

# **Corporate Governance in the MENA Region**

## **Hawkamah's 2010 Agenda**

# Agenda

- Brief on Hawkamah
- Hawkamah's 2009 Accomplishments
  - Thought Leadership
  - Policy Impact
- Hawkamah's 2010 Plans

## As a regional ‘think-and-do-tank’, Hawkamah was created to:

- Bridge the Corporate Governance gap’
- Assist the ***countries*** and ***companies*** of the region in developing sound, ‘home grown’ and globally well integrated CG frameworks:
  - Coordinate and sequence the designing, and implementation of CG reforms
  - Monitor the outcomes of CG policies at the public and private sector level.
- *“Hawkamah-ICG will serve as a platform for regional co-operation, based on a concrete agenda for measurable and time-bound action, aiming to raise awareness of national, regional and global initiatives and build a coalition for reform”*, Joint Declaration OECD-UAE, 2005.

# Hawkamah's approach...

- Regional policy task forces
- Annual conference
- Policy Declarations
- Economic journalism
- Engage academics

Communication  
and Policy  
Dialogue

Technical  
Assistance  
Analysis and  
Research

- Company assessments
- MENA regional survey of banks and listed companies
- *Power Matters*
- *Back to BASICs*

**Regional and  
National  
Task Forces**

- Mudara, Institute of Directors
- Company secretary
- Bank corporate governance awards
- ESG Index

Institution  
Capacity  
Building

Knowledge  
Exchange and  
Platform

- Monthly workshop series
- Newsletters
- Membership services

# Hawkamah Strategic Partners

## International Partners

- Organisation for Economic Co-operation and Development (OECD)
- World Bank-International Finance Corporation
- WB Global Corporate Governance Forum
- Center for International Private Enterprise
- Institute of International Finance (IIF)
- Financial Services Volunteer Corps (FSVC)
- INSOL (Insolvency Professionals)
- Information Systems Audit and Control Association (ISACA)
- Amsterdam Institute of Finance
- Institute for Internal Audit (IIA)
- Chartered Financial Analysts (CFA)
- Arab International Women's Forum

## Other Institutions

- IMD
- Dubai School of Government
- Young Arab Leaders
- American University of Sharjah

## Regional Partners

- Dubai International Financial Centre
- UAE Ministry of Economy
- UAE State Audit Institution
- Yemen Ministry of Finance
- Emirates Securities and Commodities Authority
- Dubai Financial Markets
- Oman Capital Market Authority
- Union of Arab Banks
- Abu Dhabi Chamber of Commerce and Industry
- Dubai Chamber of Commerce and Industry
- Jordanian Corporate Governance Association
- Central Bank of Jordan
- Jordan's Insurance Commission
- Arab Federation of Insurance Commissioners
- Egyptian Banking Institute/Central Bank of Egypt
- Egyptian Institute of Directors/Ministry of Investment
- Economic Research Forum
- Oman Economists Association
- Corporate Governance Association of Turkey
- Lebanese Corporate Governance Task Force

# Hawkamah Regional Task Forces

To build momentum for corporate governance reform in the region

- ❖ **Corporate Governance of Banks** (implement the policy recommendations from the policy brief)
- ❖ **Corporate Governance of State-owned Enterprises** (assess state of corporate governance of state-owned enterprises and build momentum for SOE CG agenda)
- ❖ **Insolvency and creditor rights** (assess insolvency regimes in the region with the aim towards modernization)
- ❖ **Corporate Governance for Insurance** (develop a policy brief for increased corporate governance implementation in the industry)
- ❖ **Corporate Governance of Shari'a Compliant Institutions** (work with Islamic financial institutions to implement good corporate governance standards in their institutions)
- ❖ **Corporate Governance for Private Equity** (develop regional corporate governance standards for the private equity industry and target companies, most of which are non-listed companies)

