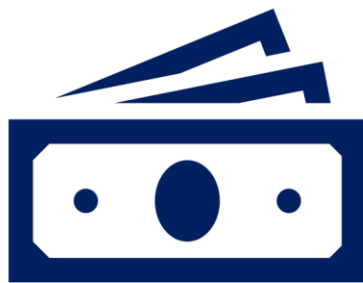


Corporate Governance in MSMEs

Webinar Report

Accessing Capital Strategically for MSMEs

18 September 2019





Pearl Initiative

Webinar Report: “Accessing Capital Strategically for MSMEs”, 18 September 2019

Summary

Micro, small, and medium-sized employees across the Gulf Region are often referred to as the backbone of the regional economy. They account for between 80% and 90% of registered companies across the region, but their contribution to regional GDP remains low.

In being ubiquitous, MSMEs are the employers of between 20% and 50% of the regional workforce. Gulf Region countries are going above and beyond to ensure MSMEs are supported at every stage of their business development. As MSMEs compete with each other in a saturated marketplace and strive to be both innovative and fiscally sustainable, they must understand the fact that implementing corporate governance is the key to facilitating their growth and success.

To this end, on **Wednesday, 18 September 2019**, the Pearl Initiative conducted a webinar with the aim of equipping Gulf Region MSMEs with knowledge and skills on the implementation of good corporate governance practices and its role in accessing financing and capital.

This was the Pearl Initiative’s very first webinar, and kicks off a planned webinar series across all programme offerings.

Key Speaker

Khawar Ansari

Founder

White Rice Communications



Khawar Ansari has over thirty years’ professional experience advising boards and senior management teams in large financial institutions and publicly traded companies based in emerging and developed markets. In his role at IFC, Khawar has managed numerous corporate governance assessments of companies and banks across the MENA region.

He has also advised various regulators to develop corporate governance laws and codes across the MENA region, and, trained more than 250 board directors and executives on these subjects in MENA. Khawar has been chairman, CEO and non-executive director on boards of companies in Europe and the MENA region.



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Key Takeaways

The webinar began with an introduction to corporate governance and its key stakeholders: shareholders, management, and the board of directors. Mr. Ansari elaborated on what good governance involves, and what aspects of governance impact shareholders, involve codes of conduct and compliance policies, and the independence of management in an MSME.

The conversation moved to six essential elements of corporate governance:

1. A commitment to governance
2. Board functioning
3. The management control environment
4. Disclosure and transparency
5. Stakeholder relations
6. SME governance

Mr. Ansari then offered some facts on MSMEs in the MENA region, and why corporate governance can give them the requisite tools and opportunities to grow. He walked viewers through six stages of an MSME’s business life cycle, from being owned by a single individual all the way to going public with an IPO.

Noting that MSMEs have particular strengths that can be leveraged for enhanced business outcomes – such as high commitment by MSME owners and a willingness to work harder due to the high stakes involved - Mr. Ansari walked viewers through the benefits of corporate governance for MSMEs, and the controls for the early stage management of MSMEs in line with best practices in corporate governance.

Mr. Ansari subsequently discussed the funding challenges that MSMEs face, and the means by which corporate governance principles can give investors confidence that an MSME is worth funding. Noting that investors are willing to pay premiums on MSMEs with strong corporate governance, Mr. Ansari advised MSMEs to think like investors and work on implementing governance principles such as internal audits and delegations of authority to demonstrate the value of an MSME to potential funders.

He also pointed out that dissenting voices on decisions taken within MSMEs should be heard and taken note of at important meetings, even if the majority does not agree with the opinion – this shows investors transparency in that differing viewpoints are taken into account, and can be taken into consideration should the need arise.

Finally, Mr. Ansari emphasised on how MSMEs should go beyond the minimum requirements when it comes to governance, and that teamwork should be evident and accountability must be shared across the organisation to promote and maintain economic success.



The webinar can be viewed in its entirety by [clicking here](#) or on the icon to the left.

Acknowledgements

The Pearl Initiative would like to express its gratitude to Mr. Khawar Ansari for his time and support of the Corporate Governance in MSMEs programme, as well as for his expertise and enthusiasm in engaging with Gulf Region MSMEs to support their governance needs.