

AHEAD:

Board Development Resource Kit

The Forum continues to develop programs to assist organizations in building capacity for director professionalism, a critical component in effective corporate governance. Drawn from the experiences of 30 director-training organizations worldwide, this material will encompass training presentations, case studies, teaching guides, and an updated audio-visual CD ROM. Once finalized, the Forum will provide technical assistance to roll out the

program and adapt it to meet specific regional and country needs.

Developing Director Institutions

In response to extensive requests, the Forum is planning to launch several initiatives mainly in the Middle East/North Africa and Southeast Europe for the establishment of institutions supporting director professionalism and development. This is likely to be undertaken in collaboration with established director institutes in Europe.

Codes for Bulgaria, Morocco

The Forum is providing technical support for the development of national corporate governance codes of best practice for Bulgaria and Morocco to help these countries comply with international standards. In Morocco, the code task force has just been launched, while in Bulgaria, the work is well underway and a draft code will be made available for public consultation in the spring 2007. The Forum is expected to serve as a technical advisor for other codes planned for Africa and in Southeast Europe.

Disseminating Best Practices, Promoting Research

CG Reform Toolkits

Building on existing country assessments or diagnostics, the Forum's toolkits provide policymakers, private-sector decision makers, and nongovernmental organizations with a roadmap and implementation mechanisms to help structure step-by-step efforts to improve corporate governance. The toolkits distill international experience through the Forum's global network and offer methods for local adaptation.

Toolkits currently available are: "Building Director Training Organizations" and "Developing Corporate Governance Codes of Best Practice." New toolkits are being developed on "Mediating Corporate Governance Disputes" and the "Corporate Governance of Cooperatives." In addition, the Forum is developing a Board Development Resource Kit.

planned for 2007 will focus on "Auditors and Independence" and "Whistleblowing: Recent Developments and Implementation Issues."

Case Studies: Novo Mercado, Reforms in Chile

The Forum has commissioned Focus publications on the Novo Mercado (BOVESPA Stock Exchange transparency tiers development) and the Chilean Corporate Governance reforms, with commentary from institutional reformers in other markets to learn from their experiences.

Handbook for Bank Supervisory Board Directors in the Ukraine

Taken from an earlier Focus publication that was written by the late Jonathan Charkham, CBE, this handbook provides comprehensive guidance for supervisory board directors in the Ukraine. It was prepared in collaboration with the IFC Ukraine team.

Translation of Forum Materials

Ensuring the relevance of the Forum's publications and material, the Focus publication for bank directors was translated into Arabic to meet demand from the Middle East and North Africa. Similarly, much of the Forum's other work is being translated into Arabic, French, and other languages to facilitate outreach and relevance.

Private Sector Opinion

PSAG members contribute their expertise and views to this new series of publications. Three papers have already been published, including "Corruption, Economic Development and Governance: Private Sector Perspectives from Developing Countries." Two publications

Private Sector Experts: A Key Forum Resource

The Global Corporate Governance Forum's Private Sector Advisory Group (PSAG) brings together more than 60 of the world's most prominent experts on corporate governance. Business leaders, lawyers, investors, and other professionals volunteer their time and expertise pro bono to help implement better corporate governance practices in developing and transition countries.

The high profile of the PSAG members helps the Forum actively raise awareness on corporate governance issues and efficiently advise professional organizations, regulators, and policymakers who are proactively reforming corporate governance practices in their countries.

AHEAD:

International Conference on Corporate Governance in Emerging Markets, Istanbul, November 16-17

The conference will bring together researchers investigating the impact of corporate governance on emerging markets' firm performance and economic development. The roles of legal, economic and political institutions in determining corporate governance systems will be covered. This research seeks to provide linkages to practical application to improve the investment climate, develop local financial markets, and build the foundation for better companies through more informed decision-making by boards.

A number of research papers have been commissioned to facilitate the basis for discussion at the conference. This event is being arranged by the Forum in collaboration with several leading academic institutions, cosponsored by the Asian Institute for Corporate Governance. Others involved include the Yale University's Millstein Center for Corporate Governance and Performance, the European Corporate Governance Institute and the Corporate Governance Forum of Turkey at Sabanci University.

SECRETARIAT

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WINTER 2007 A PROGRESS REPORT

OUR MISSION:

Established in 1999, the Global Corporate Governance Forum is an IFC multi-donor trust fund facility located in the IFC/World Bank Corporate Governance Department. 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 crises, and provide incentives to 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.

