

OverseasREPORT

Number 24 Spring 2005

Iraqi Political Parties Focus on Economic Issues

The formation of a solid partnership between Iraq's private sector and its fledgling political parties is widely viewed as an essential step in the country's transition to a market-oriented democracy. In order for this partnership to grow, however, government officials, political parties, and other civil society groups must be well educated in the principles of democracy and the role of the business community in economic growth. According to the findings of a recent business barometer survey sponsored by CIPE and conducted by Zogby International, 72% of Iraqi business owners stated that no political party is currently addressing the needs of business.

In an unprecedented effort to address this disconnect, CIPE gathered members of more than a dozen Iraqi political parties for a ground-breaking Political Party Economic Platform Program in January 2005. The program was held prior to the parliamentary elections in Iraq and focused on the development and marketing of economic platforms. The findings of the Zogby survey were presented to make clear the existing gap between the



Representatives from Iraqi political parties discuss the importance of having an economic campaign platform.

business community and political parties.

The 25 participants represented a wide range of Iraqi political parties including the Islamic Dawa Movement, Supreme Council of Islamic Revolutionaries of Iraq, Patriotic Kurdistan Union, and the Iraqi Communist Party. Dan Odescalchi, president of Strategic Advantage International, Jeff Vanness, CIPE's public liaison officer,

continued on page 5

Small Business Takes Leadership Role in Russian Regions

Business associations in Russia are successfully tackling the country's economic problems and working with local governments to improve the business climate. Amid recent attacks on economic freedoms and the host of other challenges that Russia continues to face, Regional Business Agendas – local business-led initiatives – are a bright spot, improving everyday life for business people and creating a foundation for sustained economic growth.

On February 18, 2005, Russian and American NGOs and business

associations from across Russia gathered in Moscow to discuss the interim results of a four-year initiative, sponsored by CIPE and the U.S. Agency for International Development (USAID), to improve the small- and medium-sized enterprise (SME) business environment in several Russian regions.

Two years ago, CIPE teamed with the Chamber of Commerce and Industry of the Russian Federation (RCCI) and the Russian Union of Business Associations (known as OPORA) to provide

continued on page 4

IN THIS ISSUE

- 2 Board Member's Column
- 3 Afghan Women See Success
- 3 Public-Private Dialogue in Uganda
- 4 Journalists in the Middle East
- 6 Indigenous Population in Guatemala
- 7 Corporate Governance in Chile and Peru
- 8 African Businesswomen



Board Member's Column by Janice Rys

This January at the Dead Sea in Jordan, I had the opportunity to participate in one of CIPE's highly-regarded business association training programs. This program was particularly meaningful because it was designed for participants representing a wide range of private-sector associations in Iraq. Throughout my stay, I observed first-hand the desire of the Iraqis to build a new future – a new Iraq where a strong private sector flourishes, creates jobs, fights corruption and builds the proper channels to reach influential policymakers.

From the Young Entrepreneurs Business Association working on leveraging their new entrepreneurial environment and free enterprise system to the Economic Journalists League training journalists to cover business issues in the booming publishing industry, the place was buzzing with eager participants anxious to learn how the private sector can function in a democracy. It was amazing to witness and work side-by-side with the Iraqi Business Women's Association and Professional Women's Association, as well as the Iraq Economic Development Center, National Association of Private Investors and Private Bankers Association – all pursuing opportunities to participate in the rebuilding of Iraq.

The training programs are a key component of CIPE's ongoing Iraq reform project. To date, more than 200 Iraqi business association executives have gone to Jordan to participate. This program was the fourth of its kind and focused on key association development topics like good governance, membership development, financial management, non-dues income, public policy advocacy, and coalition building. The overall goal of the program is to develop critical mass for creating a well-functioning society built around private enterprise and transparent governance.

Throughout the program, the participants talked openly about the relevance of the information we shared and the tools we provided for them to build their own organizations. But more importantly, these Iraqis had the chance to develop relationships

with each other. They shared ideas, discussed, debated, dined with each other—and made plans to get together back in Iraq to continue the dialogue. I found all the participants to be smart, ambitious, proactive, engaged, and completely committed to helping develop the private sector. They were all optimistic about their future and showed great interest in promoting small business, developing business leadership, and becoming more engaged in international markets.

