



CENTER FOR
INTERNATIONAL
PRIVATE
ENTERPRISE

Update on Key Activities August 2008

HIGHLIGHTS

The Novorossiysk Chamber of Commerce and Industry has developed a novel **way for entrepreneurs to protect their rights against arbitrary inspections and administrative pressure**. In July 2008, Russian President Dmitry Medvedev said, "Law enforcement authorities and government agencies must stop creating nightmares for businesses. I've given the signal." The Novorossiysk chamber has printed a poster quoting the President, along with the words "Signal received!" for distribution to local entrepreneurs, who have begun to hang the poster on the doors of their businesses. The poster was accompanied by a letter calling on businesses to join together, in partnership with local government, to address common concerns. The Novorossiysk chamber is a member of the Krasnodar Regional Coalition of Business Associations, formed in 2003 under CIPE's USAID-funded "Small and Medium-Sized Enterprise Policy Advocacy" project.

GLOBAL/KNOWLEDGE MANAGEMENT

CIPE Executive Director John D. Sullivan, Deputy Director for Programs Jean Rogers, and Communications Director Caroline Scullin met with Jeremy Curtin, Coordinator of the Bureau of International Information Programs at the U.S. Department of State, to confirm a new partnership initiative. The **Democracy Video Challenge** will be a high-profile campaign to encourage people worldwide to enter a video competition that features videos addressing 'democracy is...'. Other partners include the National Democratic Institute, the International Republican Institute, the Motion Picture Association of America, Tisch School of the Arts, the Directors Guild of America, and the International Youth Foundation. A kick-off event is planned for September 15, 2008, at the United Nations in New York, coinciding with International Democracy Day. For more information, visit www.america.gov.

CIPE released its newest Reform Toolkit, "Corporate Governance for Emerging Markets." The toolkit introduces key corporate governance concepts and their connection to market-oriented democracy, provides a framework for applying governance principles to emerging markets situations, and outlines CIPE's four-step strategy for corporate governance reform. The toolkit is available at www.cipe.org.

CIPE released and distributed the following publications:

- "Building Democracies and Markets in the Post-Conflict Context," an issue paper by Senior Program Officer for Global Programs Aleksandr Shkolnikov and Global Program Officer Anna Nadgrodkiewicz. Read more at www.cipe.org/publications/papers/pdf/IP0806.pdf.
- "Building the Pillars of Democracy," an *Economic Reform Feature Service* article by Anand Panyarchun, former Prime Minister of Thailand. See www.cipe.org/publications/fs/pdf/081508.pdf.
- "China's Grassroots Movement Toward Greater Freedom," an *Economic Reform Feature Service* article by Dr. Kate Zhou of the University of Hawaii. See www.cipe.org/publications/fs/pdf/082808.pdf.

AFRICA

Kenya – As reported in the Kenya Association of Manufacturers newsletter Prime Minister Rt. Hon. Raila Odinga has opened new frontiers for businesses with his support of the private sector's National Business Agenda. The Prime Minister reiterated government's commitment to establishing a working relationship with the private sector in order to revive the country's economy. There has also been a call for the immediate implementation of a joint committee of private sector and government representatives under the Ministry of Treasury. For further details, visit www.kam.co.ke/?itemId=17&newsId=111.

For more information on CIPE events, please contact Caroline Scullin at 202-721-9200 or cscullin@cipe.org.

Zambia – CIPE partner the Institute of Directors Zambia (IODZ) officially launched its corporate governance code for small and medium-sized enterprises (SMEs) and other non-listed companies. Minister of Commerce, Trade, and Industry Felix Mutati spoke at the August 8 event. CIPE has supported IODZ in developing the corporate governance code and raising awareness of good governance principles among SMEs, government officials, and the public through seminars, radio programs, and news articles. In preparation for the launch of the new SME tier of the Lusaka Stock Exchange later in 2008, CIPE is supporting IODZ to provide training and technical assistance in corporate governance best practices to SMEs preparing to list on the exchange.

ASIA

Vietnam – CIPE Regional Director for Asia John Callebaut traveled to Hanoi to manage a two-day business association workshop organized by CIPE and the Vietnam Chamber of Commerce and Industry. About 40 senior managers of chambers and industry associations in the Hanoi area participated in the workshop.

CENTRAL AND EASTERN EUROPE

Moldova – On August 6, CIPE partner the Institute for Development and Social Initiatives organized its third regional roundtable under its current program. Held in the town of Hancesti, the roundtable provided participants with an opportunity to discuss the first draft of the country's National Business Agenda. Participants included representatives of local business associations, entrepreneurs, and chambers of commerce from central Moldova.

Romania – The Regional Center for Organization Management (RCOM), an initiative of CIPE's Balkan regional office in Bucharest, has finalized its toolkit, "Public-Private Dialogue for Competitiveness Reforms," under a project funded by the World Bank Institute and the Austrian Development Agency. The toolkit introduces business leaders and key stakeholders to mechanisms for using public-private dialogue to enhance their competitiveness and cooperation with officials on reforms to improve the business environment.

