

Business Talk TV Program Debuts in Iraq

A new weekly business-oriented television program premiered in Baghdad on Saturday, July 2, 2005. The program, "Malaffat Iqtisadiyya" (or "Economic Files"), is a one-hour original program and the first television show of its type in Iraq that is solely about economic and business issues. The show is produced, written, directed, and broadcast by Iraqis. CIPE provides additional support for the program.

The first episode, titled "The Role of the Private Sector in Developing the Iraqi Economy," introduced the show's host, Sattar Jabbar Albiyatti, and its general message of free market reform and the critical role it plays in building a sustainable democracy. During the show, Albiyatti engaged in dialogue with two specialists, Mr. Bassem Jamil Anton, Deputy Chairman of the Iraqi Businessmen Union, and Mr. Ahmed Omar Alrawi, director of the Research Institute of Arab Studies. The show also featured street interviews of Iraqi citizens and comments from the guest audience as well as commentary from well-known journalists and academics.



Mr. Bassem Jamil Anton, deputy chairman of the Iraqi Businessmen Union comments on economic conditions in Iraq.

The idea to develop a business-oriented television talk show was conceived after a Coalition Provisional Authority poll reported that at least 90% of Iraqis regularly

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Corporate Governance Code Developed in Egypt

Corporate failures, privatization, corruption, and the demand for investment - both foreign and domestic - have increased the need for good corporate governance in Egypt. CIPE recognized this as an opportunity to work with the Middle East Peace Initiative (MEPI) and local partners to develop a corporate governance code for Egyptian companies. For the past year, CIPE has worked with the business community in Egypt to develop a corporate governance code that is the first of its kind - written originally in Arabic and developed locally rather than translated from English or

borrowed from another country. The code applies to listed firms, family-owned firms, financial institutions, and shareholding companies.

H. E. Dr. Mahmoud Mohei El Din, minister of investment and president of the Egypt Institute of Directors (EIOD), announced the release of the draft code during a June 29, 2005 seminar on corporate governance and privatization organized by EIOD. The seminar was attended by 400 participants representing board members of listed public enterprises, financial institutions, government and joint-venture banks, major listed and

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Board Member Column by Kenneth R. Sparks

The assignment seemed straightforward — help train the newly elected board of the Haitian Chamber of Commerce in organizational development and strategic planning, then coach their executive committee as it developed an action plan.

CIPE staffers John Zemko, Jean Rogers, and I arrived in Port-au-Prince on a beautiful Sunday afternoon in April ready to get started. We were met at the airport, escorted to a waiting van, and driven through winding streets to our comfortable hotel overlooking the city. The streets were teeming with people hurrying about, shopping, eating, laughing, and talking.

As we drove along, we wondered about the warnings we had been given and the reports of random shootings, kidnappings, and general lawlessness. We saw several armed trucks full of United Nations troops and passed through a security checkpoint at the entrance to the hotel, but otherwise the residents of Port-au-Prince appeared to be enjoying a lovely afternoon.

As we began meeting with Chamber representatives, we learned just how difficult life is in the city — even for the most successful business leaders. They told of having family members kidnapped for ransom, hearing gunshots day and night, the need for armed body guards, the lack of an effective police force, and the depressing spectacle of graft and corruption everywhere.

The next morning, the 23 members of the board began the program. As they sat down, each member placed his or her cell phone on the table. In Washington, this would be totally unacceptable. The ringing of a cell phone at a U.S. Chamber of Commerce board meeting would be a humiliating embarrassment for the owner. But not in Haiti. The seemingly constant din of telephone chimes was bringing essential information to the participants about the safety of their families, employees, and businesses.

Despite the distractions, the enthusiasm of the new board and its executive director was apparent. They knew that this

was an opportunity to advance their business community and their country. After two days of long training sessions, members of the executive committee began developing an action plan. They discussed how to increase membership and how they would provide essential services to their members. They developed strategies for dealing with the informal sector, which, ironically, is much more economically potent than the formal sector in Haiti. Finally, they began to develop an outreach program to the public sector. There will be parliamentary elections this fall, and it was encouraging to see how these business leaders hoped that the elections might usher in a period of stable, democratic, and transparent governance.

The final day, as we were leaving for the airport, several board members asked if we would like to visit their newly renovated Chamber of Commerce building. They packed us into the back of a van and we intrepidly wound our way through the crowded streets to the downtown waterfront. The poverty, unemployment, and lack of sanitation in the city made an indelible impression. Once at the harbor, we toured the beautifully restored building in which the members took so much pride. Outside the compound, there might be chaos and turmoil, but the Chamber had created a small oasis. I kept thinking that perhaps this was the beachhead from which Haiti's business leaders would transform their beautiful but devastated country. And in this long journey, perhaps the plans that the Chamber had developed would prove to be the first critical step.



