

Round Table Meeting on Corporate Governance

Cologne, February 8 & 9, 2012

Welcoming Address

Holger Rothenbusch, Senior Director CEE & Asia

Agenda February 8th, 2012

10:00 – 10:30 Overview of the CG Development Framework

10:30 – 13:00 Integrating CG in Investment Operations

13.00 – 14:00 Lunch

14:00 – 15:00 Providing or Procuring Training

15:00 – 16:00 Reporting on Implementation

16:00 – 16:30 Coffee

16:30 – 18:00 Ensuring internal Responsibility & Collaborating with other signatories

19:00 Dinner at Hotel im Wasserturm



Agenda February 9th, 2012

09:00 – 10:00 Implementing the CG Development Framework

10:00 – 11:30 Outlining our way toward implementation I

11:30 – 11:45 Coffee

11:45 – 13:15 Outlining our way toward implementation II

13:15 – 14:30 Lunch



Overview of the Corporate Governance Development Framework

EBRD & DEG

Overview of the Corporate Governance Development Framework

- Background
- The 2007 Corporate Governance Approach Statement
- The DFI Toolkit
- The 2011 Corporate Governance Development Framework



What is Corporate Governance?

“It is the system by which businesses are directed and controls are implemented”

(Cadbury Report, 1992)



How everything started ...

1st Conference: Paris - June 2004

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



... the Corporate Governance Approach Statement ...

2nd Conference: Amsterdam - March 2007

- Hosted by: FMO & IFC
- Objectives: Proposal of a Common Approach Statement on Corporate Governance among DFIs
- Outcomes:
 - Acknowledgement of the importance of corporate governance to DFIs
 - Signature of the “Corporate Governance Approach Statement” (Washington, DC – October 2008 by 30 DFIs)
 - Creation of the “DFI Working Group on Corporate Governance”



... towards a “common” approach ...

3rd Conference: Tunis - October 2008

- Hosted by: AfDB
- Objectives:
 - Assessment of where DFIs stand in their corporate governance evaluation practices
 - Sharing lessons learned on implementation of the Approach Statement
 - Strengthening collaboration & synergies among DFIs
- Outcome: Further implementation of the Approach Statement- especially in the DFIs Cooperation area



...the DFI Toolkit

4th Conference: Rio de Janeiro – November 2009

- Hosted by: CAF & BANDES
- Objectives:
 - Assessing where DFIs stand in the implementation of the Approach Statement and discussion on problems encountered in the process
 - Sharing best practices in nominee directors' management
- Outcome: Mandate to the Working Group to develop and propose a Common Methodology and Tools for the implementation of the Approach Statement



...the Corporate Governance Development Framework

5th Conference: Jeddah – January 2011

- Hosted by: IsDB
- Objectives: To introduce to signatories the DFI Toolkit.
- Outcomes:
 - Adoption of the DFI Toolkit as tool for assessing corporate governance of investee companies
 - Creation of website: www.cgdevelopmentframework.com
 - Mandate to the DFI Working Group to develop an Implementation Statement of the DFI Toolkit to be signed at the World Bank Annual Meeting in September 2011.



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Overview of the Corporate Governance Development Framework

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The Approach Statement on Corporate Governance (2007)

5 key elements focusing on:

- Corporate governance guidelines
- Corporate governance training
- Observance of local corporate governance codes
- Use of Internationally recognized financial reporting standards
- Collaboration with other DFIs



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The DFI Toolkit

Developed by the DFI Working Group based on the IFC toolkit consisting of

- Questionnaire
- Matrix
- Guidance Note
- Templates and accessories



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Corporate Governance Development Framework (2011)

5 Undertakings:

- Integrate Corporate Governance in its investment operations
- Ensure internal responsibility
- Provide or procure training
- Collaborate with other signatories
- Report on implementation



1. Integrate Corporate Governance in its investment operations

- Adopt CG procedures and tools in line with the Framework's methodology;
- Where considered appropriate, conduct CG assessments of investee companies and develop G action plans;
- Monitor progress of the implementation of CG action plans.



2. Ensure internal responsibility

- Identify and assign an internal function that is responsible for the implementation of the Framework.



3. Provide or procure training

- Ensure capacity building and knowledge transfer to staff for the implementation and further development of the Framework.



4. Collaborate with other signatories

- Share experience and resources in training and implementation;
- Contribute to developing case studies and progress reports on the above.



5. Report on implementation

- Report annually to the other signatories on the internal implementation of the Framework.



Signatories to the Corporate Governance Development Framework

African Development Bank	Afreximbank	Asian Development Bank	Bancoldex	BICE	BIO
Black Sea Trade Development Bank	CAF	CDC	Cofides	DBSA	DEG
EBRD	EIB	Finnfund	FMO	IDC	IFC
IFU	IIC	IsDB	NORFUND	OeEB	Proparco
PTA Bank	SBI / BMI	SIFEM	Sofid	Swedfund	



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Integrating Corporate Governance in Investment Operations

IFC & DEG

DFI Toolkit on Corporate Governance “Common Methodology”

- developed by the DFI working group on Corporate Governance
- based on IFC methodology
- published in June 2010 to all signatories of the 2007 approach statement
 - CG Instruction Sheet
 - CG Key Terms/Definitions
 - CG Matrix
 - CG Questionnaire (report generator)
 - CG Sample Report
 - CG Sample Improvement Plan



Investment Process

Clearance in Principle

- Concept Review

Approval

- Appraisal
- Internal Report

Documentation

- Undertakings
- conditions subsequent

Monitoring

- Annual Review
- Evaluation



Progression Matrix

	Level 1	Level 2	Level 3	Level 4
A. Commitment to Corporate Governance				
B. Structure and Functioning of the Board of Directors				
C. Control Environment and Process				
D. Transparency and Disclosure				
E. Rights of Minority Shareholders				



Questionnaire

CG Attribute/Risk		Answer Source
A. Commitment to CG Key Risk: The company and its shareholders have not demonstrated a commitment to implementing high quality CG policies and practices	...	<ul style="list-style-type: none"> Documents: Articles of incorporation, CG code, CG section of the annual report Interviews: Board chair, CEO, compliance or CG officer
B. Structure and Functioning of the Board of Directors Key Risk: The Board of directors is not up to the task of overseeing the strategy, management and performance of the company	...	<ul style="list-style-type: none"> Documents: Articles of incorporation, Board charter, directors' profiles, calendar of Board meetings, Board minutes, related party transactions table Interviews: Board chair, corporate secretary, Committee chairmen, CEO, CFO
C. Control Environment and Processes Key Risk: The company's risk management and controls are insufficient to ensure sound stewardship of the company's assets and compliance with relevant regulations	...	<ul style="list-style-type: none"> Documents: audit committee charter, internal control and risk management policies, management letters, compliance program Interviews: Board chair, Audit Committee chair, CFO, internal audit chief, risk officer, compliance officer, external auditor
D. Transparency and Disclosure Key Risk: The company's financial disclosures are not a relevant, faithful, and timely representation of its economic transactions and resources	...	<ul style="list-style-type: none"> Documents: financial statements, information disclosure policy Interviews: audit committee chair, CFO, external auditor, chief of investor relations
E. Rights of Minority Shareholders Key Risk: The company's minority shareholders' rights are inadequate or abused	...	<ul style="list-style-type: none"> Documents: articles of association, annual report, by-laws on shareholders' meeting Interviews: controlling shareholders, minority shareholders, Board chair, corporate secretary



Your Approach on integrating CG in your investment operations

- Have you integrated CG in your investment operations?
- Do you have processes and procedures in place?
- Do you use the Common Methodology or a methodology aligned to the Common Methodology?
- Do you establish criteria to analyse CG?



