MENA Commercial Law Strengthening Project

CORPORATE GOVERNANCE AND THE IMPLICATIONS ON THE LEGAL ENVIRONMENT FOR DOING BUSINESS

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TUNIS, 15/16 MAY 2009

Structure of presentation

- Main challenges for corporate governance in the MENA region
- The legal framework for corporate governance
- A Stakeholder driven concept of corporate governance: who are the main players?
- Setting the standards: the OECD experience
- Creating capacities for implementation
- The role of corporate governance for the business environment
- The way forward



Main Challenges for Corporate Governance in MENA

(2006 IIF and Hawkamah Report)

- Gaps in regulatory environment
- the equity finance gap
- predominance of state owned enterprises
- ownership concentration in family enterprises and corporate holdings
- lack of adequate information on corporate structures and activities

Recent encouraging developments

- Legal reforms are progressing
- Development of capital markets in the region
- significant increase of international and intraregional investment
- development of Islamic financial institutions
- a nucleus for regional cooperation

Making reforms sustainable

- raising awareness
- creating a culture for risk management and entrepreneurship
- developing adequate tools for enterprise finance
- strengthening the institutional framework
- Integrating corporate governance into business development strategies



A stakeholder driven process of corporate governance

- striking a balance between regulation, market discipline and voluntary compliance
- setting standards and developing good practices for transparency, accountability and business integrity
- involving stakeholders through interaction: investors, directors, employees, market intermediaries
- combining good public and corporate governance
- keeping track of implementation



Get the legislative process right

- modern commercial and company legislation
- competition law
- financial services regulation
- listing requirements
- insolvency
- taxation
- insolvency



Provide effective institutions for market discipline and supervision

- risk management and accountability in the financial services sector
- developing an efficient and responsible accounting profession
- strengthen capital market authorities and provide effective powers of enforcement

The role of the MENA OECD Investment Program

- seeking greater efficiency of government institutions through a targeted and time-bound reform process
- fostering the development of good practices in the region
- integrating corporate governance into competitiveness strategies
- encouraging financial sector reform



Key features of MENA-OECD Investment

- Government focus and mobilization of private sector input
- national and regional ownership for reforms
- partnership with regional and international organizations
- policy impact and results
- mobilization of political support



Creating a positive interaction for an improved business climate

- international standards and regional initiatives (OECD, World Bank and Hawkamah)
- Central banks and the banking community :the emerging policy brief on corporate governance of banks
- increasing efficiency and accountability of state owned enterprises
- the issue of transparency of Sovereign Wealth Funds: a learning process



Corporate Governance in MENA: Developing policies and fostering implementation

	Outputs	Coordinators
X	Task Force on Corporate Governance of Banks	Hawkamah, UAB, IFC
Ш	Task Force on Corporate Governance of SOEs	Hawkamah, Egypt IoD, Morocco
Ш	Development of National Corporate Governance Codes	Egypt, Jordan, Morocco
IV	Corporate Governance of Non-Listed Companies	Morocco
V	Module on Insolvency	Hawkamah, INSOL, World Bank
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For further information











