

# ASIA

Following the Asian financial crisis in the late 1990s, the private sector across Asia began to realize that real changes in governance were needed in order to rebuild the region's floundering economies. CIPE's continuing work in Asia to promote private sector representation and sound management practices has attracted increasing attention as reformers have looked for proven methodologies to combat corruption and implement corporate governance best practices. The following pages celebrate CIPE's years of partnership with the Dhaka Chamber of Commerce and Industry, look forward to the future of reform with the Unirule Institute of Economics in China, and provide regional highlights of the impact of CIPE's work over the past year.

*“Because of CIPE, the Dhaka Chamber of Commerce and Industry was able to build an advocacy alliance, further economic development in a democratic manner, and empower women entrepreneurs to take part in policymaking.”*

**Ferdaus Ara Begum**  
Additional Secretary,  
Dhaka Chamber of Commerce and Industry



Dhaka Chamber of Commerce and Industry President Sayeeful Islam opens a trade fair and product exposition for women entrepreneurs.

# PARTNERS IN SUCCESS

## DHAKA CHAMBER OF COMMERCE AND INDUSTRY

From 1999 through 2006, CIPE partnered with the Dhaka Chamber of Commerce and Industry (DCCI) to engage the private sector more actively in the policymaking process in Bangladesh. With assistance from CIPE, DCCI developed an advocacy strategy in 1999 that resulted in a number of policy victories and DCCI's establishment as the country's leading chamber of commerce. As one of the key promoters of economic reform and democratic decision-making, DCCI has also been at the forefront of incorporating women entrepreneurs across the country in the mainstream economy. A total of 450 women business leaders have participated in DCCI's training programs since 1999, and hundreds more have participated in product expositions for women entrepreneurs in Bangladesh and internationally.

DCCI's experience shows that with time, investment in organizational capacity, and persistent advocacy, significant reforms can be achieved. DCCI has had a positive impact on policy decisions in Bangladesh; the government has implemented a total of 62 of DCCI's policy recommendations, including:

- The elimination of the value-added tax on some agricultural products, such as rice, milk, and meat.
- A reduction in the corporate income tax for ready-made garment companies to 10 percent.
- A reduction in taxes on machinery for jute and textiles manufacture to 15 percent.
- More efficient customs procedures that allow goods for export to clear customs in a single day rather than the three to seven days it took previously.
- The reduction of interest rates on Bangladesh Bank loans for farmers and agricultural businesses from 16 percent to 8 percent.
- Privatization of 20 industries, including substantial privatizations of jute mills, textile mills, sugar mills, and the paper and pulp industries.

Public policies for procurement, taxation, education, women's business development, trade, privatization, and entrepreneurship have all benefited from DCCI's involvement in policymaking. The advocacy process that evolved from CIPE and DCCI's partnership is still in effect, guiding decision-makers as Bangladesh returns to democratic government.

## 2008 CIPE PROGRAMS AND PARTNERS IN ASIA

### DEMOCRATIC GOVERNANCE AND INSTITUTIONS

**Burma:** Educating Burmese Entrepreneurs and Civil Society Leaders on Democracy and Market Reforms

**China:** Local Public Finance Reforms and Private Enterprise Development

**China:** Making Local Governments More Accountable to the Public (Partner: Unirule Institute of Economics)

**China:** Promoting Good Corporate Governance and Business Ethics (Partner: China Center for Corporate Governance)

**Indonesia:** Improving Corporate Governance among Listed Firms (Partner: Indonesian Institute for Corporate Directorship)

**Indonesia:** Improving the Capacity of Local Parliamentarians (Partner: Institute for the Study and Advancement of Business Ethics)

**Indonesia:** Strengthening Corporate Governance in Indonesia (Partner: Lembaga Komisaris dan Direktur Indonesia)

**Pakistan:** Promoting Democratic Values in the Business Community by Strengthening Associations

**Philippines:** Improving Corporate Governance in Philippine Firms (Partner: Institute of Corporate Directors)

**Philippines:** Improving Public Governance at the Local Level (Partner: Institute for Solidarity in Asia)

**Regional:** A Regional Conference on Sustainable Democracy

**Regional:** Strengthening Corporate Governance in Asia

**Regional:** Strengthening Corporate Governance in Development Banks (Partner: Association of Development Financing Institutions in Asia and the Pacific)

### EMPOWERING PRIVATE SECTOR ORGANIZATIONS

**China and Vietnam:** Business Association Development

**Indonesia:** Strengthening Business Association Advocacy

**Mongolia:** Strengthening Business Advocacy (Partner: Mongolian National Chamber of Commerce and Industry)

**Nepal:** Advocacy and Associations

**Pakistan:** Increasing Institutional Capacity and Access to Information

**Pakistan:** Promoting Democratic Values in the Business Community by Strengthening Associations

# CHINA

## PARTNERS IN SUCCESS UNIRULE INSTITUTE OF ECONOMICS

In a country not known for public participation in policymaking, China's Unirule Institute of Economics has courageously and innovatively brought the public voice before government decision-makers. Founded in 1993 by five reform-oriented economists, Unirule is now widely acknowledged as China's most influential private economic think tank. Since 1995, support from CIPE has helped Unirule to strengthen its analysis of government economic policy, regulations, and institutions related to property rights. Unirule also offers consulting services to businesses on project feasibility and evaluation, and publishes journals and newspapers on modern economics. Unirule has extensively explored the use of public-private partnerships to improve the quality and efficiency of public services provided by government agencies. A number of government agencies have requested assistance from Unirule to reform their governance systems, including the Tongzhou District and the Zhongguancun Science and Technology Park of Beijing.