The inspiration and dedication of the group was felt throughout the program. One woman representing a businesswomen's association shared a story about losing a colleague. "After what happened to her," she said, "I was afraid for my own life. I stayed home for days. But you know what? I decided the terrorists are not going to terrorize me!"

After this initial program, CIPE seed money helps participant organizations continue to move ahead and gives hope that their goals can be achieved. In fact, the organization of the woman mentioned above has already created a brochure for the first CIPE-supported training course available to its members.

For a country so often portrayed in terms of security concerns and fledgling governments, there is a real movement underway to create a legitimate, thriving private sector in Iraq. The willingness and desire to do so is evident and permeated this gathering.



Janice Rys
Senior Vice President,
Metro Atlanta Chamber of Commerce

CIPE's Board of Directors

Chairman of the Board
Amb. John A. Bohn
Chairman & CEO
GlobalNet Venture Partners

Lynda Y. de la Viña, Ph.D
Interim Dean
College of Business
University of Texas, San Antonio

Michael D. McCurry
Partner
Public Strategies Washington

Sandra E. Taylor
Senior Vice President
Corporate Social Responsibility
Starbucks Coffee Company

Stanton D. Anderson
Chief Legal Officer
U.S. Chamber of Commerce
Attorney at Law
McDermott, Will and Emery

Thomas Donohue
President & CEO
U.S. Chamber of Commerce

Ken Nilsson
Chairman
Eureka Group

Hon. Mary Ann Gooden Terrell
Associate Judge
Superior Court of
the District of Columbia

Barbara Barrett
President & CEO
Triple Creek Ranch

Debora Guthrie
Founder & CEO
Capitol Health

Janice Rys
Senior Vice President
Metro Atlanta
Chamber of Commerce

Phillip N. Truluck
Executive Vice President & COO
The Heritage Foundation

Lt. Gen. Daniel Christman, USA (Ret.)
Senior Vice President,
International Affairs
U.S. Chamber of Commerce

Julia Hughes
President
International Development
Systems, Inc.

Amb. Michael Samuels
President
Samuels International Associates

Steve Van An del
Chairman
Altacor, Inc.

Gregori Lebedev
Senior Advisor
Civitas Group

Kenneth R. Sparks
Executive Vice President
Federal City Council

George J. Vojta
Director
Financial Services Forum

June DeHart
Partner, Washington Office
Manatt, Phelps & Phillips

John P. Linstroth
President
JPL Land Development
Corporation

Peter S. Walters
Group Vice President
Guardian Industries Corporation

Afghan Women See Success

By 9:00 a.m. on February 28, the conference hall at the Kabul Intercontinental Hotel was filled with women. The electricity had gone off in the night and there was no heat. Small space heaters had been put in place to minimize the chill, but Mina Sherzoy could still see her breath as she called CIPE's first annual Women's Leadership Forum to order. "The amazing thing," she said later, "was that none of the 140 women left". In fact, 150 women attended on the second day, and by day three the crowd swelled to 170 women.

CIPE conducted the Women's Leadership Forum with funding from the National Endowment for Democracy. The three-day event was designed to empower Afghan women to achieve their maximum potential in business and in life. From February 28-March 2, women from all parts of Afghanistan met in both plenary sessions and workshops to discuss leadership in its various forms. Vickie Pokaluk from the United States and Laura Collins from Saudi Arabia were two of the featured presenters during these sessions, and Afghan experts added a local dimension to the event. Ms. Pokaluk is a business association expert who

has conducted management and leadership workshops in a number of countries. Her consulting company also works with corporations and organizations to enhance productivity and effectiveness. Ms. Collins, a ten-year resident of Saudi Arabia, was formerly a senior manager at Saks Fifth Avenue in Riyadh before opening her own consulting firm, which specializes in the empowerment of women entrepreneurs. Her firm has been responsible for the creation of hundreds of women-owned businesses in Saudi Arabia.

