

THE UNITED REPUBLIC OF TANZANIA

**INCREASED INVESTMENTS IN TANZANIA AIRPORTS FOR
ENHANCING THE CAPACITY OF THE COUNTRY IN THE GLOBAL
BUSINESS COMPETITIVENESS FOR POVERTY ALLEVIATION**

**A PAPER BY MR. RABAHI H. CHAMANI ON CORPORATE GOVERNANCE AND THE
FLOW OF INVESTMENTS IN THE AIRPORTS SUB-SECTOR, PRESENTED AT THE
INVESTORS FORUM FOR THE TANZANIA AIRPORTS AUTHORITY ON 29TH
APRIL 2003 IN DAR ES SALAAM,
TANZANIA**

ROYAL PALM HOTEL
DAR ES SALAAM

29TH APRIL 2003

Abstract

Corporate governance is regarded as an instrument, which aims at boosting investor confidence, lowering capital costs, enhancing improved corporate performance and ensuring competitive returns to investors and stakeholders. Corporate Governance manifest itself in the following elements that include: having non-executives members on corporate boards; splitting the role of Chairman and Chief Executive Officer (CEO), the aspect of the Board Committees and their independence, rights of shareholders, and their protection, disclosure, equity, transparency, accountability, board leadership, corporate legal, regulatory and institutional framework, improving enforcement of existing legislation and enhancing creditors' and pledge holders' rights.

But more importantly lack of disclosure and transparency, continuing use of outdated accounting and asset valuation standards and limited ability to effectively monitor and enforce legal and regulatory provisions aggravate the poor performance of the companies resulting to corporate collapses, increased investment risks, raised investment premiums and in some incidences financial crises.

Of all aspects of corporate governance, corporate disclosure has been identified to be of immense importance in attracting investments since it provides the basis for ensuring effective participation of investors and other corporate stakeholders.

In Tanzania, national socio-economic reform programmes were initiated in the mid 1980s. They were aimed at widening the role of private sector in the economic development process and limiting the government role in the productive and commercial undertakings. This process opened a new chapter with regard to the ways by which aspects of corporate governance have long been dealt with.

These reforms resulted to the launching of the Civil Service Reform Programme in 1991 and later the Public Service Reform Programme 2000-2010, which resulted in the formation and launching of the Tanzania Airports Authority as an Executive Agency in 1999.

This paper looks at the role of corporate governance and corporate disclosure in particular in enhancing the usefulness and the flow sustainability of investment in the various sectors of Tanzania including the airports sub-sector.

THE PERSPECTIVES OF CORPORATE GOVERNANCE AND THE USEFULNESS OF CORPORATE INVESTMENTS IN THE AIRPORTS SUB-SECTOR .

INTRODUCTION

The development history of the corporate sector in Tanzania and the corresponding aspects of corporate governance bear the history of the socio-economic development of this county since Independence in 1961.

Whatever that history it may contain, a remarkable and positive change in the corporate sector came in the mid 1980s when significant trade and market liberalization started to take a positive shape. This change was the result of the introduction of the socio-economic reform programmes. The most notable reforms were the macro-economic reform, especially in the financial, trade, and parastatal sectors, which had greater bearing on the aspects of corporate sector and its governance in the country.

These reforms resulted to the launching of the Civil Service Reform Programme in 1991 and later the Public Service Reform Programme, the outcome being the formation and launching of the Tanzania Airports Authority as an Executive Agency in 1999.

Consequential to reforms were privatisation of public corporations and the corresponding effect on the flow of Foreign Direct Investments (FDI). In this case, the FDI infow increased from US\$ 3 million in 1970 to USS\$ 224.4 million in 2001. (See table No. 1 below).

