**P154468 – Completion Summary**

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| **Terms of Reference of the RAS** | **Work done** | **Quality control** |
| **Component 1: Professionalization of Boards of Directors of public banks** | | |
| a) Introduction of two new independent directors. The Bank will provide a Technical Note #1 including (i) a grid of positive and negative criteria (generic as well as specific ones depending on the present composition of the Boards of Directors to ensure that the technical support improves the existing skills or those to be improved), (ii) a selection procedure and (iii) calculation rules for levels of remuneration based on objective criteria (like the grid, diplomas, field of competence, number of years of experience etc.). | Activities delivered under this component:   * A technical note outlining global good practices on the selection procedures, nomination criteria and remuneration of independent directors of state banks was delivered. The technical note provided information on global good practices, several country examples on the above-mentioned topics and also provided a reform action plan tailored to the Algerian context. | The quality control was performed by the global corporate governance team senior experts (Alexander Berg, Jean Michel Lobet and Sunita Kikeri) and by the Lead F&M staff for Algeria (Laurent Gonnet). |
| b) Strengthening the training of directors coming from the administration. The Bank will provide a Technical Note #2 including (i) an assessment of the competence of the present directors, (ii) individualized training plans for each director (on the basis of training modules proposed by francophone organisms such as the Institut Francais des Administrateurs - French Institute of Directors) and (iii) a Directors' charter defining their rights and obligations towards stakeholders (shareholders, depositors, creditors, regulators, public). | Activities delivered under this component:   * A comprehensive diagnostic of the skills and competencies available on the board of Algerian state banks was performed with the support of the Algerian Ministry of Finance. * In addition, a training needs assessment was conducted in order to design a training program for board members. * Finally, an international consultant was hired to draft the board charters of the Algerian state banks. | The quality control was performed by the global Corporate Governance team senior experts (Sunita Kikeri and Jean Michel Lobet). Inputs were also provided by IFC colleagues from the IFC Corporate Governance team (Sarah Cuttaree). The technical note was also reviewed by the Lead F&M staff for Algeria (Laurent Gonnet). |
| c) Better dissociation of the roles of oversight and management. The Bank will provide a technical Note #3 including (i) a report on the utility, for the banks, of separating the roles of Director and Chairman of the Board of Directors, (ii) a list of the functions expected of the Chairmen of the Boards of Directors of public banks and the Directors General and their daily operational duties, (iii) selection and choice criteria for one or some other function, and (iv) the quantity and nature of information which the Board of Directors must receive from the senior management. | Activities delivered under this component:   * A technical note outlining global good practices on the separation of the roles of chairman of the board and CEO, and selection and remuneration criteria was prepared. The technical note provided global good practices, several country examples on the above-mentioned topics and also provided a reform action plan tailored to the Algerian context. | The quality control was performed by the global corporate governance team senior experts (Alexander Berg, Jean Michel Lobet and Sunita Kikeri) and by the Lead F&M staff for Algeria (Laurent Gonnet). |
| d) Strengthening the powers of the audit committee. The Bank will provide a Technical Note #4 on the organisation of Audit Committees, including (i) the choice criteria of the member directors of these Committees, and (ii) a charter model for the Audit Committees of Algerian public banks and appraisal criteria for Auditors as well as for the selection of those in charge of internal audits. Furthermore, the Bank (i) will organize a workshop on the theme of Audit Committees (possibly to be regrouped with the workshop on governance committees) and (ii) will provide a 4-day specialized training for the members of these Audit Committees (taking into account the banking regulation in terms of internal control). | Activities delivered under this component:   * A technical note outlining global good practices on the benefits, composition, selection and remuneration criteria of audit committees was prepared. * In addition, a 2-day training on the role of audit committees was delivered for the members of the board of directors of Algerian state banks. * Finally, an international consultant was hired to draft the charter of the audit committee of Algerian state banks. | The quality control was performed by the global corporate governance team senior experts (Alexander Berg, Jean Michel Lobet and Sunita Kikeri) and by the Lead F&M staff for Algeria (Laurent Gonnet). |
| e) Introduction of a Governance Committee within the Monitoring and Supervision Cell of Public Banks - CSSBP- then, eventually, in the banks' Boards of Directors. The Bank will provide a Technical Note #5 (i) listing the best international practices in terms of Governance Committees and including, (ii) the list of selection criteria for the members of this committee as well as the functions and missions of the said committee, (iii) proposing a model for the charter and the organization of the Governance Committee for Algeria (including its composition), (iv) proposing a model for an annual evaluation programme and tools for these appraisals. Furthermore, the Bank (i) will organize a workshop on the theme of Governance Committees and (ii) will provide a 4-day specialized training for the members of this committee (eventually to be regrouped with the workshop on Audit Committees). | Activities delivered under this component:   * A technical note presenting the different models of state shareholder agencies in charge of the oversight of SOEs was prepared. * The note also provided information on the nomination, selection and remuneration criteria of the members of the governance sub-committee of the board of directors of state banks. The note also provided a reviewed organizational chart for the state shareholder agency, the CSSBP, taking into consideration the Algerian realities. * In addition, an international consultant was hired to draft the charter of the governance committee of the board of state banks. * Finally, a one-day seminar on state shareholder agencies of SOEs was delivered to key counterparts of the Ministry of Finance (Direction du Tresor, CSSBP). | The quality control was performed by the global corporate governance team senior experts (Alexander Berg, Jean Michel Lobet and Sunita Kikeri) and by the Lead F&M staff for Algeria (Laurent Gonnet). |
