



## **31 Leading Development Finance Institutions Bring Corporate Governance to the Forefront of Their Mission**

**Washington, D.C., October 19, 2007** - The leaders of 31 Development Finance Institutions issued today a joint statement that positions corporate governance at the forefront of their sustainable development agenda in emerging markets.

This is the first initiative of its kind by the DFIs. It highlights the increased role of good corporate governance as a facilitator of international capital flows to emerging market companies. The signatories recognize that DFIs can play a critical role in promoting good corporate governance practices in emerging markets. They aim to raise awareness, at both the private and public sector levels, of the importance of good governance to sustainable economic development.

Institutions that signed the Approach Statement on Corporate Governance Statement today cover most emerging markets around the world, including Africa, Latin America and the Caribbean, Asia, Middle East, and Eastern and Southern Europe. Together, they represent assets of almost \$1 trillion. A full list of participating institutions appears below.

This initiative provides a starting point for further and incremental commitment by the DFI community and the clients they serve.

As stated in the Approach Statement signed today, each DFI will endeavor to:

1. Develop or adopt guidelines, policies, or procedures on the role of corporate governance considerations in its due diligence and investment supervision operations; these could cover such aspects as: commitment to good corporate governance, the rights and equitable treatment of shareholders, the role of stakeholders, disclosure and transparency, and the composition and responsibilities of the board of directors.
2. Provide or procure training on corporate governance issues to its investment and supervision staff.
3. Encourage companies in which it invests (whether directly or indirectly) to observe local codes of corporate governance in the spirit of best international practice. Engage company management and board members in a dialogue to foster improvement in cases where corporate governance practices are weak.

4. Promote the use of internationally recognized financial reporting standards and encourage investee companies to adopt or align their accounting principles and practices to such standards.
5. Collaborate with other DFIs on an ongoing basis, and when appropriate, with its partners, to further advance the cause of good corporate governance.

## **COMMENTS FROM AND INFORMATION ON PARTICIPANTS:**

### ADB -Asian Development Bank

ADB, based in Manila, is dedicated to reducing poverty in the Asia and Pacific region through pro-poor, sustainable economic growth, social development, and good governance. Established in 1966, it is owned by 67 members – 48 from the region. In 2006, it approved loans and grants for projects totaling \$8.5 billion, and technical assistance amounting to almost \$242 million. [www.adb.org](http://www.adb.org)

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### AWS – Austria

Austria Wirtschaftsservice Gesellschaft mbH (aws) is the Austrian government promotional and investment bank. The main instruments are guarantees. Aws guarantees covering credit and project risks have a wide variety of applications. They can bear investment risks directly or can be used as security for banks in order to reduce the cost of external financing. They can also mobilize equity capital when used as capital guarantees for financial investors and funds. To date aws has supported more than 1,000 investments abroad. [www.awsg.at](http://www.awsg.at)

### AFDB - African Development Bank

The African Development Bank is the premier financial development institution of Africa, dedicated to combating poverty and improving the lives of people of the continent and engaged in the task of mobilizing resources towards the economic and social progress of its regional member countries. The Bank's mission is to promote economic and social development through loans, equity investments, and technical assistance.

[www.afdb.org](http://www.afdb.org)

### BIO - Belgian Investment Bank

Hugo Bosmans, CEO of BIO, said, *“This statement shows our commitment to good governance practices and our determination to support entrepreneurs in managing their businesses within a transparent and professional framework. The integration of those principles can help them in staying competitive and attracting additional investors to*

*further develop their operations. The private sector in developing countries could in time pave the way to good governance and become a model for other sectors.”*

The Belgian Investment Company for Developing Countries (BIO) is a development finance institution established in 2001, set up as a public-private partnership between the Belgian government and the Belgian Corporation for International Investment (BMI/SBI), each holding 50 percent of its capital. BIO's mission is to promote and support the private sector in developing and emerging countries through direct and indirect investments, by providing long-term financing to SMEs and microfinance institutions. [www.b-i-o.be](http://www.b-i-o.be)

