



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

*Introducing & Adopting
the
DFI Common Methodology
on
Corporate Governance*

The Start of the Journey

Safar 20th, 1432 H ; January 25th, 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

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 3rd 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 4th 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*

❖ 2nd 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*

❖ 3rd 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

- 1. Shariah dimension for Islamic Financial Institutions*
- 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*



Thanks a lot