

Iraqi Business Community Gathers to Advocate for Reform

Sulaymaniyah, Iraq – As Iraq struggles to emerge from conflict and rebuild its economic system, effective reform-centered dialogue involving the private sector is critically important. CIPE has been working with the Iraqi Business Council (IBC) since 2006 to help strengthen dialogue between policymakers and private sector leaders, and has provided the IBC with the technical support and policy expertise necessary to enhance their ability to advocate on behalf of their members. With CIPE support, the IBC articulates the business community's vision for progress and encourages policymakers to maintain effective, continuous relationships with their peers and the private sector.



Muna Al Mossawi from the Iraqi Society for Customer Rights Defense speaks about her concerns to a receptive audience in Sulaymaniyah.

In a recent effort to strengthen advocacy efforts for reform, CIPE Iraq and DC staff engaged 51 members of the IBC in strategic discussions of

priorities with policymakers at both the national and regional level in Sulaymaniyah on July 1, 2010. Major topics of discussion included issues

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CIPE Board Member Helps Promote CSR in Indonesia

Jakarta, Indonesia – At the International Conference on Corporate Social Responsibility (CSR) hosted by CIPE partner the Indonesia Business League (IBL) on September 29-30, 2010, CIPE Board member Sandra Taylor delivered a powerful keynote address on the importance of CSR to businesses and bottom lines around the world.

To an audience of 300 corporate executives, government officials, and representatives from non-governmental

organizations, Taylor described how important it is for companies, both large and small, to conduct business in ways that promote social and economic benefits for their local communities. In her presentation, she explained the positive business value of embedding corporate citizenship into corporate strategies and operations, and the potential benefits of cooperating with other companies through business associations. As President of Sustainable Business International,

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Growth and Leadership Through Corporate Social Responsibility

By Sandra E. Taylor, President and CEO, Sustainable Business International



Photo courtesy of Sandra Taylor

For business leaders worldwide, these are truly challenging times. We are forced to look beyond economic pressures, and take into account political uncertainties and societal expectations. We must maintain competitiveness while we focus on corporate governance and corporate citizenship. At the same time, the bottom line continues to be a top priority: we must deliver shareholder value and profits. Our focus on operational efficiency, cost effectiveness, productivity, customer service, and innovation must be relentless.

Companies are asked to deliver wider societal value within the context of doing business. As a result, corporate social responsibility (CSR) has become a major defining role of business leadership in today's society.

Consumer demand often precipitates a company's adoption of corporate social responsibility and sustainability programs, which can be a "prerequisite" for profitable growth. Consumer awareness of and demand for information about product origin and working conditions have grown. As a result, they are often willing to pay more for goods produced by well-paid workers in safe working environments. Non-governmental organizations work in many ways to ensure that economic development in emerging economies can be accomplished in ways that protect human rights and

conserve the environment, and that a company operates in a manner that improves the communities in which it works.

But in a tough competitive landscape that holds business owners and chief executives responsible for both sustainable practices and stellar growth, how do companies take that step towards CSR leadership? Established CSR leaders like GE, Timberland, Coca-Cola, and IBM have expanded a risk-management perspective to embrace sustainability as a platform for profitable growth. They provide a structure for managing sustainability challenges and impacts and put responsible practices at the core of their business planning. They make the business case for sustainability, given industry and company priorities, thereby supporting the allocation of resources to implement a CSR strategy and provide justification to investors.

A strong CSR strategy starts at the top. CEOs are accountable for business strategies that identify the material issues that maximize opportunities and minimize risks. These include accountability, environmental impact assessment, governance, stakeholder engagement, social community commitments, ethics, and transparency.

In the midst of debates over global warming and the environmental effects of fuel-hungry economies, our interconnected world requires strong business leadership to strengthen governance, instill ethics and integrity into business decision-making, harness economic potential, alleviate global poverty, improve human conditions, and address unique community needs. This is why a vibrant CSR strategy should be at the core of every business, whether a small enterprise or global corporation.

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Journalist Training Workshops Improve Reporting Skills in Kyrgyzstan

Bishkek, Kyrgyzstan – Quality economic reporting that facilitates a healthy dialogue among business, government, and the public is critical for building market-oriented democratic reform. CIPE partnered with the Kyrgyz Stock Exchange Press Club (KSEPC) to address the lack of trained reporters in Central Asia, to improve journalist skills through a series of 10 financial education seminars between May 2010 and July 2010.

On July 24, 2010, KSEPC held the seminar series' final session and awarded certificates of completion to the 19 seminar participants – all of whom are active journalists in print and electronic media in both Russian and Kyrgyz-language newspapers and television – as well as certificates of appreciation to 10 lecturers. Post-seminar series surveys indicated that 100 percent of the participants considered these seminars useful. Seminar lecturers received an average rating of 4.8 on a scale of 1 (weakest) to 5 (strongest). In addition, 20 percent of seminar participants have subsequently produced articles or conducted radio interviews on financial issues, including 48 articles in Russian, two articles in Kyrgyz, and two radio interviews in Kyrgyz.

The success of the educational seminar series has led CIPE and KSEPC to follow-up with a seminar series focusing on principles and methodologies of sound corporate governance and market-based institutions and processes. The seminar series will expand to the southern city of Osh, known as Kyrgyzstan's "southern capital," where KSEPC will work with local journalists to organize a six-day seminar for 15 journalists from southern Kyrgyzstan. By covering topics such as the role of financial markets in economic development, banking system reform, monetary policy, financial reporting and disclosure, Kyrgyzstan's tax system, and the role of micro-finance institutions in stimulating economic growth, KSEPC provides a unique, much-needed informational and educational forum for journalists on crucial elements of the market economy.