#### BSTDB - Black Sea Trade and Development Bank

Signing the Corporate Governance Statement in Washington, Hayrettin Kaplan, BSTDB President, said, *"It is a very important part of our mission to promote principles and high standards of corporate governance in relations with our clients in the Black Sea region. We see it as a contribution to the formation of sound market economies and sustainable economic development."*

The Black Sea Trade and Development Bank (BSTDB) is an international financial institution established by Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, and Ukraine. Its headquarters is in Thessaloniki, Greece. With an authorized capital of SDR 1 billion (about \$1.5 billion), the Bank supports economic development and regional cooperation by providing loans, credit lines, equity, and guarantees for projects in the public and private sectors in its member countries. [www.bstdb.org](http://www.bstdb.org)

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#### BCIE - Central American Bank for Economic Integration

The Central American Bank for Economic Integration (BCIE) is the multilateral financial entity in Central America. It was founded in 1960, and its headquarters are in Tegucigalpa, Honduras. The founding member countries are: Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. Recently new members include Argentina, Belize, the Republic of China (Taiwan), Colombia, the Dominican Republic, Mexico, Panama, and Spain. BCIE's mission is to promote integration and economic development in Central American countries. [www.bcie.org](http://www.bcie.org)

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#### CAF - Andean Development Corporation

*“CAF has been committed to the promotion of good corporate governance practices in the region as a contribution to its sustainable development. The Approach Statement we are endorsing constitutes a joint message from the development financial institutions toward that goal,”* said CAF President Enrique Garcia.

Corporación Andina de Fomento (CAF) is a multilateral financial institution whose mission is to support sustainable development and regional integration in Latin America. Established in 1970, in Caracas, Venezuela, it has country offices in Bogotá, Brasilia, La Paz, Lima, and Quito. CAF serves both the public and private sectors of the economy, providing a variety of products and services to a broad portfolio of clients that include the governments of shareholder countries as well as public and private companies and financial institutions. Social and environmental variables are deemed key in the Corporation's management policies, including sustainability criteria. [www.caf.com](http://www.caf.com)

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CDC Group plc, UK

*"Good corporate governance is simply good business. CDC is delighted to support the Approach Statement on Corporate Governance and welcomes the continued collaboration with the DFI community, making good corporate governance the cornerstone to working practices as a foundation to sustainable economic development in the emerging markets,"* said Richard Laing, CEO of CDC Group plc.

CDC's mission is to generate wealth in the emerging markets, particularly in poorer countries, by providing capital for investment in sustainable and responsibly managed private sector businesses. CDC has been providing capital to developing countries for nearly 60 years. Its target is to make 70 percent of its investments in the poorest countries, those with annual GDP below \$1.75 billion. Priority markets are in Africa and South Asia. As a fund of funds investor working with over 30 fund managers, CDC's capital is deployed in over 300 companies in 84 countries. CDC has net assets of about \$4 billion. [www.cdcgroup.com](http://www.cdcgroup.com)

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COFIDES – Spain

Operating since 1990, COFIDES (Compañía Española de Financiación del Desarrollo S.A.) is a state- and private-owned company that provides cost-effective financial support for private direct investment projects in developing and emerging countries where there is a Spanish interest. COFIDES has supported projects in 50 countries and has today a global investment capacity of €917 million, with an upper limit per individual project of €25 million. [www.cofides.es](http://www.cofides.es)

DFCU Limited-Kampala-Uganda

Moses K. Kibirige, DFCU Executive Director, said, *"Corporate governance is very important in all activities Development Finance Institutions participate in. This is visible both in the DFIs and in their clients. We at DFCU Group look forward to being a party to this occasion as we develop our institution and promote economic development in general."*

The Development Finance Company of Uganda (DFCU) Limited was established in 1964 and is the parent company of DFCU Group. It is a leading financial institution that provides mortgage finance, term finance, leasing, and, through its subsidiary DFCU Bank, commercial banking services. Major shareholders include Commonwealth Development Corporation, National Social Security Fund, and Norfund. DFCU's culture is based on values on teamwork, integrity, excellence, customer focus, corporate social responsibility, and sustainable development. DFCU's investments are mainly in small and medium enterprises. [www.dfcugroup.com](http://www.dfcugroup.com)