Mainstreaming CG Analysis

Why Mainstream CG Analysis?

- To realize value addition and risk mitigation
 - Definition of Corporate Governance
 - Mitigation of the 5 Key Corporate Governance Risks
 - Value Addition from Good Corporate Governance



Mainstreaming CG Analysis

To Define.

- IFC Definition of Corporate Governance:
Corporate Governance refers to the structures and processes for the direction and control of companies
- 5 key elements of good corporate governance:
 - Good board practices, structure and composition
 - Appropriate control environment & processes
 - Strong regime of disclosure and transparency
 - Protection of (minority) shareholder rights
 - Strong commitment to corporate governance reforms



Mainstreaming CG Analysis

To Mitigate Risk.

- Mitigation of the 5 Corporate Governance Risks

Risk 1	The board of directors is not up to the task of overseeing the strategy, management and performance of the company. No proper “check and balance” of managers – e.g., UBS, Barings
Risk 2	The company’s risk management and controls are insufficient to ensure sound stewardship of the company’s assets and compliance with relevant regulations. Catastrophic operating systems failure – e.g., Societe Generale
Risk 3	The company’s financial disclosures are not a relevant, faithful, and timely representation of its economic transactions and resources. Fraudulent numbers shared with investors/capital markets – e.g., Enron, Satyam
Risk 4	The company’s minority shareholders’ rights are inadequate or abused. Minority shareholders rights trampled or they need courts for recourse – e.g., Royal Ahold
Risk 5	The IFC potential investee company and its shareholders have not demonstrated a commitment to implementing high quality CG policies and practices. Much of what investors see is window dressing – e.g., Tyco



Mainstreaming CG Analysis

To Add Value.

- In addition to lowering risk to the IFC, corporate governance improvements benefit our clients by:
 - Providing access to and/or lowering the cost of capital;
 - Enhancing the company's reputation;
 - Increasing operational efficiency/management of risk.



CG Intervention Levels

Who does what? The role of the Investment Officer (IO) and the CG Unit

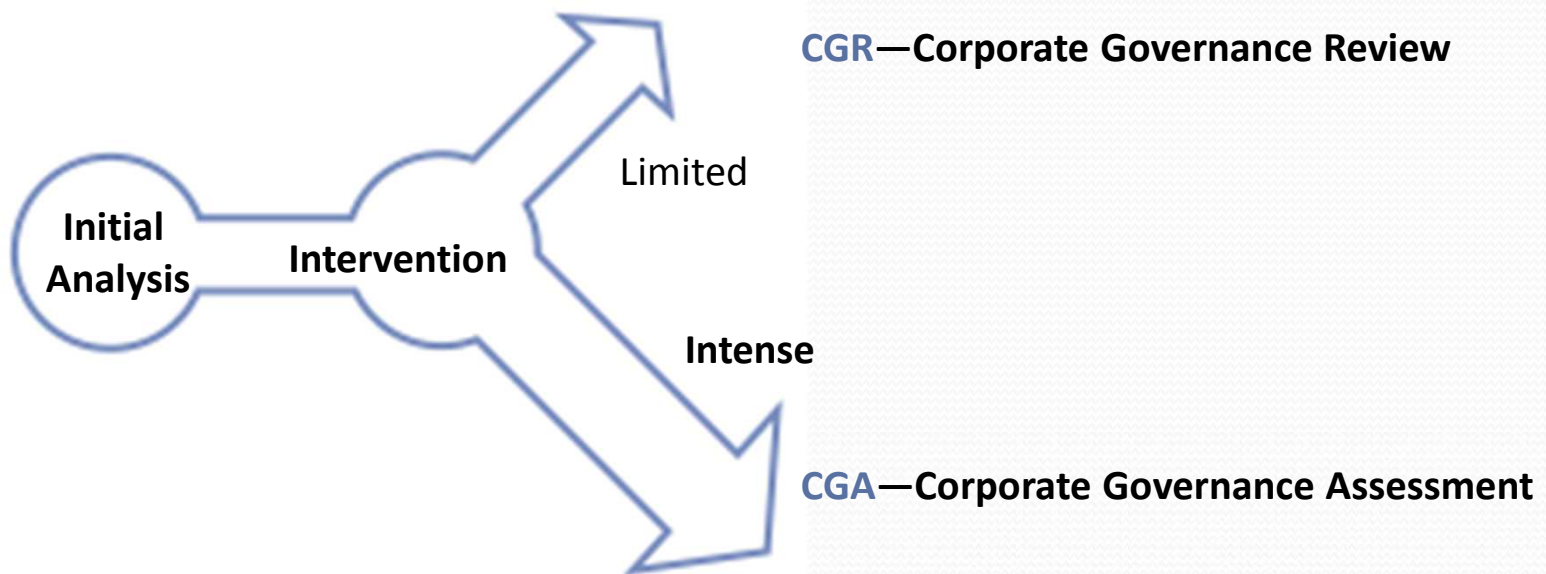
- Deciding on the Level of CG Intervention
- Corporate Governance Review vs. Corporate Governance Assessment
- Synchronization with the Risk-tiered Approval Levels



CG Intervention Levels

Levels of CG Intervention: Intense or Limited

- Initial Analysis by Team Leader Early in Client Engagement can lead to two possible levels of intervention:



CG Intervention Levels

Reviews (CGR) vs. Assessments (CGA)

- CGR and CGA differ in depth, tools, and main actor of analysis

	Review (CGR)	Assessment (CGA)
Objective	Risk Mitigation	Value addition and risk mitigation: (in-depth approach)
Lead Actor	IO (supported by CG Unit)	Corporate Governance Officer
CG Unit Site Visit	Not required	Required (nearly always)
Output	Decision book section/covenants	Full CG Assessment report/Decision book section/covenants