KSEPC's important work in improving mass media reporting on financial issues has already yielded impressive results. As KSEPC refines and expands the educational seminar series, more journalists will gain greater capacity for improving mass understanding of democratic values necessary for the public to demand broad market-based democratic reform. ♦

Growth and Leadership Through CSR

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As a member of the CIPE Board of Directors, I am proud of the work CIPE undertakes with its partners to improve governance processes and institutions while integrating best practices for ethics standards with local experience and context. This is critical to attract investment and develop a stronger private sector economy

in emerging democracies around the world. Good corporate governance, ethics, and social responsibility can help firms establish transparent relationships, ensure confidence in workers and consumers, and meet demanding societal needs. ♦

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Tashabos Students Create Successful Businesses in Afghanistan

Bamiyan, Afghanistan—Bamiyan, in the central part of Afghanistan, is an especially remote and mountainous province with little access to many of the goods and services available in Kabul. Mohammad Aqa Alawi, an 18-year-old from a small village in Bamiyan Province in the center of Afghanistan, has founded a successful business using the knowledge and confidence he acquired through the *Tashabos* program. In order to address his village's lack of electricity, Alawi built a water-powered turbine and set it up in the stream that passes through town. The turbine now generates enough electricity for 20 households. "I have set up this primitive power plant from some very ordinary equipment which is available in Bamiyan," he said. The initial equipment investment cost

30,000 Afghanis (\$668); Alawi now earns 3,000 Afghanis (\$67) a month.

Also in Bamiyan, 17-year old *Tashabos* student Zohra Mosawi found a different market for her products. "I have recently started making tomato paste and selling it to my family friends and relatives," she said. "The quality of our tomato paste is much better than the paste which is available in the market in Bamiyan. And once our customers tasted our product, they will come back," Mosawi said. "I go to school in the mornings and have enough time in the afternoons to make tomato paste." She added that she wants to help her family financially.

Both students were winners of the *Tashabos* business proposal writing competition held at each of their

schools in Bamiyan. The competition encourages students to use the knowledge gained through their coursework to develop business ideas.

CIPE developed *Tashabos*, a high school entrepreneurship course, in 2005 to address the lack of business education available to Afghan students. Through the curriculum for 10th, 11th, and 12th grades, students study basic business and economic concepts, build an understanding of how to start a business, and learn about civics and the role of business in society. *Tashabos* is now taught in 44 schools throughout Afghanistan and reaches 33,000 students in Kabul, Bamiyan, Parwan, and Nangahar Provinces. *Tashabos* is taught in six schools in Bamiyan province and reaches 1,455 students. ♦

Business Community in Belarus Advocates for Business Licensing Reform

Minsk, Belarus – Despite a challenging political environment in Belarus, the business community has seized the opportunity to educate officials about the advantages of a free market economy, laying the groundwork for continued public private partnership. Using advocacy tools developed in partnership with CIPE, representatives of the Belarusian business community have effectively presented their case for reform. Over the course of its two-year advocacy efforts, the business community submitted numerous written proposals to officials, participated in government conferences and meetings, and met directly with officials responsible for crafting Presidential Decree 450, which reduces nearly 60 percent of all business licensing requirements.

The Belarusian government approved Presidential Decree 450 on September 1, 2010, which is scheduled to go into effect on January 1, 2011. The approval serves as a testament

to the business community's extensive advocacy efforts; once in effect, retail businesses, auditing firms, design companies, and other businesses will be required to obtain licenses only for safety, security, and health regulations.

The Belarusian business community has stepped up advocacy for policy changes designed to ease state pressure on entrepreneurial activity. Led by CIPE partner the Confederation of Entrepreneurship of Belarus, the business community uses the yearly Belarus National Business Platform to seek reductions in state licensing procedures.

Presidential Decree 450 will lower the barriers to market entry, curb corruption by helping to level the playing field for private and government-owned businesses, and improve incentives for transparency and accountability. The business community will continue to work to ensure effective implementation of Presidential Decree 450 by sustaining its partnership with government officials and continuing information distribution on the benefits of a free market economy. Although challenges lie ahead, the business community remains well-positioned to continue advocating economic reform and progress in Belarus. ♦

CIPE Announces Winners in 2010 International Youth Essay Contest

Washington, DC – A panel of international judges selected nine winners for the Third Annual CIPE International Youth Essay Contest. Winning entries were selected from among 600 entries from 81 countries in the categories of “Democracy that Delivers,” “Entrepreneurship and Society,” and “Women and Participation.” The essayists wrote on one of the three challenges, and further outlined youth’s role in implementing change in their societies.

In the “Democracy that Delivers” category, first place winner Temitayo Olofinlua from Nigeria, second place winner Shofwan Al Banna Choiruzzad from Indonesia, and third place honoree Kseniya Oksamytna from Ukraine reminded readers that a democracy does not deliver tangible benefits through free and fair elections alone. Citizens must demand more from their elected leaders in order to dissipate an authoritarian political culture.

The “Entrepreneurship and Society” category’s essay winners focused on entrepreneurship’s potential to foster more inclusive economic growth by reaching out to less-advantaged youth and partnering

to launch social enterprises. Romanian writer Ioana Benjamin-Schonberger, Nigerian writer Etuk Anietie, and Moroccan writer Soukeina Mouline gave detailed policy prescriptions to increase the ability of youth to act as agents of change through private sector development. These recommendations included establishing small business incubators, improving technical and business education, and strengthening youth associations to play a larger role in social networking and advocacy.

