



The International Maritime Transport and Logistics Conference
Towards Global Competitiveness in Maritime Industry



“INVESTING IN PORTS”
The Trends, The Future



Corporate Governance, Port Investment and the Realisation of Egypt Vision 2030

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Objectives

- Corporate Governance & Ports...Why?
- International Initiatives on Port sustainability & role of Corporate Governance
- Egyptian ports, SDGS & Corporate Governance
- Egypt Vision 2030 & Ports' governance the way forward



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Corporate Governance & Ports...Why?



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Corporate governance: an old story but same mistakes!

“The trade of a **joint stock** company is always managed by a court of directors....however, being the managers rather of other people’s money than of their own, it cannot well be expected that they should watch over it with the same anxious vigilance with which the partners in a private co-partnery frequently watch over their own. Negligence and profusion, therefore, must always prevail, more or less, in the management of the affairs of such a company” (Smith, 1779, Chapter VI: 989-990).



Adam Smith (1723-1790) was a Scottish philosopher and economist who is best known as the author of *An Inquiry into the Nature and Causes of the Wealth Of Nations* (1776),



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Corporate Governance?

- What is corporate governance *today*?
 - “The nineteenth century saw the foundations laid for modern corporations: this was the century of the entrepreneur. *The twentieth century was the century of management... Now the twenty-first century promises to be the century of governance - as the focus swings to the legitimacy and the effectiveness of the wielding of *power* over corporate entities world-wide” (Tricker, 2000:2).*
 - It is concerned with the balance of power between stakeholders and the way in which the company is governed.



Corporate Governance?

- “a set of relationships between a company’s management, its board, its **shareholders** and **other stakeholders**. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined” (OECD, 2004, p. 11).
- So without good CG, shareholders, stakeholders and the business sustainability is very likely in risk!



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Evidence?





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Corporate governance, but why? *(cont'd)*

To be continued...



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Relevance to ports?

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Ports' role has changed.. more than an interface between sea and land.

Cut-throat competition facing ports at both national and regional levels

Slowing down global economy and trade

Emerging port ownership structures with an increased PPPs (Public Private Partnerships)



A more complicated role of being a main link within the global supply chains (Van Baalen et al., 2008).

Puts enormous pressure on port authorities to improve their corporate governance to attract customers & investors

Makes it even tougher to sustain a profitable business model, so ports need to be more inclusive and support inclusive economic/social growth

Inevitable, because good CG mitigates investment risks (IFC,2017).

Port Sustainability



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International Initiatives on Port sustainability & role of Corporate Governance



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World Ports Sustainability Program Charter

- May 2017 the International Association of Ports and Harbors decided to set up a World Ports Sustainability Program.
- This programme is guided by the 17 UN SDGs
- Aim: *enhance and coordinate future sustainability efforts of ports worldwide and foster international cooperation with partners in the supply chain.*



Founding Partners of the World Ports Sustainability Program



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World Ports Sustainability Program Charter

Resilient infrastructure: port planning and design, public-private partnerships, financing, digitization and automation, climate resilience, working with nature, ecosystems management

Climate and energy: energy efficiency, circular economy, bio-based economy, renewable energy, CO2 and infrastructure, clean ship incentives, deployment of alternative transport fuels

Community outreach and port-city dialogue: stakeholder management, sustainability reporting, community outreach, city-port relations, employment, education, spatial planning, nature in ports, port culture, externalities of port operations

Safety and security: cyber-security, protection of critical infrastructure, ISPS, nautical safety, labor safety, responsible care

Governance and ethics: transparency, integrity, equal rights and opportunities, fair trade, anti-corruption, responsible supply chains



What better corporate governance can do for Ports?

- Better operational & Financial results:
 - Clearer roles, accountability and transparency
 - Better Supervision of Management
 - Clearer and inclusive Strategic Planning & Implementation process
 - Better risk management i.e. safety & security
- Better access to capital and favourable terms
 - Investors are ready to pay a premium for well governed companies, too much vagueness and uncertainty & capital will escape (39% in Egypt).
 - ESG parameters are not a luxury anymore; emergence of SRI





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Egyptian ports, SDGS & Corporate Governance



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The Egyptian Maritime Transport Strategy & Increasing the Competitiveness of Ports

- A detailed MTS exists with a focus on increasing the competitiveness of the Egyptian ports
- A focus area of the strategy is to “*Achieving Compatibility and Integration with Egypt Vision 2030*”.
- Egyptian ports should meet international performance standards that ensure more reliable services and higher standards related to:

“Quality, security, safety, financial sustainability, resource and environment protection, community participation, noting that many of these aspects are linked to sustainable development objectives.”





Vision

- Developed and safe ports capable of **adapting** to local and global variables, compete **regionally...enhancing the economic growth** of the Arab Republic of Egypt within the framework of sustainable development strategy (Egypt Vision 2030)

Mission

- Developing, improving and increasing **competitiveness** of Egyptian maritime transport by achieving **integration** among Egyptian seaports in order to enhance **competitiveness** with neighboring ports to become more enticing to **shipping lines, domestic and foreign investments**, ...transform Egypt into a global hub for energy, trade and logistics at the regional.

Common theme= Corporate Governance





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Governing Principles

- Continuous Improvement and Development of Shipping Services Provision.
- Human Resources Development and Qualification.
- Environment Preservation.
- Customer Satisfaction.
- **Quality and Transparency**



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Corporate governance related Strategic objectives

- Developing the Legislative Structure in Consistency with National and International Developments, while Conforming to International Conventions and Commitments.
- Raising the environmental classification of Egyptian seaports to be transformed into green ports to achieve environment sustainability.

World Ports Sustainability Program Charter

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Egypt Vision 2030 & Ports' governance the way forward



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The way forward

- Ports' CG is key to achieve the promising Egyptian MTS strategic plan and, hence contribute to the realisation of Egypt vision 2030.
- Why?
 - CG is not a luxury anymore!
 - It is part of the development in the institutional infrastructure, as good CG will offer reasonable assurance to shareholders that their investments are protected.
 - Demonstrate the commitment of the Egyptian ports to fair play and stakeholder engagement which will strengthen their competitive advantage
 - There is evidence that SDG can only be achieved when countries adopt 'inclusive growth' and development strategies (DablaNorris et al. 2015). CG is key to ensure inclusivity.

- Better operational & Financial results:
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 - Better Supervision of Management
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The way forward (2)

- Drafting of a in-house CG code for the Egyptian ports’ sector, would be a first step.
- This will facilitate the implementation of the Egyptian MTS strategy, mission and eventually its mission through ensuring strategic success, resilience, compliance and transparency.
- Ultimately this will facilitate the realisation of Egypt vision 2030 and the SDGs.



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Important Features of the Egyptian Ports' code of corporate governance

- There is no one size fits all
- Customised in light of international best practices, yet suitably reflecting the Egyptian environment
- Enforced on a comply/ explain basis
- Compliance is confirmed through online disclosure on the ports' website
- Concurrently develop corporate governance culture by training



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Thank You

Any questions please contact me
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