CG Intervention Levels

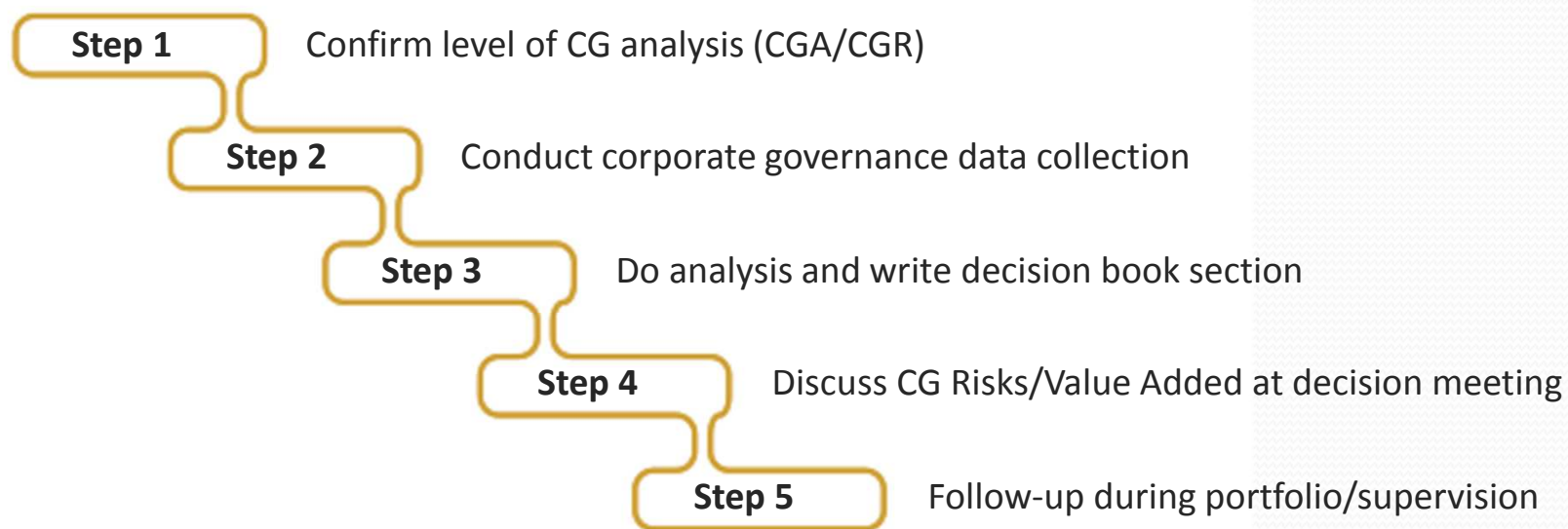
CGR (IO) vs. CGA (CG Unit)

- Credit factors (size, type, credit risk rating)
 - All deals requiring approval by IFC's Senior Management will be subject to a CGA (led by an officer from CG Unit)
- Non-credit factors
 - If deal approval elevated to "director level" due to CG risks, the director decides if CGA (CG Unit) or CGR (IO)
- All other deals will be subject to a CGR (by the IO)



The Corporate Governance Review (CGR)

Steps in IFC's Corporate Governance Review by IOs



The Corporate Governance Review (CGR)

Step 1: Confirm Level of CG Analysis and Select Paradigm

- Objectives:
 - To form a firm view on whether corporate governance poses special risks or exceptional opportunity for value-added
 - To select the governance paradigm (or mix of paradigms) to be applied to the company
- Tools:
 - Trained IFC investment staff; common sense
 - CG Unit website
 - CG Matrix
- When in Deal Cycle: Early Review



The Corporate Governance Review (CGR)

Make sure the matching tools for each firm are used

- The IFC CG Methodology has specific tools for each major type of IFC client, blend them if needed
- 5 Company archetypes/paradigms
 - Listed companies
 - Family- or founder owned unlisted companies
 - Financial institutions
 - Transition economy companies
 - SOEs
- 5 CG attributes (6 for SOEs)—matching the 5 risks



The Corporate Governance Review (CGR)

Core Tool—Simple Progression Matrices

	Level 1	Level 2	Level 3	Level 4
CG Attributes	Acceptable	Extra Steps	Major Contributions	Leadership
Commitment to Good CG				
Structure and Functioning of the Board of Directors				
Control Environment				
Transparency and Disclosure				
Treatment of Minority Shareholders				




The Corporate Governance Review (CGR)

Step 2: Conduct the Corporate Governance Data Collection

- Objectives:
 - On site evaluation of the client's governance
 - Follow up on issues identified in first impressions/initial client contact
 - Gain sense of the commitment to good CG
 - Help identify key allies and CG champions within the company
- Tools:
 - CG Review Tool
 - An inquisitive mind
 - Support from CG Unit as requested
- When in Deal Cycle: Appraisal

