TWENTY-FIVE YEAR
IMPACT EVALUATION

25 years of strengthening democracy through market-oriented reform
The Center for International Private Enterprise (CIPE) strengthens democracy around the globe through private enterprise and market-oriented reform. CIPE is one of the four core institutes of the National Endowment for Democracy. For over 25 years, CIPE has worked with business leaders, policymakers, and journalists to build the civic institutions vital to a democratic society. CIPE’s key program areas include anti-corruption, advocacy, business associations, corporate governance, democratic governance, access to information, the informal sector and property rights, and women and youth. The CIPE programs that are in this report were supported by the National Endowment for Democracy, the U.S. Agency for International Development, the Middle East Partnership Initiative, Pact, the Eurasia Foundation, the International Finance Corporation, the Global Corporate Governance Forum, the U.S. Department of State, and several corporations.
TWENTY-FIVE YEAR IMPACT EVALUATION

25 years of strengthening democracy through market-oriented reform
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On the occasion of the Center for International Private Enterprise’s (CIPE) 25th anniversary, this internal evaluation study reviews the accomplishments and lessons of the past 10 years and reflects on a quarter century of progress.

In line with CIPE’s commitment to learning as an organization, this review assesses the impact of CIPE’s efforts and contributes to our understanding of what drives democratic and market reforms. Since the last major evaluation review 10 years ago, CIPE has expanded on successful approaches, refined its methods, and tested innovative solutions in response to shifting global needs. The 25-Year Impact Evaluation presents two opportunities: to take stock of progress made and lessons learned, and to build this knowledge into CIPE strategy for coming years.

This report presents findings, lessons, and recommendations based on CIPE’s overall portfolio of democracy assistance programs from 1999 to 2008. These were produced by an internal review of more than 500 project reports. The last such review was published as the CIPE 15-Year Evaluation: Impact and Results, 1984–1999. The current study updates the earlier one and explores additional questions. For the first time, the 25-year evaluation considers the effectiveness of different program themes, types of projects (in-house – those managed directly by CIPE – versus partnership projects – those managed by local partner organizations), types of partners, the country conditions that may affect a project, and project size. CIPE’s business model remains focused on partnership with local private sector organizations, while CIPE works to empower those organizations through training programs and technical assistance, and to disseminate new approaches to reform. The evaluation also updates the regional performance of partnership projects that were the subject of the 15-year study. The report encompasses both micro-level project impact and macro-level performance patterns of CIPE’s project portfolio. It is intended to serve as a learning and planning tool to help establish program goals, methods, and priorities.

OVERVIEW OF TRENDS AND PROGRESS

For over a quarter century, CIPE has not wavered from its original mission and objectives. In the most recent 10 years, however, CIPE has responded to new

challenges and opportunities, expanded on previously successful approaches, and refined its methods in response to shifting global needs and acquired experience. During this decade, annual expenses rose from $10.3 million in 1999 to $16.6 million in 2008. The most striking growth occurred from 2003 to 2007, when annual expenses rose from $7.7 million to $16.9 million.

As in the first 15 years, CIPE continued to assist reforms in countries ranging from authoritarian systems to young democracies, and from developing economies to leading emerging markets. CIPE’s total number of projects increased in Africa, Asia, Eurasia, and the Middle East and North Africa, while the number of projects declined in Central and Eastern Europe and Latin America. Of all regions, Middle East and North Africa projects exhibited the most striking growth. For the first time, CIPE began operating in Afghanistan and Iraq. It also opened field offices in Afghanistan, Iraq/Jordan, Pakistan, and Romania, having already opened offices in Egypt and Russia in the 1990s. Offices were maintained temporarily in Bosnia, Kosovo, Haiti, and Montenegro. The Hungary office, opened in 1993, was closed in 1999.

By the nature of its work, CIPE operates in many challenging environments. The prevailing political, economic and social structures in a country influence CIPE’s project design and implementation, and also may influence the degree of success any project is able to achieve. To provide context, this study presents snapshots of country-level conditions for the past 10 years. The project-by-project analysis that forms the basis of this study, however, was done without regard to, or adjustment for, those country-level conditions.

This evaluation of CIPE projects closed in 1999–2008 found a success rate of 1 percent exceptional impact projects, 20 percent high impact projects, 68 percent medium impact projects, and 11 percent low impact projects. In the 15-year
evaluation, overall ratings were 5 percent exceptional impact, 25 percent high impact, 53 percent medium impact, and 17 percent low impact.