The final category focused on barriers to greater participation for women in social, political, and economic life. The first place winner Deepa Kylasam Iyer and third place winner who remained anonymous, both from India, highlighted the effect that poor education and patriarchal cultural practices have in limiting the opportunities and outcomes for India’s largely rural population. Essay winners proposed innovative ideas and projects for increasing women’s control over their own strategic life choices. While change can often be a long and drawn-out process, today’s youth are committed for the long

haul. Second place winner Claris Gatwiri Kariuki from Kenya took a historical and social look at women’s empowerment in Kenya.

The International Youth Essay Contest also provides a model for young people around the world to continue their involvement. Irina Alionte, the first place winner in the “Education Reform and Employment” category in CIPE’s 2009 Youth Essay Contest, organized a similar essay competition (in English) at Shakespeare School, a Bucharest-based foreign language institution, on the role and future of online social platforms. The contest sparked the interest of 3,100 students from across Romania, and winners received two-week scholarships to study English in the United Kingdom. The competition has also received wide media attention from prominent media outlets such as the *Wall Street Journal*, Radio Romania Cultural, and the websites www.studentie.ro and www.jurnale.ro. ♦

Winning essays from the 2010 contest are available online at www.cipe.org/essay.

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hindering economic growth, such as banking policies that restrict access to finance through arbitrarily high interest rates, and low industrial and agricultural productivity. The dialogue allowed the IBC to present its concerns to the Prime Minister’s advisors, Dr. Abdul Hussein Al-Anbaki and Mr. Arkan Rashid, Kurdistan Regional Government Minister of Trade and Industry Dr. Sinan Jelebi, and Central Bank of Iraq Deputy Governor Dr. Ahmed Bureihi. These high-profile representatives listened to private sector concerns and recommendations and openly engaged in dialogue.

The IBC’s work has allowed for organized and open dialogue between members of the private sector and government officials, something that has previously been limited to one-on-one interactions in Iraq. The success of the discussions and policy recommendations presented in Sulaymaniyah highlight the IBC’s ability to address the barriers to economic growth in Iraq in a way that policymakers are able to understand and review for decision-making. The IBC will continue to advocate for necessary economic reforms and will work to ensure that the private sector’s voice remains a strong and forceful tool for reform. ♦

Conference Aims to Stabilize Business Climate in Zimbabwe

Harare, Zimbabwe – After years of economic decline and hyperinflation, Zimbabwe has started to reverse those trends, stabilize its economy, and move toward sustained growth. In November 2010, the International Monetary Fund described the Zimbabwean economy as “completing its second year of buoyant economic growth after a decade of economic decline,” mentioning strengthened policies as the main reasons for the economic growth.

CIPE has long known that civil society organizations that represent the business community can be a major voice for growth-oriented policy, and that strengthened relationships based on common interest can lead to a better future for Zimbabwe. At the “Just Business” conference in Harare on September 29, organized by the American Business Association of Zimbabwe, CIPE Board Chairman Greg Lebedev delivered a keynote speech intended to encourage Zimbabwe’s continued trajectory. “You have remarkable natural resources, a depth of human capital, an indomitable spirit, and an opportunity,” Lebedev remarked. “That opportunity is to begin to take concrete steps to make a market economy work right here. If you make sustainable economic growth a priority, you will not only change the

lives of ordinary citizens, you will change the way the world looks at Zimbabwe for a long, long time.”

The conference, attended by several hundred government officials, business leaders, and students, was developed to find solutions that will improve Zimbabwe’s economy through growth. Lebedev spoke about how the country can secure economic growth by adopting a free market economy and addressing the issues and challenges of a large informal economy. Other notable speakers included Prime Minister Morgan Tsvangirai, Minister of State Sylvester Nguni, Executive Director of the Africa Business Initiative at the U.S. Chamber of Commerce Scott Eisner, Chairman of the King Commission on Corporate Governance Professor Mervyn King, and the U.S. Ambassador to the Republic of Zimbabwe Charles Ray.

The enthusiasm generated by the conference underscored CIPE’s long-standing premise that civil society organizations and the government must work together to address the problems of economic development. Future economic growth in Zimbabwe will depend on this strong cooperative approach. ♦

Creating a Better Business Environment Across Kenya

Eldoret, Kenya – A new water treatment plant began operation this summer after a coalition of private sector associations successfully pressured the local government in Eldoret. Although construction on the plant was completed two years ago, final construction was mired in red tape until a coalition of businesses began to try to find solutions to the problems. In the cities of Kisumu and Nakuru, private sector associations advocated for and achieved increased police patrols on the Kisumu-Busia highway and in the Nakuru industrial area after multiple roadside robberies. Because security in Kisumu and Nakuru is a concern to businesses, business

coalitions are working with local authorities to develop solutions.

Over the past year, CIPE partner the Kenya Association of Manufacturers (KAM) has built these coalitions of private sector associations, non-profit organizations, and private businesses in Eldoret, Kisumu, Mombasa, and Nakuru. Initially formed to identify priority issues for businesses, the coalitions represent a powerful voice of the private sector in their communities. Once the cultural issues were identified, the coalitions approached local government with potential solutions and engaged with individual local government officials

in a series of meetings to affect policy and regulatory changes.

By engaging the private sector in local governance through public-private dialogues and evidence-based advocacy, local groups are finding solutions to local problems and working with the government on improving the quality of life, employment, and business environment – one step at a time.