During the plenary sessions, speakers such as Aziza Dadmanesh, owner of one of Kabul's largest construction companies, talked about her leadership strategy and urged the participants to overcome obstacles that kept them from success. In the workshop sessions, women participated in an active dialogue on a variety of leadership topics. In Hassina Sherjan's workshop on business ethics, women held an open discussion of how to embrace transparent business practices. Planned for an hour and a half, the workshop lasted almost two and a half hours because the participants immersed themselves in the topic. Down the hall, Mahbooba Waizi, a director of the Afghan Women's Business Council, facilitated a session on communication skills, where the

continued on page 5

Training Strengthens Public-Private Dialogue in Uganda

In January 2005, CIPE helped the Federation of Uganda Employers (FUE) conduct a management and advocacy training program for business associations in Mbarara, Uganda. The five-day workshop brought together participants from five districts in the country's Western Region including FUE district advocacy committee officials, members of sectoral associations, and local employers.

The workshop empowered the participants with skills to organize district business coalitions, lead local advocacy campaigns, and contribute to national advocacy initiatives in their districts. The workshop also gave participants practical experience in developing strategic plans and membership recruitment campaigns. Key topics covered included organizational governance, public policy advocacy, the legislative process in Uganda, and the relationship between business, markets, and democracy.

During the workshop, Top Radio in Mbarara hosted a one-hour live interview with CIPE staff and consultants to discuss the advocacy workshop and promote CIPE's grant program with FUE. The workshop also received press coverage from Radio West, African Radio, and Voice of Toro.

The advocacy workshop is part of a broader FUE initiative in Uganda's Western Region for which CIPE provides funding and technical assistance. Going forward, district advocacy initiatives will include public-private dialogue conferences, policy position papers, and direct advocacy with local government officials.

The event received high ratings from participants. One participant wrote, "I have learned so much that I am going to mobilize my fellow members." Another participant commented that the program "reinforced my previous knowledge, skills, values, and attitudes, and [is] possibly one of the best amongst the many workshops I ever attended."

Workshop participants have already applied the skills they gained to organize public-private dialogue conferences in all five districts. The conferences were held in March and brought together representatives from government and the business community to discuss the value of public-private collaboration to create more informed policies that contribute to economic growth.

Following the conferences, each FUE District Advocacy Committee launched an advocacy campaign on an issue affecting their local business community. FUE headquarters in Kampala and CIPE provide financial support and technical assistance to the District Advocacy Committees. ■

Journalists in the Middle East Build Economic Skills

Thirty eight journalists from across the Middle East gathered in Cairo, Egypt in January 2005 for four days of specialized training coordinated by CIPE, Egypt's Al-Ahram Regional Press Institute (APRI), and the highly regarded International Center for Journalists (ICFJ).

Journalists from 14 Arab countries participated in workshops designed and facilitated by the ICFJ to provide intensive training on a wide array of business and economic reporting skills that will equip them with the tools necessary to cover the region's dynamic, and in many cases developing, economic markets.

The diverse group of journalists, representing 28 media outlets, learned a wide range of practical reporting skills such as how to analyze a local story, how to conduct effective interviews with businessmen and women, the difference between fact-based reporting and opinion writing, and how to use reliable statistics when writing a story.

Ibrahim Nafee, chairman and chief editor of the Al-Ahram Institute, spoke to the journalists about the role of the media in the reform process. Participants also visited the Alexandria (Egypt) Stock Exchange where they learned first-hand about stocks, commodities



Journalists from 14 Arab countries learn key economic reporting skills.

trading, and how to properly reference economic indicators such as GDP, employment, and the Consumer Price Index when writing a story.

Economic journalist training is just one of the many ways CIPE and its partners in the region work to promote market-oriented economic reforms. As a second step in the journalist program, 12 of the participants will attend a “train the trainer” seminar scheduled for April 2005. This new group of leaders will help share the wealth of knowledge provided by the Al-Ahram Regional Press Institute and the International Center for Journalists. ■

Small Business Takes Leadership Role in Russian Regions

continued from page 1

technical assistance and support to business association coalitions in eight diverse Russian regions. Today, these coalitions are successfully working to identify local business barriers faced by their members and are organizing targeted advocacy campaigns to push regional governments to implement reforms. By putting the focus on finding local solutions to local problems, regional business leaders are successfully uniting in coalitions comprised of chambers of commerce, business service groups, and independent associations to identify barriers to business growth and to push local governments on reform priorities.

While speaking at the event, Sergey Katyrin, Vice President of the Russian Chamber of Commerce and Industry, noted that “[We are] seeing positive trends in the development of SMEs in Russia. Since the first seminar for business executives organized here by CIPE 10 years ago, [Russian business has] applied many features of the American business model.”

