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Forum

Forum to Expand Global Leadership in New Phase of Initiatives

Independent Evaluation Supports 'Knowledge Management Platform' To Meet Rapidly Growing Demands for Forum's Expertise, Products, and Experience

The Forum's successes are generating ever-increasing demands to help developing countries and emerging markets deepen their corporate governance capacity.

To meet these needs, an independent evaluation report supports the Forum's plans to strengthen its global "knowledge management platform," building on the "lessons learned" from the Forum's targeted, practical initiatives. The evaluation says the Forum has developed a strong and varied portfolio of activities, knowledge products, partnerships, and project opportunities to expand its impact and leadership going forward.

The report, *End-of-Phase Evaluation of the Global Corporate Governance Forum*,¹ provides insights into what the Forum itself has learned as it worked to raise awareness, build consensus, disseminate best practices, sponsor research, and support technical assistance and capacity building.

This evaluation has also helped to guide the Forum's evolution to Phase Three, which aims to enhance the Forum's global "knowledge management platform" for strengthening corporate governance capacity and enhancing excellence in emerging-market countries and developing countries.

The Forum's corporate governance toolkits, networks, resources, and strategic and practical approach to reform have yielded many tangible results. Between fiscal years 2006 and 2009, the Forum completed 100 projects in 66 countries. In the process, it helped to develop 43 codes and supported 47 director and corporate governance associations.

The evaluation stresses that the Forum "is engaged in delivering an array of worthwhile and needed services of a high quality in a remarkable variety of situations." Experts view the Forum's work as being of greater relevance in the aftermath of the financial crisis as governments promote economic recovery.

"The Forum is a high-performing, relevant, and impactful organization despite its modest size and resources. Its achievements have been considerable, deeply appreciated, and widely recognized. Many have expressed with passion their belief in the value of the Forum's work. Given its record of accomplishments, the Forum can already claim to be the pre-eminent knowledge management body on practical corporate governance issues globally."

Independent Evaluation Report

The Global Corporate Governance Forum is a multi-donor trust fund facility located in the IFC's Business Advisory Services. The Forum was co-founded by the World Bank and the Organisation for Economic Co-operation and Development (OECD) in 1999.

Through its activities, the Forum aims to promote the private sector as an engine of growth, reduce the vulnerability of developing and transition economies to financial crisis, and provide incentives for corporations to invest and perform efficiently in a socially responsible manner. The Forum sponsors regional and local initiatives that address the corporate governance weaknesses of middle- and low-income countries in the context of broader national or regional economic reform programs.

Donors to the Forum include the IFC and the Governments of Austria, France, Luxembourg, the Netherlands, Norway, and Switzerland.

¹ Commissioned by the Forum, the report was prepared by Paul Cox, Ph.D., of Canada with the assistance of Plan:Net Limited. Available at: [http://www.gcgf.org/ifcext/cgf.nsf/AttachmentsByTitle/ForumPhaseIIEvaluationSummary/\\$FILE/ForumEvaluation_SUMMARY4_singles.pdf](http://www.gcgf.org/ifcext/cgf.nsf/AttachmentsByTitle/ForumPhaseIIEvaluationSummary/$FILE/ForumEvaluation_SUMMARY4_singles.pdf).

The report also found that the Forum draws on a “global/local view, state-of-the-art expertise, an extensive professional network, dedicated Private Sector Advisory Group (PSAG) advisors and staff, and high-quality toolkits” to accomplish its strategic objectives.

Why the Forum Succeeds

The Forum’s success lies with its field-tested strengths and competencies:

- **Leverage and cost efficiency.** The Forum leverages PSAG and other partners in a cost-efficient manner that spreads cost-sharing among beneficiaries and maximizes co-funding from partner institutions.
- **Innovation based on global expertise and networks.** The Forum has a widely recognized ability to innovate through its toolkits and other best practice guidance, which draws on its global network of institutions and practitioners in both developed and developing countries.
- **Partnerships.** The Forum has a widely acknowledged track record in building strategic and tactical partnerships to drive its work in a cohesive, coordinated approach to development assistance. The Forum facilitates participation of a broad range of international, regional, and local institutions in its projects.

“The Forum fights hugely beyond its weight. It has created an environment for corporate governance to flourish and for the corporate governance advocacy community to get traction.”

PSAG member quoted in *Independent Evaluation Report*

In the view of one local partner, the Forum is effective because it “listens a lot,” emphasizing: “That’s very important; the Forum responds to real needs. Often consultants just want to sell you something, they make you adapt to their product. The opposite was their approach—they adapted, listened, and tried to provide what we asked for.”