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Advocacy Efforts Gain Ground in Uganda

In April 2005, CIPE and the Federation of Uganda Employers (FUE) launched the second phase of an ongoing program to bring management and advocacy skills to business associations in five districts in Uganda's Western Region. As a follow up to a regional meeting held in January, CIPE and FUE went on the road to hold advocacy workshops and strategic planning sessions in each of the local districts.

Through its grants program, CIPE is providing financial and technical assistance to train FUE district branches in the advocacy process and support them in conducting their own grassroots advocacy campaigns. From April 25 to May 10, 2005, CIPE consultant Wumi Gbadamosi and FUE national and Western Region staff instructed approximately 250 local businesspeople on the advocacy process.

The advocacy workshops followed CIPE's regional business association management and advocacy program held in Mbarara in January 2005. They reached an even broader audience of businesspeople by taking the program directly to the districts. The hands-on approach of the workshops prepared each local business community to launch its own advocacy campaigns.



Participants interact at one of the advocacy workshops in Uganda.

During the workshops, participants formed district business coalitions that will become the organizing body for their local advocacy efforts. Each district also chose two issues of concern to the local business community that will become the focus of the coalitions' advocacy efforts. Participants then received training on researching issues, writing policy position papers, and conducting direct advocacy with government officials. To date, more than 130 local associations and organizations have joined these

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Regional Magazine Recognized for Supporting Democracy and Free Markets in Latin America

CIPE's award-winning magazine, *Perspectiva*, has been widely acclaimed as the first democratic, market-oriented reform magazine in Latin America. Its success has not gone unnoticed.

In April 2005, *Perspectiva* was awarded the Sir Antony Fisher Memorial Award for promoting the principles of freedom and democracy in Latin America at the 5th Annual Liberty Forum of the Atlas Economic Research Foundation held in Miami, Florida. *Perspectiva* was selected as the most innovative publication from a field of more than 50 publications circulated in 26 countries.

The awards ceremony was attended by a diverse audience of think tank representatives and policymakers from all parts of the world and featured former President of El Salvador Francisco Flores as the keynote speaker.

The Political Science Institute (ICP), CIPE's partner in Colombia, was also praised for its contribution to sustaining democratic and market-oriented reform in the region. ICP coordinates the production and distribution of *Perspectiva*, with input from other five think tanks from across Latin America: Center for Center for the Dissemination of Economic Information (CEDICE) in Venezuela, Fundación



Rafael Merchán, executive director of the ICP (left) with Francisco Flores, former President of El Salvador accepting the Sir Antony Fisher Memorial Award for *Perspectiva*.

Libertad in Argentina, the Ecuadorian Institute of Political Economy (IEEP) in Ecuador, Centro para la Apertura y el Desarrollo de América Latina (CADAL) in Uruguay, and Libertad y Desarrollo in Chile.

After a successful launch in 2002, *Perspectiva* continues to raise its profile throughout Latin America. During a June 1st conference on "Globalization, Liberty and

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Think Tank in Kosovo Marks Tenth Anniversary with National Award

Ten years ago, a small group of economists in Pristina established Kosovo's first think tank, the Riinvest Institute for Development Research. CIPE supported Riinvest's founding and it has now grown from three employees to a staff of 28, becoming the recognized leader in economic policy advocacy in the region. At a conference in May to mark its milestone anniversary, President of Kosovo Ibrahim Rugova recognized the important contribution that Riinvest Institute has made to Kosovo's struggle for recognition by presenting it with the Gold Medal of Independence. Riinvest is only the second recipient of Kosovo's third highest honor.

Riinvest's vital role in promoting Kosovo's development was saluted by several government ministers at the conference, who recognized its critical contribution to identifying and developing effective development and reform strategies that reflected Kosovar needs and aspirations at a variety of times during its history.

Created at a time in which Kosovo's ethnic Albanian majority lived under direct Serb rule, the Riinvest Institute became part of a broad civil society movement to create a

parallel non-governmental society to address the needs of the majority population. At a time of political repression and upheaval, Riinvest was awarded its first grant from CIPE to undertake a landmark study entitled "Economic and Democratic Development of Kosova." The comprehensive report analyzing Kosovo's fledgling private sector and the broader development challenges for the region under Milošević quickly became a benchmark for development assistance following the war.

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"Behind you are ten years of very impressive achievements, through very difficult times... you are contributing a good strategy and policies for further economic progress in Kosova..."

