

With the end of communist control in 1991, citizens across Eurasia courageously stepped forward to start the process of building open, democratic societies. CIPE's work in the region commenced with bringing much-needed expertise, strategic vision, and encouragement to these reformers. CIPE partners have been valiant in this effort, often in the face of lingering state control and democratic backsliding. The following pages celebrate CIPE's years of partnership with the Bishkek Business Club in Kyrgyzstan, look forward into the future of reform in Russia with the Saratov Chamber of Commerce and Industry, and provide regional highlights of the impact CIPE's work has had over the past year.

“CIPE made it possible for us to learn from the important and diverse experience of business associations around the world. Some of these examples inspired us to implement national campaigns for protecting entrepreneurs and strengthening the protection of private property.”

Uluk Kydyrbaev
Executive Director,
Bishkek Business Club



Chairman of the Board of Chamber Tax Consultants Tatyana Kim, left, and other NABA members bring business concerns before Kyrgyzstan's Minister of Economic Development and Trade.

PARTNERS IN SUCCESS

BISHKEK BUSINESS CLUB

The Bishkek Business Club (BBC) was founded in 2001 as an informal group of a dozen like-minded, reform-oriented business leaders known for their independence and integrity. With CIPE support, BBC has developed into Kyrgyzstan's leading advocate for market-based, democratic reform. It is widely recognized by the business community, civil society, government authorities, and the media as an authoritative voice for transparent, accountable governance. BBC is establishing crucial channels for public-private dialogue by securing membership in working groups under key federal agencies dealing with business formalization, energy security, and property rights.

The National Alliance of Business Associations (NABA), a nationwide coalition of business associations established under the leadership of BBC, has the potential to engage the business community in the policymaking process on a large scale and to further strengthen business participation in policymaking. Membership in NABA more than doubled in 2008, and it currently represents over 1,500 employers and more than 60,000 employees in three regions across Kyrgyzstan. The coalition is poised to continue BBC's successful advocacy, which includes policy victories such as:

- The Government of Kyrgyzstan instituted a 10-month moratorium on inspections of small and medium-sized enterprises and a subsequent permanent reduction in these inspections, which are often opportunities for officials to solicit bribes. While inspections have decreased by 64 percent, the payment of fines has increased by 50 percent, indicating that inspectors are being more transparent about their activities.
- Tax procedures for business have significantly improved:
 - The value-added tax was lowered from 20 percent to 10 percent.
 - There is now a “presumption of innocence” for taxpayers, putting the burden of proving a violation on the inspection official.
- The government instituted a 46 percent reduction in the number of procedures required for an entrepreneur to pass goods through customs, and launched a new electronic customs declaration process.

2008 CIPE PROGRAMS AND PARTNERS IN EURASIA

DEMOCRATIC GOVERNANCE AND INSTITUTIONS

Ukraine: Political Party Training for Economic Reform (Partner: Ukrainian Center for Independent Political Research)

EMPOWERING PRIVATE SECTOR ORGANIZATIONS

Belarus: Fostering the Business Community-Civil Society Alliance (Partner: Analytical Center “Strategy”)

Russia: Building Capacities and Professional Skills of Business Associations

Russia: Creating the International Institute for Organizational Management in Russia

Russia: Building the Voice of Business

Ukraine: Strengthening Advocacy Skills of Ukrainian Business Associations (Partner: Institute for Competitive Society)

Caucasus Regional: Strengthening Business Support in Armenia and Azerbaijan

INFORMATION AND VALUES

Georgia: Improving the Business Climate and Information Flow (Partners: Association of Young Economists of Georgia, New Economic School of Georgia)

Kyrgyzstan: Building Economic Journalism in Kyrgyzstan (Partner: Institute for Public Policy)

Ukraine: Increasing SME Access to Information on Economic Policy (Partner: Ukrainian Center for International Integration)

Central Asia Regional: Strengthening Corporate Governance through Education and Dialogue (Partners: The Kazakh Institute of Directors, Kyrgyz Stock Exchange Press Club)

