

# يسم الله الرحمن الرحيم

Introducing & Adopting the

## DFI Common Methodology

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Corporate Governance

The Start of the Journey

Safar  $20^{th}$ ,  $1432 \, \text{H}$ ; January  $25^{th}$ , 2011

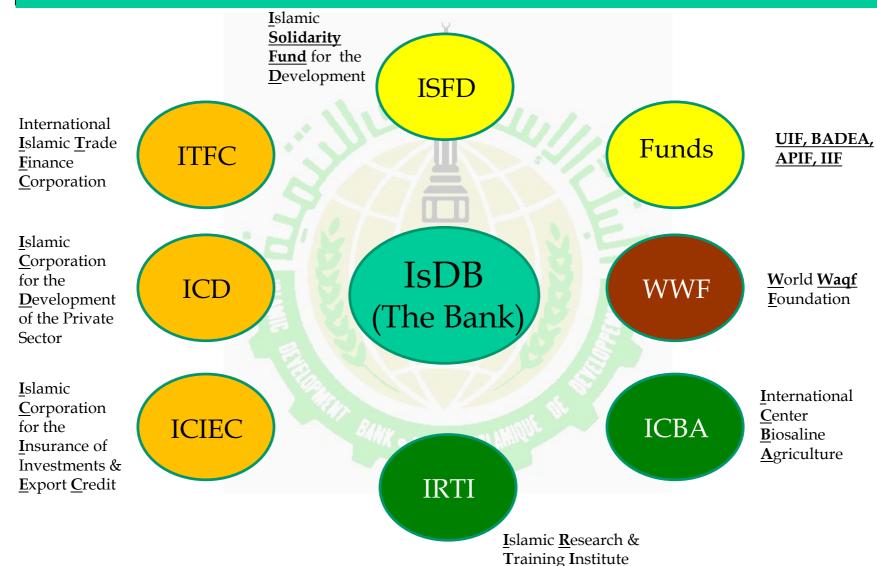


#### Presentation outline

- \* Introduction to the IsDB Group
- \* Experience in Implementing the Approach Statement
- \* Experience in Implementing the DFI Common Methodology
- \* Next steps
- **❖** IsDB proposed motions to the Conference



## Introduction to the IsDB Group: The structure





# Introduction to the IsDB Group Governance is special to the IsDB Group

"The Mission of IsDB is to promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and prospering the people."



#### Implementation of the Approach Statement

- \* October 2007: Signature, October 2007
- \* February 2008: OBID to develop the IsDB Group Implementation Plan
  - 1. All Complexes
  - 2. All Group Members
- \* May 2008: Management Approval of the IsDB Group Implementation Plan



- 1. OBID is designated to be the IsDB Group Focal Point Department
- 2. Task Force to develop the IsDB Group Corporate Governance Principles
- \* October 2008: Participation to the DFI 3<sup>rd</sup> Annual Conference on CG (Tunisia)
- \* July 2009: IsDB Reform program: Official mandate for OBID to facilitate the implementation of the Approach
- \* December 2009: Board Approval of IsDB Group Corporate Governance Principles



\* November 2009: Participation to the DFI 4<sup>th</sup> Annual Conference on CG (Brazil)



#### Introducing the Common methodology: the Approach

#### **\*** Key principles

- \*Participatory to leverage the synergy
- \*Partnership with other DFIs and key players

#### \* 1st stage: Raising Awareness at all levels

- \* Raise awareness on Corporate Governance
- \* Raise awareness on the Approach Statement & the Common methodology

### \* 2<sup>nd</sup> stage: Adaptation of the common methodology

- \* Adapt the tools to the environment
- \* Identify challenges and solutions
- \* Develop policies & procedures
- \* Develop change management : organizational, staffing, training, communication
- \* Seek Management Approval for implementation

#### \* 3<sup>rd</sup> stage: Implementation

- \*Monitor Implementation
- \*Continuous improvement
- \*IsDB Corporate Governance Good Practices



#### Raising Awareness and adapting the methodology: Workshops

- \* Objectives of the Workshop
  - \*Introduce CG
  - **❖Introduce the methodology**
  - \*Propose ways of improving and adapting it
  - **❖**Propose next steps
- \*Approach of the Workshop
  - 1. Business case for Corporate Governance: Why should we care, Why should our customers care
  - 2. Adaptation: Content
  - 3. Guidelines: Processes
  - 4. Internal Challenges: What challenges would we face in introducing a CG assessment review into our due diligence processes
  - 5. Customer challenges: What are the challenges that may face our customers when we introduce to them a CGA report
  - 6. Change Management: Organizational, staffing, awareness, communication



#### Raising Awareness and adapting the methodology: Adaptation

#### \* Achievements : Second level

- 1. OBID Organized 2 training-workshops
- 2. ICD organized one training Workshop
- 3. ICD management Approval of the CG assessment as a mandatory activity of the process

#### \* Key Adaptations Proposed on the Content

- . Shariah dimension for Islamic Fin<mark>ancial In</mark>stituti<mark>ons</mark>
- 2. Introduction of the types of companies (IFI, Family businesses, Listed companies,
- 3. Reinforcement of risk management dimension
- 4. Reinforcement of the Board Structure & Functioning dimension



\* Challenges





#### Next Steps

- \* Corporate Governance Strategic Paper
- \* Enhance Awareness
  - \* Board & Information
  - \* Town hall meetings
  - \* Training on the concepts
- \*Guidelines: policies & procedures
- \* Approval of the Implementation Plan
  - \* Guidelines: policies & procedures
  - \* Change management requirements: organizational, staffing, training, communication
- \* Monitoring of Implementation Plan



#### IsDB Motions to the Working Group

- 1. Knowledge sharing
  - \* Data base of processes
- 2. Change on the progression matrix: 5 stars model
  - \* Capability Maturity Model Integration (CMMI for processes improvement)
  - \* Initial. Managed, Defined, Qualitatively Managed, Optimized
  - \* Comprehensive Assessment Framework (project management)
- 3. DFI Annual Performance Report on Corporate Governance
  - \* Compass
- 4. Tool for the assessment for existing investments
- 5. Shariah dimension



