

# Implementation of the DFI Approach Statement:

## Where do we stand?: Results

DFI Working Group on Corporate Governance

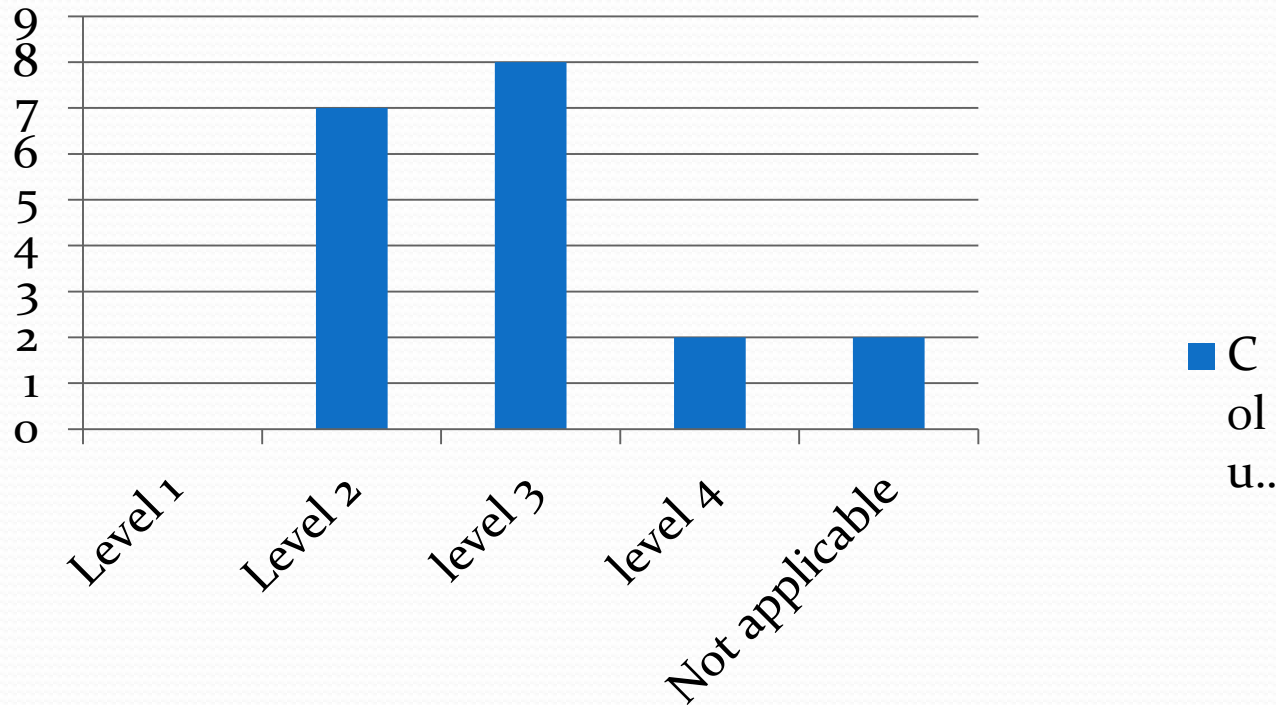
Jeddah, Kingdom of Saudi Arabia

January, 2011

# Outline

- **DFI implementation roadmap**
- **Conclusion & Next Steps**

# CG Policies, Guidelines and Procedures



# DFI implementation roadmap

	Level 1	Level 2	Level 3	Level 4
<b>CG Policies, Guidelines and Procedures</b>	<ul style="list-style-type: none"> <li>➤ Signatory to the <i>DFI Approach Statement on Corporate Governance</i></li> </ul>	<ul style="list-style-type: none"> <li>➤ CG Due Diligence policy or guidelines in place</li> <li>➤ Signatory to DFI CG Toolkit (<i>as of 2011 IMF/WB Annual Meetings</i>) or equivalent set of tools</li> </ul>	<ul style="list-style-type: none"> <li>➤ DFI CG Toolkit or equivalent set of tools are integral part of the investment appraisal process</li> <li>➤ Investment process to test compliance with CG Due Diligence policy of guidelines</li> </ul>	<ul style="list-style-type: none"> <li>➤ CG improvement programs in place whenever necessary</li> <li>➤ External reporting, on portfolio basis, with regards to CG progress in the portfolio</li> </ul>

# Organizational capacity



# DFI implementation roadmap

	Level 1	Level 2	Level 3	Level 4
Organizational capacity	<ul style="list-style-type: none"> <li>➤ At least 1 staff member within the DFI is general contact person for <b>CG matters</b> (<i>related to investee companies not DFI itself</i>)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Commitment of DFI senior management to implement CG Due Diligence policy, guidelines and procedures</li> <li>➤ Responsibility for implementation rests with at least one person or group of “CG Champions”</li> </ul>	<ul style="list-style-type: none"> <li>➤ Longer term implementation of CG approach defined, including available budget and capacity requirements</li> <li>➤ Responsibility for CG risk assessment rests with all investment staff or (dedicated) CG specialist(s)</li> </ul>	<ul style="list-style-type: none"> <li>➤ CG management and implementation is an integral part of the project appraisal process</li> </ul>

# Training



Islamic Development Bank

# DFI implementation roadmap

	Level 1	Level 2	Level 3	Level 4
Training	<ul style="list-style-type: none"> <li>➤ Provide or procure CG training to investment staff in order to raise awareness</li> </ul>	<ul style="list-style-type: none"> <li>➤ Train (investment) staff in the institution's CG Due Diligence policy, guidelines and procedures</li> <li>➤ Train investment staff in applying the DFI CG Toolkit or equivalent set of tools</li> </ul>	<ul style="list-style-type: none"> <li>➤ Train investment staff in designing and implementing CG improvement programs</li> </ul>	<ul style="list-style-type: none"> <li>➤ Train investee companies (boards, senior management) when and where appropriate</li> </ul>



# Encourage / require investee companies to comply with CG best practices

# DFI implementation roadmap

	Level 1	Level 2	Level 3	Level 4
<b>Encourage / require investee companies to comply with CG best practices</b>	<ul style="list-style-type: none"> <li>➤ Require use of international auditing and accounting standards of investee companies</li> </ul>	<ul style="list-style-type: none"> <li>➤ Require compliance with national CG codes or CG best practices</li> </ul>	<ul style="list-style-type: none"> <li>➤ Agree on CG improvement programs with investee companies</li> </ul>	<ul style="list-style-type: none"> <li>➤ Consider incentives for investee companies when they have delivered on improving CG practices</li> </ul>

# DFI Cooperation



# DFI implementation roadmap

	Level 1	Level 2	Level 3	Level 4
<b>DFI Cooperation</b>	<ul style="list-style-type: none"> <li>➤ Participate in annual DFI gatherings</li> </ul>	<ul style="list-style-type: none"> <li>➤ Regular exchange of ideas and experiences</li> <li>➤ Cooperate on training</li> </ul>	<ul style="list-style-type: none"> <li>➤ Organization of learning events for investee companies and other DFIs</li> </ul>	<ul style="list-style-type: none"> <li>➤ Developing and sharing new ideas, policies, tools, etc.</li> </ul>