Eurasia Regional: Improving Access to Information

GRASSROOTS PARTICIPATION

Armenia: Building Private Sector Capacity for Policy Reform (Partner: Association for Foreign Investment and Cooperation)

Azerbaijan: Improving the Business Climate (Partner: Entrepreneurship Development Foundation)

Belarus: Business Advocacy in Belarus (Partner: Analytical Center “Strategy”)

Kyrgyzstan: Building a National Business Agenda in Kyrgyzstan (Partner: Bishkek Business Club)

Kyrgyzstan: Civic Advocacy for Reform

Kyrgyzstan: Strengthening Private Sector Advocacy (Partner: Bishkek Business Club)

Russia: Russia Small and Medium-Sized Enterprise Advocacy Program

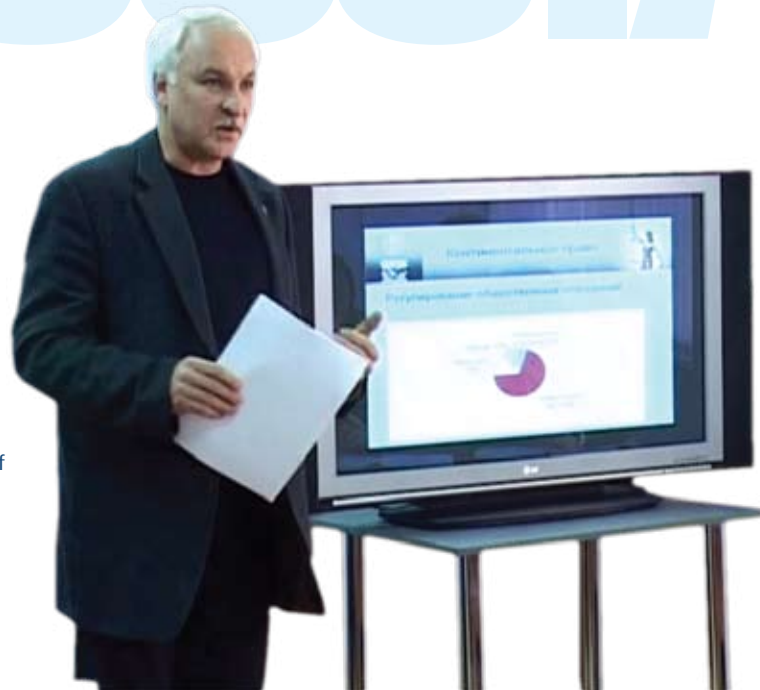
Turkmenistan: Re-creating the Middle Class (Partner: Union of Economists of Turkmenistan)

RUSSIA

PARTNERS IN SUCCESS THE SARATOV CHAMBER OF COMMERCE AND INDUSTRY

With support from CIPE, the Saratov Chamber of Commerce and Industry has been successfully promoting transparency in Russia by working to eliminate the legal inconsistencies, loopholes, and contradictions that can generate opportunity for corruption. With its 2008 “No Right to Break the Law: Experts Against Corruption” program, the Saratov chamber used pre-determined legal criteria to conduct extensive analysis of 300 regional laws and normative acts for potential problems, including the duplication of functions, administrative interpretations, and legal omissions. It found that over 35 percent of these laws have deficiencies that have the potential to generate corruption. The Saratov chamber submitted recommendations for changes to more than 40 of these laws and acts and is awaiting approval of these recommendations from the Saratov regional government’s Anti-corruption Committee and the regional Prosecutor’s Office. Representing more than 2,100 firms as the head of the Saratov regional business coalition, the Saratov chamber is having a positive and wide-reaching influence across the region.

The Saratov chamber has shared its methodology with more than 350 students, lawyers, and local officials through a series of seminars in 24 of the region’s municipalities. After distributing the findings of its analysis through an aggressive information campaign, the Saratov chamber was invited to present its findings and methodology to the leadership of the Russian Chamber of Commerce and Industry (RCCI). RCCI has now recommended to all 83 of its comprising chambers that they study the Saratov chamber’s anti-corruption activities and follow its example.



