



“Doing Business 2008 Advisory Workshop”

Opens with wide participation from the public and private sector

The Doing Business 2008 Advisory workshop was held on 27th Feb 2008, under the patronage of the Prime Minister’s Office, and organized by Hawkamah, the Institute for Corporate Governance, in collaboration with International Finance Corporation (IFC), World Bank Group.

“Trade and investment are critical building blocks in the UAE’s drive for economic expansion and growth. As our economy develops we need to understand and perfect the reasons that attract foreign investments and enable new businesses to flourish at a time when global competition is becoming more intense” according to His Excellency Mohammed Al Gergawi, UAE Minister for Cabinet Affairs.

The Doing Business 2008 workshop commenced with a special focus on the



ranking of the UAE, and to propose an action plan to improve the doing business environment in the country and further enhance the country’s status as a favourable destination for regional and international businesses.

Al Gergawi outlined the progress that the UAE government has made in terms of creating an enabling environment for doing business the result of which the UAE ranked 8th on AT Kearney’s FDI confidence index in 2007 which ranks the attractiveness of countries in the eyes of foreign investors.

Gergawi announced that the UAE Cabinet is planning the establishment of the Emirates National Competitiveness Council, which will be a Public-Private sector initiative with government representation from both federal and local levels.

The aim of the Council as Gergawi put it will be to design policies that will boost the competitiveness of the UAE in all economic and social areas.

Dahlia Khalifa, Senior Strategy Advisor, IFC- World Bank Group, outlined key findings of ‘Doing Business 2008’, benchmarking the UAE for ease of doing business. She listed proposed guidelines the UAE could adopt to sustain its progress and increase its global ranking from the current 68th position.

The UAE ranks among the top ten in the areas of registering property (8th) and,

paying taxes regulations (4th). However challenges remain in the areas of starting a business (158th), getting credit (115th), enforcing contracts (144th), and closing a business (139th).

“While the UAE ranks ahead in several areas, reforms in a few key indicators will make it easier for entrepreneurs in the UAE to do business,” said Dahlia Khalifa senior strategy advisor of the Doing Business Project.

The workshop’s panel which included H.E. Abdallah AL Saleh, Director General, Ministry of Economy, Dr. Nasser Al Saidi, Executive Director, Hawkamah, Mr. Thomas Moullier, Program Manager Middle East & North Africa, IFC, and Mr. Faisal Jumaa BelHoul, Founder and Managing Partner, Ithmar Capital discussed the challenges that face the doing business environment in the UAE and the importance of developing proper reforms in that regard.

The workshop concluded with group presentations on proposed action plans for reforms to build on the UAE’s current offering of a first-rate investment environment.

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Founding Partners

Two prominent UAE-based regional banks joined hands with Hawkamah to promote corporate governance in the region. Emirates NBD and Bank of Sharjah have joined Hawkamah as Founding Partners, supporting Hawkamah’s regional activities as advocates for corporate governance reform.



Emirates NBD and Bank of Sharjah joins MasterCard and PWC as founding partners.



Hawkamah signs MOU with Arab International Women's Forum to advocate Corporate Sector Reform

The Hawkamah Institute for Corporate Governance (Hawkamah) announced that it has signed a Memorandum of Understanding (MoU) with the Arab International Women's Forum (AIWF) to advocate corporate sector reform and strengthen corporate governance for women entrepreneurs and their businesses in the MENA region. ↗



Dr. Nasser Al Saidi, Hawkamah, and Mrs. Haifa Al Kaylani, AIWF

UAE Bank Corporate Governance Awards



The Hawkamah Institute for Corporate Governance and the UAE Bankers' Forum recently announced that they will start receiving applications for the 2008 UAE Bank CG Award, an award to encourage

the adoption and implementation of good corporate governance among banks in the United Arab Emirates.

The UAE Bank Corporate Governance Award has been developed by Hawkamah to enable the UAE Bankers' Forum to obtain an independent and credible assessment of the quality and extent of corporate governance standards within banks across the UAE. Subsequently, UAE banks will also benefit from this process and will be able to use the award as a reference to set benchmarks for further improvements.

The UAE Bank Corporate Governance Award offers an ideal opportunity to recognize and acknowledge those banks that have shown a commitment to improving their corporate governance in accord with best international practices. Given global banking and financial turmoil, the UAE's banking industry has shown resilience and strength. Implementing stronger CG practices and frameworks will enhance the soundness and competitive position of the UAE's banking sector.

The award will be decided by an assessment from a prominent jury of international banking experts based on the information submitted and interviews with the finalists. Awards winners will be chosen based on their proficiency in the selected criteria of: Commitment to good Corporate Governance, Structure of the Board, Control Environment and Processes, Transparency and Disclosure and Treatment of Minority Shareholders.