“There still is a lot of work to do,” said KAM Senior Executive Officer Moses Kiambuthi, but KAM’s recent successes in Eldoret, Kisumu, and Nakuru prove that the work is worth the effort. ♦

CIPE's Approach to Fighting Corruption

Corruption feeds ongoing political and economic failures in many developing countries by impeding market development, driving away investment, increasing the cost of doing business, and eroding the legitimacy of the law. The need for an increased emphasis on fighting corruption is paramount as worldwide corruption grows and paralyzes development efforts around the world.

CIPE recognizes corruption as a political, economic, and social issue. In this sense, CIPE and its partners approach corruption programs from a multitude of angles – we recognize that corruption undermines the functioning of democracies, destroys legitimacy of government institutions, derails economies, diverts investment, and lowers the quality and access to public services, among many other things. This means that solutions to the corruption problem cannot come from any one sector alone – not government, civil society, or the private sector. In fact, they must all work together and put forth reasonable solutions to reduce bribery and extortion. Although they may seem obvious, in too many countries anti-corruption efforts remain uncoordinated and isolated.

Second, CIPE views corruption as much more than bribery. There are many different forms of corruption, which often make it invisible and difficult to address, such as kickbacks, nepotism, or private sector corruption. One of the more important forms of corruption that demands scrutiny is extortion. Extortion, prevalent in many corrupt countries, is a real barrier to economic development, disproportionately affecting small business and individual

entrepreneurs. Dealing with extortion, unlike dealing with bribery, underscores a very important point – that the private sector can be a victim of corruption.

Third, CIPE goes beyond viewing members of the private sector as victims of corruption. CIPE invests a considerable amount of effort to mobilize the private sector as a leading force in reducing bribery, dealing with extortion, and eliminating other forms of corruption. Through such collective action programs, it is possible to improve transparency, institutionalize integrity, and improve practices.

Fourth, in dealing with corruption, CIPE looks beyond individual transactions. It is important to study the underlying root sources of corruption and address those root sources. They include complex and contradictory laws and regulations, discretionary power of public officials, lack of transparency in public procurement, low public sector wages, weak enforcement of laws and regulations, lack of access to information, and an insufficiently free and independent media.

Finally, CIPE believes that corruption must be treated as the product of institutional failures, not simply individual moral failings. Building a system of strong, balanced institutions is the best way to reduce corruption. That means creating a set of reliable incentive structures that reward honesty and transparency and punish bribery and abuse of public office. The private sector can make extremely valuable contributions to reforming political and economic institutions and reducing corruption. ♦

*For more information on successful anti-corruption approaches, visit
CIPE's resource page at www.cipe.org/programs/corruption/index.php.*

CIPE Partners Lead Anti-corruption Efforts Around the Globe



Senior Vice President for International Affairs at the U.S. Chamber of Commerce Myron Brilliant (center) speaks to a Russian audience at the Russian Federation Chamber of Commerce and Industry in Moscow.

Russian Partners Develop New Methodology to Fight Corruption

Moscow, Russia – Transparency International’s (TI) 2010 corruption index ranks Russia in 154th place out of 178 countries, a decline from the 2009 ranking of 146. Among the world’s developed economies, Russia is the lowest-rated, with a rating of 2.2 (up from 2.1) on a scale of 1 to 10. TI further reports that while Russia has created the necessary laws and legal institutions to fight corruption on paper, it has not taken serious steps to implement anti-corruption measures in everyday life.

Since founding a regional office in Moscow in 2002, CIPE has worked with local partners dedicated to reducing corruption and increasing transparency throughout Russia. At a September conference at the Russian Federation Chamber of Commerce and Industry (RCCI) in Moscow, a coalition of chambers of commerce and business associations rolled out its unique approach to anti-corruption. This new approach, which includes a rigorous methodological review with actionable recommendations, reinforces the importance of a private sector-focused strategy that fights corruption through streamlining regulation, improving administration, and closing the gap between the laws on the books and the reality on the ground.

CIPE and its partners, including the Saratov Chamber of Commerce and Industry, presented analysis at the conference of how gaps among federal, regional, and local laws allow for bureaucratic discretion, providing opportunities for corruption. Partners offered

a number of national-level legislative recommendations, such as passing a federal law on regulatory acts and introducing standardized procedures for provision of municipal services to business. Participants argued that wider adoption of the methodology by other business associations in Russia would improve the business climate and legislative process, and further fight corruption.

Participants included more than 65 representatives of regional chambers, RCCI, officials from the Ministry of Economic Development and Federal Anti-monopoly Service, elected officials, representatives of regional ministries of justice, legal experts, and academics. U.S. Agency for International Development Deputy Mission Director Kathryn Stevens, Senior Vice President for International Affairs at the U.S. Chamber of Commerce Myron Brilliant, and CIPE Executive Director John D. Sullivan also attended, as well as CIPE staff from Washington, Moscow, and Kyiv, and CIPE partners from Belarus.

Regional governments have already begun to take this new approach to fighting corruption. Authorities in the Smolensk and Saratov regions have agreed to adopt the methodology in the coming year and partner with their regional chambers of commerce to evaluate laws. This promising start ensures that CIPE will continue to work with its partners to disseminate this key anti-corruption tool throughout the country. ♦

New Lebanese Publications Enhance Anti-corruption Efforts

Beirut, Lebanon – When the public, private, and civil society sectors work together to advance economic and political reform, they can markedly improve transparency and reduce instances of bribery. To that end, a coalition of anti-corruption advocates have created a new survey and guidebook for raising awareness about the incidence and costs of corruption, improving public access to information, and helping to advance governance and transparency in Lebanon. The Lebanon Anti-Bribery Network (LABN), a multi-stakeholder initiative established in 2008 by CIPE and its local partner the Lebanese Transparency Association (LTA), created and launched the 2010 Survey on Administrative Corruption in Lebanon and the “You’re Being Audited” Reference Guidebook in July 2010.

