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IFC SmartLessons

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From Takeoff to Landing in Accrediting Corporate Governance Training Programs

Most of the OECD member countries have training institutions that offer corporate governance courses and programs for directors (e.g., the Institute of Directors in the United Kingdom, the National Association of Corporate Directors in the United States) that have received independent accreditation¹. There is a high demand among corporate governance institutes and institutes of directors in the Middle East and North Africa (MENA) region and possibly other regions to have training programs that are accredited by recognized international bodies.

Background

The IFC Egypt Corporate Governance Project (ECGP) strived to create a culture of good corporate governance in Egypt, and, despite its short lifetime of two years, managed to pave the way for such culture. The ECGP helped the Ministry of Investment create the Egyptian Institute of Directors (EIOD) and strongly supported its activities over the lifetime of the project².

In May 2007, ECGP offered the "Board Development Series," or BDS for short. Designed by four officers, the program consisted of 24 modules with 72 hours of training over 12 non-consecutive days. It was the first such program to be available in the region and was carried out through the EIOD. The first group of trainees included 25 high-profile delegates from prestigious large corporations and banks in Egypt.

The participants much appreciated the knowledge gained from this intensive program, but at the end of the first of four parts, they asked us if we granted certification³.

¹ According to Wikipedia, accreditation is a type of quality assurance process under which services and operations of an educational institution or program are evaluated by an external body to determine if applicable standards are met. If the standards are met, accredited status is granted by the agency.

² At a later stage, ECGP supported the creation of a local resource faculty that is easily able to carry the organization and delivery of technical training events forward. As a result, the EIOD reached a level where it successfully organizes technical training events in a sustainable manner without further support needed from the project.

³ According to Wikipedia, certification refers to the confirmation

for successful completion of the training program.

Soon after this first course, it became quite clear that there is a demand among corporate governance institutes and institutes of directors in MENA to have training programs accredited by recognized international bodies. Accredited programs are held in high esteem by participants because they not only benefit from the learning experience during the training but also become certified.

After researching and asking within IFC to obtain an answer as to whether IFC could accredit training courses and/or certify directors, the answer was simply "no" because IFC is not an accreditation body. And yet we own the know-how. We have the expertise to formulate and develop training programs. Because no other corporate governance project in IFC has pursued the opportunity of seeking accreditation for a corporate governance training course, we decided to become pioneers, and along the way we learned some valuable lessons.

Lessons Learned

1) Make sure that the accreditation agency is reputable and credible.

of certain characteristics of an object, person, or organization. One of the most common types of certification in modern society is professional certification, where a person is certified as being able to competently complete a job or task, usually by passing an examination.

We knew for sure that selecting the right accreditation body would be a key starting point to the success and sustainability of the BDS program. But the big challenge in our case was to find a reputable, credible agency that would accredit a corporate governance training program. Unfortunately there is no list of accreditation agencies, especially when it comes to corporate governance programs. We contacted several corporate governance experts within IFC as well as from other top-notch corporate governance institutions, such as the National Association of Corporate Directors (NACD) and the Conference Board. Many of them referred RiskMetrics to us.



RiskMetrics Group, formerly known as “Institutional Shareholder Services,” is a worldwide proxy and corporate governance service provider committed to helping companies improve their corporate governance. As part of this

commitment, RiskMetrics Group accredits director education programs that foster improved corporate governance practices. By accrediting selected director education programs, directors are exposed to today’s best practices in corporate governance. Only director education classes that meet or exceed RiskMetrics Group’s standards receive accreditation. Each curriculum is evaluated based on the promotion of strong corporate governance practices.

Since its initial release in June 2002, RiskMetrics Group’s Corporate Governance Quotient (CGQ®) has become the industry standard for rating companies on their governance structure and practices. RiskMetrics has accredited more than 50 leading programs, including the NACD, the Stanford Directors’ Summit, the Harvard Business School, the Conference Board, and the Wharton/SpencerStuart Directors’ Institute.

Directors attending an accredited director education program gain valuable insights, and RiskMetrics Group will take this continuing education into consideration when evaluating their company’s CGQ® score. CGQ® credit for companies with directors attending an accredited program lasts for two years.

2) Ensure that your program meets the accrediting agency’s expectations.

Before you start the process of accreditation, review the accrediting agency’s standards and requirements to make sure your program meets them and, if not, whether you could alter the program to meet these qualifications.