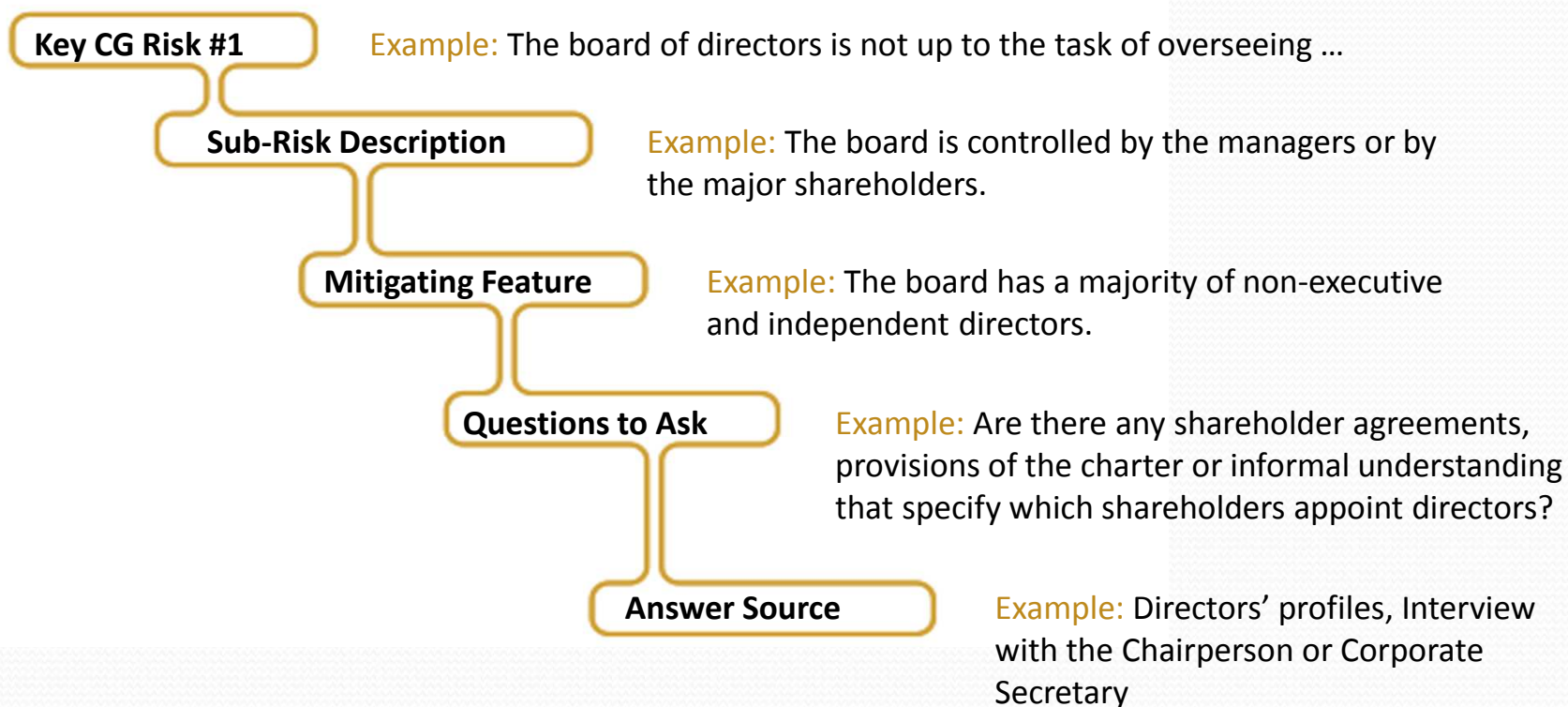


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The Corporate Governance Review (CGR)

Core Tool: Review Generator – Details what to look for and what to recommend



The Corporate Governance Review (CGR)

Step 3: Do CGR Analysis and Write Decision Book Section

- Objectives:
 - Make clear conclusions on the 5 chief CG risks and any other special client features
 - Identify any needed covenants for term sheet
 - If needed, develop simple recommendations for implementation by clients
 - Achieve client “buy-in”, agree on a timetable, areas where IFC can help
 - Reflect CG review in the decision book’s Appendix
- Tools:
 - Sample documents: Decision book sections, Model equity term sheets
 - Other CG resources on specific topics or countries, e.g. independent director definition, exchange listing rules – see the CG Unit website
- When in Deal Cycle: Appraisal/Investment Review



The Corporate Governance Review (CGR)

Step 4: Answer Questions on CG Risks/Value Added at Decision Meeting

- Objectives:
 - Approving Directors/Managers will ask questions to ensure that the 5 corporate governance risks have been mitigated – IO must prepare strong justifications
 - Where CG additionality has been given as IFC role, clear reasons and follow-up actions to be provided
 - If an IFC director is to be nominated then a clear assignment should be presented
- Tools:
 - Completed CGR Report
 - Term sheet
 - Directorship assignment template
- When in Deal Cycle: Decision meeting & Board



The Corporate Governance Review (CGR)

Step 5: Follow-up in portfolio/supervision

- Objectives:
 - Adherence to the agreed terms and conditions/CG improvements
 - Identifying further CG assistance from IFC and outsiders (e.g., CG AS projects, consultants, director sourcing/training, etc.)
- Tools:
 - Supervision check list
 - Other CG resources on the website
- When in Deal Cycle: Pre & Post Disbursement



The Corporate Governance Assessment (CGA)

Corporate Governance Assessments: Main CG Officer tasks

When?	What?	Average Time*	Result/Outputs/Comment
Before the site visit	Send a request for information to the client company (requires responses as well as documents)	2 weeks for client to respond (varies with client)	This request can be combined with Dept questionnaire, removing redundancies
Before the site visit	Review corporate governance written policies	2 weeks (could be less if no complex CG work)	CG Officer can start the analysis
Site visit	Interview key stakeholders (usually 12 and 18 persons incl. shareholders, board, senior management, external auditors/advisors, family)	2–5 days	Powerpoint presentation on preliminary findings and recommendations —for the Board and senior managers
Post site visit	Analyze collected information	2–3 weeks (including the client feedback and revisions)	Corporate governance assessment report (analysis of strengths and weaknesses with recommendations for improvement)
Pre-Decision Meeting	Write the assesment report and covenants	Varies (working with IOs to negotiate with the client)	CG presentation may be made to client



Conclusions

In conclusion:

- Mainstreaming makes CG analysis easier by:
 - Providing for consistent use of the IFC Corporate Governance Methodology in the IFC investment cycle
 - Aiding the investment officer in discussing corporate governance issues with our clients
 - Facilitating the consideration of corporate governance issues at decision meetings
 - Clarifying the level of CG analysis to be undertaken by the investment officer



Conclusions

In conclusion:

- IFC Cares about CG
 - Portfolio Performance
 - Development Mandate
 - Reputational Risk/Reputational Agent
 - Sustainable development – alongside social, environmental and other elements of sustainability



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Providing or Procuring Training

BSTDB & CAF

Key Topics to Address

- Where do we stand: Present activities that DFIS are currently performing
- Training target: Mitigate investment risk and/or improve client's corporate performance?
- Identify training needs: to whom (Board members/IO's), how often, level of complexity
- How can other DFIs contribute: knowledge sharing, identify mechanisms to share training programs



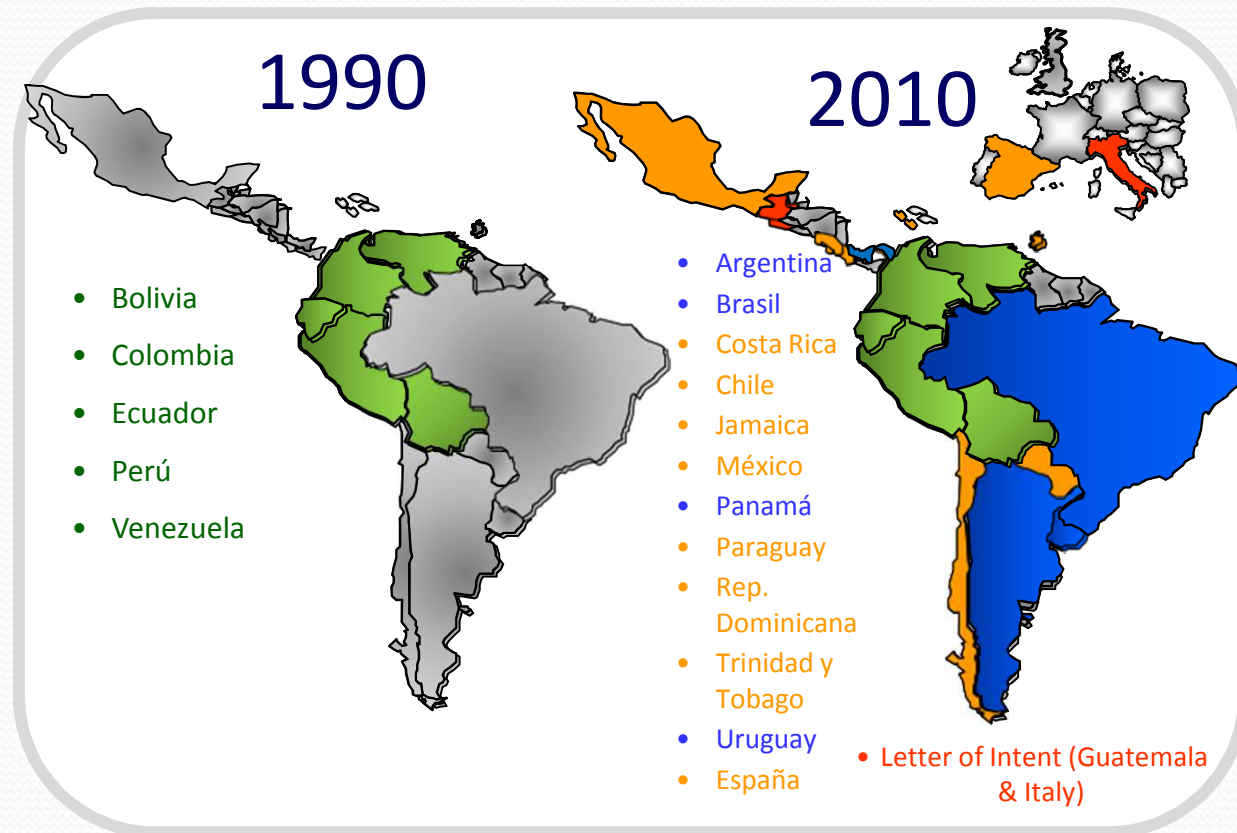
Implementing Training on Corporate Governance: CAF's Experience