The 2010 Survey on Administrative Corruption in Lebanon quantifies the extent of bribery in Lebanon. Face-to-face interviews with upper management representatives of 250 small and medium enterprises in the greater Beirut area revealed that 65 percent of respondents pay bribes to facilitate and accelerate government-related procedures. When a bribe is “required,” a government official asks for the bribe in 50 percent of instances; in 37 percent of cases the enterprise simply offers the bribe up front. The high incidence of bribery affects business owners and the business environment alike. It has concrete and tangible costs to Lebanon’s economic development; bribery wastes money, time, and human resources that could be used to develop businesses and provide new job opportunities for an ever-growing youth population. In addition, foreign investors are less likely to choose Lebanon for future investments if transparency is weak and the burden of bribes becomes a deciding factor.

In the Transparency International Corruption Perception Index, Lebanon ranks 130 out of 180 countries, a score that is better than only Iraq and Yemen in the Middle East and North Africa region. In order to mitigate these instances of bribe-paying and bribe-seeking, LTA and LABN worked to raise awareness about enterprises’ rights through the “You’re Being Audited” Guidebook. The guidebook is a valuable resource that offers practical tools for firms to directly counter coercive tactics employed by inspectors, collectors, or officers in pursuit of money or preferred treatment. Using the guidebook in a series of workshops, LTA has already taught dozens of Lebanese firms how to deal with audits and ensure that the proper transparency and accountability practices are enforced.

The development of the guidebook solidifies LTA’s progress in raising standards of democratic governance within small and medium-sized Lebanese businesses while strengthening the inherent link between governance and sound business ethics. The participation of the private sector in the fight against corruption is crucial; the business community can affect positive change not only in the private arena, but also in the public sphere through improved corporate governance and better information. Further, the LABN’s success is setting new standards for addressing the complex issue of governance in Lebanon. A multi-stakeholder effort of this kind is unprecedented in the Middle East, both in terms of its reach and results, and will serve as a model of success for other countries in the region. In this regard, Lebanon is leading the trend toward more comprehensive and transparent governance. ♦

Follow CIPE on YouTube!

In addition to CIPE’s activity on Twitter and Facebook, CIPE has also been increasing its presence on YouTube, sharing original presentations and videos from our partners.

One of CIPE’s latest YouTube posts explains what it means for democracy to deliver, featuring clips from Judy

Shelton, Anne-Marie Slaughter, and Robert Litan at CIPE’s Democracy that Delivers event in Washington, DC. ♦

You can watch this video and more on CIPE’s YouTube channel, located at www.youtube.com/user/cipeforum. CIPE will continue to produce videos that highlight key project areas. Stay tuned!



Groundbreaking Film Opens Dialogue about Combating Corruption in Yemen

Sana'a, Yemen – A new film by acclaimed director Khadija al Salami aims to tackle head-on the challenge of corruption in Yemen. The 43-minute documentary, titled “Destructive Beast” in English, captures the impact of abuse of power, neglect, and bribery, which continues to stifle economic growth in Yemen. The film not only illustrates how and where corruption occurs, but also puts forth concrete policy recommendations to address corruption, including legislative and regulatory reforms.

“Destructive Beast” has been shown on Yemeni television and is already being used as a training tool in government offices around the country. In an ongoing effort to support civil society efforts to combat corruption, CIPE will help local partners to use this film as a training tool to stimulate dialogue and raise awareness about the detrimental effects of corruption on the social and economic health of the country. The film will also be used to challenge the perception that corruption is an inevitable part of Yemeni daily life.

At the film’s premiere in Sana’a, Yemen, on June 17, 2010, Supreme National Authority to Combat Corruption Vice Chairwoman Dr. Bilqis Abu Osba emphasized that “corruption has become a threat to the political, social, and economic development process, which requires a genuine partnership between

government, civil society organizations, and citizens to fight against it.”

Over 100 key decision-makers, political leaders, journalists, civil society leaders, and students attended the inaugural film screening. Democracy School Chairman Jamal al-Shami stated that “combating corruption must involve everyone and must target different segments of civil society to raise awareness about corruption and its impact on society as a whole.”

In September, an English-language subtitled version of the film was screened in Washington, DC, at the Carnegie Endowment for International Peace (CEIP). Over 60 U.S. scholars attended the screening, which was followed by a discussion panel hosted by CIPE Regional Director Abdulwahab Alkebsi and CEIP Yemen Scholar Christopher Boucek.

The Yemeni government understands corruption can no longer be ignored and is willing to engage in developing strategies to fight it. The international community has an important role to play in pressing the Yemeni government for serious reform to increase accountability; films like “Destructive Beast” help create an environment conducive to change. For information about arranging a film screening, contact Abdulwahab Alkebsi at aalkebsi@cipe.org. ♦

Top Opinion Leaders in Egypt Promote Transparency and Reform

Hurghada, Egypt – Any fight against corruption hinges on both political and economic reform, and the two cannot be pursued independently. The goal of CIPE’s “Combating Corruption and Promoting Transparency” program in Egypt is not simply to inform people about the consequences of corruption. Its ultimate goal is to stimulate discussion and provide a framework to build consensus and develop strategies to promote reform.

This goal was reinforced at a three-day forum organized by CIPE and the independent newspaper *Al Masry Al Youm* in the Red Sea city of Hurghada from July 23-26, 2010. Over the course of 10 sessions, participants used CIPE anti-corruption surveys and policy papers as starting points for a broader discussion of how best to fight corruption in Egypt.

