

# CHAIRMAN'S AND PRESIDENT'S MESSAGE

The ongoing worldwide economic crisis has brought a renewed interest in the DNA of a free market – transparency, accountability, and fairness. For the past 25 years, CIPE has championed these operating principles of private enterprise and democratic governance.

How markets work – or fail to work – should not be confused with the validity of the market system. The full range of actors in the financial world, from governments and banks to entrepreneurs and legislators, is re-examining the appropriate balance of market regulation and market self-correction: what changes preserve opportunity while maintaining safeguards for market participants?

The answer, of course, is in strengthening economic freedoms and democratic participation in policymaking. Around the world, autocratic governments may see this time of crisis as an opportunity to restrict freedoms, silence voices of democracy, and take back control of markets that have been opened and privatized. In response, we must promote the role of the private sector in countries across the globe, for it is their voice that will best inform governments and citizens and guarantee the creation of relevant solutions to market problems. The business community can play a large part in stabilizing the world economy by instituting good governance practices, committing to transparency, and expanding opportunities for women and young people.

At this time of heightened expectations, CIPE's approach – which focuses on the nexus of democratic and economic reform – is as valid and important as it was when CIPE was established a quarter of a century ago. To have a sustainable economic system and ensure



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opportunities for long-term growth, countries must build market-oriented, democratic institutions. It is the best path forward, and it is absolutely essential that local stakeholders take the leading role in this process.

From its founding, CIPE has partnered with business associations, think tanks, journalists, academics, and a variety of private sector groups in countries where there is both a need and opportunity for market reform. CIPE brings international best practices, lessons learned, unique intellectual resources, and successful methodologies from across the world to its partner network. CIPE's engagement at the local level encourages local ownership and responsibility – ensuring that our work is relevant to those who will ultimately benefit from it. Mindful of today's global economic crisis, it is crucial that we continue to support reformers everywhere so they may raise their voices to make the case for free market democracy.

With the ongoing support of the National Endowment for Democracy, the United States Agency for International Development, the Middle East Partnership Initiative, the U.S. Embassy in Iraq Office for Private Sector Development, the U.S. Chamber of Commerce, and others, CIPE and its partners remain committed to building free market institutions that provide opportunities for sustainable growth and development around the world. On the occasion of CIPE's 25th anniversary, we are pleased to present this celebration of more than two decades of successful partnerships and report on the hard work and accomplishments of our partners throughout the world in 2008.

## PARTNER MESSAGE

Twenty-five years ago, I came to Washington, D.C., seeking support for the work of the Institute for Liberty and Democracy (ILD) in Peru, an organization I had recently founded. A colleague in Washington, who was aware of the newly created National Endowment for Democracy (NED) and the mission of its core institute the Center for International Private Enterprise (CIPE), suggested that I contact CIPE as there seemed to be a certain harmony between our goals. When I walked through CIPE's doors and began speaking with CIPE staff, I immediately saw that it was different from the other "development organizations" with which we had been speaking.

Many of these organizations were simply not able to grasp the different nature of what ILD was proposing to address – at that time, ILD was just coming to understand that the informal economy comprised a huge segment of economic activity in Peru. Yet, these entrepreneurs struggled to break out of poverty due to a lack of access to capital and a business environment that did not facilitate new enterprises. CIPE understood why we were working with the informal economy, because even at its founding, CIPE was in touch with the emerging-market perspective, and offered its skills and long-term vision for creating democratic, market-oriented solutions. This value added by CIPE – an approach and staff imbued with the perspectives of history, culture, politics, and of course economics – was invaluable to ILD's growth and success.

Moreover, CIPE worked hard to establish a two-way relationship with ILD. Our mutually beneficial relationship continues today based not on funding, but rather on shared values and goals. This partnership approach is grounded in listening to local stakeholders and understanding the perspectives of both emerging and developed markets. In this position, CIPE acts as an interpreter, facilitating communication between its local partners around the world and governments and international institutions. CIPE is able to share both lessons learned and international best practices with its partners to help them craft innovative programs that address the root causes of poverty and unrepresentative government.

I am honored to be a part of CIPE's 25th anniversary celebration, as I believe that CIPE continues to play an essential role in creating a better world. From my perspective as the co-chair of the independent Commission on Legal Empowerment of the Poor housed in the United Nations, I view CIPE's long-term perspective as key to overcoming the current global economic crisis. As CIPE continues to educate, inspire, and empower citizens around the globe to take

an active role in building their economies and strengthening democratic governance, I am pleased to continue to stand with CIPE as it furthers its mission "to strengthen democracy through private enterprise and market-oriented economies."



**Hernando de Soto**  
President  
Institute for Liberty and Democracy