

Hawkamah/IFC Report Highlights Growing Awareness of Corporate Governance



The Hawkamah Institute for Corporate Governance and International Finance Corporation (IFC) today released a landmark report on corporate governance in the Middle East and North African Region. The report highlights the growing awareness among regional institutions of the importance of improving corporate governance standards to ensure the accountability, transparency, fairness and responsibility of companies in the region on legal, social and economic affairs. Based on a survey of 1,044 banks and listed companies from 11 countries across the Middle East and North Africa region, the report shows that 76% of banks and 67% of listed companies questioned cite corporate governance as being either important or very important for their businesses. However, though most of the institutions questioned acknowledged the need for corporate governance reform, the report highlighted that many did not have the required understanding to implement the

necessary changes.

Dr Nasser Saidi, Executive Director, Hawkamah said: "This report provides an invaluable tool for evaluating and assessing current attitudes towards corporate governance among regional institutions. Hawkamah is committed to promoting good corporate governance across the region and the encouraging findings of this report offer a valuable insight into what needs to be done to assist regional companies to implement sound corporate governance frameworks."

The findings of the survey provides corporate governance projects with a baseline on which to focus their corporate governance reform activities and allows the public to gain an understanding of the extent to which banks and listed companies in the MENA region follow good corporate governance practices, in-line with internationally recognized best practice.

Michael Essex, IFC's Regional Director for the Middle East and North Africa said: "By conducting this survey, Hawkamah and the IFC are underlining their commitment to assisting both the private and public sectors to close any gaps between best and current corporate governance practice in the region, by identifying areas for improvement. Good corporate governance plays an integral role in the way a company is administered and, as the survey suggests; more needs to be done by regional institutions to improve their corporate governance frameworks."

Martin Steindl, IFC Program Manager for Corporate Governance, added: "It is encouraging to learn that corporate governance regulations and codes are being put in place in most countries of the region, primarily driven by the regulators. This survey is an attempt to benchmark whether there is private sector buy-in to corporate governance and addresses what needs to be done by corporate governance organizations such as Hawkamah to further consolidate corporate governance reforms."

Hawkamah was established to shape the development of corporate governance in the Middle East, North Africa, and Central Asia. By promoting its core values of transparency, accountability,

fairness, disclosure, and responsibility, Hawkamah works on policy and practical aspects of corporate governance reform in the region. Hawkamah's mission is to promote corporate sector reform and good governance, assist the countries of the region in developing and implementing sustainable corporate governance strategies adapted to national requirements and objectives.

IFC, a member of the World Bank Group, fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing private capital in local and international financial markets, and providing advisory and risk mitigation services to businesses and governments. IFC's vision is that poor people should have the opportunity to escape poverty and improve their lives. In FY07, IFC committed \$8.2 billion and mobilized an additional \$3.9 billion through syndications and structured finance for 299 investments in 69 developing countries. IFC also provided advisory services in 97 countries. For more information, visit www.ifc.org.

The information presented in the report was obtained from analysis of a set of completed questionnaires and interviews conducted with 1,044 banks and listed companies from 11 MENA countries between July 2006 and July 2007. The survey was conducted with the support of the Union of Arab Banks, Egyptian Banking Institute, Egyptian Institute of Directors, Lebanese Transparency Association and Abu Dhabi Chamber of Commerce.