The discussions allowed for Egyptian leaders of business associations, journalists and editors, academics, and scholars from think tanks to express their experiences with and strong points of view on corruption in the country:

- National Association for Change General Coordinator Hassan Nafaa criticized the lack of effective mechanisms

for fighting corruption in Egypt due to weak institutions, lack of sufficient laws, and poor oversight.

- Constitutional scholar Dr. Yehya El Gamal stated that corruption cannot be abolished without political will.
- Editor-in-Chief of *Al Masry Al Youm* Magdy El Gallad pointed out a study carried out by students at Ain Shams University which concluded that 28 percent of the material covered by the independent media is related to corruption issues, underscoring the importance of the media’s role in fighting corruption.

The issue of corruption earned significant media attention in the weeks following the forum, as various opinion leaders followed up with pieces in several Egyptian newspapers and journals. In the coming months, CIPE and its partners plan to move beyond raising awareness and will embark on a two-part effort to reduce corruption in the country. They will begin by advocating for specific policy reforms while encouraging business associations and their members to adopt internal mechanisms to curb corrupt practices. This approach has already proven successful in countries around the world and looks to be a promising pathway toward reform in Egypt. ♦

Teachers Spark Entrepreneurial Spirit in Paraguay

Asunción, Paraguay – In Paraguay, a country with a long history of autocratic rule, the concept of entrepreneurship is not well understood. To address this problem, CIPE works with Fundación Paraguaya (FP) to bring the concepts of leadership and entrepreneurship into the national school curriculum, helping young people in Paraguay to realize their potential as future leaders of their country. For two days, more than 150 teachers from public and private schools around the country took an important first step in realizing that they have a major role to play in the spirit and practice of fostering entrepreneurship in Paraguay. Teachers walked away from the forum empowered by new skills that will allow them to start teaching entrepreneurial skills to their students.



Teachers at the Entrepreneurial Educators' Forum pose for a group photo.

On August 13-14, 2010, CIPE and FP organized the third Entrepreneurial Educators' Forum in order to bring attention to education reforms needed to foster entrepreneurship. During the forum, the Ministry of Education and Culture Director Norys Cubilla expressed her support for FP's initiative. She explained that while many challenges remain, the Ministry has identified entrepreneurship education as an important component for the classroom. "Entrepreneurship is a fundamental axis within the national curriculum," Cubilla said, while emphasizing the need for specific didactic tools so that teachers can become true entrepreneurship educators.

The forum received major press coverage including articles in one of the country's leading newspapers, *La Nación*. The forum also helped motivate educators to go back to their schools and start incorporating leadership

and entrepreneurship into their classrooms. One of the teachers in attendance, Ernesto Enciso from the San Juan Bautista Agricultural School in Las Misiones, explained, "The dynamism and the organization of the activities really impressed me. I am returning to my school with the hope of bringing the practices that I learned at the forum to our school."

FP's project with CIPE aims to bring the concept of entrepreneurship to national attention, promote and reward entrepreneurship among teachers and youth, and help the government identify practical ways to incorporate entrepreneurship into public school curricula. CIPE will continue working with FP to build an entrepreneurial culture in Paraguay and help democracy deliver by providing opportunities to succeed for young people in the country. ♦

Board Member Promotes CSR in Indonesia

continued from front page

LLC, and former vice president of Corporate Social Responsibility with Starbucks Coffee Company in Seattle, Washington, Ms. Taylor is a globally-recognized expert on CSR.

CIPE has worked with IBL to promote sound corporate social responsibility and ethical business practices in Indonesia, a country

with a post-independence history largely defined by authoritarianism and economic dominance by state-owned enterprises. Promoting business ethics through corporate citizenship and corporate governance can make invaluable contributions to the development and maturation of democratic principles and practices

in struggling democracies like that of Indonesia. Greater corporate social responsibility and business ethics can help improve the overall governance environment, helping to reinforce values of transparency and accountability in private and public transactions. ♦



CIPE Development Blog

To comment or to read more, log on to www.cipe.org/blog

Tax Reform, Not Aid

By Lauren Citrome, September 28, 2010

Critics of development aid are quick to point out many reasons for why money from donor countries does not reach the world's poor. Unaccountable governments, misallocation of funds, and problems with local implementation can all deprive poor people of the assistance meant for them. If you believe that the goal of development should be to put itself out of business, this dilemma becomes even more troubling. How can those in the development world build societies that are self sufficient and not dependent on foreign assistance?

There may be a surprising solution to the daunting task of lifting the world's bottom billion out of poverty: reasonable and efficient taxes on businesses operating in poor countries.

By providing the services necessary for a productive society, states can help people gain the skills they need to improve their own lives. As people gain the skills and abilities to grow their livelihoods, some become entrepreneurs and begin a virtuous cycle of economic self-sufficiency without foreign development assistance. Eventually, those profitable enough in their ventures will contribute to state programs as well, furthering a cycle of stability and independence from foreign aid.

State services funded by taxes should not be considered "handouts." That is not to suggest a socialist

or state-led development model. Rather, taxes can be the basis of a social contract between people and the state. People can pay their government to provide essential services, such as education, infrastructure maintenance, and rule of law. More than any indicator or pledge for future good governance, this social contract is the foundation of good governance, holding governments accountable to their own people.

Now, the task at hand is to figure out how states can effectively collect those taxes. Over the course of history, an entire toolbox of methods for evading taxes and hiding profits from tax authorities has emerged. If governments cannot figure out how to confront this challenge, they are missing out on billions of dollars in lost revenues – from taxes as well as from jobs and local income – for development.