Ibrahim Rugova, president of Kosovo

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receive news and information from television. Aldiyar Satellite Broadcasting embarked on the project in February 2005. An advisory committee of local specialists began recommending topics and timely subject matter, as well as identifying on-camera talent for the show. Topics that will be addressed in future episodes include foreign direct investment, unemployment and human resource development, the free market economy and free trade, local industry competitiveness, intellectual rights, transparency, SME development, and regulations affecting economic development and trade.

Faisal Alyasiri, producer and director general of Aldiyar, commented that the response to the program has been very positive. A Kurdish television station has approached him about re-broadcasting the program with Kurdish subtitles while another Iraqi station has expressed a desire to re-air the program in 20-minute segments. In addition, an economic newspaper is interested in transcribing the program and printing the entire content.

The second episode appeared on Saturday, July 9, at 10:00 p.m. (Baghdad Time) and focused on the issue of unemployment. The third episode, "Corruption," airs in the same time slot on Saturday, July 16 and the fourth episode, "Investment," airs on Saturday, July 23. CIPE plans to make the episodes available on its website via video streaming.



An entrepreneur interviewed for the show expresses his views on Iraq's economic outlook.

After an initial 13 episodes, executives hope to produce an additional two sets of 13 shows in an effort to continue the conversation on economic and market reform among the Iraqi public while also focusing on timely issues such as the constitutional debate, the economic platforms of political players, the cost of corruption, and ongoing transparency initiatives in public policy. ■

Think Tank in Kosovo Marks Tenth Anniversary...

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It was during the post-war period that Riinvest's role in promoting both economic and democratic reform became extremely crucial. In the aftermath of the refugee return, few Kosovar institutions existed to channel the voice of their interests into a policy development process dominated by international institutions. As a result, economic policies were often designed in a vacuum, leading to a disconnect between policy and the actual implementing environment on the ground. Working with CIPE and the U.S. Agency for International Development (USAID) support, the Riinvest Institute quickly began to examine the economic problems facing Kosovo and challenge the conventional wisdom being proposed by donors unfamiliar with the region. Without its own political institutions and fractured party systems, the Riinvest programs quickly became the only reliable source of policy input at the local level, often placing the Institute in the role of "loyal opposition" to the international governing bodies - a role recently recognized through the award of the medal of independence.

Today, the Riinvest Institute is an excellent example of how small investments in local institutions can bear fruit. The institute and its staff are regularly consulted by both Kosovar and international stakeholders and have become a center of excellence in policy analysis and advocacy. ■

Advocacy in Uganda...

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coalitions, which are based in Kabale, Kabarole, Kasese, Masindi, and Mbarara.

The CIPE/FUE advocacy project has received a great deal of positive publicity at the local, regional, and national levels. Stories have been featured in the New Vision and Monitor newspapers, on WBS and Uganda Television, and on the Voice of Toro radio station.

"We have learned the meaning and the benefits of public-private dialogue and also got assurances from local district authority officials [that they are] willing to work hand-in-hand with the business community whenever the private sector has any burning issues to forward to them," said one participant from Kasese.

FUE district branches laid the groundwork for the local advocacy campaigns by hosting public-private dialogue conferences in March 2005, which brought together representatives of the public and private sectors to discuss the benefits of working together in the policymaking process. Government officials in each district expressed a willingness to listen to private sector input on legislation affecting business in Uganda.

Following the workshops, the district business coalitions will meet to flesh out their local advocacy initiatives. As is the case with all CIPE programs, one of the major goals is to enable local partners to become self-sufficient. With this goal in mind, FUE staff will provide the coalitions with data, financial support, and technical assistance. The FUE district branches also opened resource centers in June 2005 to provide computer resources and business services to local businesses for a small fee. Resource center staff is trained to help local associations register in CIPE's Africa Virtual Business Association Network (www.avban.org) online directory and to create their own free websites on AVBAN. ■

"Building awareness among local businesses and government of the role of business associations in acting as a voice of the private sector is essential and paramount if the district is to develop."

Deputy Chairperson of the Masindi Local Council

Corporate Governance Code Developed in Egypt

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non-listed family firms, and representatives of all Egyptian business associations.

Minister Mohei El Din stated that the revised draft code developed by CIPE partners Dr. Ziad Bahaa El Din, chairman of the General Authority for Investment, and Mr. Maged Shawky, chairman of Cairo and Alexandria Stock Exchange, will be distributed shortly to all Egyptian business associations, insurance firms, financial institutions, auditors and accountants, legal advisors, and other stakeholders to ensure public support and to make revisions according to public consensus and ratification by the EIOD.

