

Introduction to the DFI Approach Statement

Andres Oneto
Frederik van Pallandt
DFI Working Group on Corporate Governance

Jeddah, Kingdom of Saudi Arabia
January, 2011

Outline

- **DFI Corporate Governance Background**
- **DFI Working Group on Corporate Governance**
- **DFIs Approach Statement on Corporate Governance**
- **Conclusion & Next Steps**

DFI Corporate Governance Background

DFI Corporate Governance Background

1st Conference: Paris- June 2004

- **Hosted by:** IFC
- **Objectives:** Highlight the importance of corporate governance in the DFIs work
- **Key outcomes:** Introduction of the DFIs work on CG (including the IFC Corporate Governance Methodology) & an increased collaboration among DFIs: FMO, IFC, SIFEM

DFI Corporate Governance Background

2nd Conference: Amsterdam - March 2007

- **Hosted by:** FMO & IFC
- **Objectives:** Proposal of a Common Approach Statement on Corporate Governance among DFIs
- **Key outcomes:**
 - Creation of the DFI Working Group on Corporate Governance
 - Signature of the Corporate Governance Approach Statement in Washington, DC – October 2007 by 30 DFIs

DFI Corporate Governance Background

3rd Conference: Tunis - October 2008

- Hosted by: AfDB
- Objectives:
 - Assessing where DFIs stand in implementing the Approach Statement
 - Sharing lessons learned
 - Strengthening collaboration & synergies among DFIs
- Key outcomes:
 - Further cooperation among DFIs

DFI Corporate Governance Background

4th Conference: Rio de Janeiro – November 2009

- Hosted by: CAF
- Objectives:
 - Discussing the obstacles & challenges of implementing the Approach Statement
 - Sharing best practices in nominee directors' management
 - Agreeing on the way forward
- Key outcomes:
 - A clear mandate for the WG to develop and propose a Common Methodology

DFI Corporate Governance Background

5th Conference: Jeddah– January 2011

- Hosted by: IsDB
- Objectives:
 - Introducing the DFI Toolkit on Corporate Governance
 - Presenting DFIs with a road map for implementing the Approach Statement
 - Exchanging experiences from individual DFIs

DFI Working Group on Corporate Governance

DFI Working Group on Corporate Governance

An open group, currently including:

- **IsDB - Julio ESTRADA**
- **IFC - Sanaa ABOUZOID and Darrin HARTZLER**
- **FMO - Frederik VAN PALLANDT**
- **CAF - Michael PENFOLD and Andres ONETO**
- **EBRD - Gian Piero CIGNA**
- **BSTDB - Marin MARINOV**
- **CDC - Marie ROSENCRANTZ**

DFI Approach Statement on Corporate Governance

DFI Approach Statement on Corporate Governance

The following DFIs signed the Corporate Governance Approach Statement in Washington on October 19th, 2007:



DFI Approach Statement on Corporate Governance

5 Approach Statement Elements focusing on:

- 1. Corporate governance policy, guidelines, procedures*
- 2. Corporate governance training*
- 3. Observance of local corporate governance codes*
- 4. Use of internationally recognized financial reporting standards*
- 5. Collaboration with other DFIs*

DFI Approach Statement on Corporate Governance

Statement 1:

Each signing DFI endeavors to:

“Develop or adopt guidelines, policies or procedures on the role of corporate governance considerations in its due diligence and investment supervision operations...”

DFI Approach Statement on Corporate Governance

Statement 2:

Each signing DFI endeavors to:

“Provide or procure training on corporate governance issues to its investment and supervision staff”

DFI Approach Statement on Corporate Governance

Statement 3:

Each signing DFI endeavors to:

“Encourage companies where it invests in (whether directly or indirectly) to observe local codes of corporate governance in the spirit of best international practice.

Engage company management and board members in a dialogue to foster improvement in those cases where corporate governance practices are weak”

DFI Approach Statement on Corporate Governance

Statement 4:

Each signing DFI endeavors to:

“Promote the use of internationally-recognized financial reporting standards and encourage investee companies to adopt or align their accounting principles and practices to such standards”

DFI Approach Statement on Corporate Governance

Statement 5:

Each signing DFI endeavors to:

“Collaborate with other DFIs on an ongoing basis, and when appropriate with its partners, to further advance the cause of good corporate governance”

Conclusion & Next Steps

Conclusion & Next Steps

Where are we heading?

- An open invitation to non-signatories to join the effort
- A common methodology to aid implementation: the *DFI Toolkit on Corporate Governance*
- Annual meetings to track progress and share experiences
- Continued collaboration

Thank you!

Questions?