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Mudara IOD welcomes its new members, and looks forward to working with them in advancing corporate governance and directorship in the region.

Board Members and Senior Directors are invited to apply for membership of Mudara IOD.

Mudara IOD serves the entire Middle East and Mena region.

## From the CEO

Welcome to the premier issue of the Newsletter of Mudara Institute of Directors (IOD). This will be one of our means of contact with you. We look forward to your comments and suggestions for improvement.

Mudara IOD has been established as a DIFC initiative to improve corporate governance and boardroom performance in the region. It is a professional membership organization, formed along the lines of many such membership organizations which have been established, for the benefit of their members, around the world. As a professional organization, it is standards based, with criteria for membership, a code of conduct, and provides continuous professional development opportunities for members.

Mudara aims to serve the professional needs of board members, directors and governance professionals in the Middle East and North Africa (MENA) region.

By advocating the interests of boards and facilitating professional development through education, research, information, networking and dialogue, Mudara IOD promotes director excellence.

Through membership of the Institute, professionals and board members will be able to acquire the knowledge, expertise and support necessary for enhancing corporate directorship. We seek to empower directors and board members to maximize their potential by providing the resources for best practices, business performance and professional development.

We look forward to a mutually beneficial relationship with you.

Khalid M. Al Suwaidi



## A New Toolkit from GCGF/IFC

The Global Corporate Governance Forum (GCGF) is an International Finance Corporation (IFC) multi-donor trust fund facility located in the IFC/World Bank Corporate Governance and Capital Markets Department. The Forum was co-founded by the World Bank and the Organization for Economic Co-operation and Development (OECD) in 1999.

The Forum promotes sustainable economic growth and poverty reduction within the framework of agreed international development targets. The Forum focuses on practical, targeted corporate governance initiatives at the local, regional and global level.

The Forum has an extensive work program to support corporate governance reform in developing countries. The focus of the work program is based on four core pillars as defined in its charter.

As part of its efforts in supporting corporate governance reform, the Forum has created a new "Corporate Governance Board Leadership Training

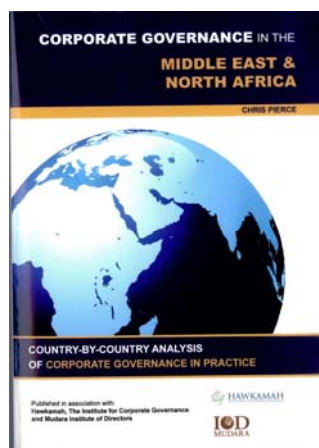
Resource Kit" to help those who train directors worldwide. This Resources Kit provides a comprehensive curriculum, from the role that directors play in their boards to the approaches that directors can use to ensure that boards and managers adhere to best practices.

The Corporate Governance Board Leadership Training Resources Kit will serve the growing need for curriculum content and teaching methodologies to enhance corporate governance training provided by:

- Institutes of directors
- Corporate governance associations
- Professional bodies
- Universities and other educational institutions

Mudara IOD has already successfully organized a workshop based on this Toolkit in which training from the region learnt to use the new techniques and materials.

## Recommended Reading for Directors



### Handbook on Corporate Governance in Middle East & North Africa

With the rapid growth of foreign direct investment and the involvement of global brands in the MENA region, companies and individual directors now need to understand their rights and duties and the state of corporate governance in the region.

This need is now very adequately met by a new handbook that launched recently. Written by Chris Pierce, one of the world's leading authorities on international corporate governance, the handbook provides comprehensive information on regional corporate governance in 19 regional countries.

The first definitive guide to the subject in the region, the handbook is an ideal guide for company directors, investment houses, fund managers, policy makers and professional firms engaged in business and investment in the region. The book is also a valuable resource for international organizations and boardrooms currently considering issues of risk and compliance associated with investment and business development in the region.

The handbook has been developed in association with Hawkamah and Mudara Institute of Directors (IOD).

#### The highlights of the handbook include:

- Detailed explanation of directors duties and corporate responsibilities in 19 countries
- Essential support for companies and investors engaged in the MENA region
- In-depth country-by-country assessment of corporate governance according to 17 criteria
- Authoritative regional overview and assessment of future development

To obtain a copy of this handbook, please email GMB Publishing at [order@gmbpublishing.com](mailto:order@gmbpublishing.com)



### TNI Market Insight –

Power Matters: A Survey of GCC Boards

The National Investor, in association with Mudara IOD and Hawkamah, have produced a ground-breaking, first-ever empirical research, "Power Matters", that analyzes boards of some 582 companies in the GCC, with 3493 individuals occupying 4254 board seats of listed companies in the Gulf. It identifies key trends in the region's boards, particularly on board composition, the participation of women in boards and the role of families in boards.