A PSAG member adds, “The Forum has been extraordinarily successful in bringing together thought leaders from around the world—it contains a very large share of the leading lights in corporate governance. Having such a remarkable collection of people who provide their services on a *pro bono* basis is a remarkable achievement.”

The independent evaluation repeatedly stresses the Forum’s emphasis on local ownership of corporate governance initiatives. The Forum’s staff, consultants, and PSAG advisors value interaction with local partners and participants in ways that acknowledge local capabilities and circumstances. “Projects are designed with, rather than for, local actors,” the evaluation observed.

The ‘Snowball Effect’

The report cites many examples of the Forum’s “snowball effect”—the multiplier effect of corporate governance reform efforts initially made possible by its interventions:

- **MENA Code Development.** Working with the IFC, the Forum held workshops in the Middle East and North Africa (MENA) to build awareness for the value of corporate governance codes and to strengthen countries’ capacity to develop and implement such codes. These codes help promote market confidence and transparency, define companies’ responsibilities, boost inflows of domestic and foreign investment, encourage the private-public dialogue, combat corruption, and develop an efficient private sector. The Forum also supported individual countries with its knowledge products, including its toolkit on code development, and the *pro bono* assistance of PSAG members. This highly successful program influenced the reform process while effectively preserving national ownership—from a baseline of just three countries with codes in the MENA region to the launch of 14 codes. As a result, the Forum gained tremendous visibility, a reputation for professionalism, and strong brand recognition in the region. These factors, in turn, have generated demands for deeper interventions by the Forum in the region.
- **Board Leadership Training Resources.** This project helps countries build capacity to train board directors, who can work with their companies to establish good corporate governance practices. From its launch in March 2008 through November 2009, 16 programs using the *Training Resources* have been offered, training nearly 300 director trainers from 55 countries, 40 percent of which are poor and middle-income countries. Approximately one-quarter of the participants were women. This program has helped build momentum for corporate governance reforms, putting corporate governance on national agendas.

- **Southern Africa.** The Forum has been assisting the Southern African Development Community (SADC) Development Finance Resource Center (DFRC) in enhancing the capacity and skills of directors of Development Finance Institutions (DFIs). This effort has strengthened DFI's corporate governance practices, including board operations and financial management. There has been an expansion in the number of both DFIs attending from Southern Africa and participants registering for training from countries in West and East Africa. To date, this project has benefited some 23 DFIs in over 10 countries.

To determine which projects it will support, the Forum conducts comprehensive reviews that examine such criteria as urgency, capacity, client demand, and, where appropriate, recommendations from the *Corporate Governance Report on the Observance of Standards and Codes* (published by Forum's founder and partner, the World Bank). This selection process is a key determinant of the Forum's efficiency and effectiveness.

"There is no doubt that the Forum has played a significant and important role in the long-term development of corporate governance in Africa, as we see the potential for replication and dissemination to other Development Finance Institutions and other sectors, and its close linkage to policy developments at the national and regional levels."

Stuart Kufeni
Chief Executive Officer
SADC Development Finance Resource Center

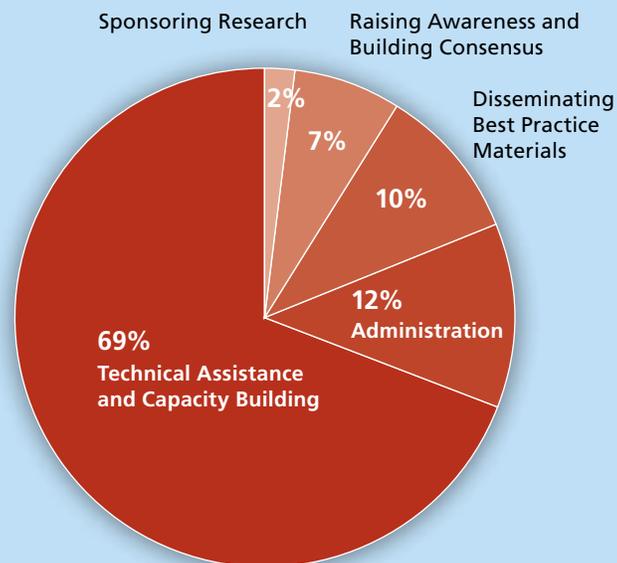
Global Knowledge Management Platform

- **Toolkits and manuals**
Provide implementation guidance on best practices
- **Workshops and international consultations**
Validate tools and resources, and their global utility
- **Publications**
Private Sector Opinion, Lessons Learned, and FOCUS provide thought leadership
- **Cutting-edge research**
These efforts support knowledge management product development

Many of the Forum's publications are available in multiple languages, and are accessible at www.gcgf.org.