Regional Business Agendas are a vital tool for the business community to identify and coalesce around key economic issues and pursue policy changes through private sector advocacy. This approach is improving the

React.ru website provides access to key information about private sector advocacy in Russian regions.

public perception of the business community and scoring several victories in its drive to improve day-to-day business life, including: simplification and reduction of tax barriers, improvements in property leasing policies, simplified and faster business registration procedures, improved access to credit, and improved access to state contracting opportunities.

continued on the next page

Regional governments are beginning to realize the benefits of a strong private sector, which brings a host of economic and social benefits. The improvements in the business environment on the regional level and the success of the coalitions' approach in changing the nature of SME-government interactions are attracting attention to the program on the federal level and sparking similar initiatives in other regions.

The event was mentioned in several prominent media outlets including Prime-Tass, an on-line economic news agency, and Nezavisimaya Gazeta, one of the most widely-read Russian newspapers. ■

Afghan Women See Success

continued from page 3

participants designed and delivered oral presentations to their peers. Over the three days, participants attended their choice of six workshops, all of which focused on different aspects of leadership.

In addition to highlighting leadership skills development, the forum provided a valuable networking opportunity for Afghan women. At the forefront of the networking were the fifteen participants in the Artemis Program sponsored by Thunderbird, a prestigious international management school in Arizona. Recently returned from three weeks of leadership training in the United States, the women used their skills to build relationships with the participants. Zarghuna Walizada, owner of a freight transport company and an Artemis Program participant, went from table to table greeting the participants and discussing their challenges in business. Her colleagues from Artemis, all of whom played integral leadership roles in organizing the event and facilitating the workshops, shared her energy. CIPE and the Afghanistan International Chamber of Commerce were involved in promoting the Artemis Program and in funding three scholarships for Afghan women to attend.

Throughout the forum, participants commented about its fast paced and interactive format. "This is the best forum I've ever attended," said Nasiba Amiri, a director in the Ministry of Women's Affairs. "It is designed to give women a voice and to instill in them a feeling of belonging. I am going to share the materials with all my friends". Mrs. Amiri's comments were echoed by numerous other participants and were reinforced by the forum's theme "Lead Where You Are", which encouraged women to begin the leadership process today.

Over 170 women attended the final plenary session on March 2, which was capped by a keynote presentation from CIPE's Chief of Party in Kabul, Mark McCord. "Today is one of renewal. Today is one of happiness. In the past, you have been robbed of everything; your dignity, your joy, and even your identity. But those who subjugated you could not steal your hope. Hope is the one thing you clung to like a reed tossed against the waves, and today it springs eternal". Inside the conference room, it was still cold, but the chill in the air was overcome by the participants' warmth. The Women's Leadership Forum planted a seed that CIPE will cultivate over the coming years in an effort to empower women business leaders. "There will be a ripple effect from this forum that will touch more and more women," predicted one of the conference organizers. As the ripples expand, so will CIPE's work to ensure full participation of Afghan women in the country's economic, social, and political structure. ■

Iraqi Political Parties Focus on Economic Issues

continued from page 1

and Jordanian parliamentarian Ra'ed Qaqish addressed the participants on the importance of economics in politics and the need for coalition building.

One of the workshops exposed participants to the importance of a well-developed party platform and then challenged them to identify the core values and priorities of their party. According to Odescalchi, "...the participants focused on creating party platforms that addressed the need to grow a strong, free market-driven economy. This was unanimous among all parties."

Participants were also asked to engage in dialogue to determine which policy issues are currently most prominent in Iraq, and to debate possible solutions. The participants identified four critical areas for the new government to address: improving security, creating transparency, minimizing corruption, and implementing a privatization program. It was during this segment of the workshop that the seeds of coalition building were planted.

In response to Qaqish's talk on Jordan's experience with democracy, one participant responded, "Unlike you, we will have a real democracy." Similar remarks made it clear that all present were invested in the development of an Iraq in which government was truly representative of its people.