This study was done with the assumption that company directors are economically powerful, particularly in this region of the world, and that families in the Gulf have been at the core of political and economic influence. The purpose was to understand the mechanics of such power and of family influence.

This study also ranks the most powerful GCC families in Abu Dhabi, Bahrain, Dubai, Kuwait, Oman, Qatar and Saudi Arabia. This ranking is done on two criteria separately – the number of board seats held by the members of the family and by the market value of the shares held by the families.

Five main conclusions have been extracted from the survey.

"The National Investor PJSC" (TNI) is a privately owned regional investment and merchant banking group. As a regional organization, TNI operates from Abu Dhabi and Dubai in the UAE and Riyadh in Saudi Arabia. For more information about them please visit them at [www.tni.ae](http://www.tni.ae).

This publication is available on the Mudara Web-site for download. [www.mudara.org](http://www.mudara.org).

## COMMENTARY: Regional Drivers for Corporate Governance



By William P. Foster, Executive Director

In a leading regional financial center like the DIFC, it is important to understand why companies should come to the market in the DIFC (rather than elsewhere) and why companies should come to the market at all. Without going into the nature and advantages of the DIFC opportunities here, that understanding includes looking at typical GCC and MENA companies and asking why listing is such an important option for them in a period of sustained regional economic growth. (A recent Ernest & Young Family Business survey<sup>1</sup> shows 50% consider that going public is important for the survival of the family business). One of the keys to that is simply that listed companies as a group need to have better corporate governance.

Of course companies don't have to seek public listing to benefit from improved corporate governance, so we should look at some of the reasons why companies should want to add value through improving their corporate governance anyway.

Firstly, we should note the governance gap in the region. From the recent IFC/Hawkamah survey 1 around 70% of companies understand CG is important or very important, but 53% were unable to properly define what it is. Most think it is concerned with compliance with rules and regulations.

The corporate governance of an enterprise is the responsibility of the Board of Directors. CG is the systems and procedures by which an enterprise is directed and controlled. These should be designed to reinforce the core principles of responsibility, fairness, accountability and transparency, as well as the important values of good conduct such as honesty and integrity, that we set out in our Code of Conduct. Better governance does not just mean compliance, it means adding value for stakeholders. Even at a glance it is easy to see that better governed companies will be better performed. Others will see them as well performing and this will further increase their attractiveness and value.

80% of companies in the region are family businesses. So what are the typical drivers for family businesses now to improve their corporate governance and professional directorship?

I like to think of them as the 3 C's driving regional change – **COMPETITION, CONTINUITY and COHERENCE.**

**Competition** is about development. As part of the early stage of national development, many companies in the region have grown up as a protected franchise or under the protection of barriers to competition, foreign ownership or control. As these companies seek to attract technology and resources from overseas to support growth, or to expand their operations overseas, they need to show investors that they are well governed, and to deal with new responsibilities and liabilities as directors that arise from operating in foreign jurisdictions. As local markets become more open to competitors, through trade liberalization and reduced barriers to business location and ownership, productivity becomes more important in containing costs, thus driving improvements in management and governance.

**Continuity** is about sustaining the family business through the generations. Succession planning, transfer of control, protection of wealth, clear specification of roles and responsibilities within the family, and separation of the family business for the business of the family, all become important issues when the original founder/shareholder/owner/manager/governor/chairman contemplates the future for the family. These issues are all part of the corporate governance of the enterprise, looking at structure, clarifying roles, assigning responsibilities, demanding accountability, ensuring fairness, and being transparent.

**Coherence** is about alignment, and ensuring that resources and effort are not wasted in conflicting and unproductive uses. In a region of high growth and sometimes unexpected wealth, resources easily can be used in many ways that do not add value for shareholders, their national economies and the citizens; bribery or corruption can be seen as quick ways to get things done; enthusiasm for implementing new visions and schemes immediately can lead to conflicts and waste through lack of coordination and planning; less thorough assessments of risk; inflation from excess demand for resources, and ultimately frustration with lack of achievement, unplanned outcomes, or even failures. Good corporate governance and professional directorship can help governments, companies and other enterprises alike to minimize development risks, build support and focus development.