OUR FOCUS:

- Raising awareness, building consensus
- Disseminating best practices
- Sponsoring research
- Funding technical assistance and capacity-building

OUR DONORS:

- Canada
- France
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- Norway
- Sweden
- Switzerland
- International Finance Corporation

OUR FOUNDERS:

- World Bank
- Organization for Economic Cooperation and Development



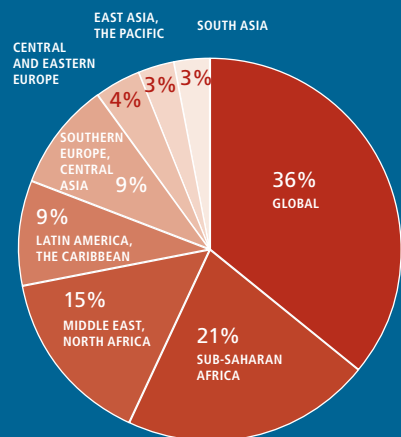
Global Corporate Governance Forum

Better Companies, Better Societies

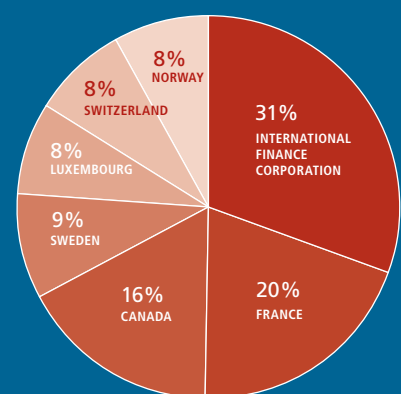
The Forum is engaged in more than 30 projects to fulfill its mandate to promote global, regional, and local initiatives that improve corporate governance policy standards and practices in developing countries ■ Strong demand continues for the Forum's work, as is demonstrated by the work underway worldwide to develop codes in more than 15 countries ■ The Board Development Resource Kit nears completion, a key part of Forum efforts to strengthen board directors' capabilities ■ The Private Sector Advisory Group continues to play a vital role in bolstering the Forum's capabilities in providing expertise to governments and businesses that are proactively reforming their corporate sectors ■ Partnerships with international organizations are key in the Forum's ability to achieve its mission ■ The Forum is defining the next generation of corporate governance work, including corporate governance dispute mediation and the governance of cooperatives, a key sector of developing countries' economies.

FINANCIAL SUMMARY

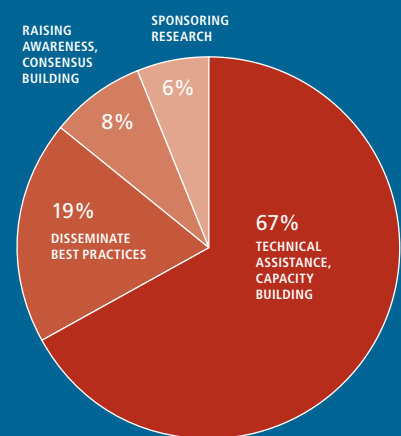
Funds Allocated by Activity



Sources of Funds



Funds Allocated by Activity



Global Leadership, Implementing Best Practices

WORKING WITH PARTNERS

A key Forum objective is to coordinate with like-minded international institutions in advancing corporate governance reform efforts worldwide through greater, more effective collaboration. The Forum's partners include the OECD, the IFC, the World Bank, the Commonwealth Secretariat, the Center for International Private Enterprise, and the African Development Bank. The Forum looks for opportunities to collaborate and leverage resources to the ultimate benefit of companies and societies.

Annual Corporate Governance Leadership Program

The need for the development of board directors has never been greater. By improving their corporate governance practices and skills, a more receptive investment climate results.

The Forum has run four residential Corporate Governance Leadership Programs for East Asia, Latin America, South Asia, and East and Southern Africa. Participants learned about board roles and responsibilities while strengthening their teaching techniques. In July 2006, the program attracted more than 25 trainers from Botswana, Ghana, Kenya, Malawi, Mauritius, Nigeria, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe.

Corporate Governance Codes of Best Practice

As a major thrust in corporate governance reform, codes of best practice have been developed worldwide by countries seeking to restore and promote investor confidence, foster reforms, and provide companies with a benchmark for measuring their governance policies.

To accelerate this process, the Forum has:

- Developed a toolkit on how to formulate best practices into corporate governance codes, which is now available in English, French, and Arabic;
- Joined efforts with local, regional, and international institutions to advance this work. With the IFC Private Enterprise Partnership in the Middle East and North Africa, for example, the Forum provided carefully selected participants from the region with a series of technical workshops targeted at developing, implementing, and reviewing corporate governance codes according to internationally recognized best practices; and,
- Established a Corporate Governance Peer Review Group comprised of internationally recognized experts to provide comments and feedback on draft codes. Bahrain, Bulgaria, Jamaica, Jordan, Lebanon, the Maldives, Morocco, Senegal, and the United Arab Emirates have benefited from this process.

AHEAD:

Mediating Corporate Governance Disputes

The Forum is exploring whether consensus-based alternatives to adjudication – particularly mediation – could help build investor confidence, support business continuity, and reduce dispute-resolution costs. Greater use of these alternatives may reduce court dockets and can become an effective tool in inducing compliance.

