

Press Release

SEC and International Finance Corporation Signs MoU to Strengthen Corporate Governance Reforms in Pakistan

Islamabad, August 19, 2005– The Securities and Exchange Commission of Pakistan (SEC) and the International Finance Corporation (IFC), the private sector arm of the World Bank, today signed a Memorandum of Understanding in Islamabad to promote and support corporate governance reforms in Pakistan.

“This is the first project of its kind in Pakistan to tackle corporate governance reforms on a holistic basis. It would serve to augment the initiatives of the SEC to achieve good corporate governance in the country. The project sets out to strengthen corporate governance practices of financial institutions and corporations, impart training to directors on their role and responsibilities and, finally, to build institutional capacity in terms of developing corporate governance curricula and trainings”, said Dr. Tariq Hassan, Chairman, SEC. He added that the project would help the Pakistan Institute of Corporate Governance assume its role of being a leading provider of knowledge and awareness in the country related to corporate governance practices.

“What makes this joint initiative so unique,” added Michael Essex, IFC’s acting director for the MENA region, “is that it will attempt to turn a short-term technical assistance project into a sustainable structure that is able to provide quality corporate governance services. It will do so by working with and through the recently-established Pakistan Institute of Corporate Governance.”

The initiative, the Pakistan Corporate Governance Project, is fully funded by IFC and proposes to support the Pakistan Institute of Corporate Governance in the following five areas:

- Setting up training and certificate programs on corporate governance for directors, managers and company secretaries
- Building research and development capacity to conduct surveys, and issue publications and best practice manuals
- Developing and providing consulting and advisory services on corporate governance to Pakistan’s banks and corporations.
- Raising awareness of corporate governance practices via conferences, seminars and roundtables
- Providing policy advice to the government and regulator on legal and regulatory reforms relating to corporate governance.

“This joint initiative is a business-project, with clearly defined goals, objectives and activities that are to be laid out in a detailed business plan”, said Jesper Kjaer, General Manager of IFC’s Private Enterprise Partnership for the Middle East and North Africa (PEP-Mena). He added, “All future services are to be based on internationally recognized best practices, yet at the same time tailored to Pakistan’s emerging market environment, focusing on key corporate governance issues relevant to family-owned structures. These include building professional boards, implementing internal control systems, facilitating succession planning and indeed information disclosure practices for minority, outside shareholders.”