Perhaps the most engaging of Unirule's activities are its twice-monthly symposia on crucial reform issues. Topics have included "Civil Society in China," "A Road Map for Democratization in China," and "The Challenges of Land Tenure Policy in Urban Areas." In contrast to the typically small and academically-oriented symposia normally held by Chinese think tanks, Unirule's symposia are open to the public and attract participants from government agencies, the private sector, and the media,



Unirule's survey of public governance has prompted discussion of local governance issues and how to address them.

as well as ordinary citizens. These events have brought policy discussion from behind closed doors and out into the open, allowing private citizens to access policy information and engage policymakers in lively debate. To reach an even wider audience, Unirule posts the proceedings of each symposium in full text on its website, and each posting receives an average of 1,500 hits. The proceedings are also widely circulated on the internet.

Recognizing Unirule's unique and significant contributions to open government in China, the Atlas Economic Research Foundation awarded a 2008 Templeton Freedom Award for Free Market Solutions to Poverty to Unirule for its persistent efforts to promote the privatization of state-owned enterprises and the marketization of public services in China. Unirule is clearly leading the way to significant reforms in China's governance system.

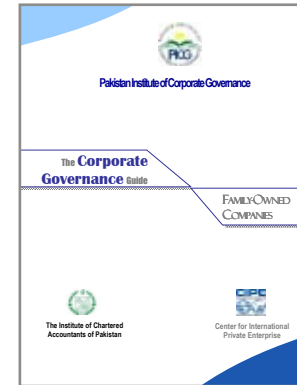
# PAKISTAN

## ENGAGING CITIZENS IN ECONOMIC POLICY REFORM

Economic and political upheaval throughout Pakistan threw CIPE's work into the spotlight in 2008. CIPE opened its office in Karachi in January 2006 to work with the business community to facilitate democratic and economic change. With an expanding network of partners and through its own programs, CIPE has been raising local capacity and supporting efforts to bring the government and citizens together in working relationships. CIPE's strategy in Pakistan focuses on strengthening the business community through technical assistance and legal reforms to create a competitive environment for chambers and associations and ensure better representation for entrepreneurs. CIPE's work augmented grassroots-driven reform efforts by strengthening chambers and associations, emphasizing corporate governance and corporate citizenship, and developing a corps of reliable and informed economic and business journalists.



CIPE Executive Director John D. Sullivan, above, speaks with CNBC Pakistan about the importance of strong corporate citizenship within the modern business model. *The Corporate Governance Guide: Family-Owned Companies*, pictured above right, was distributed to 250 family businesses across Pakistan.



## 2008 CIPE PROGRAMS AND PARTNERS IN ASIA

### INFORMATION AND VALUES

**Bangladesh:** Building Capacity in Business Journalism Professionals (Partner: Bangladesh Enterprise Institute)

**China:** A Weekly Policy Reform on Transition (Partner: The Transition Institute)

**China:** Encouraging Progress towards Constitutionalism

**Nepal:** Developing Reporting Skills in Rural Economic Journalists (Partner: Nepal Press Institute)

**Indonesia:** Promoting Business Ethics in Indonesia (Partner: Indonesia Business Links)

**Indonesia:** Managing Ethical Dilemmas and Reducing Corruption (Partner: Indonesia Business Links)

**Sri Lanka:** Building an Informed Parliament: The Legislative Advisory Service; Legislative Advisory Service (Partner: Pathfinder Foundation)

### ACCESS TO OPPORTUNITY

**China:** Encouraging the Development of Active Civil Society (Partner: The Institute for Civil Society Development)

**Nepal:** Youth Empowerment for Entrepreneurship and Economic Freedom (Partner: Samridhhi, The Prosperity Foundation)

### GRASSROOTS PARTICIPATION

**Bangladesh:** Promoting Women's Entrepreneurship through Advocacy (Partner: Bangladesh Women Chamber of Commerce and Industry)