Andres Oneto

CAF

CAF in Latin America

CAF is a multilateral financial institution with 18 member countries and 15 private banks throughout Latin America, the Caribbean and Europe. Constituted in 1968, CAF supports the sustainable development and regional integration of its shareholders.



E-Learning CG: Objectives



The e-Learning platform is a training tool developed by CAF and IAAG in accordance with the DFI Toolkit for Corporate Governance



- Allows IOs to familiarize with the concepts of CG and the measuring tools, providing a deep knowledge on CG.
- Trains IOs in all key aspects related to CG, and create awareness of its relevance for credit and investment analysis
- Provide international standards in CG for IOs, in order to evaluate CG compliance by investee companies.



E-Learning Platform CG

- 10 units distributed on 3 modules
- 5 hours / week for each topic

MODULE 1
CORE CONCEPTUAL ISSUES

Unit 1. Introduction to Corporate Governance.

Unit 2. Corporate Governance and Risk Management.

Unit 3. The importance of a benchmark in Corporate Governance.

MODULE 2
REFERENCE CONTENT OF CORPORATE GOVERNANCE

Unit 4. CG Practices regarding the Rights and Equitable Treatment of Shareholders

Unit 5. CG Practices regarding the GSM.

Unit 6 & 7. The Board as a key corporate body: strategic, supervisory and monitoring functions.

Unit 8. Disclosure and Transparency

MODULE 3
MESEG - PRACTICAL GUIDE FOR VALUATING CG

Unit 9 & 10. MESEG - Practical guide for Valuating Corporate Governance within companies



E-Learning Module I

CORE CONCEPTUAL ISSUES

CFE CURSO GOBIERNO CORPORATIVO DE EMPRESAS PRIVADAS Y PÚBLICAS

FINANCIANDO EL DESARROLLO • AMÉRICA LATINA

ASPECTOS GENERALES

- ▶ PRESENTACIÓN DEL CURSO
- ▶ COMPETENCIA GENERAL
- ▶ ESTRUCTURA DEL CURSO
- ▶ **CONTENIDO DEL CURSO**
- ▶ LINEAMIENTOS DE TRABAJO
- ▶ REQUERIMIENTOS TECNOLÓGICOS

CONTENIDO DEL CURSO

MÓDULO I. ASPECTOS CONCEPTUALES BÁSICOS.

Tema 1. Introducción al Gobierno Corporativo. [Objetivo](#)

Tema 2. GC y la Administración de Riesgos. [Objetivo](#)

Tema 3. Marco de Referencia en Gobierno Corporativo. [Objetivo](#)

1 / 4

Consultoría IING & Corporate Finance

CFE CURSO GOBIERNO CORPORATIVO DE EMPRESAS PRIVADAS Y PÚBLICAS

FINANCIANDO EL DESARROLLO • AMÉRICA LATINA

Tema 1 Introducción al Gobierno Corporativo

[Objetivo](#) [Contenido](#) [Autoevaluación](#) [Biblioteca](#)

1. APROXIMACIÓN AL CONCEPTO DE GOBIERNO CORPORATIVO

1.2. ALGUNAS DEFINICIONES

Existen distintas definiciones de Gobierno Corporativo, pero la de Sir Adrian Cadbury tiene el mérito de sintetizar en pocas palabras una materia de profundo alcance práctico, relativa al conjunto de prácticas **internas** en una empresa, cuyo objetivo es clarificar cuáles son las "**reglas del juego**" respecto a su **manejo** (o gobierno), definiendo el conjunto de **derechos** y **deberes** exigibles a los administradores así como los mecanismos de **protección** de los derechos de los accionistas.

[Volver a ver](#)



Módulo 1 Aspectos conceptuales básicos 11 / 49

Consultoría IING & Corporate Finance

- Provide the basic concepts behind CG: Agency Theory, Role of DFIs, etc.
- Identify CG as a tool to improve risk management.
- Analyse the importance to have a conceptual framework in GC



E-Learning Module II

REFERENCE CONTENT OF CG

CURSO
GOBIERNO CORPORATIVO DE EMPRESAS PRIVADAS Y PÚBLICAS
Tema 4 Derechos y Trato Equitativo de Accionistas

Objetivo Contenido Autoevaluación Biblioteca

IV. PRINCIPIO DE TRANSPARENCIA

A1 COMUNICACIÓN CON ACCIONISTAS.

De lo que se trata con este principio es que, más allá de la información obligatoria a proveer con motivo de la celebración de las Asambleas Generales de Accionistas, la Sociedad debe respetar el derecho de cualquier accionista a plantear propuestas alternativas, formular preguntas y, a solicitar el examen de documentos que tenga por conveniente en relación con la gestión y las actividades de la compañía, así como la información asociada a su condición de accionista y cualquier otra que la Sociedad haya hecho pública.

Ver más

Módulo 2 Contenido de referencia general en Gobierno Corporativo 33 / 47

CURSO
GOBIERNO CORPORATIVO DE EMPRESAS PRIVADAS Y PÚBLICAS
Tema 5 La Asamblea General de Accionistas

Objetivo Contenido Autoevaluación Biblioteca

2.1 RECOMENDACIÓN: RECONOCIMIENTO DE COMPETENCIAS EXCLUSIVAS E INDELEGABLES.

Entre las competencias que en todo caso debería tener asignada la Asamblea General de Accionistas para su conocimiento exclusivo e indelegable—y por extensión para el control efectivo de los administradores—figuran las siguientes:

pulse las opciones para ver la información

- 1 Aprobación de las cuentas anuales.
- 2 Aprobación de la gestión del Directorio y propuesta de aplicación del resultado (utilidades).
- 3 Nombramiento y la separación de los miembros del Directorio.
- 4 Designación de los auditores externos.
- 5 Aprobación de la política de remuneración del Directorio y de la Alta Gerencia.
- 6 Venta o pignoración de activos estratégicos.
- 7 Aprobación de las operaciones de fusión o escisión de la compañía.