Minister Mohei El Din also announced to the participants that the EIOD, through the support of the World Bank and CIPE, will begin to offer workshops and seminars on the new corporate governance code in September 2005. ■

Afghan Chamber Unites Business Community in Dubai

In some ways, Dubai and Kabul seem to be worlds apart. Dubai's opulence, its natural resources, and its leaders' vision have created one of the world's premiere business destinations. Since the 1970s, a number of Afghans have moved to Dubai in search of business opportunities. Many of these Afghans started businesses that quickly became successful, allowing them the opportunity for a lifestyle that was unattainable in Afghanistan at that time.

It has been over twenty-five years since Ibrahim Mohib left Afghanistan for the Emirates, and his years in Dubai have been marked by both success in business and an outstanding quality of life. Still, he has a yearning for his homeland that is common to most Afghans that live abroad. Mr. Mohib is one of many Afghan traders in Dubai that continued to provide products and services to Afghanistan even during the times of occupation. However, since the fall of the Taliban in December 2001, he and other Afghan businesspeople have renewed their commitment to their native land by taking advantage of newfound opportunities to invest in the country's reconstruction.

Over the years, the Afghan business community in Dubai fractured into several groups that created three separate business alliances. These associations worked to promote economic, social, and educational opportunities for Afghan traders in Dubai, though the fissures among them limited their effectiveness. When coupled with the reality that there was not a consistent business support organization functioning within Afghanistan, the Afghan traders in Dubai worked independently or in small groups to address a wide range of business concerns.

In June 2004, the Afghanistan International Chamber of Commerce (AICC) was founded by a group of six business associations within Afghanistan, including the Afghan American Chamber of Commerce (AACC) and the Afghanistan Traders and Industrialists Center. AICC's creation was supported by the U.S. Agency for International Development (USAID) under a cooperative agreement with CIPE. When AICC was created, few understood the potential demand for its services. However, by July 15, 2004, this demand became readily apparent, as 2,050 Afghan businessmen and women joined the organization and elected a 61 member board of directors.

AICC's strategy from the beginning was to focus heavily on investment promotion programs, and as it grew, so did its influence in this area. Its leaders participated in numerous trade exhibitions, trade missions, and official delegations, as well as promoted internal business development ventures. Still, AICC's outreach outside of Afghanistan's borders seemed years away, as it faced a myriad of issues within the country itself.

The impetus for AICC's global outreach began with the Afghan American Chamber of Commerce, which opened the first AICC international affiliate office in Tyson's Corner, Virginia under the USAID/CIPE program. The office provides information and logistical support to U.S. companies that wish to invest in Afghanistan. Since it developed a partnership with the Afghanistan International Chamber of Commerce, AACC has emerged as an important partner in the promotion of investment opportunities.

The initial success of AICC's first international affiliate gave rise to discussions about the organization's overall trade and investment promotion strategy. Meetings were held with Afghan businessmen and women in the Emirates, Uzbekistan, India, and Germany, with the common denominator being that all were interested in forming AICC international affiliate organizations. In Dubai, the development of such an organization was not easy given the fact that three business associations already existed. Even so, AICC's leadership felt strongly that an affiliate organization in Dubai would greatly expand the organization's ability to generate investment in Afghanistan. With advice from CIPE, AICC began a sustained effort to unify the fractured Afghan business community in Dubai. After a rocky start and several failed attempts to merge the three organizations, AICC enlisted the assistance of U.S. Ambassador Zalmay Khalilzad and Afghan Ambassador to the Emirates Farid Zakria to assist in this effort. In March 2005, this assistance produced results when AICC Chairman Azarkhesh Hafizi and leaders of the Afghan American Chamber of Commerce facilitated the creation of the Dubai Business Council (DBC), a collaborative effort of the Afghan business community in Dubai. After three days of meetings, Dubai Business Council organizers recruited over 140 members and collected Dh 180,000 (approximately \$51,000) in membership dues to begin operations. Ibrahim Mohib was elected the Council's chairman, and his first order of business was to announce that the organization would be AICC's affiliate in Dubai. A few weeks after the DBC's creation, AICC also announced that negotiations would be held to create affiliates in Hamburg, Germany, and New Delhi, India.

For Mr. Mohib, his business success in Dubai and the longing for his homeland in Afghanistan have come full circle. "Through the Dubai Business Council, we now have a mechanism to facilitate and promote investment in Afghanistan," he said. "The world recognizes Dubai as a center for commerce within this entire region, but our goal is to make it known as a gateway for doing business in Afghanistan". He is quick to acknowledge

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Afghan Students Learn Entrepreneurship Skills

The June heat, at nearly 96 degrees Fahrenheit, made the overflowing classroom feel more like a sauna than a school room. Still, no one complained. The students at Ansari Night Boys' High School are used to the heat and cold. Instead of focusing on the sweat dripping down their foreheads, the students worked carefully in the dim light to grasp the concepts of entrepreneurship.