Perhaps those working in development and foreign assistance could serve the world's poor beyond contributing billions more in development assistance by also changing the structures and institutions that allow tax evasion to occur. Financial transparency, not more regulations, would show governments where profits are really going and provide a basis for responsible and effective taxation and governance. ♦

CIPE Chairman Publishes *Wall Street Journal* Op-Ed

CIPE Chairman Greg Lebedev and Solidarity Center Chairman John Sweeney penned an op-ed in the September 17, 2010, *Wall Street Journal* which focused on highlighting freedom of association and advocacy as essential to sustainable democracy and emphasized that "workers and businesses have the right to organize freely to pursue their own interests in the marketplace and in the halls of government."

They write, "Business and labor often disagree on what's best for our nation. But on one big idea we agree: The best way to create public policy is through a vigorous give-and-take between elected representatives and citizen groups. This is an indispensable element of American democracy. But it is lacking in too many other countries." [Read the full article at www.cipe.org](http://www.cipe.org). ♦

Spotlight on: Martin Friedl, Program Officer, Latin America and the Caribbean

What are your responsibilities at CIPE?

As part of a small team with a very diverse portfolio, I always find myself working on a variety of issues – from managing a youth entrepreneurship program in Peru to helping strengthen private sector organizations in Paraguay. Some of my core responsibilities include overseeing our communications programs in the region, including the successful Spanish-language magazine *Perspectiva* and an online blog. I am also helping to develop new in-house resources for our partners in the region, including business association training materials and case studies, and assisting partners in the evaluation process of our projects.



What do you consider to be the most pressing issues and hot spots in your region?

Latin America and the Caribbean are anything but homogenous. While some countries such as Chile and Colombia are building stronger democratic and market institutions that will help create better living conditions for all their citizens, many other countries are moving in the opposite direction. Of particular concern is the rise of populist governments that are taking steps to dismantle democratic institutions. These governments are restricting the freedom of the press, making it increasingly difficult for independent non-governmental organizations to operate, and destroying the independence of other key democratic institutions. Nationalizations of industries, price controls, and the disrespect of property rights will not help us move forward as a region but rather represent a return to the failed policies of the past.

What do you consider to be your best/most effective/most interesting program and why?

One of the projects that I have most enjoyed working on is *EmprendeAhora*, our youth leadership and entrepreneurship program in Peru. We developed

the program, formerly called *LíderAcción*, with the Peruvian think tank *Instituto Invertir* as a response to the lack of understanding about the nature of democracy and market economies among rural youth in the country. Now in its third year, *EmprendeAhora* has had a tremendous impact on improving youth's perceptions of a market economy and democracy. Students have already put the skills they learned during the program to work by starting their own businesses and helping improve living conditions in their communities.

What can others in the development community take away from your experience?

In Washington, DC, and around the world, there are a number of organizations that work on economic and democratic development issues.

What I believe makes our projects unique is CIPE's partnership approach. Rather than descending on a country with an army of consultants, CIPE recognizes the ability of local business organizations and think tanks to be the true agents of change. Helping strengthen local organizations and ensuring local support for economic and democratic reforms is in my opinion the only way to implement successful democracy and market reform projects.

What drew you to the development field?

I have always been very passionate about politics in Latin America, and had some firsthand experiences working on political campaigns. After completing a master's degree in political science with an emphasis in comparative politics, I was eager to gain more hands on experience in the Latin American development field. After being hired at CIPE six years ago, I quickly realized the effectiveness of CIPE's development approach and have enjoyed learning how to develop successful projects that engage the private sector in reform processes. ♦

News in Brief

CIPE Partners with IFC in Pakistan

Karachi, Pakistan – CIPE and the International Finance Corporation (IFC) have signed a cooperative agreement to build the management capacity of microfinance institutions (MFIs) in Pakistan. As part of this program, CIPE and IFC will hold a series of workshops for MFIs to improve their corporate governance, as well as number of roundtable discussions regarding a proposed corporate governance codex for Pakistani MFIs. These activities will commence in fall 2010.

Nigerian Partners Visit CIPE

Washington, DC – Representatives from two CIPE partners in Nigeria recently discussed the current political environment in Nigeria and the impact of CIPE work at the sub-national level in the country.

Coming from the religious and ethnically diverse Middle Belt of Nigeria, Jos Business School (JBS) Executive Director Ezekiel Gomos provided insight on how violence and instability affect private sector activity. Mr. Gomos also highlighted JBS and CIPE activities to improve the business environment in this region, including business environment training programs for state parliamentarians. He also spoke about JBS's efforts to develop advocacy and association governance training programs, and technical assistance for business associations in Middle Belt states.

Former President of CIPE partner the Enugu Chamber of Commerce, Industry, Mines and Agriculture (ECCIMA) Pastor Olisameka

Jideonwo discussed the progression of CIPE's programs in the Southeastern part of Nigeria, beginning with the CIPE's accreditation program with ECCIMA in 2003. Through training programs and technical assistance, CIPE's partnership with ECCIMA helped to grow a coalition comprised of 35 business associations to effectively advocate harmony in tax policy and insecurity.

Strengthening Albanian Business Support Organizations

Tirana, Albania – CIPE Regional Office in Romania Deputy Director Carmen Stanila is working to establish a diagnostic assessment regarding the strengths and weaknesses of Albanian organizations in key areas such as membership, governance, communication, and advocacy. Stanila met with representatives of 13 business support organizations in Tirana and Korce from September 6-11, 2010 and administered a survey to identify the Albanian business support organizations' training needs and prior experience with professional training sessions. Preliminary findings demonstrate a clear need for additional training programs to maintain and improve membership relations, as well as in-depth education on business support programs, services, and advocacy.