The Award winners will be announced during the Emirates Bankers' Forum lunch in October 2008, in Dubai. Prizes will be awarded in the following categories: Overall Corporate Governance Structure, Board Governance and Transparency and Disclosure.

Submission of applications starts of on 27th April 2008 and end on 31st July 2008. ↗

Due Diligence and Dynamics of Family Business

Hawkamah, The Institute for Corporate Governance, the Dubai-based Tharwa Management Consultancy, and the New York based Institute for Private Investors, assembled 20 family members in the DIFC for an exclusive, hands-on workshop to explore governance and succession challenges faced by many regional families.

The hands-on workshop explored how an effective governance model can address succession challenges; the implications of family domination in boards and management; family delegation; and how can a family determine the competence of family members to oversee money managers.

The program was designed to meet the sophisticated needs of regional families using two formats – interactive case studies. Because many families employ a number of local outside money managers, they are motivated to learn how to better monitor their managers and more astutely evaluate the broad array of products offered by financial service providers. The individuals in these families represented a broad spectrum of investment views and levels of investment knowledge, yet all shared a commitment to improving their understanding of the complexities of the financial landscape and becoming more sophisticated stewards of their own wealth.

Another case study, *Selecting Managers*, fine-tuned participants' powers of discrimination. What constitutes a good track record? How can one measure the risk? Attendees saw due diligence in action during *The Grill®* of several managers, including a money manager and a private equity firm. When families decide to complete separation of business owners from management, certain family members may seek a viable exit strategy or alternative liquidity options.

A case study on *Transition in Family Businesses* addressed the different options and strategies. Is private equity a route to consider? Should the business remain in private hands or is an IPO beneficial? How will family members handle the liquidity event? The pilot one-day workshop explored the level of interest that families have on governance issues, and is the starting point of Hawkamah's engagement with regional families. ↗

Members' Contribution

Hawkamah welcomes the contributions of members to highlight corporate governance trends and practices in the region. This section reflects the opinion of the author and does not necessarily reflect Hawkamah's views. ↗

Corporate Social Responsibility and Sustainable Competitiveness-

by Dr. Djordjija Petkoski and Amina El-Sharkawy, World Bank Group

Sustainable and inclusive business, as an integral part of corporate social responsibility (CSR), can be used as a core strategy and tool for improved competitiveness, economic growth, and poverty alleviation. Many business leaders realize that their companies cannot compete unless the location in which they operate is competitive, and vice versa.¹ To “optimize” competitiveness, the private sector must engage with both national and local governments, as well as develop a better understanding of the complementarities among business, government, and civil society, leading ultimately to “sustainable competitiveness”.

What is needed, however, is to go one step further from the traditional thinking about competitiveness, especially in emerging economies, and redefine how business is done. This paradigm shift consists of two components:

1. Inclusive and Sustainable Business: Enhancing and Leveraging Competitiveness for Wealth Creation

Many business leaders increasingly understand that contributing to development goals translates into the creation of new markets. Per capita income is rising in the developing world, opening up vast markets at the “base of the pyramid” (BoP) – as incomes rise for the four billion people currently living on US\$5 per day or less, market opportunities expand exponentially. At the same time, business can contribute to accelerating the rise in income and opportunity by investing in infrastructure, R&D, and technologies for emerging economies and the developing world; hiring and developing local talent; buying from developing countries; and volunteering talent and time toward a particular issue – because it just makes good business sense.

Dovetailing from this, companies can also help create wealth for those 4 billion people at the BoP. New business models have focused mainly on cost structure, innovative distribution methods, and logistics, and have ignored the need to develop market institutions. Productive corporate engagement at the BoP will require an in-depth understanding of the meaning of “market based solutions”; clarification of the types of markets (informal or organized markets); and understanding how companies can connect factor and product markets to help create job opportunities. By the same token, it is also important to understand the complementarities between philanthropy,

CSR, and service to the poor, as these approaches cannot be easily separated.

2. Partnerships and Collective Action: New Forms, New Ideas

The development of new forms of partnership with government in the form of strategic engagements that demonstrate real, on-the-ground change is vital to realizing this new way of thinking. CSR engagement can provide a genuine laboratory for learning how to bridge the gap between society and business's needs, and holistically address national or regional development challenges. For example, public-private partnerships, such as the USAID-funded project Takamol in Egypt, emphasize CSR as a core component of its health sector improvement initiative. This project employs an integrated approach to increasing the availability and quality of reproductive health services and empowering local communities to build healthier societies.