Ansari Night Boys' High School is one of three pilot schools in which CIPE is implementing the Empresa Entrepreneurship Program. This program, developed several years ago by the U.S. Chamber of Commerce for use in Latin America, teaches basic business skills to high school students. The purpose of the program is to foster entrepreneurship and to promote an understanding of the market economy. CIPE trained the instructors in the three schools and won the support of the local administration to allow the teachers to use the translated materials every day in their regular classrooms.

The girls at Abdul Qasem Ferdawsi High School were equally enthusiastic and equally warm. While their classroom was nicer than that of their male counterparts, there was no air conditioning, and the heat surrounded the room like a shroud. The girls worked in groups, speaking openly about entrepreneurship and business development. With materials provided by CIPE through support from the National Endowment for Democracy, both the girls and boys can study the information on their own as well as in the classroom.

"I am so glad for this class," commented Khalid, an 11th grade student at Ansari Night Boys' High School, "because it helps me understand that doing business is important. Before this, I thought only about graduating and getting a salary by working in the government. Now, I am thinking about having my own business." Khalid is not alone, as more and more Afghan young people are turning toward the private sector as a way out of poverty and despair. "I go to school and then work at any job I can to earn money for my family because we are very poor," said Farid, another 11th grade student. "After work I take English classes and by the time I get home it is very late, and we have no electricity. I study about entrepreneurship by the light of our oil lamp because I know it will help me."

There are many of these stories, and most share the agony of young people that have seen too much too soon. Even so, they carry their Empresa notebooks proudly and they talk about what they have learned with their friends and family. "A few years ago, many boys my age were taking narcotics," Khalid said matter-of-factly, "Now, we see there is hope and we don't need them anymore."

Empresa is not the cure for the economic woes of Afghanistan, nor is it a "silver bullet" that will ensure a



Afghan students make a presentation about entrepreneurship and business development.

society free from drugs and violence. However, it is a program to help students understand that hope does spring eternal, even in a place where too many springs have been marred by violence.

The Ministry of Education has endorsed CIPE's pilot project within the three schools and has asked that the model be implemented in all the high schools in Kabul. At present, there are 580 students being taught entrepreneurship skills by trained instructors. If the program expands to every high school, over 10,000 students will receive this instruction.

So, through the heat and the dust, in facilities that barely qualify as habitable, students are sitting down each day to discover the wonders of mathematics, science, literature, history...and business. Thanks to CIPE's efforts, boys and girls in Kabul are learning that there is honor in hard work and opportunity in sacrifice. Maybe that is a good place to start. ■

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AICC's role in the Dubai Business Council's formation. "Without USAID's financial support and CIPE's technical expertise, AICC would not exist," Mr. Mohib stated during a recent luncheon in Dubai. "And without AICC's vision and patience, the Dubai Business Council would not exist. AICC not only created harmony among the Afghan business community in Dubai, but it also created an organization that will serve as a launching pad for investment that will rebuild our country. That is no small feat indeed, and it will turn Dubai into a gateway to Afghanistan for hundreds of potential investors." ■

Iraq Program Updates

Strengthening Iraqi Political Parties

The 15 major political parties composing Iraq's government participated in a CIPE political party training program in April 2005. Debate was encouraged throughout the event, which became quite spirited at times. During various coalition-building workshops, members of diverse parties agreed on solutions to key problems and articulated unified platforms.

This Iraqi political party training program was the second in a series organized by CIPE that will continue through 2006. Subsequent programs will build upon the concepts explored during this session and will be tailored to address Iraq's evolving political, economic, and constitutional landscape. ■

Iraqi Business Leaders Gain Advocacy Skills

In May, CIPE conducted a five-day training program in Amman, Jordan for 40 Iraqi business association executives. The program focused on proposal development and strategic planning skills, with additional emphasis on membership services, association governance, and advocacy programs. The advocacy training workshop simulated the complex process of competing interests by dividing the participants into four groups representing the government and three sectors of the construction industry. Each group petitioned the decision-makers and made arguments for its position, rebutting the arguments of the others. The program empowered the association executives to advocate effectively for their needs in Iraq's political-business environment. ■

Iraqi Businesswomen Emerge as Anti-Corruption Advocates

A CIPE partner, the Iraqi Business Women's Association, held a seminar on June 5th entitled "Administrative Corruption and its Effect on Society." More than 50 participants attended the event in Baghdad, including businessmen and women, ministers, and business association executives. ■