Table No. 1: Foreign Direct Investment (FDI) Flow to Tanzania (in million US\$)

Year	1970	'75	'80	'85	88	89	'90	'91	92	93	94	95	96	97	98	99	'00	01
FDI Inflow (Net)	3	-1	5	15	4	6	-3	3	12	20	50	150	149	158	172	183	193	224

Source: UNCTAD/Economic Surveys 1995-2002

By comparison, FDI inflow to Africa, averaged US\$ 800m during 1975 – 1980. It was US\$ 3.9 billion from 1991 – 1996 and during the period 1997 – 2000, Africa's FDI inflow rose from

US\$ 4.7 billion in 1997, to US\$ 10.5 billion 1999 but fell to US\$ 9.1 billion in 2000¹. The global FDI inflow was US\$ 1.3trillion in 2000 Africa's share of FDI being less than 1% (about 0.7%). The percentage for Tanzania is unimaginable!

From the above table, it can be inferred that indeed Tanzania has long been starved with foreign investments inflows. In the country Foreign Direct Investment inflow averaged about US\$ 52million for the last 18 years.

Hindrances to the inflow of FDI into Africa including Tanzania according to UNCTAD² include *inter alia*, inefficient regulatory framework, highly indebtedness affecting dividend remittances, corruption, lack of transparency, bureaucracy and poor infrastructure which makes transaction cost high, political unrest, armed conflict and changes in economic policies³.

However it is argued that Africa's development is not constrained by lack of capital but lack of good governance, transparency and accountability, which are important prerequisites for industrial development and economic progress⁴. Despite these hitches, African remains a highly profitable investment location as companies investing in Africa receive high rate of returns on investment that by far exceed those of other developing region⁵. These aspects of transparency, accountability and disclosure are indeed the main principles of good corporate governance⁶.

The Development of Corporate Governance in Tanzania

In Tanzania some of the steps that have been taken to enhance corporate governance and flow of foreign private investments include:

- i) Enactment of the Tanzania Investment Act of 1997⁷ that facilitates investment flow in Tanzania,
- ii) Establishment and operationalisation of the Capital markets and Securities Authority and the Dar es Salaam and Stock Exchange,

- iii) Enactment of the New Companies Act of 2002⁸,
- iv) Legislation effected in the banking, and insurance sectors as well as on matters related to privatisation.

Definitions of Corporate Governance

The concept of Corporate Governance has widely been defined. And the term has widely been defined to reflect special interests, which have been concerning people who have attempted to defining it⁹. Such attempted definitions include:

OECD in April 1999 defined Corporate Governance as the system by which business corporations are directed and controlled. ¹⁰.

Wolfensohn¹¹ argues that corporate governance is about promoting corporate fairness, transparency and accountability and provides the relationship between suppliers of finance to the corporations with a view to getting a return to their investment.

Shleifer and Vishny 1997:737)¹², contends that corporate governance provides the relationship of a company to its shareholders and to the society,

Financial Times (UK) 1997, defines it in the context of relationship of the directors, auditors and shareholders,

Mathiesen, 1999¹³ as a field in economics that investigates how corporation can be made more efficient by the use of institutional structures such as contracts, organisational designs and legislation,

Maw et al 1994:1 as a subject, as an object or as a regime to be followed for the good of shareholders, employees, customers, bankers and indeed for the reputation standing of the economy ¹⁴

Chamani (2001)¹⁵ looks at corporate governance as being concerned with the supervision of companies through the framework, which is approved by shareholders and supported by appropriate laws and regulation in order to cater for the balanced interests of all stakeholders.

Standard Poor 500 (S&P 500) contends that better corporate governance influences credit ratings and assessment of credit quality¹⁶.

Elements of Corporate Governance

There are several elements of corporate governance some of which have been outlined in the above definitions. Major elements include the presence of national best practice codes of corporate boards within the national context, relative participation of non-executives board members on corporate boards; splitting the role of chairman and chief executive officer (CEO), board committees and their independence, executive pay disclosure, rights of shareholders and their protection, equity, transparency, accountability, disclosure, leadership of the board of directors, the board membership, corporate responsibility and human rights.¹⁷

Lack of elements of corporate governance results to distorted incentive structure, over-investment and dangerously high corporate indebtedness, poor return on investments and high investment premiums. Poor disclosure and audit procedures makes the situation worse by preventing early warning of the deteriorating financial conditions of corporations with the possibility of resulting to the financial crisis¹⁸

From the above discussion it is emerging that provision of information and openness of companies to shareholders and stakeholders is key to enhancing corporate governance ¹⁹. The foundation of any structure of corporate governance is disclosure²⁰. It is in this respect, that this paper will address itself to the aspects of disclosure requirements in Tanzania.

