

# **IFC Supports Development of First Environment, Social and Governance Index in MENA, Index to be Jointly Developed with Hawkamah, S&P and CRISIL**

IFC, a member of the World Bank Group, is helping develop an index that will encourage responsible and sustainable investment practices in the Middle East and North Africa by measuring the environmental, social, and corporate governance performance of hundreds of listed companies in the region.

IFC is supporting efforts of the Hawkamah Institute for Corporate Governance, indices and ratings provider Standard & Poor's, and Credit Rating and Information Services of India Ltd. (CRISIL) to develop the Environment, Social and Governance (ESG) index, the first of its kind to be launched in the region.

The index will help some 600 listed companies in 11 countries better understand environmentally and socially responsible investment practices, and the importance of implementing sound corporate governance. Businesses that seek balanced, long-term performance will be encouraged to adopt sustainable business practices.

Dr. Nasser Saidi, Executive Director of Hawkamah, said: "In response to economic disruption and to bad practices blamed for sparking the financial crisis, institutional investors are increasingly focusing on long-term risks in their investments. Environmental, social, and governance factors are playing a growing role in investment decisions in our region. Financial performance indicators have traditionally marked whether to invest in a company. With IFC's support we aim to provide the market and investors with a tool focusing on non-financial

indicators, which are fundamental in assessing the sustainability of a company's future performance."

IFC's Associate Director, Gulrez Hoda, said, "The absence of credible and standardized data about business practices relating to social and environmental concerns is a key barrier limiting the flow of socially responsible investing funds to emerging markets. Better social, environmental, and governance practices will ease the flow of funds into ethically responsible products."

The index will cover the United Arab Emirates, Saudi Arabia, Qatar, Bahrain, Oman, Kuwait, Jordan, Egypt, Lebanon, Morocco, and Tunisia and provide qualitative information for investors' sustainability needs, absorb high liquidity growth, and reduce volatility of stock markets.

The project will strengthen and promote environmentally-sustainable, and socially-responsible businesses. In turn, this will create greater awareness and adoption of ESG practices by companies as well as increase available financing options.

This ESG index is part of IFC's partnership with Hawkamah to promote better corporate governance in the Middle East and North Africa. IFC and Hawkamah have been working on advancing corporate governance in the region to help build capital markets and attract capital and foreign direct investment.