Baghdad University Releases New Economic Publication

Also in partnership with CIPE, Baghdad University College of Administration and Economics, released a new publication titled "The Iraqi Economy: Current Condition and Future Aspirations" in June 2005. The book represents the culmination of research produced by a series of CIPE sponsored workshops at the university during 2004. Topics explored in the workshops and covered in the book include accounting standards for openness and transparency, establishment of a centralized system for statistics, methods of economic statistics, strengthening credibility

and transparency, estimating the cost of reconstruction, development scenarios and alternatives for reconstruction, making economic decisions, bureaucratic tradition in making economic decisions, and the role of the media in pluralistic economic decision-making. The publication has been distributed to government ministries, business associations, and trade unions. ■

CIPE's Iraq Team Paves the Way for Partnerships in Kurdistan

Iraq's Kurdish region is home to a burgeoning civil society and positioned to become a leader in Iraq's emerging private sector. In May, Iraq Program Officer Suhaib Albarzinji and Iraq Office Director Khaled Bakleh traveled to Arbil and Sulaymaniyah to initiate contact with new partners in the region. Albarzinji and Bakleh met with representatives from chambers of commerce, universities, and cultural and economic institutions and made plans for an entrepreneurship training program for Sulaymaniyah University students and the establishment of a business center for the Sulaymaniyah Chamber of Commerce. Additionally, a number of regional initiatives are under development, as all of the organizations that met with CIPE agreed it was essential to fight political corruption so that Kurdistan can become a model of economic success and democracy in Iraq. ■

Iraqi Champion of Private Sector Development Addresses Investors in Washington D.C.

At a luncheon hosted by CIPE, the National U.S.-Arab Chamber of Commerce, and the U.S. Department of Commerce, Mr. Abdul Hadi K. Abid, director general for private sector development in the Iraqi Ministry of Trade, described the Iraqi government's efforts to create a more stable and predictable business environment. One of the objectives of the new Iraqi leadership has been "to teach the Iraqi public to respect the entrepreneur and private enterprise," Abid said. As evidence of this new business mind-set, Abid highlighted new rules that guarantee private investors the same treatment and rights as Iraqi investors, including authorization to transfer abroad any profits or proceeds from the sale of assets. Additionally, with the assistance of the U.S. Agency for International Development (USAID), the Iraqi government is setting up a Trade Information Center as well as an Investment Promotion Agency. Such entities are necessary to provide accurate information to those seeking to do business in Iraq as well as to educate them about the prevailing business climate and opportunities. The World Bank has also agreed to work with Iraq to develop a promotional campaign designed to attract investment to the country. ■

Mobilizing the Voice of Business in Montenegro

When business coalitions achieve a consensus and work from a common strategic plan they can effect change in transition economies. This was the message relayed in a three-day advocacy training workshop organized by CIPE and its local partner, the Montenegro Business Association (MBA). Michael Boyd of USAID and CIPE Montenegro Project Manager Ralph Marlatt opened the seminar with remarks outlining how collaborative business associations can have an impact on legal and regulatory changes, as well as the importance of having a sound strategic plan to pursue targeted legislative and regulatory objectives that will ultimately result in a better business climate.

Representatives from several Montenegrin associations including the Montenegrin Union of Employers, the Ulcinj Business Association, the Women's Business Center, the Beekeepers' Association of Montenegro, the Tennis Association, and a nearly-formed Rafters' Association joined two new MBA staff members in challenging workshops led by MBA staffers Slavisa Delic and Marina Milic. The group worked through several training modules based on the CIPE publications *How to Advocate Effectively: A Guidebook for Business Associations*, *Business Associations for the 21st Century: A Blueprint for the Future*, and *National Business Agenda Guidebook: A Formula for Success* – all of which were translated into Serbian for the seminar.

Commenting on the advocacy workshop, Mr. Veljko Vujanovic stated, "The presentations and material presented will help the rafting companies establish a Rafters' Association that can play a major role in the development of tourism in northern Montenegro."



Association executives discuss advocacy strategies in Montenegro.

All of the associations represented at the workshop are eager to insert themselves into the country's policymaking debate. The organizations realize that grassroots advocacy is one of the best ways to improve the business climate in Montenegro so that its citizens can generate income and create wealth for themselves and the country. The participants left the workshop armed with the tools necessary to start this process.

The Montenegro Business Alliance (MBA) was organized with support from CIPE and USAID in 2001. The organization has grown from a group of 10 founding members to more than 400 dues-paying members. CIPE also works closely with Montenegro's Center for Entrepreneurship and Economic Development (CEED) to provide business consultants with business and advocacy training so they can become self-sufficient business owners. ■

Economic Reform Roundtables

Georgia After the Rose Revolution: An Opportunity Lost? (May 17)

Dr. Devi Khechinashvili, a founder and current president of Georgian think tank Partnership for Social Initiatives (PSI), evaluated the reforms of the Saakashvili administration. According to Dr. Khechinashvili, President Saakashvili has had a number of important successes, including police reform and development of market-based solutions to the social protection system. However, there have also been significant problems, including censorship in the media, constitutional changes that reduced the powers of the legislature and the judiciary, and government pressure on business. In many respects, Georgia is at a crossroads between a liberal democracy and the Russian model of so-called "managed democracy." Which model will it follow?