For these main reasons, and others, companies and their Boards throughout the region are evaluating their current governance and looking to introduce accepted or leading practice. Mudara IOD is pleased to provide a forum to enable Board members to share their experiences and learn from each other as they go through the challenge of making their businesses sustainable. Our Internationally accredited Director Development Programme and workshops on special areas of Board skills and practices are also available to equip Board members and potential Board members for the task.



Participants of the Training of Trainers – Corporate Governance Board Leadership Program, Abu Dhabi – July 28 to 31

The Mudara Blog

<http://www.mudaraiod.blogspot.com/>

## Did you know?

### Types of Directors

Directors/Board Members are generally of the following types depending on the country and the company – Chairman, CEO, Executive, Non-executive, Independent, Nominee, Alternate and Shadow. All of these types may not be present in a company.

These roles may include those of a --- decision-maker, representative of an interest group, challenger, supervisor, reflective listener, process manager, knowledge provider, company representative, status provider, innovator or developer.

The Directors/Board Members enjoy the following rights -- access to information, reimbursement for expenses incurred, discharge their duties without interference from co-directors, attend and participate in board meetings, notice of meetings, advice, delegation

The Board Chairman, being a Director/Board Member is responsible for –

- Providing overall leadership to the board
- The board agenda and work plan
- Working with chairmen of board

## Recent Event

### TRAINING OF TRAINERS

The first Workshop in the region to train Trainers who will use the new IFC/GCGF Corporate Governance Board Leadership Training Resources (Toolkit) in regional directorship and governance training was held in Abu Dhabi from 28-31 July, 2008.

This professional workshop was part of the Train-the-Trainer Program by the Global Corporate Governance Forum (the Forum) and the Private Enterprise Partnership of the International Finance Corporation (IFC-PEP-MENA) to introduce new curriculum and teaching methodologies relevant to regional corporate governance and directorship training

The Workshop was organised by Mudara Institute of Directors (IOD) and the Abu Dhabi Center for Corporate Governance (ADCCG) with the support of the Egyptian Institute of Directors (EIOD).

The purpose of the new Toolkit is to strengthen the skills of our corporate governance trainers, who, in turn, work

committees

- Managing an informal link between board and CEO/management
- Participation in selection, induction of Non-Executive Directors
- Counselling individual directors and evaluating their performance
- Managing relations with shareowners, investors, key stakeholders

The CEO, may or may not be a Director/Board Member but is responsible for –

- Working closely with board chairman
- Formulating strategy, business plan, gain board budget approval
- Financial and corporate objectives
- Formulating major corporate policies and supervising the management
- Ensuring effective management succession planning
- Ensuring continuous improvement in services, products
- Maintaining relations with investors, major customers, business partners

Source: IFC

directly with company directors. Expansion of our training programs using more trainers equipped with the latest methodologies and materials will exponentially improve our regional capacity to improve adherence to corporate governance best practices.

The event, comprising four days of intensive training, provided trainers from the region with lectures, case studies, and exercises to develop directors' boardroom skills.

Faculty members for this program include: Chris Pierce (corporate governance expert and program facilitator); Mary Jo Larson (training development expert); William Foster (Executive Director of Mudara IOD); Ashraf Gamal (executive director of Egypt IOD).

### Recent Events

May 19 to 20

Introduction to Board and Corporate Governance, Dubai

May 20 to 21

Practical Tools for Strategic Guidance and Managerial Oversight, Dubai

July 28 to 31

Training of Trainers – Corporate Governance Board Leadership Program, Abu Dhabi

### Planned Events

October 26-27, Manama, Bahrain

**Introduction to Corporate Governance**

October 28-29, Manama, Bahrain

**The Board**

November 17-18, Abu Dhabi

**Introduction to Corporate Governance**

November 19-20, Abu Dhabi

**The Board**

December 14-15, Dubai

**Strategic Leadership**

December 16-17, Dubai

**Financial Stewardship, Accountability & Leading, Planning Improvement**

For more information on Mudara please visit

<http://www.mudara.org>

For membership details, please email [membership@mudara.org](mailto:membership@mudara.org)

For registration details on the programmes & workshops, please email [profdev@mudara.org](mailto:profdev@mudara.org)

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