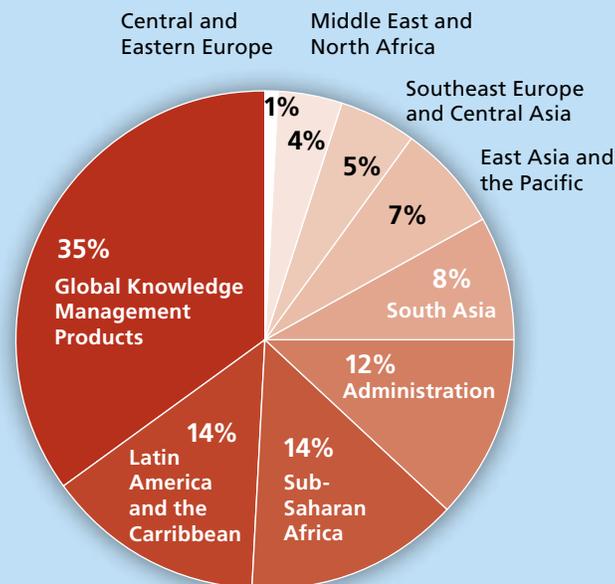
Forum Activities

(Percent of budget allocation, Fiscal 2009)



Regional Distribution of Forum Activities

(Percent of budget allocation, Fiscal 2009)



"The Forum's Corporate Governance Code Development in MENA has resulted in excellent brand recognition for the Forum as well as a reputation for professionalism delivered with a significant sensitivity to local needs and conditions."

Independent Evaluation Group, IFC



In Indonesia, the Forum is partnering with the Indonesian Institute for Corporate Directorship to introduce the supplement for training bank directors, based on the *Corporate Governance Board Leadership Training Resources*. The experience will guide the “rollout” of these tools in Asia and globally.

Case Studies Shed Light On Forum’s Positive Impact

BANGLADESH – Forum Involvement Helps Professional and Institutional Development

Forum assistance has helped the Bangladesh Enterprise Institute (BEI) become a force for change in corporate governance while strengthening the professional capabilities of individuals such as Lopa Rahman (BEI’s project director).

An early outcome of BEI cooperation with the Forum and other donors was the *2004 Code of Corporate Governance for Bangladesh*, a document aimed at spreading best practices in the private sector, financial institutions, state-owned enterprises and non-governmental organizations. Subsequently, this effort provided the impetus for development in 2006 by the Securities and Exchange Commission (SEC, the country’s financial markets regulator) of *Guidelines on Corporate Governance* for listed companies.

The Forum has been active in strengthening BEI’s training capacity by providing professional development opportunities to Ms. Rahman and her colleagues. “Not only did I receive first-hand training on this world-class curriculum and training

design, but I also benefited tremendously from interacting with experts and champions drawn from around the world.”

Ms. Rahman became a master trainer for the Forum’s regional TOT workshop, which used *Corporate Governance Board Leadership Training Resources* in Dhaka, and another regional TOT event in Bali. She also assisted in a director training program for the Singapore Institute of Directors and spoke at the launch of a new corporate governance code in the Maldives. During the end-of-phase evaluation interview, Ms. Rahman said “being considered a faculty member for these Forum events helped establish my skills and credibility as a trainer.”

Interviews with key personnel at the SEC and the Bangladesh Bank Training Academy (part of the country’s central bank) revealed that BEI is held in high regard for its pioneering work in corporate governance, and its grasp of the need to work the private sector and key government authorities. The SEC is anticipating that BEI will assist with the revision of its corporate governance guidelines for

listed companies—a needed piece of work identified by the World Bank’s March 2009 ROSC report. The Bangladesh Bank Training Academy, which is responsible for training not just central bank employees but the staff of all scheduled banks, is looking to BEI for an advanced TOT workshop, developed with Forum’s support and tools, to meet the demand for courses from mid- and high-level executives and bank directors.

SENEGAL – Forum Supports Code Development and Directors Institute in Challenging National Context

Conditions facing corporate reform in Senegal are challenging but typical of many low-income countries. Awareness of modern corporate governance principles is limited.

Moreover, Senegal’s economy is dominated by state-owned enterprises (SOEs) and its private sector is mostly comprised of small to medium-size enterprises (SMEs). The country’s equity market is at an early stage of development, with a single listed company whose shares are traded on the exchange in nearby Côte d’Ivoire.

However, the founding of a Senegalese Institute of Directors (IoD) in 2005—the first in French-speaking West Africa—and completion of two World Bank ROSC studies in 2006 (a *Corporate Governance Country Assessment* and a separate *Assessment of Corporate Governance in State-Owned Enterprises*) have provided an opening for Forum involvement in initiatives with real corporate governance reform potential.