Balkan Regional – RCOM, in cooperation with World Bank Institute (WBI), finalized the project "Enhancing ICT Competitiveness in Bosnia Herzegovina," funded by the Austrian Development Agency. The results of the project will be featured in a paper titled "The Power of Advocacy," jointly prepared by Kathrin Frauscher of WBI and CIPE's Camelia Bulat.

EURASIA

Azerbaijan – CIPE partner the Entrepreneurship Development Foundation (EDF) finalized its economic analysis of Azerbaijan, based on in-depth interviews with 75 entrepreneurs across Azerbaijan from various sectors of the economy. The interviews revealed a number of problems for businesses, mainly concerning imperfect legislation and implementation. The majority of interviewees spoke frankly about corruption and illegal interference in their companies' activity, but asked to keep their names anonymous, fearing possible repercussions from officials. A number of businesspeople involved in foreign trade pointed to the need for trade liberalization and increased transparency in the customs service. When asked about their attitude towards Azerbaijan's entrance into the World Trade Organization (WTO), the majority supported the idea of accession in the near future. EDF will use the results of the study to draft a National Business Agenda.

Georgia – From July 25-27, CIPE partner the New Economic School of Georgia (NESG) held a seminar on economic journalism in the city of Batumi. Seminar participants examined current issues in transitional economics, using examples and case studies drawn from the experiences of Georgia and Serbia.

Kazakhstan – In a joint press conference on July 24, the Kazakhstan Forum of Entrepreneurs (KFE), the Public Association of Kazakhstan Businesses, and the Independent Association of Entrepreneurs announced the results of their recent analysis of the business environment. KFE President Munavara Paltasheva explained that almost half (45 percent) of Kazakhstan's SMEs said that the one-year moratorium placed on inspections as of February 2008 has made little difference in improving the business environment. According to CIPE partners in Kazakhstan, the current financial crisis has forced has led to an 80 percent decrease in turnover for many SMEs, and it is feared that many may close their doors by the end of 2008. To compensate for related losses, government agencies and other controlling groups have begun to apply intensified administrative pressure to entrepreneurs by means other than inspections. In addition, KFE presented results indicating that the 'single-window' business registration system does not work outside the city of Almaty.

Russia – The North Ossetia-Alanya Chamber of Commerce and Industry, which has headed the region’s business coalition since its 2007 creation as one of 17 regional coalitions under CIPE’s USAID-funded “SME Policy Advocacy” project, signed an agreement with the republic’s Ministry of Emergency Situations to streamline the rules governing fire safety inspections. These inspections, which are overseen by the ministry, are notorious for giving rise to demands for and offers of bribes, as SMEs must comply with a bewildering and contradictory set of rules. Under the agreement, the ministry and the chamber will investigate how various rules generate corruption; clarify or eliminate contradictory and confusing rules; and launch a website that will list the revised rules, offer recommendations to businesses undergoing inspection, and publicize cases of violations committed by inspectors.

Russia – To better protect SMEs from arbitrary administrative pressure, the Saratov Regional Coalition of Business Associations has spearheaded the launch of a “Public Council for the Protection of SMEs,” under the auspices of the regional prosecutor’s office. Seven representatives of the Saratov Coalition will join the council, which held its first meeting on August 13. The council will investigate violation of entrepreneurs’ rights in areas as leasing municipal property, registering businesses, and enforcing regulations applicable to SMEs. The council will also develop and issue recommendations to curb the potential for corruption in regional legislation. The Saratov Coalition was created in 2003 as one of 17 regional coalitions formed under CIPE’s USAID-funded “SME Policy Advocacy” project.

LATIN AMERICA and the CARIBBEAN

Colombia – CIPE partner Confecámaras conducted a training program on corporate governance principles and procedures for 50 consultants, who will advise companies throughout the country on good corporate governance practices. The conference was linked by video to six Colombian cities and participants at local chambers there. CIPE Regional Director John Zemko provided one of the training components at the event, speaking about international trends and presenting a model for corporate governance development.

Ecuador – CIPE partner Alianza Equidad joined 12 other civil society organizations in signing an agreement with the Ministry of Mining and Oil. With this agreement, the civil society organizations will be able to oversee and evaluate the origin, destination, and use of mineral and oil resources. The Ministry of Mining and Oil pledged to become more transparent in its administration of these resources.

Guatemala – CIPE partner the National Economic Research Center (CIEN) participated in an entrepreneurship seminar at Rafael Landivar University, presenting the results of its project on reducing the informal sector. During the seminar, Hugo Maul from CIEN gave a presentation to the 60 people in attendance, including government officials and academics. CIEN has presented the project’s findings to groups of business leaders; civil servants from the ministries of economy, agriculture, and finance; the press; and academia.

Paraguay – The Foundation for Development in Democracy (DENDE) held an historic meeting with over 600 businesspeople to create a private sector vision for Paraguay’s development. CIPE Regional Director John Zemko attended the event, “Development with Employment,” which brought together 54 business associations in Paraguay to develop a consensus view. The policy initiative will be developed into a document that will be presented to the new government of President Elect Fernando Lugo.