#### DBSA - Development Bank of Southern Africa

The Development Bank of Southern Africa is a leading development finance institution in Sub-Saharan Africa, playing the roles of financier, advisor, partner, implementer, and integrator. The Bank maximizes its contribution to sustainable development by mobilizing financial knowledge and human capital to support governments and others engaged in development as they help improve the quality of life for people in the region by funding infrastructure projects; accelerating the sustainable reduction of poverty and dependency; and promoting broad-based economic growth and regional economic integration. [www.dbsa.org](http://www.dbsa.org)

#### DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Germany

DEG, member of KfW Bankengruppe, is one of the largest European development finance institutions. For more than 40 years, DEG has been financing and structuring the investments of private companies in developing and emerging market countries. DEG invests in profitable projects that contribute to sustainable development in all sectors of the economy. To date, DEG has worked together with more than 1,300 companies. By providing €7.7 billion in financing, a total investment of €50 billion euros could be mobilized. [www.deginvest.de](http://www.deginvest.de)

#### East African Development Bank

A leading development finance institution with an overriding objective of promoting development in East Africa, EADB plays a threefold role of lender, advisor, and development partner. The Bank provides a range of products and services which are tailored to the region's development requirements. The Bank offers a broad range of financial services in the member states of Kenya, Tanzania, and Uganda to strengthen socioeconomic development and regional integration. [www.eadb.org](http://www.eadb.org)

#### EBRD –European Bank for Reconstruction and Development

The European Bank for Reconstruction and Development invests in countries from Central Europe to Central Asia to promote their transition to full market economies. EBRD financing encourages sustainability through high standards of transparency, corporate governance, and environmental protection. [www.ebrd.com](http://www.ebrd.com)

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### EIB - European Investment Bank

EIB Vice President, Philippe de Fontaine Vive, welcomed the initiative, stating that, *“signature of the Approach Statement on Corporate Governance represents the Bank’s strong commitment to supporting a new generation of entrepreneurs that want to be part of a transparent global business community.”*

The European Investment Bank (EIB) was created by the Treaty of Rome in 1958 as the long-term lending bank of the European Union. The task of the Bank is to contribute to the integration, balanced development, and economic and social cohesion of the EU member states. Outside the Union, EIB lending is governed by a series of mandates from the European Union in support of EU development and cooperation policies in partner countries. Current EIB external mandates include: the enlargement area of southern and eastern Europe; the Mediterranean neighborhood; Russia and the Eastern neighborhood; Africa, the Caribbean, and the Pacific; and Asia and Latin America.

[www.eib.org](http://www.eib.org)

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### FINNFUND – Finnish Fund for Industrial Cooperation LTD

Finnfund is a Finnish development finance company that provides long-term investment loans and risk capital for private projects in developing countries and in transition economies outside the EU. Finnfund offers financial services for industrial and service sector ventures, provided there is a Finnish interest connected to the project. In addition to profitability, Finnfund emphasizes the positive social and environmental impacts. In addition to long-term investment loans, it can make equity investments and provide subordinated loans or other mezzanine financing. Regardless of the form of finance, Finnfund always participates as a financial investor with a minority stake. The number of investments in the portfolio is 91, worth a total of €235 million. [www.finnfund.org](http://www.finnfund.org)

### FMO –The Netherlands Development Finance Company

*“FMO is proud to have played a leading role in setting the stage for what today becomes a landslide victory for good corporate governance. By signing this statement and incorporating corporate governance standards in their financing decisions, Development Finance Institutions contribute to better performing businesses in emerging markets and developing countries,”* said Arthur Arnold, CEO of FMO.