Sergei Leonov, director of the legal department of the Saratov Chamber of Commerce and Industry, teaches a seminar on identifying potential sources of corruption in regional laws.



EDF works to create a better business environment in Azerbaijan by building consensus for reform. Above, EDF presents the National Business Agenda to a group of civil society leaders.

BRINGING THE VOICE OF SMALL BUSINESS TO POLICYMAKING

While Azerbaijan received the top ranking in the World Bank's *Doing Business 2009* report for improvements in business regulations, small and medium-sized enterprises still face significant challenges. To bring their voices into the policymaking process in 2008, the Entrepreneurship Development Foundation (EDF) and two other local partners, the Baku Political Research and Advocacy Center and the Public Finance Monitoring Center, surveyed 1,000 enterprises to identify specific barriers to conducting business. With CIPE support, EDF and its partners built a coalition of business associations across Azerbaijan to advocate for the elimination of barriers to growth. Using the findings of the survey, the coalition outlined its vision for policy reform in a National Business Agenda (NBA). Capitalizing on a unique opportunity, EDF and its partners presented the NBA to Azerbaijan's presidential candidates prior to the elections in October 2008, setting the foundation for a continuing, constructive dialogue with the new government.

AZERBAIJAN

IMPACT ON REFORM

- A presidential decree in January 2008 instituted a new, single-window business registration system. The new system and accompanying reforms have simplified procedures for registering new businesses, reducing the average amount of time needed to register a business from 30 to 16 days.
- As a result of the new single-window registration system, the number of registered enterprises increased by 30 percent in the first six months of 2008.
- For the first time, Azerbaijan's small business community has defined and advocated a unified set of reform priorities, the National Business Agenda. The agenda proposes specific policy reform recommendations in 14 areas – including the tax system and inspections. For the first time, more than 1,000 businesses had the opportunity to voice their needs to the government without fear of retribution.

BELARUS

CONSOLIDATING THE VOICE OF BUSINESS

The Belarusian business community has come together in an unprecedented show of consensus to advocate for business through the National Business Platform (NBP). The newly established and steadily growing Confederation of Entrepreneurship – a non-governmental organization comprising business associations from across Belarus – has been instrumental in uniting the business community around the NBP and advocating for the reform of laws and regulations to protect and support the private sector.

The confederation has built a strong public-private dialogue between business and government by participating in crucial working groups with 12 government agencies such as the Ministry of Finance, the Ministry of Industry, and the Ministry of Economy. Through its membership in these groups, the confederation has given small business a new voice and a positive influence on draft legislation that directly affects the private sector, including laws on inspections, price formation, credit, and taxes. Led by partners the Minsk Union of Entrepreneurs and Employers, the Institute for Privatization and Management, and Analytical Center “Strategy,” the confederation’s NBP project has improved the business environment and instilled confidence in grassroots-led processes within civil society.



Nearly half of the private sector’s recommendations in the Belarusian National Business Platform, pictured above, were fully or partially adopted by the government. Helping to build unprecedented consensus with this document, the Confederation of Entrepreneurship has already met with great success.

IMPACT ON REFORM

- Nearly half of the business community’s recommendations in the NBP were either fully or partially adopted by the government, including recommendations on tax changes, inspections, transparency, and price liberalization.
- An anti-business resolution that would have forced more than 80 percent of Belarusian small and medium-sized importers out of business was stopped before it was adopted.
- Business leaders across Belarus, even in the most remote regions, have consolidated their support of the NBP as a result of a national grassroots informational campaign that has reached 15,000 entrepreneurs, business owners, and civil society leaders.

In 2008, Ukraine joined the World Trade Organization (WTO), a huge victory for CIPE partner the Ukrainian Center for International Integration (UCII). UCII conducted an extensive campaign to educate the public, the private sector, greater civil society, and the government about the benefits and necessity of joining the WTO. The government officially recognized UCII, below, for its efforts, which were essential in bringing about this integration.