Conflict Resolution in the Middle East: Private Sector Perspectives and Solutions (May 18)

Hisham Awartani, director of the Center for Private Sector Development (CPSD), Palestinian Businessmen

Association (PBA) and Charles Adwan, former executive director of the Lebanese Transparency Association (LTA) shared private sector perspectives on and solutions to some of the ongoing conflicts in the Middle East, focusing on Palestine and Lebanon.

Encouraging Investment and Entrepreneurship in Small Economies (May 24)

Dr. Paul Holden, director of the Enterprise Research Institute in Washington, D.C., discussed sound policies that encourage investment and entrepreneurship in small economies. According to Dr. Holden, many government interventions supposedly undertaken to offset the disadvantages of size and remoteness exacerbate rather than alleviate the handicaps of these economies.

View these and other electronic roundtables on CIPE's website at www.cipe.org. ■

Egyptian Family Firms Turn to Good Governance

According to some estimates, as many as 90% of Middle East businesses are family-owned. While this culture of entrepreneurship is to be admired in many ways, the structure and dynamics of family businesses in the Arab world often undermine the development of effective corporate governance mechanisms. Ultimately, transparency and good governance must become a standard business practice for all firms in the region – particularly large, family-owned companies - if they hope to grow and attract much-needed investment. Family businesses in the MENA region are at a crossroads; business owners need to decide whether to take tangible steps to improve governance or remain disengaged from the global economy.

Egypt is one of the countries where the problem of governance in family-owned firms is a pressing concern. The country is in a relatively early phase of private enterprise development and large family businesses still play a very important role in the economy. However, the majority of business owners in Egypt have not made the link between transparency in management and the sustainability of their firms. To build a better understanding of this concept and to enable family business owners to develop their own tools to improve governance in their firms, CIPE has organized a series of workshops on this topic.

These workshops, organized in conjunction with the Alexandria (Egypt) Business Association and Thunderbird – the Garvin School of International Management, help business owners restructure their businesses to ensure that they are able to make the governance decisions necessary for the long-term growth of their companies.

Led by Dr. Thomas M. Stauffer of Thunderbird, the program engages business leaders in discussions and debates about globalization, including case studies; the modern dynamics of the family business system, including information on financing, organizational development, and conflict management; growth, preservation, and distribution of profits; corporate governance; succession; and transforming into a public company.

19 business owners - representing the 2nd and 3rd generation of family businesses in Alexandria and Cairo - began the workshop series with a program entitled “Economic Globalization and Family Business” held May 20-21, 2005. The participants discussed the dynamics of running a family business and the impact of globalization on family business in the Middle East.

The second workshop in the series, held May 27-28, focused on the modern dynamics of family business systems. Participants discussed management and

financial considerations specific to family-owned companies, phases of organizational development, family shareholder relationships, conflict management practices in family businesses, and practices of successful family companies. Mr. Hussain Sabbour, an Egyptian businessman and founder of a large family-owned, publicly-listed firm, spoke to the class about inter-generational management and conflict management practices.

The next workshop in this series will be held in July 2005. The focus will be on growing, preserving, and sharing the wealth of a company. Discussions will include strategies for growing and maintaining family control, separation of management and ownership, framework for wealth and ownership distribution, raising children in wealthy business families, and business ethics in family-owned businesses. ■

Regional Magazine in Latin America...

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Development” in Buenos Aires, Argentina, *Perspectiva* held a promotional event for an audience of 150 people representing academia and various business sectors. The event featured a former treasury minister from Spain and Argentine presidential candidate Ricardo Lopez Murphy.

Perspectiva staff then traveled to Santiago, Chile on June 2nd to participate in a forum titled “The New Role of Think Tanks in Society,” marking the 15th anniversary of the foundation Libertad y Desarrollo. *Perspectiva* held an on-site promotional event for more than 200 people, including politicians, journalists, students, and academics. The magazine event was a great addition to the forum, as participants tried to analyze which emerging market has the most potential, how to generate equal opportunities in Latin America, and the risks of populism and violence for democracies in the region.