**COMPARISON OF THE FIRST 15 YEARS TO THE LAST 10 YEARS (ALL EVALUATED PROJECTS)**

<table>
<thead>
<tr>
<th>IMPACT RATING</th>
<th>PROJECTS CLOSED 1984-1998 (365 PROJECTS)</th>
<th>PROJECTS CLOSED 1999-2008 (510 PROJECTS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXCEPTIONAL IMPACT</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>HIGH IMPACT</td>
<td>90</td>
<td>104</td>
</tr>
<tr>
<td></td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>MEDIUM IMPACT</td>
<td>196</td>
<td>344</td>
</tr>
<tr>
<td></td>
<td>53%</td>
<td>68%</td>
</tr>
<tr>
<td>LOW IMPACT</td>
<td>61</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>17%</td>
<td>11%</td>
</tr>
</tbody>
</table>

*The 15 year evaluation only looked at partnership projects*

Looking only at partnership projects (as the 15-year evaluation did), the 25-year evaluation results for these projects were 2 percent exceptional, 22 percent high, 66 percent medium, and 11 percent low.

**COMPARISON OF THE FIRST 15 YEARS TO THE LAST 10 YEARS (PARTNERSHIP PROJECTS ONLY)**

<table>
<thead>
<tr>
<th>IMPACT RATING</th>
<th>PROJECTS CLOSED 1984-1998 (365 PROJECTS)</th>
<th>PROJECTS CLOSED 1999-2008 (373 PROJECTS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXCEPTIONAL IMPACT</td>
<td>18</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>HIGH IMPACT</td>
<td>90</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>25%</td>
<td>22%</td>
</tr>
<tr>
<td>MEDIUM IMPACT</td>
<td>196</td>
<td>245</td>
</tr>
<tr>
<td></td>
<td>53%</td>
<td>66%</td>
</tr>
<tr>
<td>LOW IMPACT</td>
<td>61</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>17%</td>
<td>11%</td>
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</tbody>
</table>

**METHOD**

The 25-year evaluation applied standardized evaluative criteria on a project-by-project basis. CIPE has used project impact as the measure of success for more than 20 years. CIPE believes impact remains an appropriate measure for the effectiveness of its programs, which aim to achieve institutional reform through policy advocacy. Impact can be distinguished from immediate outputs of project activities. Simply put, a CIPE impact assessment relies on (1) evidence that change occurred, and (2) evidence that whatever change occurred was linked to the project.
CIPE's evaluation criteria – based on CIPE's organizational objectives – are:

- **Legal and Regulatory Structures**: Did the project improve or significantly alter legal and regulatory structures necessary to maintain a well-functioning democracy and market-oriented economy?

- **Participation in Public Policy Decision-Making**: Did the project generate or enhance participation in public policy decision-making affecting economic and business issues?

- **Private Sector Organizations**: Did the project strengthen private sector organizations’ ability to act as catalysts in advancing political and economic reform?

- **Access to Business and Economic Information**: Did the project increase access to business and economic information necessary for informed decision making?

- **Support for Market Economics and Democratic Systems**: Did the project enhance support for market economics and democratic systems among decision-makers?

Each project was rated according to the criteria that applied to the project on a scale that ranges from low to medium to high to exceptional. The current study was structured to facilitate comparisons with the 15-year evaluation. However, one should allow for a small margin of error and recognize that some of the breakdowns have relatively low project counts. Likewise, having different evaluators for the two reports affects direct comparability.

A more complete description of the methodology can be found in the Appendix.

**SAMPLE IMPACT**

The following examples illustrate high or exceptional impact:

- CIPE partner the Kenya Association of Manufacturers played a key role in brokering a power-sharing agreement to end the postelection violence in early 2008.

- CIPE’s local governance project in the Philippines with the Institute for Solidarity in Asia contributed to a 29 percent increase in revenues of the city of San Fernando Pampanga, allowing the city to more than double its Special Education Fund.

- In Montenegro, the Center for Entrepreneurship and Economic Development and the Montenegro Business Alliance successfully advocated for a 9 percent flat income tax rate, making Montenegro more attractive to foreign investors.
As part of CIPE’s small and medium-sized enterprise policy advocacy program in Russia, the Primorsk coalition saved 1,000 businesses from losing the right to rent their municipally owned premises.