Following release of the main ROSC study and delays occasioned by national politics, the Forum facilitated a stakeholder workshop in November 2008 to outline an action plan for addressing the ROSC study recommendations. The plan, which has as its main elements development of a code of corporate governance and enhancement of the capacity of the IoD, is being promoted by local partners with the assistance of the Forum and IFC’s regional Africa office. Contracting by the Forum of a French-speaking international consultant, Emmanuel du Boullay, has been crucial to the initiation of a code development working group that encompasses government and private-sector stakeholders. Central to du Boullay’s approach is

the idea of working in cooperation with the group rather than drafting the code himself.

Completion is expected in 2010. Challenges encountered include difficulties convincing high-ranking officials to accord priority to corporate governance and to consider inclusion in the process of at least the commercially oriented SOEs. With respect to IoD strengthening, the chief constraints are the slow build-up of training capabilities and the need for French translations of key materials. “Expectations are high and if the code can be finalized and approved, then its implementation will be exciting,” du Boullay said. “My emphasis can then shift more to training of trainers (for board leadership) and strengthening the IoD. All three of the Forum’s existing toolkits—and they are certainly high quality—will be in use during this period.”

When Mamour Fall, a founding member and permanent secretary of the IoD, was interviewed for the end-of-phase evaluation, he recalled the importance he felt in talking about his experience with the Forum when he was invited to the Donor Steering Committee meeting in Montreux in June 2009. Looking to the future, and clearly cognizant of the many commonalities which Senegal shares with other OHADA Treaty² countries, he said, “I would like to see the IoD become a training and networking center for corporate governance for the 20 countries in French-speaking West Africa and Central Africa.”



Master trainers share their experiences in using the Forum’s *Training Resources* during a Southern Africa workshop.

² This is the French acronym for “Organisation pour l’Harmonisation en Afrique du Droit des Affaires,” which translates into English as “Organization for the Harmonization of Business Law in Africa.”

Phase Three Opportunities and Challenges

Phase Three seeks to enhance the Forum's global knowledge management platform to deepen corporate governance capacity and promote excellence in emerging markets and developing countries. This strategy is based on satisfying client demand, increasing the efficiency of resource utilization, mobilizing partners, and capitalizing on the Forum's strengths, uniqueness, and expertise. (For more about Phase Three, consult *Building on Success, Deepening Corporate Governance Excellence* on the Forum's Website: www.gcgf.org)

The three strategic objectives are:

- **Develop cutting-edge knowledge products and resources.** Research will help drive decisions on which projects the Forum should launch and inform revisions in existing toolkits. Web-based dissemination will be expanded and other communications technologies utilized to broaden access to the Forum's knowledge materials.
- **Establish centers of excellence to foster South-South cooperation.** The Forum will focus on enhancing the capacity of a select number of centers and development institutions.
- **Develop measurement and evaluation mechanisms to ensure relevance, efficiency, and effectiveness.** This will involve identifying trends to inform resource development and application, establishing monitoring and reporting mechanisms for data gathering, and implement feedback mechanisms for decision-making and product design.

However, according to the evaluation report, the Forum needs to address its current resource constraints, first. "It is imperative that the Forum utilize its increased visibility and sterling track record to attract donors who are willing to commit multi-year core funding and actively participate in governance of the Forum," the report advised.

Forum Priorities

Based on the independent evaluation report recommendations and client feedback, the Forum will:

- **Adopt a new fundraising strategy** for Phase Three, which is being developed with the Forum's Steering Committee and donors.
- **Build capacity** of the Forum Secretariat to meet increasing demand for its services, in close collaboration with IFC's Corporate Governance Advisory Services and the Forum's donor partners.
- **Further enhance engagement** with local and international partners and continue to foster collective "ownership" of projects.
- **Continue to leverage** the goodwill of private sector volunteers (Private Sector Advisory Group), whose expertise vastly improves the quality of the products or services provided while reducing the time needed for their implementation.
- **Strengthen the selection criteria** for choosing projects that offer the best potential for lasting impact and replicability, and are a good "match" for the organization and those it supports.
- **Leverage the Forum partners** in select middle-income countries—such as Brazil, Egypt, Indonesia, India, South Africa and Ukraine—as knowledge hubs and centers of excellence.
- **Adopt a more coherent strategy** towards encouraging corporate governance research through the Forum's emerging markets research network.
- **Enhance the monitoring and evaluation system** to more effectively report on Forum activities and results.

NEXT ISSUE:

Representatives from several Institutes of Directors met in Sao Paulo in February to share their successes and failures in training board directors, from program design to training activities that engage adult learners. Brazil's Institute of Corporate Governance provided case studies from their own experiences. The next *Lessons Learned* reports on the institutes' efforts.

LEARN MORE

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