# Organizational Milestones

- Establishment of Hawkamah
- Signed up PwC and MasterCard as founding members
- Produced the *Hawkamah IIF Regional Report on CG in GCC from an Investors' Perspective*
- Signed 26 MOUs with international and regional partners
- Advised the UAE's Securities and Commodities Authority on CG Guidelines
- Hawkamah annual conference and issued Dubai Declaration
- Launched regional task forces for banks, insolvency, and state-owned enterprises
- Produced the *Hawkamah-IFC regional survey of CEOs*
- Signed up Bank of Sharjah as founding member; AIG MEMSA, TNI and Abraaj as corporate supporters
- Launched Hawkamah-UAB Bank CG Awards
- Signed 15 additional MOUs with partners
- Advised CG codes for Egypt, Lebanon, Syria, KSA
- Launched and organized 6 DDPs, 2 CS, 1 journalist, and 1 asset manager trainings
- Developed concept paper and organized stakeholders meeting to support the development of Institute of Directors
- Hawkamah annual conference, part of DIFC Week
- Launched insurance task force with AFIRC
- Produced *Power Matters: Survey of GCC Boards* with The National Investor
- With The National Investor, produced the *BASICs Report* focusing on transparency and disclosure of GCC listed companies
- Signed up Emirates NBD, GE as founding members
- Advised CG codes for Palestine, Morocco
- Organized 2 DDPs, 3 CS trainings, 5 workshops
- Developed Qatar Financial Markets Authority (QFMA)'s CG Guidelines
- Hawkamah conference in Doha, supported by QFMA, QFC, QCB
- Launched private equity and IFI task force
- Moved to Gate Village
- First Arab organization signatory to the UNPRI
- Signed up Dubai Islamic Bank as founding member, Abu Dhabi Commercial Bank as corporate supporter
- Organized 3 CS, 1 journalist training, 4 governance related workshops
- Organized 1<sup>st</sup> insolvency conference in the region
- Conducted CG assessment of UAE SOE
- Issue regional bank CG policy brief with OECD
- Issue regional insurance CG policy brief with AFIRC

2006 (May-December)

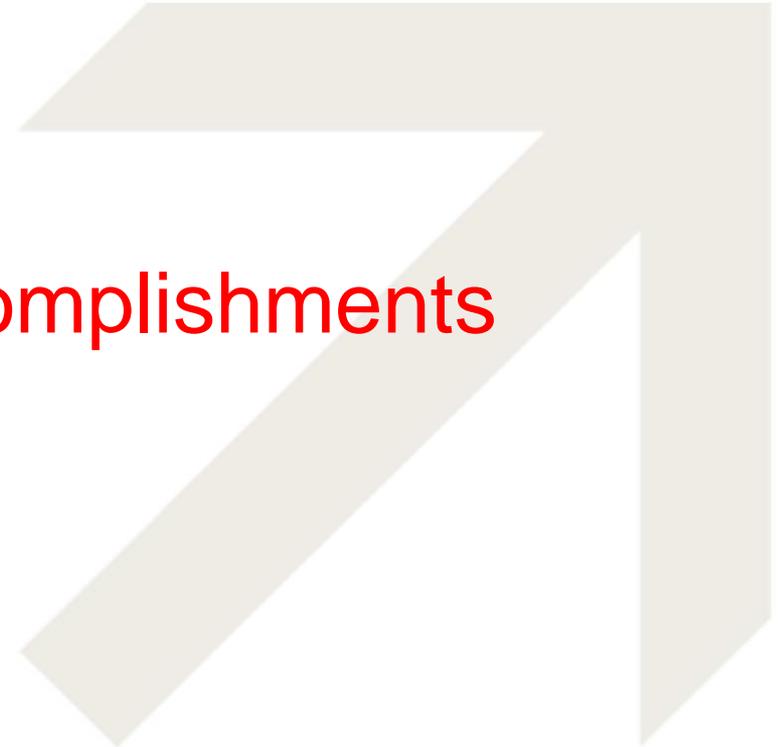
2007 (January-December)

2008 (January-December)

2009 (January to December)

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# 2009 Accomplishments: Policy Advocacy

- Participated in key regional policy debates hosted by regulators and governments on the way forward for the region to grapple with the financial crisis, such as GCC Regulators' Summit in KSA, OECD Corporate Governance Roundtable in France, and MENA-OECD Ministerial in Morocco.
- Submitted position papers on lessons learned for corporate governance in the region for the OECD corporate governance review, Dubai Financial Services Authority (DFSA), Qatar Financial Markets Authority (QFMA)
- Participated in 8 national and regional conferences on corporate governance developments in the region.