Módulo 2 Contenido de referencia general en Gobierno Corporativo 12 / 59

Provide the knowledge related to CG practices in 4 key areas, in order to include these principles during the company analysis and evaluation:

- Rights and Equitable Treatment of Shareholders
- General Shareholders Meeting
- The Board as a key corporate body Part I & II
- Disclosure and Transparency of Information



E-Learning Module III

PRACTICAL GUIDE FOR VALUATING CG

This Module presents an evaluation tool: A Simplified Methodology to Evaluate Corporate Governance Practices:

- It is an engagement tool between the IO and the client, which adds value to the company.
- It is a practical guide to analyse the GC level of compliance of companies during the credit evaluation process.
- It detects, in a quick way, the main risks regarding the CG level of a company and provides recommendations on improving the company's compliance.
- These recommendations are not mandatory to implement.
- It is not supposed to replace a profound due diligence analysis on CG.

By using this Methodology the IO is in a better situation to understand the client and provide better solutions, turning the IO into a development tool for the client.



E-Learning Module III

PRACTICAL GUIDE FOR VALUATING CG

- The Risk Matrix developed by CAF is aligned with the DFI Toolkit on CG
- The 3 Level Risk Matrix relates to:
 - For each CG area, specific standards are established. Its compliance will determine the CG Risk Level of the evaluated company.
 - Specific questions have been designed for 4 groups of companies: Family, Financial, SOE, Listed.
 - The Matrix is the basic tool used by the IO during the interviews with key agents of the evaluated company and is part of the Internal Report (provides the GC risk level and recommendations).

Preguntas	Observaciones	Nivel de Riesgo	
Derechos y Texto Equitativo de los Accionistas	¿Se ha encontrado alguna limitación al principio una acción – un voto?	[Escribe aquí sus observaciones]	Alto <input type="checkbox"/> Moderado <input type="checkbox"/> Bajo <input type="checkbox"/>
	¿Se requiere un quórum especial para cambiar los derechos derivados de la titularidad de las acciones y/o participaciones?	[Escribe aquí sus observaciones]	Alto <input type="checkbox"/> Moderado <input type="checkbox"/> Bajo <input type="checkbox"/>
	¿Existen derechos de tag-along y drag-along? En caso afirmativo, ¿se benefician todos los accionistas/propietarios o sólo una parte de ellos?	[Escribe aquí sus observaciones]	Alto <input type="checkbox"/> Moderado <input type="checkbox"/> Bajo <input type="checkbox"/>
	¿Son conocidos por todos los accionistas los beneficiarios reales de las acciones y/o participaciones?	[Escribe aquí sus observaciones]	Alto <input type="checkbox"/> Moderado <input type="checkbox"/> Bajo <input type="checkbox"/>
	¿Para la aprobación de operaciones extraordinarias se requiere un quórum especial? Explique qué operaciones se entienden como extraordinarias.	[Escribe aquí sus observaciones]	Alto <input type="checkbox"/> Moderado <input type="checkbox"/> Bajo <input type="checkbox"/>
	¿Cuál es el mecanismo de nominación, valoración y elección de candidatos al Directorio?	[Escribe aquí sus observaciones]	Alto <input type="checkbox"/> Moderado <input type="checkbox"/> Bajo <input type="checkbox"/>

Five Areas of CG:

- 1) Rights of Minority Shareholders
- 2) General Assembly
- 3) Board of Directors
- 4) Transparency and Disclosure of Information
- 5) Control Environment

3 Risk levels:

- High
- Moderate
- Low



Get in touch



<http://gc.caf.com>

Access to demo:

www.iaagtraining.com

User: dfi

Password: demo

training@iaag.com



Key Topics to Address

- Where do we stand: Present activities that DFIS are currently performing
- Training target: Mitigate investment risk and/or improve client's corporate performance?
- Identify training needs: to whom (Board members/IO's), how often, level of complexity
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Reporting on implementation

EBRD & IsDB

Reporting

- What do we intend to achieve by reporting?
- Who shall we report to?
- Who shall receive reports?
- What shall we report on?
- How much detail shall we provide to whom?
- How can we collaborate?



Rationale

Statement 5: of the Framework : Report on implementation

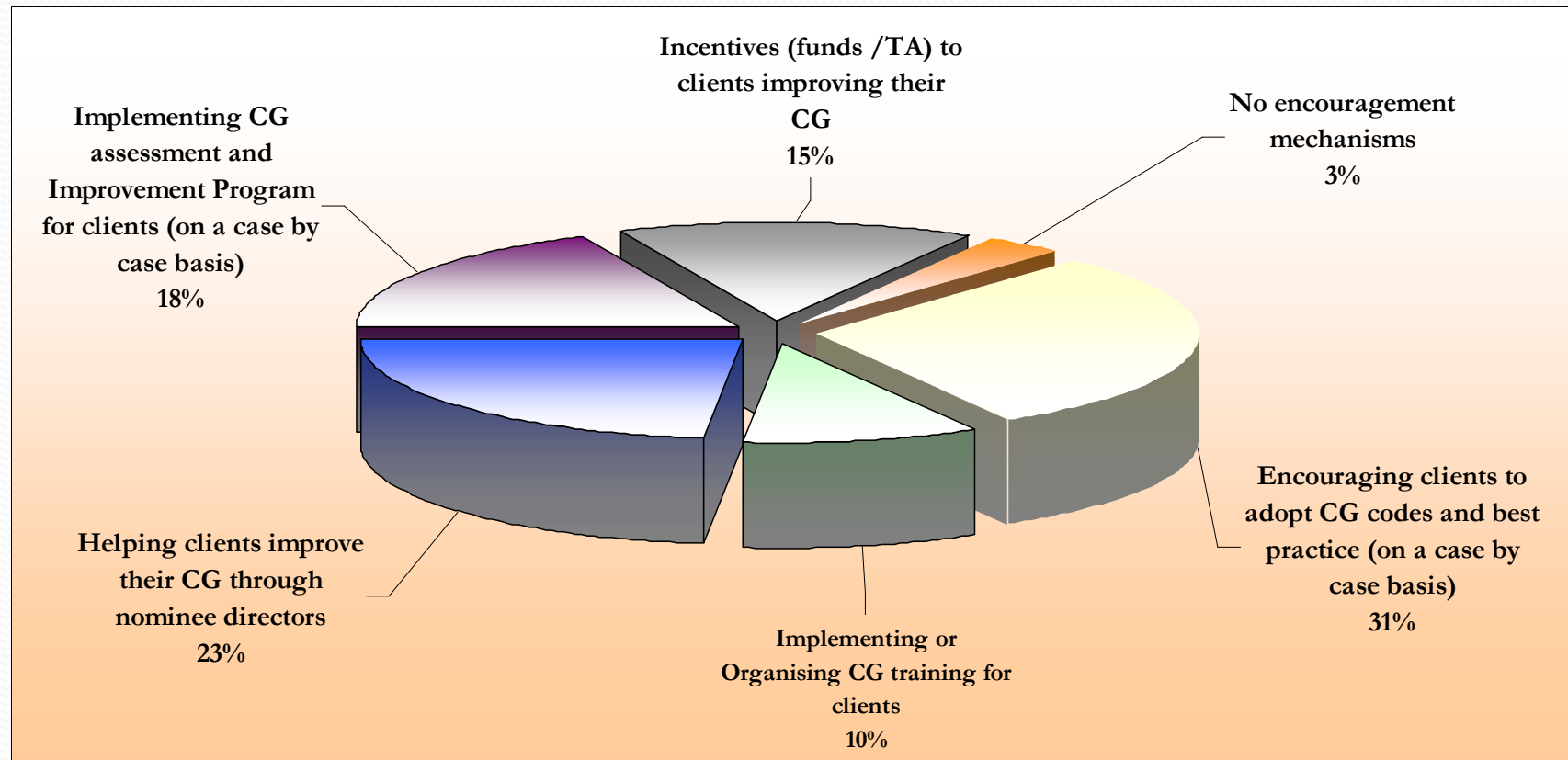
- *“Report annually to the other signatories on the internal implementation of the Framework”*