In the next phase of its ongoing program, CIPE will facilitate a roundtable between Iraqi political parties and business associations. CIPE also plans to hold additional training programs later in the year, the first of which will focus on economic reforms and the constitution. ■

Indigenous, Informal, and Disenfranchised: Seeking Policy Solutions to the Regional Problem in Guatemala

Recent events in Latin America, such as the ousting of President Sánchez de Lozada in Bolivia and the lynching of Civilo Fernando Robles Cayomamani, mayor of Ilave, Peru, demonstrate the degree of social unrest among the indigenous population in Latin America. The upsurge in violent actions by indigenous groups is attributed in large part to the disenfranchisement of this segment of society and the ongoing exclusion of its members from any formal policymaking process. Likewise in Guatemala, violent protests by indigenous groups against the government's ratification of the Central American Free Trade Agreement with the United States (CAFTA) are further proof of the disconnect between the central government and the indigenous population.

CIPE launched a project in Guatemala in March 2005 to tackle this problem. CIPE has partnered with Guatemala's highly regarded National Economic Research Center (CIEN) to research and ultimately craft public policy language on the growth of the informal sector, which is growing steadily throughout Latin America. Using Guatemala as an example, it has been estimated that the informal sector accounts for more than 50% of the economy, while 20 years ago it was less than 30%. This increase has had a devastating impact on the democratic process, with the majority of the poor (and mostly indigenous) population operating completely outside any formal legal, economic, or political processes. As in many Latin American countries, this exclusion from the policymaking process has led to widespread skepticism among indigenous populations about the value of democracy.

The informal sector accounts for more than 50% of the economy, while 20 years ago it was less than 30%.

Hugo Maúl, project director, explains that, "CIEN's project in Guatemala is important for other countries [in the region] because it specifically tries to investigate how informality is different among indigenous groups." This is a departure from existing studies of informality in Latin America that recognize the issue solely as an urban phenomenon. This is an important differentiation because in Guatemala and several other Latin American countries, informality is also prevalent among people that live in rural areas.

As a first step in the Guatemala project, CIPE and CIEN held a strategy meeting on the informal economy



Indigenous vendor sells crafts on the streets of Guatemala City, Guatemala.

in Antigua, Guatemala in February 2005. The meeting brought together a distinguished group of informal sector experts from the Institute for Liberty and Democracy (ILD) in Peru, the Center for the Dissemination of Economic Knowledge (CEDICE) in Venezuela, the Institute for Political Economy (IEEP) and Agrodata of Bolivia. By sharing "lessons learned" and opening a dialogue, the meeting laid the groundwork for an effective strategy to address indigenous informality not only in Guatemala but around the region.

One of CIEN's specific objectives is to measure the size of Guatemala's informal economy and the costs associated with formally opening and operating a business in the country. A second objective is to study indigenous business practices to determine how compatible they might be with the efficient, flexible, and quality-oriented production processes demanded by the global markets. In the process, CIEN will also investigate the links between informality, poverty, and ethnic tensions, as well as the links between political reform and social unrest.

Central governments in Latin America have not historically addressed the needs of their vibrant informal economies. In several countries, including Guatemala, governments have focused more on "converting" indigenous people to Western civilization, rather than finding ways to introduce democratic, market-oriented ideas, while at the same time embracing their historically significant cultures.

CIEN's preliminary analysis shows that Guatemala's indigenous culture is basically free-market and pro-business oriented, and that rural indigenous people could benefit greatly from a free trade agreement that helps them connect with more formal international markets. "What is needed is to listen to the indigenous groups and inform them of the opportunities that such an agreement would have for them," says Maúl. "It is a matter of connecting the dots between the informal sector and CAFTA, and showing indigenous people in what ways the free trade agreement will benefit small-scale entrepreneurs like them ... connecting them with international buyers for their products." ■

News in Brief

CIPE Partners with IFC on Association Governance in Mali

In January 2005, CIPE and the International Finance Corporation (a member of the World Bank Group) implemented the second phase of a business association training program in Mali entitled “Good Governance and Management of Business Associations in a Democracy.”

During the 12-day event, CIPE facilitated one-on-one strategic planning sessions with local association board members and executives to reinforce the association management concepts taught during the initial training program held in December 2003. This year’s agenda also included a group session which enabled participants to share “lessons learned” and demonstrate how they have put these concepts into practice in the last 12 months. The association leaders are now working to develop action plans and budgets to implement specific initiatives in 2005. ■

Advancing Corporate Governance in Peru

CIPE’s efforts to promote corporate governance in Peru are making headway. This is the message sent by more than 20 corporate executives who just wrapped up an extended training program on this timely business topic. As part of CIPE’s ongoing effort to promote corporate governance throughout Latin America, the four-month training program gathered top executives (CEOs, CFOs, owners and board directors) from a wide range of medium to large Peruvian companies, in industries as diverse as fishing and real estate, for a host of programs that included visits to commercial banks, conferences, and appearances on financially-oriented television programs.