The Forum will publish a working paper reviewing the existing literature on this subject. An international experts group will meet in February 2007 to gather global evidence and best practices. This work is expected to be captured in the next Forum toolkit on “Mediating Corporate Governance Disputes.”

Corporate Governance and Cooperatives

In February 2007, experts and practitioners will review a research paper by the UK Co-op College on Corporate Governance and Cooperatives in Developing Countries. This peer review will help advance the policy and research agenda of corporate governance for cooperatives in the developing world. Equally important, the resulting priorities identified by participants will provide momentum towards practical solutions and approaches.

Raising Awareness, Building Consensus

OECD Policy Dialogue

The OECD is a unique forum where the governments of 30 democracies work together to address the economic, social, and environmental challenges of globalization in close cooperation with many other economies. One of these challenges is corporate governance and, in response to this, the OECD has developed internally agreed upon Principles of Corporate Governance, which have served as basis for regional policy dialogue programs worldwide organized by the OECD in partnership with the IFC/World Bank and with the support of the Forum. In this way, the OECD provides a setting where governments and other stakeholders can compare experiences, seek answers to common problems, identify good practices, and work to coordinate domestic and international policies.

Latin American Companies Circle

This program introduces prospective global investors to publicly traded companies in

Latin America that exemplify good corporate governance practices. Many of these companies' investments in corporate governance reforms have already achieved results: increasing their stock value; tripling their market capitalization; and, achieving company growth.

Support for Sub-Saharan Africa

The Forum is working with the World Bank to identify key corporate governance issues and solutions in several countries in Sub-Saharan Africa (currently Zambia and Senegal). These assessments will shape policy recommendations for reform and provide guidance on priorities. This effort will also embrace the harmonization and efficiency of policies for government ownership of state enterprises and provide recommendations on disclosure standards. The proposals will be shared and discussed in consultation with stakeholders and incorporated into a country action plan.

Capacity Building, Technical Assistance

Institutionalizing Director Professionalism, Development

The Forum fosters sustainable director training organizations to facilitate improved professionalism and standards. Towards this end, the Forum developed the toolkit “Building Director Training Organizations.” For example, in Panama, three business models and experiences in implementing director training and/or board-related and corporate governance-related services to enterprises were presented. Confecamaras (Colombia), the Center for Corporate Governance Excellence (Mexico), and the Institute of Brazilian Corporate Governance demonstrated their approaches.

Capacity Building in Southern African Development Community

The Forum is driving this multi-year, capacity-building initiative with the Southern African Development Community (SADC)/Development Finance Resource Centre (DFRC). Involving 23 Development Finance Institutions (DFIs) in 10 African countries, this effort will leverage capacity building and technical assistance through the development of a corporate governance and director development

program. This will strengthen the roles of 23 DFIs as financial intermediaries and ultimately benefit their clients. DFIs are one of the most significant contributors to investment in Africa, playing a vital role as financial intermediaries in filling the financing gaps in undeveloped markets and a significant feature of the Forum's poverty alleviation thrust.

Corporate Governance Code Workshops in Egypt, Jordan

Workshops underway in the Middle East and North Africa reflect a commitment by business and regulatory leaders to voluntarily adopt internationally accepted corporate governance practices using the Forum's toolkits. The main issues discussed in Cairo included: the code's usefulness; its objectives; initiating the process; setting up an action plan; and, managing difficulties.

The session in Amman focused on drafting the code's content and consulting stakeholders. The discussions covered: assessing the country's existing corporate governance and company law frameworks; identifying gaps and specific corporate governance issues to be addressed in the MENA context; the consultation process; and, code drafting.

AHEAD:

Commonwealth Expert Consultation on Corporate Governance Strategy, London, February 20

OECD China Policy Dialogue on Corporate Governance, Shanghai, March 29-30

Latin American Companies Circle Seminar, Mexico, March 14-15

African Development Bank Annual Meeting, Shanghai, May

Forum Steering Committee of Donors and Founders, Paris, May 25

12th Annual Conference of the International Corporate Governance Network, Cape Town, July 4-6

Media Training

To promote a better understanding of corporate governance issues and to help the financial media monitor corporate practices, the Forum has designed a program, which includes practical case studies, exercises, on-site visits, and technical presentations. This was launched in November 2006 in Belgrade for journalists from Southeast Europe in cooperation with the IFC Private Enterprise Partnership for the region. This workshop and future consultations will serve as a basis for developing “Corporate Governance Tools and Resources for the Media.”

“This new approach in adult learning methodology and case study development will enhance my skills as a trainer in educating company directors. The training experience was excellent and revealing.”

PARTICIPANT
CORPORATE GOVERNANCE LEADERSHIP
PROGRAM FOR EAST AND SOUTHERN AFRICA
JULY 2006