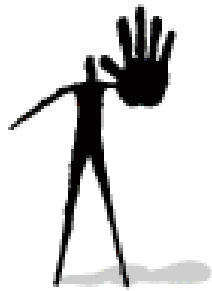


The Lebanese Transparency Association (LTA)
&
The Lebanon Corporate Governance Task
Force
(LCGTF)



NO CORRUPTION
THE LEBANESE
TRANSPARENCY
ASSOCIATION

**Special Strategic
Session**

The SME Challenge

Badri el Meouchi

**LEBANON
CORPORATE
GOVERNANCE
TASK FORCE**

What are the objectives of the LCGTF?

- Identify structural and functional innovations in the Lebanese private sector.
- Assessing current status and practice of CG in Lebanon.
- Implement better CG standards at the financial markets' level, the private level, and the public level.



Code of Corporate Governance for SMEs & FOEs

- **LTA and LCGTF, in partnership with the Center for International Private Enterprise (CIPE), have launched a code of Corporate Governance for Small and Medium Enterprises (SMEs) in Lebanon.**
- **SMEs are of particular importance due to the fact that 95% of companies in the Lebanese private sector are SMEs. (2004 survey results)**



Code of Corporate Governance for SMEs & FOEs

- **Research carried out over a period of nine months.**
- **Corporate lawyers as well as business law professors played a major role in this research.**
- **Researchers looked at the results and documents of other organizations, such as the OECD principles on Corporate Governance.**



Code of Corporate Governance for SMEs & FOEs

- ***Drafting process:*** took into consideration the results of the research and international best practice standards as well as the Lebanese legal and corporate system.
- ***Involvement of stakeholders for their observations and input:*** SME's & FOEs, professional business associations, and NGO's of relevant interest such as the Lebanese Corporate Governance Task Force.



Code of Corporate Governance for SMEs & FOEs

- 1. The first section is an introduction with a preamble that provides details on the purpose of the code, as well as definitions of the terminology used.**
- 2. The second section addresses shareholders' rights and obligations.**
- 3. The third section deals with the board of directors; its structure, responsibilities and prerogatives.**
- 4. The fourth section deals with auditing and related aspects of corporate transparency.**



Future Activities to Promote the Adoption of this Code by SMEs & FOEs

- Presentations/workshops on the code
- Illustration and emphasis of the individual economic benefits of an adoption of the principles of transparency, accountability and good governance.
- Creation of a support centre



LCGTF Website

The benefits of the LCGTF website will be:

- **The provision of comprehensive knowledge of CG codes and principles**
- **Recommendations on how to implement these principles in the Lebanese and Arab countries' case**
- **Information on relevant ongoing activities and events as well as contact information.**

The impact of the project will be to have an extensive number of SMEs, FOEs, SOEs, and financial institutions abide by the principles that are championed by the LCGTF and promoted on the website.



Institute of Directors

- **Provide technical knowledge and training of corporate governance principles and their application;**
- **Help to increase the understanding of legal requirements and obligations;**
- **Provide insights to minority shareholders rights;**
- **Help to build a larger pool of non-executive/independent directors**
- **As a crucial step in achieving the above-mentioned goals, LTA and LCGTF seek to establish an Institute of Directors that is dedicated to applying ‘best practice’ in corporate governance for board members and other interested parties.**



Benefits of Applying Corporate Governance

- *Compliance with CG principles can benefit the owners and managers of SMEs and FOEs and increase transparency and disclosure by:*

(a) Improving access to capital and financial markets;

(b) Help them survive in an increasingly competitive environment through mergers, acquisitions, partnerships, and risk reduction through asset diversification;

(a) Provide an exit policy and ensure a smooth inter-generational transfer of wealth and divestment of family assets.



THANK YOU



**LEBANON
CORPORATE
GOVERNANCE
TASK FORCE**