The extent of disclosure requirements

The extent²¹ to which companies have to disclose have tentatively been provided on table 2, however the concept of disclosure and corporate governance and its effect on investment is discussed below:

Stone et al 1998 contends that boards cannot independently monitor the company performance when they lack the proper information, including externally audited and accurate financial data.

Inadequate disclosure and the lack of fully consolidated financial statements allow some firms to hide debts on the books of affiliates, preventing lenders and shareholders from discovering the firms real exposure to high levels of dollar denominated debt and corporate disclosure is a greatest corporate governance challenge facing developing countries as they integrate into global markets.

Corporate disclosure demands timely, complete, accurate and material information on corporate performance in a form that can be compared to that of other related firms²² and may corporations publish limited information on financial performance that is lacking in quality, quantity and frequency²³.

Poor or unreliable information limits investors' ability to adequately assess valuation risk and creates misperceptions, which only magnifies market volatility and flows of foreign short-term capital. Weak disclosure means that shareholders often do not have the information to judge corporate performance and insider behaviour²⁴

On the legal context, **Stone et al (op. cit)** argues that, in developing countries, laws are commonly published infrequently or not at all. Even lawyers and judges often will not have access to copies of current laws or to court rulings. The result is that legal processes are unpredictable²⁵.

This unsatisfactory disclosure in the legal context is similar to what **Bubnova (200:9)** referred to as one of the several governance risks, which include lack of stable legal and regulatory framework. These entails high political risk of confiscation, poor contract enforceability and poor bureaucracy and unstable sector regulations which have a strong effect on the risk premium of a bond at its issuance and through out its secondary market life.

The survey of global investor premium of several countries indicates that countries embracing corporate governance have relatively low risk premiums for raising funds. The table below summarises the details of these countries.

Table: 2 Global Investor Premium Survey

Country	Cost of Capital %	Country	Cost of Capital %
The UK	17.9	Chile	20.8
Switzerland	18.0	Argentina	21.2
Sweden	18.2	Mexico	21.5
The USA	18.3	Italy	22.0
The Netherlands	18.5	Brazil	22.9
Spain	19.2	Korea	24.2
Belgium	19.6	Malaysia	24.9
France	19.8	Thailand	25.7
Germany	20.2	Indonesia	27.1
Japan	20.2	Columbia	27.2
Taiwan	20.2	Venezuela	27.6

Source: H.S Kibola, "Corporate Governance: Principles, Rationale and its Status in Tanzania", A Paper Presented at the National Construction Council Forum in Dar es Salaam, April 2001

Macmillan (1998)²⁶ associates disclosure with corporate governance and risk elements in the market as well operating cost and investments²⁷

On the aspect of disclosure of information on the conflict of interest, the International Corporate Governance Network by Laws of July 2001²⁸ demand that board members should disclose board agenda items in which any conflict of interest could arise.

Rafael La Porta et al (1999) underlines that the importance of disclosure with regard to outside investors' rights are generally protected through enforcement of regulations and laws and that some of the crucial regulations are disclosure and accounting standards which provide investors with the information they need to exercise other rights. Non-controlling investors—large or small, shareholders or creditors—need their rights to be protected. Without an ability to enforce their rights, investors are likely to end up with nothing even if they hold claims to a significant fraction of the firm's capital.

Several countries have started taking steps to address aspects of corporate governance and particularly corporate disclosure. These countries and steps being undertaken are indicated below:

The Korean government has passed laws to improve disclosure and minority shareholders rights and allowing for more independent directors.