MIDDLE EAST/NORTH AFRICA

Egypt – CIPE partner the Egyptian Junior Business Association is working on its fourth National Business Agenda. EJB is drafting its recommendations for changes in the Unified Food Law to be implemented by the Food Quality Control Authority, and will perform a legislative review of the construction sector.

Egypt – Chairman of the Federation of Economic Development Associations (FEDA) Fouad Thabet announced that Minister of Industries and Trade Rachid Mohamed Rachid waived 84 ministerial decrees in response to FEDA’s July 13, 2008 request to revisit 76 legislations and 136 ministerial decrees that are inconsistent with the newly amended Egyptian Constitution. FEDA, a CIPE partner, organized a two-day policy roundtable in the Delta City of Mansoura to discuss FEDA’s first draft for a revised unified industry law with 25 leaders of business associations representing grassroots associations in 18 governorates. This dialogue is a continued effort to engage civil society organizations in the democratic reform process to effect positive changes in the unified industry law that will reflect a turn from a centrally planned economy to a more democratic, market-oriented one. Participants agreed with Thabet that the “recent constitutional amendments in Egypt that took place in 2007 have rendered the current laws regulating business and economy unconstitutional and thus the current industry law is in need of reform.”

Jordan – CIPE partner Al-Quds Center for Political Studies held a training workshop for Jordanian political parties August 15-16 at the Dead Sea. The workshop was a culmination of a year-long program to train a core group of activists within each of Jordan's 14 political parties on the mechanics and methodology of articulating an economic vision and platform for their respective parties. Prior to this final workshop, each party was tasked with preparing an economic vision and a specific reform agenda. Ten parties came prepared with their agendas, many having done so for the first time. At the conclusion of the workshop, party members agreed to revise their platforms according to recommendations made during the discussions. The platforms will be published together and be made available to the Jordanian public.

Lebanon – As part of its ongoing project to advance a broader culture of corporate governance throughout Lebanon's private sector, the Lebanese Transparency Association (LTA) recently carried out a corporate governance assessment of Butec, a large Lebanese construction company. Two additional companies are finalizing negotiations with LTA to carry out similar assessments. These initiatives are part of a wider project designed to work directly with and assist a range of Lebanese firms as case studies that have shown distinct interest in meeting international standards and demonstrating their commitment to the values of fairness, transparency, accountability, and responsibility embodied in the practice of corporate governance.

Lebanon/Regional – Building on their newly drafted Corporate Governance Guidelines for Arab banks, the Union of Arab Banks (UAB) is in the process of developing an accompanying corporate governance toolkit. This toolkit will be introduced at UAB's Financial Week in November 2008.

SOUTH ASIA

Afghanistan – CIPE staff, including Executive Director John D. Sullivan and Regional Director Andrew Wilson, attended a working lunch organized by CIPE's Kabul office, where Sullivan spoke to 27 parliamentarians, business leaders, and representatives of the Ministry of Commerce on market reform issues. The participating parliamentarians expressed enthusiasm for CIPE's training program, and proposed that the program be retained as a legislative advisory service. CIPE Country Director Roy Badaro spoke about CIPE's commitment in Afghanistan, with projects that are benefiting over 15,000 Afghan citizens.

Sullivan and Wilson also attended a CIPE-organized focus group for the leaders of business associations. CIPE staff met with 20 teachers from the *Tashabos* entrepreneurship training program to discuss the program's future development. The meeting was attended by the program's students, their parents, and representatives of the Ministry of Education.

Afghanistan – CIPE staff met with Parliament Speaker Yunus Qanooni to provide a briefing on CIPE and U.S. Chamber of Commerce activities internationally and in Afghanistan in particular; Qanooni expressed his thanks for CIPE's economic training program for parliamentarians. CIPE staff also met with Ashraf Ghani, Afghanistan's former finance minister, Muhammad Stankizai, former minister of telecommunications, and Omar Zakhilwal, chief economic advisor to President Karzai, to discuss the country's economic situation and the challenges it faces.

Pakistan – CIPE staff, including Executive Director John D. Sullivan, Regional Director Andrew Wilson, and Program Officer Brooke Millis, traveled to Pakistan to hold meetings in Islamabad and Karachi. Staff worked with chambers and associations, think tanks, businesses, and government officials to refocus CIPE's strategy in Pakistan to encourage economic and democratic reform.

Pakistan – CIPE staff met in Karachi with Tanvir Sheikh, president of the Pakistan Federation of Chambers of Commerce and Industry, and Shamim A. Shamsi, president of the Karachi Chamber of Commerce and Industry, to discuss reforms of business associations in Pakistan. CIPE staff also met with Dr. Shamshad Akhtar, governor of the Central Bank of Pakistan, and Dr. Ishrat Hussain, dean of the Institute of Business Administration. Both Akhtar and Hussain commended CIPE for its reform initiatives in Pakistan, particularly in the area of corporate governance for family-owned firms, and offered their support in future initiatives. CIPE staff also met with the chairman and CEO of the Pakistan Business Council and representatives of the Pakistan Software Houses Association (P@SHA) to discuss progress being made on their respective sectors' business agendas.