| **Component 2: Increasing the autonomy of public banks** | | |
| a) Introduction within public banks of mechanisms for the elaboration and monitoring of their strategy and their objectives. The Bank will organize a 5-day training seminar for 6 public banks as well as for the senior staff of the unit in charge of the monitoring and oversight of public banks (the CSSBP). The new Algerian Institute of Directors could participate in this seminar. Practical tools will be used during the seminar and will be left for the participants to be used later. The Bank will support the CSSBP in the implementation of a pilot exercise for a first public bank. | Activities delivered under this component:   * Two international consultants with more than 30 years of experience in private banking sector were hired to design and deliver a 5-day seminar on bank strategy for the senior management of Algerian state banks. The training covered all the aspects of the bank strategy (product development, strengths/weaknesses of the banks, risk management, governance and role of the state as the major shareholder of banks). The training was complemented with an individual half day practical strategy-related exercise. | The quality control was performed by the global corporate governance team senior experts (Jean Michel Lobet), Lead F&M staff for Algeria (Laurent Gonnet), and two international consultants (Ken Dorph and Guillaume Almeras). |
| b) Preparing the introduction in the stock exchange of one or two public banks between 2015 and 2016. The Bank will provide a Technical Note evaluating (i) the legal and technical environment of a possible introduction, (ii) the percentage of the capital which could be introduced, (iii) the modalities of shares transfer to the wider public (through OPCVM –UCITS- for example), (iv) appetite of the market, (v) capacity of the bank(s) to respond to the requirements of the rules governing the monitoring of capital markets, (vi) monitoring the transactions of shares and (vii) the representation conditions of minority shareholders at the Boards of Directors. | Activities delivered under this component:   * An international consultant with expertise on partial privatization of SOEs was hired to conduct a study assessing the readiness of 2 state banks for partial privatization and also to conduct a diagnostic of the readiness of all the stakeholder institutions in the value chain: central bank, stock exchange, securities regulator, central depository and the shareholder unit of the ministry of finance. The deliverable was presented to the client in the form of a technical note. | The quality control was performed by the global corporate governance team senior experts (Alexander Berg, Jean Michel Lobet and Sunita Kikeri), a Financial Systems Senior Advisor (Roberto Rocha) and Lead F&M staff for Algeria (Laurent Gonnet). |
| **Component 3: professionalization of the Unit in charge of the monitoring and oversight of public banks – the CSSBP.** | | |
| a) Extending the field of competence of the present CSSBP. The Bank will provide a Technical Note including (i) an evaluation of the present functioning of the CSSBP, (ii) a description of the functions to be added, in view of international good practices, (iii) a model, for Algeria, of an organisational chart, internal rules and regulations of procedure (through a "score card" for example) including a codification of decisions which can be approved by the Boards of Directors, those under the authority of the Chairman, of the CSSBP or those to be submitted to the Minister of Finance. | Activities delivered under this component:   * A comprehensive diagnostic of the entity in charge of exercising the ownership rights over state banks in Algeria, the CSSBP, was conducted. The technical note also provided a reform action plan to reform the CSSBP to ensure it complies with global good practices in terms of SOE ownership entities. * In addition, a half day workshop was delivered to discuss with project counterparts the reform action plan, potential reform strategies, and lessons learned from other jurisdictions. | The quality control was performed by the global corporate governance team senior experts (Alexander Berg and Jean Michel Lobet), and by the Lead F&M staff for Algeria (Laurent Gonnet). |
| b) Strengthening the training of the CSSBP members. The Bank will provide a Technical Note including (i) an assessment of the skills of the present senior staff within the CSSBP, (ii) individualized training plans for each senior staff of the CSSBP, including the monitoring of modernization plans. The Bank will organize a study trip to the Agence des Participations de l'Etat - APE - (State Shares Agency) in France (or its equivalent in a francophone country). Finally the Bank will provide additional training (maximum of 10 days) for the CSSBP staff in relationship with these new missions. | Activities delivered under this component:   * A diagnostic study of the skills and competencies available at the CSSBP and a training needs assessment was conducted. * In addition, the WBG organized a 4-day training for the staff of the CSSBP. The training covered different topics including corporate governance, audit, risk management, bank strategy and board simulations. * Finally, the WBG facilitated a *rapprochement* between the CSSBP and the French SOE ownership agency, the Agence des Participations de l’Etat. A study tour that will be organized directly the Algerian Ministry of Finance will take place during the first half of 2017 | The quality control was performed by the global corporate governance team senior experts (Alexander Berg, Jean Michel Lobet, Sunita Kikeri), and by the Lead F&M staff for Algeria (Laurent Gonnet). |