Tackling the “How-To”

The main obstacles to implementing this new mode of operating are developing a new framework, which is presented in the June, 2008 issue of the World Bank Institute's *Development Outreach* magazine, and building capacity to create core competencies among key business, public policy, and civil society leaders. The World Bank Institute is launching an Executive Development Program aimed specifically to meet this demand. Further, given the vast potential and volume of requests for such a program in the Middle East-North Africa region, the World Bank Institute, jointly with InWEnt Capacity Building International, is working closely with local partners, including the Egyptian Institute of Directors, to develop a version of this Executive Development Program targeting the Arab World. ↗

Hawkamah and SHOORA to promote Corporate Governance in Family Businesses

The Hawkamah Institute for Corporate Governance (Hawkamah) - the leading Institute for Corporate Governance in the region and SHOORA - Family Business Advisors LLC recently announced the creation of the Forum for Families in Business. The Forum is a joint initiative that will provide second and third generation members of regional business families with an interactive forum to share, analyse and discuss key business and governance issues affecting the region's family businesses. The Forum aims to promote the interests of family businesses in the GCC and MENA regions at family, local, national and regional level.

Family businesses play a fundamental role in the business landscape of the Middle East. In the GCC in particular, family businesses account for over ninety percent of all commercial activities and are a key driver of the region's economy. In our region business is about family business.

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The ESG Index

Pushing the Envelope on Transparency and Greater Environmental and Social Responsibility

Hawkamah and Standard and Poors (S&P) have announced the development of an environment, social and governance index for the MENA region, which will be launched in a year.

Hawkamah has been working on advancing corporate governance in the region as a critical factor in building and enlarging the region's capital markets, to attract foreign direct investments, finance infrastructure and investments, and succeed in market liberalization and privatisation.

For the region's companies to fully buy-in on the benefits of good corporate governance and environmentally and socially responsible practices, market incentives need to be developed to push the companies towards better practices. Linking stock market performance to Environment, Social, and Corporate Governance (ESG) is, perhaps, the most effective way to highlight the concept of ESG.

Indices are increasingly being used to create derivatives products, exchange traded funds (ETF's), OTC products, and structured products, all of which provide liquidity and exposure to specific market segments and sectors. Investors, in turn, have access to an investable tool, which matches their portfolio choices.

The Environment, Social, and Corporate Governance (ESG) index will cover 11 countries in the MENA region, to include United Arab Emirates, Saudi Arabia, Qatar, Bahrain, Oman, Kuwait, Jordan, Egypt, Lebanon, Morocco, and Tunisia.

The purpose of the ESG index is to raise the profile of those companies that perform well along the three parameters of environmental, social and corporate governance responsibility when compared to their market peers. ↗

Hawkamah and Shoora (continued from page 3...)

As such, Hawkamah recognises the need to promote and encourage good corporate governance practices within these businesses by engaging in dialogue with young family business entrepreneurs, in order to sustain family businesses and their inter-generational transition and continuity. The Forum for Families in Business is for and about our region's families and aims to serve them and their objectives.

The Forum will engage a wide-ranging group of dynamic young individuals from prominent regional families to work with SHOORA and Hawkamah on issues of shared strategic importance to regional business families and to disseminate good governance practices and standards.

Over the next few weeks, a core group of younger members of families in business will be invited to form a steering committee to take charge of this Initiative with Hawkamah and SHOORA. A number of specialised events including seminars, workshops, and online forums will be organised for the benefit of young family business entrepreneurs. Their objective will be to promote awareness for governance processes at family and family business levels. ↗

Hawkamah welcomes our corporate members...

**Stern Stewart
EM Credit
Spencer Stuart M.E
Commercial Bank International
Burgan Bank**

We thank you for your support and look forward to engaging with you!



MEMBERS GET A FREE COPY OF HAWKAMAH'S MOST RECENT RESEARCH

Power Matters: A Survey of GCC Boards

The Hawkamah / TNI publication entitled, Power Matters, is a result of extensive research of 582 listed companies, covering close to 3500 Directors and over 4,250 Board seats. As a Hawkamah member, you can get an advanced free copy of the publication by emailing us at info@hawkamah.org.

Forthcoming Events

June 5

Directorship, Development and Diversity: Challenges for Women in Governance (program with the Arab International Women's Forum)
Cairo, Egypt

June 9

SII – Hawkamah Event on Integrity in Financial Markets (offered free for Hawkamah members)
Dubai, UAE

June 22

Capital Markets Roundtable for Investors with Millstein Centre (by invitation only)
Dubai, UAE

July 30-31

International Finance Summit: Revolution in Corporate Finance (offered at discount for Hawkamah members – www.financesummit.co.za)
Cape Town, South Africa

Become a Hawkamah Member

Today log on to:
www.hawkamah.org

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