FMO is the international development bank of the Netherlands. FMO invests risk capital in companies and financial institutions in developing countries. FMO's investment portfolio is €2.7 billion, and FMO is one of the largest bilateral development banks worldwide. Thanks in part to its relationship with the Dutch government, FMO is able to take risks the commercial financiers are not—or not yet—prepared to take. FMO's mission: to create flourishing enterprises, which can serve as engines of sustainable growth in their countries. [www.fmo.nl](http://www.fmo.nl)

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#### IDB/ IIC – Inter-American Development Bank/ Inter-American Investment Corporation

The Inter-American Development Bank, the oldest and largest regional multilateral development institution, was established in 1959 to help accelerate economic and social development in Latin America and the Caribbean. Today, the Bank's membership totals 47 nations, including 26 Latin American and Caribbean countries, the United States, Canada, and 19 countries outside the region. In carrying out its mission, the Bank through December 31, 2006, approved \$145 billion for projects that represent a total investment of over \$335 billion. The Bank's operations cover the entire spectrum of economic and social development, with an emphasis on programs that benefit low-income populations. [www.iadb.org](http://www.iadb.org)

The IDB Group also includes the Inter-American Investment Corporation (IIC), an autonomous affiliate that promotes economic development by financing small and medium enterprises. [www.iic.int](http://www.iic.int)

#### IBRD - International Bank for Reconstruction and Development

The World Bank is a vital source of financial and technical assistance to developing countries around the world. It is not a bank in the common sense. It is made up of two unique development institutions owned by 185 member countries—the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). Each institution plays a different but supportive role in the Bank's mission of global poverty reduction and the improvement of living standards. The IBRD focuses on middle-income and creditworthy poor countries, while IDA focuses on the world's poorest countries. [www.worldbank.org](http://www.worldbank.org)

#### IDC -Industrial Development Corporation of South Africa Ltd

The IDC is a self-financing national development finance institution whose primary objectives are to contribute to the generation of balanced, sustainable economic growth in Africa and to the economic empowerment of the South African population, thereby promoting the economic prosperity of all citizens. The IDC achieves this by promoting entrepreneurship through the building of competitive industries and enterprises based on sound business principles. [www.idc.co.za](http://www.idc.co.za)

#### IFC- International Finance Corporation, World Bank Group

Lars Thunell, IFC Executive Vice President and CEO, said, *"Corporate governance plays an important role in development. Good practices help improve transparency and build investor confidence in public and private companies in emerging markets. This initiative is a first step recognizing that effective corporate governance can have a greater impact in facilitating capital flows."*

IFC, a member of the World Bank Group, fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing private capital in local and international financial markets, and providing advisory and risk mitigation

services to businesses and governments. IFC's vision is that poor people have the opportunity to escape poverty and improve their lives. In FY07, IFC committed \$8.2 billion and mobilized an additional \$3.9 billion through loan participations and structured finance for 299 investments in 69 developing countries. IFC also provided advisory services in 97 countries. [www.ifc.org](http://www.ifc.org)

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IFU, Denmark

IFU's legal mandate is to promote economic activity in developing countries by promoting investments in these countries in cooperation with Danish enterprises. IFU is part of a range of official Danish activities with the overall purpose of promoting economic and social progress in developing countries.

Website: [www.ifu.dk](http://www.ifu.dk)

Islamic Development Bank

The Islamic Development Bank (IDB) is a multilateral development bank established to foster the economic development and social progress of its member countries and Muslim communities in non-member countries in accordance with the principles of Shari'ah (Islamic Law). The functions of the Bank are to participate in equity capital and grant loans for productive projects and enterprises. It is also charged with the responsibility of assisting in the promotion of foreign trade, especially in capital goods, among member countries, and with providing technical assistance to member countries.

[www.isdb.org/irj/portal/](http://www.isdb.org/irj/portal/)

Norfund, Norway

Norfund is a state-owned company established by law with limited liability. Its capital is provided by appropriations over the government's development assistance budget, and its activities are conducted in accordance with the fundamental principles for Norwegian development cooperation. Norfund's objective is to contribute risk capital for investment, as well as knowledge, in order to enhance value creation in the private sector. Its attention is focused on those countries that have made least development progress, and where its capital will have the biggest effect.

