

## **Tools for Transparency and Good Governance**

### ***“Corporate Governance & Access to Information”***

*Gérard Zovighian*

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Over the past six years, LTA has been working on promoting the principles of (i) Good Governance within the public sector, and (ii) Corporate Governance and anti-bribery initiatives within the private sector.

#### **Why is Corporate Governance critical?**

Good corporate governance serves as a framework to secure investor confidence, enhance access to capital markets, promote growth and strengthen economies by providing for clear ‘rules of the game’ and ‘checks and balances’, corporate governance systems, help to lower company costs (for capital and production) and increase economic output.

#### **Aligning corporate governance and anti-corruption**

The processes that characterize strong corporate governance systems align in many respects with the key elements that have been outlined by Transparency International in the *Business Principles for Countering Bribery*: effective risk management, integrity, transparency standards and accountability.

The overlap between rights and responsibilities, controls and oversight provide some clear entry points for linking the two complementary agendas and lessening the possibility that corrupt acts will occur.

#### **Recent Reform Efforts**

Recent corporate governance reforms have focused on the sources of system failures and their inability to effectively mitigate the full spectrum of company risks: financial, operational and corruption.

In response, companies and governments have increasingly pursued mechanisms to regulate and respond to the breakdowns that can lead to corruption by strengthening shareholder voting rights, providing clearer accounting standards to prevent fraud and applying more transparent executive remuneration practices. As the current global crisis unfolds, new areas are likely to emerge that focus increasingly on board accountability, risk management and company disclosure policies (such as exposure to financial products).

## **Moving the Agenda Forward**

The global crisis has revealed how excessive risk taking within companies has been fuelled by the lack of transparency, accountability and integrity which allowed abuses and corruption to go unchecked. In many instances, corporate governance systems fell short in responding to these problems as a result of not having fully aligned their corporate governance systems with anti-corruption mechanisms.

For example, more appropriate and effective whistle-blowing procedures by companies (an anti-corruption tool) could have ensured that insiders who recognized or identified the risks and abuses could have had a channel to voice them.

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## **Achievements**

In the framework of combating corruption in the Private sector and as a consultative body on Corporate Governance, LTA has:

- Established the Lebanon Corporate Governance Task Force (LCGTF) and held the first National Conference on Corporate Governance
- Published the 1<sup>st</sup> MENA publication on CG “CG in the MENA region” and the 1<sup>st</sup> Survey on the Status of CG in Lebanon
- Launched the 1<sup>st</sup> Lebanese CG Code for SMEs and FOEs
- Created the Anti-Bribery Network by bringing together Public and Private sector representatives to address issues of SYSTEMIC Corruption and Bribery in Lebanon
- Developed CG Guidelines for Banks and recommendations on the proposed amendments to Lebanese laws, particularly the Code of Commerce.
- LTA intends to finalize by the end of the year the creation of an Institute of Directors for Lebanon, with the support of major international and local partners
- Organized Workshops on the theory, practice and benefits of CG targeting members of Business Associations as well as training workshops (Tunisia, Jordan, and Oman) to share with these countries the Lebanese experience in establishing a CG Task Force.
- Launched a Program to promote Good Governance in Economic and Business Associations.

- Carried out CG assessments of companies, complete with recommendations and timetable for implementation. LTA is also introducing specialized training courses targeting Owners and Directors who wish to apply CG in their companies.

Today, we will be presenting to you a detailed description of LTA's most recent CG publications:

- **The Reference Guidebook for Family Owned Enterprises;**

**and**

- **The Corporate Governance Guidelines for Listed Companies.**
- **The Reference Guidebook** focuses on the CG of Family-Owned Enterprises (FOEs) and aims to provide such FOEs with (i) recommendations for the implementation of CG principles, (ii) toolkits on practical aspects of CG and best practice, and (iii) actual case studies within Lebanon. Indeed, developing reliable CG Guidelines for FOEs will help lead to sustained market growth over the long-term - in Lebanon and the Middle-East.
- **The Corporate Governance Guidelines for Listed Companies** aim at providing listed companies with reliable recommendations and guidelines, as they seek to introduce a sound system of CG which can inspire the trust of shareholders, investors and the public in Lebanon and the MENA region.
- Also, we will present the **Access to Information Network, its activities and objectives.**

**Thank you for coming, and we look forward to your active participation!**