Based on the results of the diagnostic and training needs assessments, CIPE will develop a curriculum for a comprehensive training session in Tirana, which will be accompanied by a series of three roundtable meetings in February and March 2011 meant to rally the business community around common issues that pertain to democratic development and business.

Business Development in Azerbaijan

Baku, Azerbaijan – CIPE partner the Entrepreneurship Development Foundation (EDF) continues to address the state of small and medium enterprise (SME) economic development in Azerbaijan. Fifty-four participants at a conference in Baku, Azerbaijan on July 14, 2010 included members of parliament, government officials, business leaders, representatives of foreign embassies, and journalists. Topics of major concern included access to finance, protection of property rights, and Azerbaijan's prospects for membership in the World Trade Organization.

The issues were drawn from key recommendations outlined in Azerbaijan's 2010 National Business Agenda (NBA), which was developed by 12 business associations over the previous year. EDF President Sabit Bagirov concluded the conference with a presentation of the current NBA, followed by an interactive discussion about the NBA process. Participants agreed that the alliance should continue their advocacy efforts to attract broader business community participation.

USAID Supports CIPE's Work in Russia

Moscow, Russia – On October 1, 2010, CIPE received approval of a new U.S. Agency for International Development-funded program, "Promoting Entrepreneurship in the North Caucasus," a three-year, \$1 million dollar program focusing on the Caucasus region in southern Russia. As a part of this program, CIPE plans to work with local chambers of commerce and educational institutions to provide leadership and entrepreneurship

training to young people studying in trade and technical schools. One goal of this program is to encourage youth to launch their own businesses. CIPE will also partner with local government agencies responsible for small- and medium-sized business development in order to devise mechanisms to provide graduates of the program with access to loans, capital, and other financial resources that will assist in the launching of their own businesses.

Strengthening the Legislature in Venezuela

Caracas, Venezuela – On September 26, 2010, Venezuela voted to elect a new legislature comprised of nearly one-third opposition candidates.

The legislature's transition from a single-party majority presents an opportunity to rebuild the essential democratic institutions that have suffered from recent democratic setbacks. CIPE partner the Center for the Dissemination of Economic Knowledge (CEDICE) is well positioned to influence the new legislature, having been actively designing the groundwork for open discussion of public policy issues within the assembly.

Together, CIPE and CEDICE developed a Legislative and Economic Analysis unit in April and May 2009 to establish a technical, non-partisan, cost-benefit analysis of new national legislation in an effort to inform key decision-makers and the general

public about the consequences of proposed laws. All of CEDICE's legislative analysis briefs have been widely distributed at events and through the media, helping both legislators and the public better understand the consequences of proposed legislation. With the recent monumental change to the Venezuelan Congress, more legislators are likely to use CEDICE analysis to become better-informed about key legislation in order to better serve their constituents, helping to foster a more effective governmental institution, marking the first step in improving and reestablishing Venezuelan democracy. ♦

CIPE Speaker Circuit Highlights

Jean Rogers, Deputy Director

September 21 – Rogers traveled to New York City to participate in one of the UN Summit roundtables on emerging issues in the Millennium Development Goals. Her remarks about the need for business—both businessmen and businesswomen—to be engaged in policy discussions on economic growth can be found on the CIPE Development Blog (www.cipe.org/blog/?p=6335). At the Summit, President Obama unveiled the Administration's new development policy, which addressed many CIPE themes, including entrepreneurial growth and how it intertwines with democracy. CIPE was one of the first to comment on the new development policy with an op-ed appearing in Real Clear World (www.realclearworld.com/articles/2010/09/22/unleash_force_of_entrepreneurship_.html).

Moin Fudda, CIPE Pakistan Regional Director

August 13 – Fudda led a discussion on “Corporate Governance and Succession Planning in Family Businesses” at a conference on entrepreneurship. Over 100 members of the Memon Professional Forum attended the conference.

Aleksandr Shkolnikov, Director for Policy Reform

March 30 – Shkolnikov delivered a presentation on advocacy techniques at the West Africa International Conference in Accra, Ghana.

August 27– Shkolnikov presented on CIPE's corporate governance programs for the participants of the Caribbean business ethics program organized by the International Trade Administration. Shkolnikov also presented on CIPE's corporate governance and anti-corruption programs for the participants of the East Africa private sector and government exchange program organized by Les Aspin Institute.

September 17 – Shkolnikov delivered keynote remarks on democracy, governance, and the role of business, highlighting CIPE's programmatic approaches for a group of private- and public- sector professionals from 17 countries. The participants are part of a three-week “Accountability in Government and Business” program organized by the U.S. Department of State and administered by World Learning, an international education and development organization.



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**National Endowment
for Democracy**
Supporting freedom around the world

CIPE is a core institute of the National Endowment for Democracy, which provides funding for many of CIPE's projects.

For more information about CIPE's activities and programs, please visit www.cipe.org.

The Center for International Private Enterprise (CIPE) strengthens democracy around the globe through private enterprise and market-oriented reform. CIPE is one of the four core institutes of the National Endowment for Democracy. Since 1983, CIPE has worked with business leaders, policymakers, and journalists to build the civic institutions vital to a democratic society. CIPE's key program areas include anti-corruption, advocacy, business associations, corporate governance, democratic governance, access to information, the informal sector and property rights, and women and youth.

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