Thailand in September 1997 began to address problems of corporate governance with a view to improving corporate disclosure.

In Singapore, the Report of the Disclosure and Accounting Standards Committee²⁹ provides a framework of disclosure requirement within a regulatory framework that would facilitate investments and enhance corporate governance in Singapore. The report recommends among other things the use of Internet through company websites and the use of web-cats and dial-in to disclose material, financial information and potentially market moving data.

In Malaysia, structural reforms have included improved competitiveness through enhancing transparency and disclosure³⁰.

In Indonesia, the Jakarta Initiative launched in September 1998 increased attention to corporate governance with increased disclosure rules³¹.

Poland reported in 1998 that, the high standards of transparency and disclosure created stability and strong market performance and has been increasingly strengthening investors' confidence.

In Germany, since June 1998, it has been a requirement for the supervisory board to provide disclosure of any conflict of interest of members of the supervisory board and promote disclosure and fairness to minority shareholders³².

In the United Kingdom, the London Stock exchange adopted disclosure requirements³³ and it requires from listed companies an explanation for areas of non-compliance³⁴

In China, publicly listed companies have to undertake information disclosure to meet the requirements of the China's Securities Regularly Commission (CSRC).

From the above account it could be inferred that much as the countries have been striving to come to terms with the agreeable framework of the system of corporate governance (see **Iskander et al 2000**) these countries are yet to develop an agreeable and standard framework of disclosure requirements, that would be applicable globally.

The Centre for International Analysis and Research, which is an investment advisor in the United States, constructed an International Financial Reporting Index based on the reporting Practices of major domestic corporate with regard to 85 disclosure variables³⁵.

Verification and certification for the disclosed information should be obtain at the fullest extent possible and that disclosed information should be provided according to recognised high-quality international standards i.e. International Accounting Standards (IAS) and United States Generally Accepted Accounting Principles (USGAAP)³⁶.

It is however emerging very clearly that the current system of corporate disclosure is inadequate and insufficient and the same needs a review particularly after the fall of the world giants that shook the business world³⁷. These giants included: the energy giant- Enron, accounting giant-Arthur Anderson and telecom giant-WorldCom.

Several calls have been made on the review of the system of corporate governance, the regulatory system with respect to the accounting profession and the corporate disclosure rules³⁸. Now the Big question remains as what system of corporate disclosure and regulatory framework could guarantee investors confidence and return to their investment and ensure the sustainable growth of the company in which investors have interests?

This question goes to the roots of globalisation³⁹ and corporate disclosure, which by share need of having goods services, people, capital, and technologies moving across national borders, the underlying question will remain as to what system of disclosure regime that will ensure that, the corporate sector and the business in general is fair, accountable, transparent, responsible to the stakeholders, customers, investors, employees, communities, environmental and economic activities in the world divergent and heterogeneity corporate sector .

Corporate Disclosure Requirements in Tanzania

Corporate Governance concepts and aspects of disclosure requirements are now gradually gaining great importance in Tanzania. Very particularly, these aspects are now subjects of corporate policy, legislation, organizational developments and management, research and studies. The same are being observed with respect to the overall corporate management and development in Tanzania. This is being done in order to determine and establish the framework of corporate disclosure requirements in the country with respect to that of the international corporate governance practice.⁴⁰

The most remarkable achievements include the establishment of the Institute of Corporate Governance in Tanzania; a non-governmental organization which is charged with overseeing the overall aspects of corporate governance in the country. The other one is the code of corporate governance for the East Africa Capital Market, which is now in place. As regards the aspects of corporate disclosure, efforts have been made to legislate and institutionalize some disclosure requirements. Examples of the same are those found under listing rules for Dar es Salaam Stock Exchange (DSE) and under the Capital Markets and Securities Authority (CMSA). Specific aspects of corporate governance and disclosure requirements that are the operational part of several legislation are shown in the table below:

TABLE No.3: EXTENT OF CORPORATE DISCLOSURE IN TANZANIA

S/ No	ASPECTS OF CORPORATE DISCLOSURE	DETAILED REFLECTION IN THE LEGAL AND ADMINISTRATIVE INSTRUMENTS.	RELEVANT INSTRUMENT/REMARKS
1	Directors remuneration	Detailed account of remuneration including the amount for each director and pension to past director and other compensations and emoluments	See S.206 of Companies Act No 12 of 2002
2	Legal framework for investors protection	The investors protection and investment guarantees are given provided under the law	See S.of Tanzania Investment Centre Act No. 26 of 1997
3	Independence of Directors	The aim is to limit connections and influences with controlling shareholders, suppliers, and management.	Corporate governance practice need to consider this aspect
4	Report on the company code of conduct and ethics compliance.	The presence of the best practice codes that is linked to the National Leadership Code builds a corporate sector that observes the interest of all stakeholders in the society. Currently there is Best Practice Code, but the Leadership Code exists.	The Tanzania Trust of Corporate Governance is called up to consider this aspect
5	Report on Directors performance evaluation	While directors are empowered by law to manage the company, they have a duty to act in good faith and in the best interest of the company as well as to exercise the duty of care, skill and diligence. Directors' powers to be exercised with proper purpose. Directors report and Annual general meetings are checks and balances instruments	See Ss. 181-185 of the Companies Act No. 12 of 2002. See also Tanzania Financial Accounting Standard (TFAS) No.12
6	Conflict of Interest	Disclosure with respect to interest in shares, debentures and contracts of a director or a person connected with a director and general duty to make disclosure	Ss.208 and 209 of the Companies Act No. 12 of 2002
	Loans to directors and repayment results	Directors and connected persons are prohibited from taking loans. Accounts to indicate loans to company officers and any person who later become an officer of the company that issued loans and loans issued by subsidiaries	See S. 200 and S.207 of the Companies Act No. 12 of 2002
7	Appointment of sole agents	Its implications are related to fairness and competitiveness in terms of prices and general business conduct- the aspect of business cronies/ family business	The aspect of related party transactions is disclosed for some listed companies
8	Protection of minority shareholders	Voting during AGMs that takes concerns of the Minority shareholders such as one person one vote are preferred than one vote one share arrangement or percentage stock/share ownership	See S.136 (e) of the Companies Act No. 12 of 2002

8	Compensation to members of board committees	Compensation for loss of office of director, whether of the company or of subsidiary or other offices	See S.206 of the Companies Act No. 12 of 2002
9	Profile of board members and shares ownership structure	The register to be kept by the company profiling its directors and secretaries. The register to indicate names, surnames, addresses, nationalities, business occupation, details of other directorships and deliver annual return to the registrar which also include details of share capital and shareholders	Ss.128-132 and S.210 of the Companies Act No. 12 of 2002
10	Auditors profile, independence, remuneration and appointment procedures	These requirements are aimed at making the work of the auditor as objective as possible.	The Companies Act No.12 of 2002 and Tanzania Auditing Practice provides for handling this aspect
11	Company risk factors	There are normally provided in the prospectus during share issuing.	This is part of the listing requirements/regulation
13	Company contingent liabilities	Contingent liability and related party transactions are provided in the company accounts	See published accounts for TBL and TCC
14	Voting systems and rights	They are provided under the Law	See S.136 of the Companies Act No. 12 of 2002
15	Accounting systems	There has been a call for a single international accounting standard in order to improve transparency and information quality and enhance transparency and information reliability. There for industrialized International Accounting system and US Generally Accepted Accounting Principles	Tanzania has the Financial Accounting Standards of 2001

Source: Author's Analysis.

From the table above, it could be noted that although Tanzania has legislated and institutionalized most of the identified elements of the of disclosure requirements as specified in the table above, but the extent of its procedural and administrative part of the same is not well articulated and harmonized. This is still also a challenge the global scale⁴¹ .It is an open secret that the transnational corporations are the main channels through which investments flow allover the world⁴², this fact is signaling the obvious worldwide requirement of harmonizing the system of corporate governance and disclosure requirements as apart of globalization.