**China:** Symposia on Key Reform Issues (Partner: Unirule Institute of Economics)

## IMPACT ON REFORM

- Pakistan registered its first two women's chambers of commerce, the Northern Punjab Women's Chamber of Commerce and Industry and the Southern Punjab Women's Chamber of Commerce and Industry, in July and August of 2008. In 2006, CIPE worked to revise Pakistan's Trade Organisations Ordinance to allow women to independently form chambers of commerce.
- Newly implemented banking regulations – based on recommendations from a CIPE Pakistan roundtable – allow commercial banks to engage in microfinance lending to increase access to finance in remote areas of Pakistan. With these changes, the microfinance sector is estimated to grow from the current 1.8 million customers to 3 million by the end of 2010 and to 10 million by 2015.
- The Mardan Chamber of Commerce and Industry established a training and resource center for its members and local college students to provide entrepreneurial, business, and computer skills. Many businesses have adopted new and better methods of accounting and marketing based on the resources the center provides.
- CIPE, the Pakistan Institute of Corporate Governance, and the Institute for Chartered Accountants Pakistan launched Pakistan's first-ever corporate governance guide for family businesses, *The Corporate Governance Guide: Family-Owned Companies*. Copies were distributed to 250 family businesses across Pakistan. A local university, the Shaheed Zulfikar Ali Bhutto Institute of Science and Technology, has included the guide as study reference material for its executive master in business administration course.

# PHILIPPINES



ISA Chair Jesus Estanislao speaks on the shared responsibility of government and citizens in making improvements to local governance institutions.

## IMPROVING LOCAL PUBLIC GOVERNANCE IN THE PHILIPPINES

The Institute for Solidarity in Asia (ISA) has worked with CIPE since 2004 to build a broad-based commitment to responsible governance in the Philippines. ISA's public governance system (PGS) – adapted for the Philippines from a model created by the Harvard Business School – is being used by city governments and civil society organizations to create long-term strategic plans for improving governance. The key element of these PGS plans is that they assign responsibilities to citizens as well as government officials. To date, 32 local governments (30 cities and 2 provinces) and 6 national sectoral coalitions (involving 55 organizations) have adopted the PGS as a governance improvement methodology. In 2008, the improvements in governance implemented by ISA's local partners through the PGS process have led to increased revenues and investment attraction, the ability to provide more and better public services, and improvements in citizens' quality of life.

### IMPACT ON REFORM

- The cities of San Fernando Pampanga and Marikina have shown an increase in municipal revenues of 29 and 35 percent, respectively, since implementing their PGS plans. The significant revenue increase is traced to higher value-added public services provided by each city government and greater efficiency in the provision of these services. As a result, the cities have greater fiscal independence from the national government.
- After PGS implementation, San Fernando Pampanga was able to increase its spending on education by 92 percent, resulting in an increase in the elementary school graduation rate from 63 percent to 69 percent, and an increase in the number of classrooms from 643 to 701.
- The number of micro, small, and medium-sized enterprises in San Fernando Pampanga has increased from 5,788 to 6,614. Similarly, the city's number of large companies has more than doubled from 44 to 109. Standardized operating procedures, reduced transaction costs and red tape, and more effective delivery of services to businesses and potential investors have all contributed to a more favorable business environment.
- A more friendly investment climate in San Fernando Pampanga resulting from the PGS process attracted approximately \$10.1 million in new investment in 2008 alone.

## STRENGTHENING CORPORATE GOVERNANCE IN DEVELOPMENT BANKS

Development finance institutions (DFIs) are often lenders of last resort for the underserved – such as farmers, small businesses, and local community development projects. In this unique position, DFIs can set a positive example for other banks and businesses by implementing good corporate governance at the same time as they become better equipped to conduct development lending. With CIPE's support, the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) has helped DFIs improve their corporate governance standards through its newly developed risk management training packs that were widely distributed to member banks, partners, and other networks. ADFIAP trained 128 participants from 78 institutions and 25 countries – from Papua New Guinea to India – on implementing corporate governance best practices in their respective banks through five capacity-building workshops. ADFIAP's high-profile events and successful promotion of the issue have brought significant attention to corporate governance, spread best practices among DFIs, and expanded ADFIAP's membership to an all-time high of 100 members in 40 countries across the region.

This project won a 2008 Associations Make a Better World Award from the American Society of Association Executives and The Center for Association Leadership. The award has drawn public attention to ADFIAP's work, including a story on ADFIAP's achievements in promoting corporate governance in *The Philippine Star*, a leading English-language daily with a circulation of about 268,000.



ADFIAP's conference in Malaysia helped participants better understand corporate governance implementation.

### IMPACT ON REFORM

- Most ADFIAP member banks, including the Export-Import Bank of Thailand, the Development Bank of Thailand, the Development Bank of the Philippines, the Vietnam Development Bank, and the Export-Import Bank of India, have established or enhanced the role of corporate governance compliance officers within their management to assess practices and performance and ensure compliance with international standards.
- The local government of Sabah, Malaysia requested that the Sabah Credit Corporation assist state-owned enterprises in improving their corporate governance and risk-management practices after significant media attention to ADFIAP's conference in Sabah.
- ADFIAP has substantially increased public access to information on corporate governance through its website, [www.governance-asia.com](http://www.governance-asia.com). Users have reported that the website is an essential vehicle to share best practices and lessons learned with DFIs in other regions.