Resolution of the 5th Annual conference

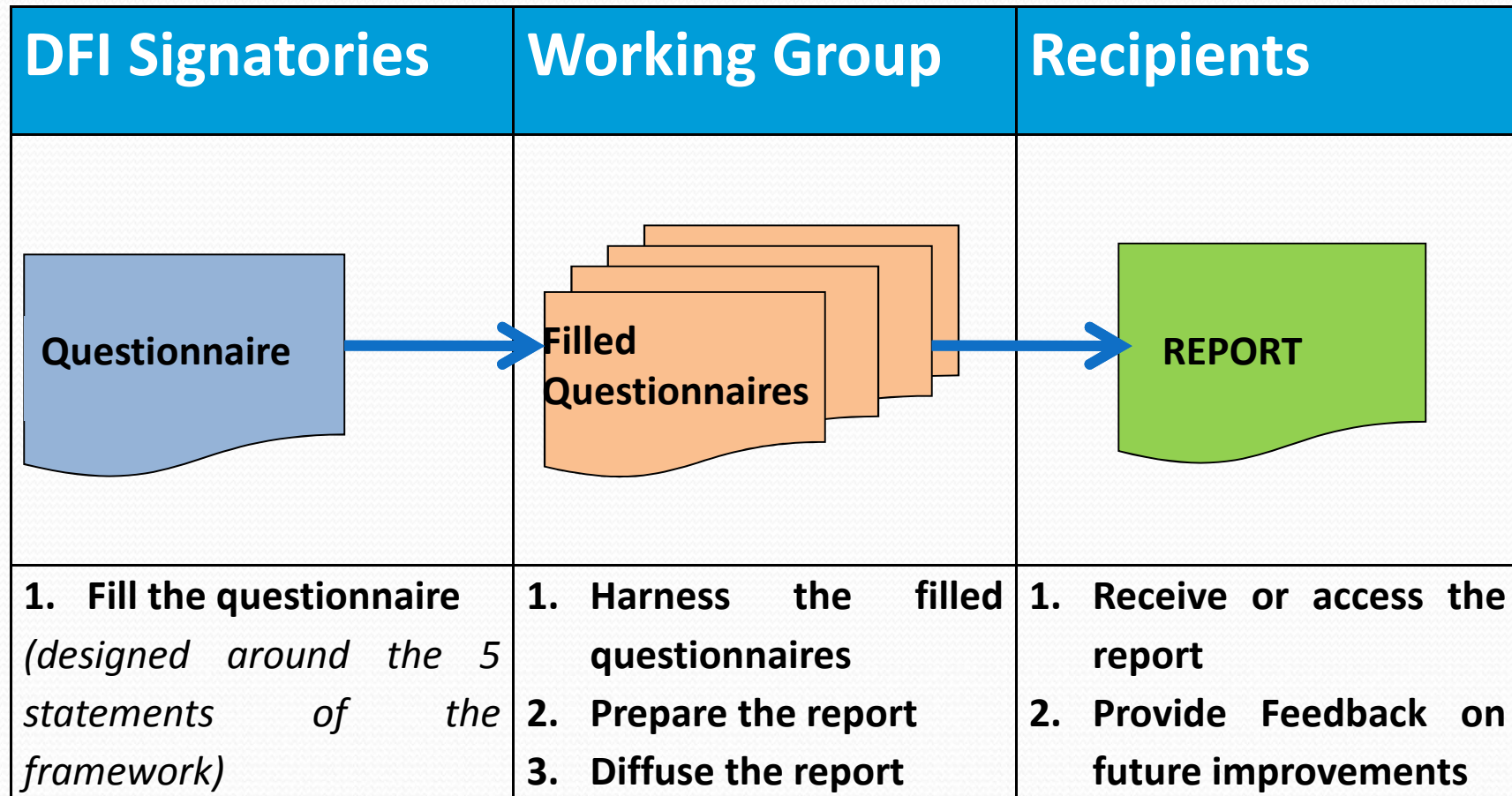
- *“The IsDB will serve as the Secretariat for the Working Group, for the Report on DFIs’ Progress on the Implementation of the Approach Statement on Corporate Governance and on the Common Methodology.”*



Reporting on the Approach Statement



Process & Roles



Objectives

- To provide to signatories an opportunity and a standard mechanism to report on the way they have been implementing the Corporate Governance framework with the view of :
 - **Sharing experience**
 - **Highlighting the key areas of progress, main challenges faced by signatories and areas that require further improvements**
 - **Sharing innovative approaches and Reporting inspiring cases**
- To inform to other financial institutions and to the business community.



Report High Level Outline

- A. Introduction
- B. Highlights
- C. Details on each statement
- D. Innovative solutions
- E. Successful stories: Business cases



Discussion Points

- Objectives of the report : How can we improve the objectives?
- Outline:
 1. **Audience:** Who should be the recipient of the report ?
 - Signatories only
 - Signatories and non DFI signatories
 - Signatories, non DFI signatories, Financial institutions, our customers
 - All the above
 2. **Media of diffusion of the report :** How can we reach the Recipients?
 - E-mail only
 - E-mail and DFI website
 - Printed hard copies
 - All above
 3. **Frequency of reporting:** What frequency should we report ?
 - Annually or Any other choice
 4. **Information disclosure:** What frequency should we report ?
 - Shall we disclose performance of individual signatories
 - What are the boundaries, the limitations of the information disclosure?