As regards to investment flow in Tanzania, it is obvious that the same has been on the increase particularly since 1996 to date. But much as the aspects of corporate governance⁴³ are being addressed, we expect to see more investment inflows in the near future.

Summary and Conclusions

This paper has highlighted the aspects corporate governance and disclosure requirements as they relate to investments flow in Tanzania. It has been indicated how corporate governance in which corporate disclosure is embedded evolved in Tanzania. The paper has shown some worldviews on corporate disclosure and the changes and calls that are being made on the subject. Lastly the paper has indicated the extent of corporate disclosure in Tanzania and efforts being made to institutionalize the same. These efforts are interfaced with the challenges surrounding the aspects of corporate governance in Tanzania, which are similar to the challenges being discussed on the global stage.

From the discussion in this paper it is emerging clearly that while corporate disclosure remain a very critical pillar for ensuring investors confidence in their undertaking to invest companies and the corporate sector in Tanzania need to embrace corporate governance packages in order to remain buoyant within the turbulent investment and business environment. These packages will make companies open, transparent and accountable to investors and stakeholders and investors returns will be guaranteed. There will be least uncertainty and there will be no reason for high costs of capital. Companies will have access to investment resources, which Tanzania Airports Authority is now seeking.

ENDNOTES

-
- ¹ See UNCTAD, World investment Reports 1997-2001.
- ² Ibid.
- ³ See Nina B. Bubnova (2000) Governance Impact on Private Investments, the World Bank, and Washington who summarised these hindrances governance risks.
- ⁴ See www.unido.org/doc/310606.htmls.
- ⁵ See UNCTAD Publication on Africa- 1999.
- ⁶ See Iskander et al (2000) and Commonwealth Association of Corporate Governance (CACG) (1999); on the principles of Corporate governance in the Commonwealth”,
- ⁷ Act No 26 of 1997
- ⁸ Act No. 12 of 2002
- ⁹ See <http://www.encycogov.com/whatiscorpgov.asp>
- ¹⁰ See this definition at <http://www.oecd.org/daf/governance/Q&As.html>. This definition is consistent with the one presented by Cadbury 1992:15
- ¹¹ President of the World Bank as quoted in the Financial Times(UK) of 1999
- ¹² See at <http://www.encycogov.com/whatiscorpgov.asp>
- ¹³ Ibid.
- ¹⁴ Details of these definitions are available at <http://www.encycogov.com/whatiscorpgov.asp>
- ¹⁵ This definition is provided in the thesis “The role of corporate governance in enhancing foreign investment in Tanzania” by R.H.Chamani, which was prepared for MBA degree.
- ¹⁶ The corporate rating regarding on corporate governance is based on the following components namely; ownership structure and influence, financial stakeholder relation, financial transparency and information disclosure and Board and management structure and process. This information is available at <http://www.Standardandpoors.com/ratingAction/index.html>
- ¹⁷ See the Briefing Paper on Corporate Responsibility prepared for the British Council by New Academy of Business, 17/19 Clare Street, Bristol, BSI 1XA, United Kingdom. This paper is available at www.governance.co.uk and See Dr. Stephen M. Davis – in Economic Reform Today 1999, Cip e, USA. Also available at www.cipe.org
- ¹⁸ See oecd Observer at <http://www.oecd.org/observer>
- ¹⁹ See, M. Iskander and N. Chamlou (2000) “Corporate Governance: The Framework for Implementation”; World Bank.
- ²⁰ Disclosure is equated to openness and Sir Adrian Cadbury has it that openness is the basis of public confidence in the corporate system and that funds will flow to the centres of economic activity that inspires trust.
- ²¹ The International Accounting Standards and US Generally accepted Accounting Principles provide that disclosure in financial statements of banks and similar financial institutions have to include accounting policies contingent commitments and other off balance sheet items, maturity of assets and liabilities, concentration of assets, liabilities sheet items, losses on loans and advances, general banking risks, trust activities and related party disclosures. These and other items available on Appendix 1.
- ²² See Fiona Macmillan “Corporate Disclosure on Line: An appropriate response to Globalisation” available at <http://www.austlii.edu.au/au/other/uswlj/thematic/1998/vol21no2macmillan.htm>
- ²³ See also “Corporate Governance Initiative for Bulgaria” available at <http://www.csd.bg/cgi> which provides that, the institutional and legal framework of corporate governance and control should guarantee the timely and accurate disclosure of information concerning the ownership structure, governance principles, financial status and operational results from the joint – stock company activities.
- ²⁴ See the extent of disclosure on the Appendix 1
- ²⁵ See Cheryl W Gray (1996) Creditors Crucial Role in Corporate Governance, World Bank
- ²⁶ Mc Gregor-lowndes in Macmillan (1998) reveals that in the Mc Gregor-lowndes internet disclosure model the use the internet technology require to putting corporate information on the web, update it regularly, and link it with related companies. The advantage of that is cost saving, material information being available any time for search and retrieval, but proposes a kind of an agreement in a form of a protocol as part of trade harmonisation.
- ²⁷ See Fiona Macmillan “Corporate Disclosure on Line: An appropriate response to Globalisation” available at <http://www.austlii.edu.au/au/other/uswlj/thematic/1998/vol21no2macmillan.htm>
- ²⁸ The International Corporate Governance Networking could be accessed through <http://www.cgn.org>
- ²⁹ See the May 2001 Consultation information available at <http://www.mof.sg/cor.dasc> for details.
- ³⁰ The aspect of disclosure and corporate governance standard as well as reprimanding non -compliance in terms of fines and imprisonment are discussed. Note that these papers are at <http://>