[www.norfund.no](http://www.norfund.no)

OPIC – Overseas Private Investment Corporation

OPIC was established as an agency of the U.S. government in 1971. It helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy. OPIC's political risk insurance and financing help U.S. businesses of all sizes invest in more than 150 emerging markets and developing nations worldwide. Over the agency's 35-year history, OPIC has supported \$164 billion worth of investments that have helped developing countries to generate more than 732,000 host-country jobs and \$13 billion in host-government revenues.

[www.opic.gov](http://www.opic.gov)

#### PROPARCO – France

PROPARCO is a development finance institution partially owned by the French Development Agency and by private shareholders. Its mission is to catalyze private investment in developing countries. The company's strategy focuses on the manufacturing sector, financial sectors, and infrastructure, and it invests in a wide geographic range of countries – from the big emerging countries to the poorest nations. PROPARCO provides a complete range of financial instruments, serving the specific needs of private investors in developing countries (loans, equity investments, guarantees, structures finance). PROPARCO's balance sheet is €1.0 billion, and total commitments €500 million for 2007.

[www.proparco.fr](http://www.proparco.fr)

#### PTA –Eastern and Southern African Trade and Development

The President of the Bank, Dr. Michael Gondwe, said that the Approach Statement on Corporate Governance *“is a good starting point in building strong DFIs and promoting networking within the organizations. We fully embrace good governance at the Bank, since we appreciate the role it plays in creating strong and sustainable institutions.”* The Eastern and Southern African Trade and Development (PTA) Bank is a regional development financial institution whose mandate is to foster economic growth and promote regional integration among member states. The shareholders of the Bank are: Burundi, China, Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe. The African Development Bank (AfDB) is an institutional shareholder. The Bank's authorized capital currently stands at \$2 billion, while a total of over \$3 billion has been lent to various key sectors of member states' economies during the two decades that the Bank has been operational. [www.ptabank.org](http://www.ptabank.org)

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#### SBI – Belgian Corporation for International Investment –Belgium

SBI is a semi-public investment company, whose main objective is medium- to long-term co-financing of foreign investments by Belgian companies. Its activities are oriented towards the creation of new joint ventures or subsidiaries worldwide, as well as the acquisition, restructuring, or development of existing companies. SBI can offer Belgian companies flexible and attractive financing packages as well as services that can contain an important added value based on its extensive experience in managing foreign investment projects and its large network of correspondents and partners, both in Belgium and abroad. [www.bmi-sbi.be](http://www.bmi-sbi.be)

#### Swiss Investment Fund for Emerging Markets -Switzerland

The Swiss Investment Fund for Emerging Markets (Sifem) manages the investment portfolio of SECO (Swiss State Secretariat for Economic Affairs) in emerging economies. Sifem focuses on small and medium enterprises with limited or no access to capital markets. It provides investment financing in the form of equity, quasi-equity, and debt. Its investments are placed primarily through intermediaries such as private equity funds, banks, microfinance institutions, and leasing companies. Sifem's mission derives from the belief that investments in emerging markets can provide risk-adjusted returns, while at the same time generating sustainable, long-term development impacts in local communities. [www.sifem.ch](http://www.sifem.ch)

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SIMEST - Institute for the Development and Promotion of Italian Business Abroad

SIMEST is the development finance institution dedicated to supporting and promoting the activities of Italian companies abroad. SIMEST was set up as a limited company in 1991. It is controlled by the Ministry for Productive Activities, and its private-sector shareholders include major Italian banks and industrial business organizations. Its purpose is to promote Italian investment abroad and to provide technical and financial support for projects. It promotes direct investment by Italian companies outside the European Union and administers various forms of public support for the internationalization of the Italian economy. [www.simest.it](http://www.simest.it)

Swedfund –Sweden

Swedfund International AB offers risk capital and know-how for investments in Africa, Asia, Latin America, and non-EU members of Eastern Europe. Swedfund's vision is to contribute to the development of viable businesses, thereby stimulating sustainable economic development in its investment countries. Swedfund is specialized in the field of complex investment environments with a high level of country risk. With a broad spectrum of financial solutions, combined with knowledge and experience, Swedfund gives its partners an opportunity to make more profit on their investments.

[www.swedfund.se](http://www.swedfund.se)