“GLOBAL TRENDS IN CORPORATE GOVERNANCE: WHAT ARE THE LESSONS FOR ZAMBIA?”

A Presentation to

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By

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What is Corporate Governance?

Corporate Governance defined:
“The system by which Companies and Organisations are governed, controlled and managed”

UK CADBURY REPORT 1992
What is Corporate Governance?

- Regulate the exercise of **Power**, **Authority**, **Direction**, **Control**.
- Ensure that the **objectives** of the **Organisation** are achieved on a sustainable basis.
- The Corporate Governance system ensures that **checks and balances** are in place.
- Defines who does what!
What is the purpose of Corporate Governance?

- To ensure that the Organisation is governed in a way that is consistent with the Principles of good Corporate Governance.
What is the purpose of Corporate Governance? …/contd.

- **The Main Principles**
  1. Integrity
  2. Responsibility
  3. Accountability
  4. Transparency
  5. Efficiency
  6. Sustainability
  7. Reliability
Attract Investors and Donors – both local and foreign – and assure them that their investments will be secure and efficiently managed in a transparent and accountable process.
Ideals of Corporate Governance .../contd.

- **Create competitive and efficient Companies** business enterprises and Organisations.

- **Enhance the accountability and performance of those entrusted to manage Organisations.**

- **Guard against fraud.**
There has been an increased global realisation that GOOD CORPORATE GOVERNANCE is a powerful means to create a business environment which will lead to the following positive developments in any country.
Global Trends in Corporate Governance in the last 30 odd years.../contd.

- Enhanced Investor Confidence
- Increased Transparency and Accountability
- Financial Stability
- Increased FDI
- Sustainable Economic Growth
There has been a global shift from Government control to liberalisation.

Prior to 1991 the Zambian economy was 80% controlled and held in Government hands, and only 20% in Private sector hands.

Today – 80% is Private sector and 20% is Government controlled.
Success stories of Government decontrol and commercialisation in Zambia

Commercialisation of Water Utility Sector

- During the year 2000 Government passed Legislation to reform the Water Sector
- Local Government Authority divested from operating Water and Sanitation Services
Success stories of Government decontrol and commercialisation in Zambia.../contd.

- Commercial utility Companies were incorporated with NWASCO as Regulator
- Independent Boards of Directors appointed, and trained in Corporate Governance
- The result;
  - Reinvestment in infrastructure and more efficient water distribution and sanitation services.
Incorporation of the IDC

1. Government took a landmark decision in 2013 to incorporate the IDC, under the Companies Act as a response to addressing some of the negative impacts of privatisation.
Incorporation of the IDC

2. GRZ ceased to be a direct shareholder in all SOE’s
3. IDC became the new shareholder with its own Board of Directors
Success stories of Government decontrol and commercialisation in Zambia./contd.

Incorporation of the IDC

4. IDC as the Holding Company of all government investments is operating on strong Corporate Government principles and practices.
Incorporation of the IDC

5. IDC held Companies are beginning to operate more efficiently and have started making profits and declaring Dividends.

6. The Chairmanship of the IDC Board however raises Corporate Governors concerns.
Global Trends in Board Structure, Appointments and Board Membership

Tenure

1. Board members appointed through a nominating committee to ensure proper compliance with established nominating procedures and to facilitate and coordinate the search for a balanced and qualified Board.
Global Trends in Board Structure, Appointments and Board Membership Tenure …/contd.

2. Board members appointed for a minimum period of 3 years

3. Separation of functions and roles between Chairperson and CEO

4. Independent Directors are now a requirement for listed Companies in Asia, Europe and USA
5. GENDER DIVERSITY is becoming a strong norm in Japan 30%; UK 25%, Canada 40%, Brazil 40%, France 40%, Europe 40%.

6. In the US; Europe; Brazil and Mexico it is strongly recommended that a formal Performance Evaluation of the Board, individual Directors and of the CEO’ should be undertaken annually.

7. Corporate social responsibility
Conclusion

- As business practitioners, you have a duty to remain current on global Corporate Governance trends.

- The new Companies Act # 10 of 2017, has raised the bar for Corporate Governance compliance in Zambia, and I would encourage you to study the new Law closely.
Make it your responsibility to determine whether your company or organisation is adhering to best practice locally and globally.

If your Company is not fully abreast, or compliant, determine a road map for change.
I THANK YOU!
Questions?

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