# 2009 Accomplishments: Task Forces and Policy Briefs (1)

- In partnership with OECD, IFC, and UAB, Hawkamah launched the bank task force in 2006 and released the landmark ***Policy Brief on Corporate Governance of Banks in the MENA Region*** based on a survey conducted by the task force and a number of meetings with banks and bank regulators in the region. The Policy Brief has been translated to Arabic and is being circulated to regulators and banks for implementation.
- The Arab Federation of Insurance Commissioners (AFIRC) partnered with Hawkamah in late 2007 to launch the insurance task force. Hawkamah and AFIRC has released the ***Policy Brief on Corporate Governance of the Insurance Industry in the Arab Region*** in early 2009 and are working together on a series of awareness-raising sessions on corporate governance for the insurance companies and regulators.
- Hawkamah launched the **Task Force on Corporate Governance of the Private Equity Industry** in late 2008 designed to work with all the major private equity players in the MENA region to develop a voluntary corporate governance standard for the industry, as well as understand the corporate governance practices of the industry's target companies.

# 2009 Accomplishments:

## Task Forces and Policy Briefs (2)

- With the World Bank, INSOL International and OECD, Hawkamah released the trail-blazing ***Study on Insolvency Systems in the Middle East and North Africa***, which benchmarked the insolvency frameworks in 11 MENA jurisdictions. The insolvency task force is now shifting to a full-fledged Forum for Insolvency Reform in MENA (FIRM) which will continue to seek and engage regulators and other market practitioners on reform process and provide technical assistance to MENA countries.
- Hawkamah has been working with the OECD to understand the corporate governance practices of the region's state owned enterprises as part of the work of the **Task Force on Corporate governance of State-Owned Enterprises**. An initial benchmarking survey has been done, and Hawkamah and the OECD are working to get more robust data on regional SOEs, which has been a big challenge.
- Reaching out to over 90 Islamic financial institutions in the MENA region, Hawkamah's **Task Force on Corporate Governance Islamic Financial Institutions (IFIs)** seek to understand current corporate governance practices of IFIs and develop an appropriate and regionally-relevant framework to advance the IFIs' corporate governance practices.

# 2009 Accomplishments: Capacity Building Programmes

- Economic journalism programme, organized with the Abu Dhabi Centre for Corporate Governance and International Finance Corporation, attracted close to 20 journalists from 11 countries in the region.
- Company Secretary workshops attracted more than 35 participants and complemented Hawkamah's capacity building for key corporate governance stakeholders in companies
- Monthly workshop series attracted more than 200 participants, exploring areas such as corporate governance for Islamic financial institutions, information technology governance, global and emerging market trends, integrity and ethics, etc.

# 2009 Accomplishments:

## Publications Awareness Campaigns

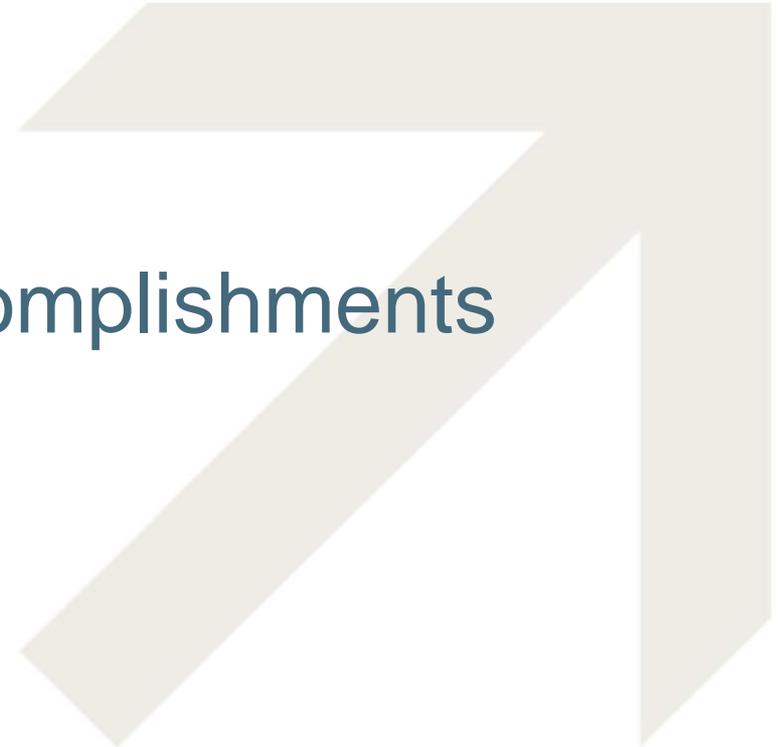
- With The National Investor, produced the second edition of the **Behavioural Assessment Score for Investors and Companies (BASIC)** which tracks improvements in corporate governance disclosures, investor relations practices, and trading history among GCC listed companies. BASIC has grown to be a very useful benchmark for GCC listed companies to improve their corporate governance practices.
- Contributed articles on corporate governance and the financial crisis, Islamic finance and challenges to transparency and disclosure, insurance and corporate governance, among others to key publications such as the Zawya Sukuk Report, Business Pioneer Report, Zawya blog, etc.
- Conducted 4 press conferences, numerous one-on-one press interviews, and 8 opinion pieces in regional media outlets on corporate governance developments in the region.