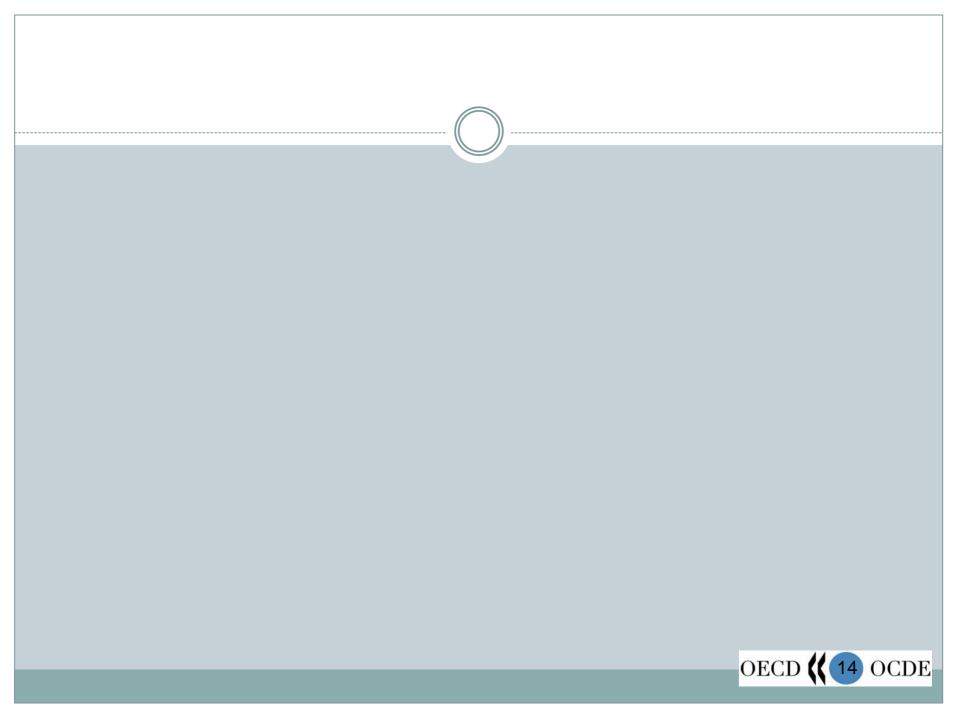
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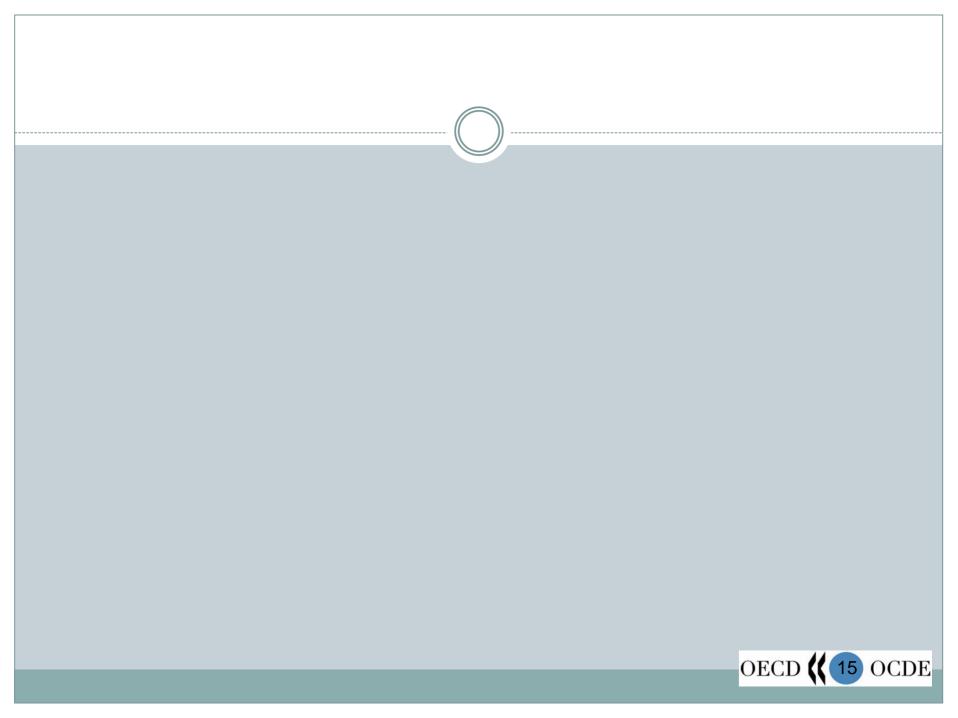
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Corporate Governance in MENA: the way forward

- Assessing implementation
- Promoting Awareness and Training programs for key actors
- Setting up an Institute of Directors
- Tightening accounting standards by reducing the number of options
- harmonizing rules and standards within the region
- Improving risk management and strengthening board competence