You don’t want to be in a situation where you apply and receive a refusal. This might have negative implications for your program, for IFC, and for your partner. Especially in the MENA region, word of mouth is very powerful, and negative word of mouth can kill a program before it even starts.

According to RiskMetrics, “Only director education classes that meet or exceed RiskMetrics Group’s standards receive accreditation.”

Here are some examples of these standards:

- *The program must consist of a minimum of 8 hours of instruction.*
- *The curriculum must focus on improving a company’s corporate governance practices. Programs should address topics such as board oversight of management, the work of the key board committees, board performance evaluations, succession planning, etc.*



IFC team participating in discussions during the Board Development Series training program.

The BDS met all the standards except for one condition, which was that at least 25 percent of the speakers must be current or former directors of publicly traded companies.

This was a bit tricky, because we were planning to deliver the entire program ourselves. But we managed to get the speakers on board through screening, interviews, selection, etc., and provided them with training-of-trainers sessions. We also relied on our senior operations manager more than once to deliver two modules, because he had previously served on different boards.

3) Allocate time and resources for preparation of a lot of material.

To expedite the accreditation process, make sure that you prepare the basic information in advance. For instance, basic information can include the title of your training program (which should be standard for all your documentation), the sponsor (IFC, in our case) and training provider (IFC partner), the program agenda, and program dates. Submit the basic information along with your first request.

Later, when the agency contacts you, it will require more in-depth information, which can include such things as the detailed outlines and instructor sheets of every program module; the number of delivery hours for each topic in every module and the means of delivery; the curriculum materials, exercises, cases, and support and reference materials; the trainers’ recent biographies, including their experience that is relevant to the topic to be delivered; annexes, references, and additional resources; and sample and model documents.



IFC team delivering the training to the first group of certified directors

You should be ready and reply directly. Don't underestimate; there is a tremendous amount of information needed, and the work to be carried out is huge and needs a lot of time to complete. But once you collect all that is needed, there is a high certainty that the program will be accredited. It goes without saying that all of these materials and much more should be in a standardized format, edited and reviewed by professionals, and definitely approved by your manager.

The accrediting agency will then have a committee review the program, request any additional information or documentation, if necessary, suggest changes, etc. Benchmarked against the accrediting agency's standards; the committee then decides whether to accredit the program.

4) Once accredited, add your own requisites to boost credibility.

You can take the accreditation body standards to the next level and add your own requisites to the certification stage. According to Wikipedia, certification requires providing proof of passing standards or meeting predetermined requirements for certification. This may include meeting continuous or regular review requirements. Professional certification for individuals usually requires experience and the passing of knowledge or competence tests.

For instance, RiskMetrics grants certification after participants have completed a minimum of 8 credit hours out of the total BDS 12 credit hours. We added an additional requirement of successfully passing self-evaluations (approximately 240 multiple-choice questions) where the minimum pass rate is 80 percent for the combined results. This was and still is not a condition imposed by RiskMetrics, but we believe that having this requirement will add more credibility to the program. And it turns

out we were right. The implication of our requirement is that participants who pay and attend the BDS will not receive certification unless they meet our requirements and those of RiskMetrics.

Conclusion

The whole process of accreditation by RiskMetrics took us six months. It may be a prolonged process, but the benefits are enormous. The RiskMetrics charge for accreditation was zero; hence there was no cost involved, apart from the time of IFC staff member(s). There were other benefits, too:

- *International accreditation, which entitled program participants to carry the "certified director" title, had a profound **marketing impact** on the demand for repetitions of the training program. Before accreditation, the course was a bit hard to sell. For example, in Egypt before the program was accredited, the EIOD had trouble getting one group of trainees (about 17 participants) to attend during the first six months. After accreditation, the same institute easily gets four to five intakes a year. One of IFC's partners, for instance, now organizes the BDS training program four times a year, in English and Arabic. With each of these courses, the partner earns more than \$100,000 per year.*
- *The accredited BDS, which became the flagship of the EIOD, supported the IFC exit strategy not only in terms of the financial sustainability of the institute, but also because RiskMetrics' continuous follow-up and supervision of the EIOD ensure that the training program consistently retains its high quality.*
- *RiskMetrics has granted automatic accreditation to the same BDS training program offered by other IFC partners, such as the Pakistan Institute of Corporate Governance and the UAE's Mudara Institute of Directors.*



IFC team delivering the training to the second group of certified directors.

DISCLAIMER

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