www.sc.com.my/htm/publications/speeches and

<http://www.worldbank.org/wbi/wbiep/papers/thillainathan.paf> respectively.

³¹ See the of the Republic of Indonesia Act Number 8 year 1999 concerning the Capital Market at <http://www.indoexchange.com/service/regulations/>

³² See also Baums “Corporate Governance in Germany - Systems and Current development” available at <http://www.jura.osnabrueck.de>

³³ See Cadbury Commission Report of the Committee on Financial Aspects of Corporate Governance-1992.

³⁴ See other aspects of disclosure and corporate governance in United Kingdom (UK) such as directors’ remuneration in Greenbury Report 1995, London Stock Exchange Combined Code 1998 and Hampel Report 1999, all available at

<http://www.worldbank.org/html/fpd/privatesector/cg/code/htm>

³⁵ The International Federation of stock exchange is currently developing a comprehensive survey of its membership to determine disclosure requirements in international markets. The study will provide comprehensive comparisons of the different requirements in quantity, quality and frequency of disclosure requirements around the World.

³⁶ See European Association of Dealers (2000) Corporate Governance Principles and Recommendations.

³⁷ See the US President’s call at <http://www.whitehouse.org/news/release/2002/01/200200110.1.html> to analyse the Disclosure and regulatory rules after the fall of Enron.

³⁸ See the various calls regarding analysis and reviews of corporate governance, disclosure and regulatory systems at <http://www.washingtonpost/w-p/business/specials/energy/enron> and <http://dailynews.yahoo.com/fc/business/enron>

³⁹ See www.globalisation.about.com on the details about globalisation

⁴⁰ The Commonwealth Secretariat has been leading the process related to promoting corporate governance in member states including the east African countries.

⁴¹ See Alba et al (1998).

⁴² See the UNCTAD- World Investment Report 1997-2001 and Salvatore D. (1990) International Economics, 3rd Edition, Macmillan Publishing Company.

⁴³ These aspects according to Iskander et al (2000) include meeting shareholders value, the aspects of disclosure, transparency and accountability, leadership of the board of directors, the board membership, the separation of the role of chairman with that of the CEO and board committees and their independence. Further aspects included dispute resolution and codes of best practices. See also Dr. Stephen M. Davis – in Economic Reform Today 1999, Cipe, USA available at www.cipe.org