for designing and implementing reforms. It enhances public governance and modernises public institutions, provides an improved environment for economic activity and growth. Most importantly, it establishes a sustainable structure facilitating policy dialogue on public governance and investment policies among MENA countries.

The impetus for this Initiative comes from a widespread realisation within the MENA region today that it stands at a critical juncture in its history. This realisation is shared by both MENA governments and civil society institutions alike. It stems from the state of the MENA development and the obstacles that continue to hinder the achievement of the region's potentials.

Following several preparatory meetings with MENA partners, the Initiative has been organised into two programmes:

- *The Public Governance Programme*: aimed at modernising the government structures and processes in MENA countries
- *The Investment Programme*: aimed at improving the policies and environment for investment.

The MENA-OECD Investment Programme aims to support the on-going reform process by creating a regional network for policy dialogue and enhancing capacity for policy reform. It seeks to help efforts to mobilise investment, foreign, regional and domestic, as a driving force for growth, stability and prosperity throughout the MENA region. Successful implementation of the Programme is expected to make a substantive contribution to creating better conditions for economic growth and investment, helping create jobs, encouraging private initiative, promoting efficient, transparent and accountable public sectors and fostering regional co-operation.

The five regional Working Groups are key to implementing the Programme:

- Transparent and open investment policies (chair: Jordan; co-chair: Japan)
- Encouraging Investment Promotion Agencies and business associations to act as driving forces for economic reform (chair: Dubai; co-chair: Switzerland (to be confirmed))
- Providing a tax framework for investment and assessing tax incentives (chair: Bahrain; co-chair: Turkey)
- Promoting policies for financial sector and enterprise development in support of economic/investment diversification (chair: Saudi Arabia; co-chair: UK)
- Improving corporate governance (chair: Lebanon; future chairs: to be determined)

Each Working Group has several MENA coordinators focusing on different strands of the policy priorities, and they are expected to nominate from within coordinators the Working Group co-chairs—one from MENA and the other from the OECD—to consult with other members, establish the draft agenda, invite participants, interact with other external partners and act as the Working Group's speakers in the Steering Group. The Action Programme for the next three years will be developed using recommendations from the Working Groups.

A region-specific methodology for the Programme emphasises ownership of reforms, business and civil society dialogue and strategic partnership with other regional and multilateral organisations. It is flexible enough to allow for amendment to suit different sets of MENA requirements and adopts a three-phase approach:

- diagnosis of current investment conditions in the countries of the region;
- development of country-specific policy recommendations and design of regional policy initiatives; and
- monitoring and assessing progress in policy implementation, improvement of the investment conditions and investment performance in MENA region.

The Programme will operate in a flexible and dynamic framework. Consequently, its various components may need to be revised in the course of implementation.

For further details please consult [www.oecd.org/daf/investment](http://www.oecd.org/daf/investment)