

# **MENA CG: Issues and Proposals**

**Dr. Nasser Saidi ©**

**@**

**Beirut, June 4, 2004**

# Good Corporate Governance in MENA: Focus on SMEs & Family Businesses

- There is a CG gap in MENA
- Majority of business & corporations in MENA are SMEs & family-owned
- Deal with 'dualistic' nature of MENA economies: SOE's dominate many economies
- Need to develop relevant *incentive-compatible mechanisms for compliance with CGG principles*
- Need to reduce compliance costs
- Provide incentives for adoption & implementation of CG Principles

# Good Governance Strategy for MENA countries [1]

- Set-up Working Group on MENA CG
- Undertake a CG Survey for all the Arab Countries, Turkey and Iran
- Adopt and monitor progress in implementing 12 Financial Soundness Codes & Standards
- Adopt Cadbury Report principles for SMEs and FOEs
- Adopt OECD CG for listed companies
- Use banking & financial sector to enforce CG



# Good Governance Strategy for MENA countries [2]

- Set-up national '**Companies House**' to implement centralized financial reporting and disclosure of corporate actions
- Encourage set-up of **local credit rating agencies** to ease compliance with Basel II standards
- Develop **Central Credit Organizations**
- Develop incentives for disclosure and CG: **Need to Reward Good Governance**
  - Set-up national websites of good CG companies
  - OECD-WB to set-up a gateway that would provide a Network for good CG complying companies

# Regional CG Cooperation: elements of an Action Plan [1]

- *Regional* dialogue on CG is important: expand participating countries & organizations
- Build on the substantial economic, financial, banking and other reforms undertaken by some countries: reinforce reform agenda

# Regional CG Cooperation: elements of an Action Plan [2]

- Set-up and develop an **Institute of Directors**
- Focus on Developing the capital markets
- Establish a CG-Working Group for the MENA region: objective is to improve investment climate for the region
- Establish a website for CG for the countries of the region to enhance networking potential and disseminate information
- Adopt the Financial Soundness Standards as a framework for action on Public and Corporate Governance for the region