CIPE and its local Peruvian partners, the Association of Companies Promoting Capital Markets (Procapitales) and the Peruvian University of Applied Sciences (UPC), have developed a unique program that trains both public and family-owned companies



Corporate executives participate in a corporate governance training program, part of the four-month initiative in Peru.

in the use of international corporate governance norms and practices. A second phase of the program taught the executives how to integrate corporate governance criteria and practices into their strategic planning processes. In keeping with the entrepreneurial spirit of the program, the course culminated with a presentation by each executive to a board of judges from UPC and Procapitales outlining a strategic business plan for their company. The panel then selected five companies with the greatest growth potential. The winners were introduced at a venture forum to increase their chances of contacting potential investors. ■

Center for Corporate Governance Founded in Chile

In January 2005, the CIPE-supported National Center for Corporate Governance began operations in Santiago de Chile. The center’s sponsors include local CIPE partners – the Catholic University of Chile, the Chilean-American Chamber of Commerce, the Chamber of Commerce of Santiago, and the Stock Exchange of Chile.

A first of its kind in Chile, the center’s mission is to improve corporate governance practices and increase public understanding and appreciation of the role of good corporate governance in business and its positive impact on the economic development of Chile. The group’s long-term objective is to create a nonprofit Chilean Institute of Directors, which will unite business leaders in their efforts to build a better corporate environment in Chile. ■

The Center for International Private Enterprise is a non-profit affiliate of the U.S. Chamber of Commerce and one of the four core institutes of the National Endowment for Democracy. CIPE has supported more than 800 local initiatives in over 90 developing countries, involving the private sector in policy advocacy and institutional reform, improving governance, and building understanding of market-based democratic systems. CIPE programs are also supported through the United States Agency for International Development.



African Businesswomen Enhance their Leadership Skills

When armed with leadership skills, Africa's emerging businesswomen can play a significant role in accelerating the process of democratization while advocating for reforms that create opportunity for a growing entrepreneurial class. With this thesis in mind, the African Women's Agribusiness Network of East Africa (AWAN-EA) held a leadership program in Nairobi, Kenya, in February 2005. With funding and technical assistance from CIPE, AWAN-EA organized the workshop to enhance the leadership, management, and entrepreneurial skills of African women in agribusiness. By doing so, AWAN-EA hopes to improve their profitability and competitiveness in the global market while ensuring high standards of business governance.

More than 20 businesswomen from Kenya, Eritrea, Ethiopia, Rwanda, Tanzania, and Uganda attended the leadership program. This year's event was a direct outgrowth of the CIPE-funded Leadership Development Program for African Women, held in Uganda in April 2003. As participants in the Uganda program, AWAN-EA officials were eager to pass their newly acquired skills on to other rising community leaders.

In addition to delivering practical leadership and management information, the program strengthened networking in the region and helped the women build on each other's experience as they developed their own programs. ■

New at www.cipe.org

Case Studies on Business Associations

Two new case studies on business associations have been released on CIPE's website. "Associations in Action: Local Agents for Change" highlights many different successful approaches to democratic reform in developing countries. "Rebuilding Romania Through Private Sector Development" presents the story of CIPE's business association partners in Romania as leaders of reforms in the 1990s.

Saying "No" to Corruption

A new guide published by CIPE's Russian partner INDEM Foundation helps business say "No" to corruption. Through a careful analysis of business corruption in Russia, INDEM offers recommendations

that attack the institutional nature of corruption. The most important is the set of measures for collective resistance to corruption.

Feature Service Articles

A series of new Feature Service articles continues to address the important issue of post-conflict reconstruction from the private sector perspective. Also, new articles on corruption, democratic governance, and Latin America's debate on the future of democracy in the region from local reformers.

These and other materials are available on CIPE's website at www.cipe.org. ■



Center for International Private Enterprise
1155 Fifteenth Street NW · Suite 700
Washington, DC 20005
USA