# 2009 Accomplishments: Sponsorships, Memberships, and CG Advisory

- Maintained the continued support of six founding sponsors (GE, Dubai Islamic Bank, Emirates NBD, MasterCard, PwC, Bank of Sharjah) and three corporate sponsors (TNI, Abraaj, and Bank Muscat)
- Attracted corporate memberships from 26 companies
- Engaged in CG advisory services with a Dubai-based SOE, a listed company in Saudi, a regional business association, among others

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# Hawkamah 2010 Plans (1)

## Thought Leadership

- Constitute a technical advisory group to oversee thought leadership initiatives
- Linkages with DIFC Centre of Excellence and other UAE and regional business schools to jumpstart more regional research
- Focus Hawkamah monthly workshops on specific governance challenges in the region (UAE CG Code, IT Governance, Ethics and Integrity, Risk Management, Value Based Managed, Control Environment, etc.)
- Develop a Hawkamah White Paper series

## Listed Companies

- Linkage with the Federation of Arab Stock Exchanges to develop regional awards programme
- Continuing work on the BASIC and expansion to cover MENA, utilizing existing database developed for the ESG index
- Developing training programmes for listed companies, exchanges
- Environment Social and Governance (ESG) Index
- Development of a new product to work with Capital Market Authorities in developing a CG department

# Hawkamah 2010 Plans (2)

## Banks

- Focus on training of regulators and development of toolkits with the Union of Arab Banks
- Aggressive outreach to bank boards for board assessment services and/or comprehensive CG benchmarking
- Utilizing monthly workshop series to present some of the bank board issues and solutions: risk management, transparency and disclosure, etc.
- Integration of bank policy brief into the Hawkamah-UAB bank CG awards criteria

## Families

- Build on linkages with the Family Office Exchange and Family Office to develop regionally focused research pieces
- Ongoing workshops for families with Shoora/IFC

# Hawkamah 2010 Plans (3)

## CG Stakeholders

- Ongoing training programmes for company secretary (6-8 such workshops this year) and director development programmes (15 workshops for this year)
- Development and delivery of training programmes for 'what is corporate governance and what can your company do to improve your cg'
- In partnership with the Middle East Investor Relations Society (MEIRS) deliver training programmes for investor relations departments
- Research on the utilization of various CG stakeholders (CRO, IR, etc.) in MENA firms

# Hawkamah 2010 Plans (4)

## Task Forces

- Finalize Islamic financial institution task force policy brief, and possible development of new products (awards, IFI specific assessment)
- Expand universe for SOE task force by using the Ministerial meeting and constant outreach to SOEs/SWFs, including integration of Santiago Principles into Hawkamah's advocacy
- Finalize PE task force policy brief (awards, PE specific assessments)
- Formally launch the Forum for Insolvency Reform in MENA (FIRM), which will be supported by international and regional organizations to drive the insolvency and creditor/debtor rights agenda forward



***THANK YOU!***

*For your support for Hawkamah in*  
***BUILDING INSTITUTIONS***  
***FOR THE REGION***

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