Perspectiva has raised the bar for pro-democracy, pro-free market publications in Latin America. CIPE seized the opportunity and has taken the unprecedented step of distributing copies of the magazine in Cuba. By providing practical information and analysis on democratic, market-oriented reforms to its readers on the island, *Perspectiva* serves as a guidepost for Cuban business leaders working to facilitate the country’s entrance into the community of democratic Latin American nations. ■

News in Brief

South Asian Delegates Participate in a Corporate Governance Education Program

The Global Corporate Governance Forum, in partnership with the CIPE, invited 35 senior executives from South Asian corporate governance institutes and business communities to participate in an intensive corporate governance education program. The week-long program was held at the World Bank in Washington, D.C. from June 6 through June 11, 2005. Countries represented included India, Pakistan, Sri Lanka, and Bangladesh. The highly interactive and participatory program focused on fostering substantive corporate governance understanding, imparting information concerning elements of internationally-recognized private sector best practices, and delineating capital market expectations. As a key component of the program, participants engaged in developing a curriculum relevant to their own regions, including case studies. Attendees also explored the use of interactive teaching methods. Several notable experts, including Ira M. Millstein, Jules Muis, and Nell Minow, gave interesting and engaging presentations on various aspects of corporate governance, including board responsibilities, auditing practices, and shareholder rights. ■

Gregg Willhauck to Lead CIPE's Congressional and Public Affairs Effort

CIPE has hired Gregg Willhauck to serve as congressional and public affairs officer and special assistant to CIPE Executive Director John Sullivan. Willhauck's responsibilities will include the development, coordination, and administration of CIPE's outreach and information activities with Capitol Hill, the executive branch, the media, and similar audiences.

Willhauck joins CIPE with the benefit of 19 years experience working in the United States Senate, most recently as legislative director to Senator John E. Sununu (R-NH) during the 108th Congress. In addition to his responsibilities as legislative director, Willhauck was the principal staff person responsible for handling Senator Sununu's assignment to the Foreign Relations Committee. In that capacity, Willhauck worked on issues such as the post-conflict reconstruction in Afghanistan and Iraq, the Middle East peace process, political and economic development, humanitarian relief efforts, public diplomacy, and international broadcasting. ■



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.

For more information on CIPE's program visit CIPE's website www.cipe.org, which provides policymakers, business leaders, reformers, and journalists in emerging democracies with a fast, cost-effective means of accessing information critical to their efforts in promoting democratic and economic reform.

CIPE's website offers free access to a variety of resources including:

- Capacity-building tools for business associations
- Articles on economic and political reform
- Program case studies
- Policy papers and handbooks
- Electronic roundtables



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Chinese Think Tank Provides Independent Policy Forum

Increased economic liberalization is creating a political climate unlike any that China has experienced in its long history. Still, the continued success of China's transition to a market economy will require a flow of accurate information and analysis on reforms to policymakers from independent reform-oriented voices in China, including research institutions like the Unirule Institute of Economics. Organizations like Unirule are playing a key role in China's reform process by providing a neutral forum for private entrepreneurs and researchers to develop independent views on policy and present them to key decision-makers. They also help nurture a stronger advocacy role for private institutions in a society in which the private sector has traditionally been suppressed.

The Unirule biweekly symposia continue to have a gradual but important impact on China's changing political culture. In the past few months, Unirule has struggled against a new wave of restrictions and forced closures in China, modifying the project so as to escape the notice of Chinese officials but to maintain its public standing as a free and liberal space for discussion and debate. Especially with continuing censorship and recurring government crackdowns on private expression, the Unirule symposia offer one of very few forums available in which private citizens can engage in a public debate over policy issues.

In March of this year, Unirule held two symposia in Beijing on very diverse topics. The first,

hosted by Professor Wang Yan of the Chinese Academy of Social Sciences and held on March 4th, discussed Samuel Huntington's *Clash of Civilizations* from a Chinese perspective. He drew various comparisons between American and Chinese identities, contrasting the American background of race, social property, culture, and political ideology with the more cohesive Chinese community, consolidated through Confucianism. Professor Li Shi, also of the Chinese Academy of Social Sciences, took an in-depth look at the inequities of wealth distribution between 1995 and 2000 in the second symposium, held March 18th. The net property growth rate increased rapidly, especially for urban residents. A corresponding drop in land value contributed to the small growth in rural areas. The income gap also increased in rural areas, while decreasing in urban areas. National inequalities during this period are closely connected with the property inequalities between rural and urban areas.

Despite the government's vigilant approach against possible dissident voices during recent years, Unirule's influence and public profile have grown dramatically along with signs of a cautious political openness toward intellectual and academic debate on even sensitive issues such as democracy and corruption. For the past few years Unirule has seen its influence expand from a small intellectual circle in Beijing to China's economic society at large, including the southern and coastal regions of China where market-based reforms have exhibited the greatest vigor. ■



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