Reporting

- What do we intend to achieve by reporting?
- Who shall we report to?
- Who shall receive reports?
- What shall we report on?
- How much detail shall we provide to whom?
- How can we collaborate?



Agenda February 8th, 2012

10:00 – 10:30 Overview of the CG Development Framework

10:30 – 13:00 Integrating CG in Investment Operations

13.00 – 14:00 Lunch

14:00 – 15:00 Providing or Procuring Training

15:00 – 16:00 Reporting on Implementation

16:00 – 16:30 Coffee

16:30 – 18:00 Ensuring internal Responsibility & Collaborating with other signatories

19:00 Dinner at Hotel im Wasserturm



Ensuring internal responsibility & Collaboration with other signatories

ADB & FMO

Ensuring Internal Responsibility: FMO's Experience

Sustainability Strategy
Corporate Governance Strategy

Board
Members

Portfolio

Vision

It is good as risk management and as opportunity to add value to clients

- Client oriented approach: Making the Business Case
- The Business Case approach for CG will include the use of FMO's Pricing Incentive: Lower risk = reduced margin



Ensuring Internal Responsibility: FMO's Experience

Lessons Learned:

- Commitment from top management key
- The integration of CG into core business practices
- One contact point for CG
 - *FMO's strategy: One FTE will be assigned to CG Implementation*
- Instead of a separate CG department, Investment Officers (IOs) in front office are responsible for CG
- Input from IOs essential during development and pilot phases
- Input from IOs is important during fine-tuning of tolls and processes



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Corporate Governance Integration & FMO's Credit Process

Step	Finance Process Step	Documents and systems
1	CIP process	Corporate Governance Guidance Tool CG section in CIP
3	DECISION MOMENT – CIP	
4	Due diligence	(E)DFI Toolkit on CG
5	Create Financial Proposal (FP)	CG Assessment (annex to FP) CG section in FP
6	DECISION MOMENT – FP	
7	Contracting	CG Improvement Program CG building blocks (Legal)
8	Monitoring	SusTrack*

*FMO's CG improvement plans are stored and monitored via FMO's proprietary SusTrack system



Ensuring Internal Responsibility: The ADB Experience

Who is motivated and why?

- Board, President, Investment Committee - supportive because,
 - Governance is a key driver for change in ADB
 - expanding private sector participation is a key strategy for ADB
 - cross DFI support
- Dealing Officers are supportive if it increases opportunity to do deals. Therefore must,
 - add value - what is the business case
 - be more than just another compliance requirement



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Ensuring Internal Responsibility: The ADB Experience

Actions to get lift-off, traction and momentum

- secure senior management support by aligning it with existing initiatives and DFI policy. Ask for a champion.
- learn about existing initiatives (CG is competing for attention).
- learn lessons from champions of existing initiatives
- assemble coalition of the willing/interested. Don't be an isolated voice.
- set well defines, small and measurable goals thus demonstrating progress.
- communicate, communicate, communicate - awareness breeds momentum.



Collaborating with other signatories

- How do we cooperate today?
- How can we cooperate moving forward?
 - Clear ambition and goal?
 - Trust?
 - Clear milestones: meetings, objectives, responsibilities?
 - The regional level (e.g. Europe FMO/DEG etc.)?
 - The bilateral level?
 - The CG working group (Business Case, Training, Financial Commitment)?



Agenda February 9th, 2012

09:00 – 10:00 Implementing the CG Development Framework

10:00 – 11:30 Outlining our way toward implementation I

11:30 – 11:45 Coffee

11:45 – 13:15 Outlining our way toward implementation II

13:15 – 14:30 Lunch



Round Table on Corporate Governance

Day II

Agenda February 9th, 2012

09:00 – 10:00 Implementing the CG Development Framework

10:00 – 11:30 Outlining our way toward implementation I

11:30 – 11:45 Coffee

11:45 – 13:15 Outlining our way toward implementation II

13:15 – 14:30 Lunch



Implementing the CG Development Framework

BSTDB & DEG

The CG Development Framework

1. Integrate Corporate Governance in its investment operations
2. Ensure internal responsibility
3. Provide or procure training
4. Collaborate with other signatories
5. Report on implementation



Implementation

- Have you integrated CG in your investment operations?
- Do you have processes and procedures in place?
- Do you use the Common Methodology or a methodology aligned to the Common Methodology?
- Do you establish criteria to analyse CG?



Internal Responsibility

- Who is responsible?
- Who shall be responsible?
- Strategies and Opportunities to broaden responsibility
- Responsibility within Management?



Training

- Where do we stand: Present activities that DFIS are currently performing
- Training target: Mitigate investment risk and/or improve client's corporate performance?
- Identify training needs: to whom (Board members/IO's), how often, level of complexity
- How can other DFIS contribute: knowledge sharing, identify mechanisms to share training programs



Collaboration

- How do we cooperate today?
- How can we cooperate moving forward?
 - Clear ambition and goal?
 - Trust?
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Reporting

- What do we intend to achieve by reporting?
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Outlining our way towards implementing the Corporate Governance Development Framework – Part I

Objectives for each Undertaking

ADB & IsDB

Undertaking 1

Objective on implementation for 2012:

- Formally adopting a methodology?
- Having policies and procedures in place internally?
- Applying the Common Methodology?
- Getting started?



Undertaking 2

Objective on internal responsibility for 2012:

- Driving the implementation of the CG Development Framework internally
- Communicating with / to the DFI working group on CG
- Expanding the internal responsibility?
- Identifying CG champions?
- Keeping management informed?



Undertaking 3

Objective on training for 2012:

- Who shall be trained ?
- Which trainings are required?
- When shall trainings be provided?
- How can existing programs be promoted?



Undertaking 4

Objective on collaboration in 2012:

- Annual Conference
- Regional meetings or sub-groups?
- Discussion forum?
- Social media and networking?
- Identifying a “sparring partner” or regional teams to meet and collaborate bilaterally



Undertaking 5

Objective on reporting for 2012:

- When, why, to whom and in which format shall we report?



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Outlining our way towards implementing the Corporate Governance Development Framework – Part II

Strategies & Support

CAF & IFC

Key Topics to Address

- Mandate of the WG: objectives for the next Roundtable
- Identify Regional activities: work with sub groups on geographical basis
- Strategy to increase the number of signatories: mechanisms to reach other institutions, what are the benefits for signatories of incorporating.
- CG Progression Matrix: A DFI implementation roadmap



Stay in touch

- Enzo Gregori – AsDB
- Vassilis Christakis & Marin Marinov – BSTDB
- Michael Penfold & Andres Oneto – CAF
- Isabelle David & Niclas During – CDC
- Anne Keppler – DEG
- Gian Piero Cigna – EBRD
- Angelica Ortiz de Haas & Frederik van Pallandt – FMO
- Sanaa Abouzaid & Darrin Hartzler – IFC
- Julio Estrada & Ababacar Gaye – IsDB



Thank You !