An advocacy campaign by the National Economic Research Center in Guatemala, advised by CIPE, resulted in a 90 percent reduction in paperwork to register a new business, as well as cost reductions, which facilitated a 24 percent jump in business registration.

The Lebanese Transparency Association established Lebanon’s first-ever code of corporate governance.

In Pakistan, due to legislative changes encouraged by CIPE and the business community, women entrepreneurs were allowed to form their own chambers of commerce.

Transparency International and CIPE promoted the Business Principles for Countering Bribery; the principles have been accepted as part of the U.N. Global Compact’s 10th principle on anti-corruption.

CIPE projects reviewed for this study were funded principally by the National Endowment for Democracy, the U.S. Agency for International Development, the Middle East Partnership Initiative, Pact, the Eurasia Foundation, the International Finance Corporation, the Global Corporate Governance Forum, the U.S. Department of State, and several corporations.

SUMMARY OF LESSONS

Besides rating projects and seeking patterns in performance, this study has yielded important lessons. While confirming the importance of earlier lessons relating to local ownership, organizational capacity, and other lessons, the study highlights the need to direct added attention to issues such as stakeholder demand and strategic planning for program impact. The new lessons are that CIPE should:

- build relationships across sectors,
- work toward systemic impact,
- ensure inclusiveness in programming,
- create opportunities for partners to network and share knowledge, and
- be flexible in unstable environments.

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2Through funding provided by the U.S. Agency for International Development and the Middle East Partnership Initiative at the U.S. Department of State.
SUMMARY OF RECOMMENDATIONS

The report also recommends follow-up studies and steps to further bolster knowledge and methods for decision making. The recommendations for future evaluations are:

- Perform an evaluation of CIPE’s programs that focus on access to information.
- Refine methods for monitoring and evaluating in-house projects.
- Institute an annual evaluation report to management.
- Seek opportunities to capture long-term impact.
- Require year-to-year comparisons in the annual strategy document.
LESSONS IDENTIFIED IN THE 15-YEAR EVALUATION REVIEW: CIPE’S RESPONSE 1999-2008

Before presenting new lessons from this evaluation, it is important to review and update lessons from the 15-year evaluation.

LESSON:
Ensure partner organization ownership over all aspects of project management. Specifically, CIPE should continue its practices of:
• requesting matching funds from partners for each project and
• having partners generate project ideas.

These practices build commitment and help ensure that projects make strategic sense.

RESPONSE:
CIPE values genuine partnerships as an effective route to locally driven reform. It retains its policy of requesting matching funds and continues the practice of supporting locally generated project ideas. Staff seeks from the start to ensure that project ideas reflect partners’ priority objectives and community needs. In a few instances, project reports from the past 10 years cite lack of ownership by a partner as an obstacle, so CIPE must remain vigilant on this issue.

LESSON:
Build organizational capacity of poorer-performing partners.
• Among CIPE’s strengths is the empowerment of partner organizations by providing them with the skills, techniques, and resources required for success.
• CIPE correctly did not re-fund many organizations for reasons of inadequate management, poor leadership, or non-compliance with the grant agreement.
• CIPE should implement mechanisms to better identify low-performing partners.

RESPONSE:
Each year, roughly 20 percent or more of CIPE program funds are devoted to professional and organizational development (e.g., training programs) and other forms of capacity building for partner organizations. In addition, most partner
advocacy projects involve a substantial amount of technical assistance from CIPE. Some of CIPE’s highest impact advocacy projects have been preceded or accompanied by extensive, multi-year capacity building.

Organizational weakness in a partner is probably the most frequently cited cause of poor project performance. Problems include deficiencies in an organization’s internal governance, management, skills, and structure. Problems can manifest themselves in failure to complete activities, delinquent reporting, deviation from the grant agreement, or an inability to mobilize support for their cause. CIPE has many strong partners and enhances the capabilities of many others. Nevertheless, the relative frequency and occasional severity of these challenges necessitate greater attention to organizational capacity.

- CIPE should carefully monitor weaker projects before re-funding. In the first 15 years, approximately 85 percent of those organizations that were rated as having a low-impact project in their first grant did not receive subsequent CIPE funding. In the past 10 years, by comparison, nearly 70 percent of low-impact projects (as ranked by this study) were not re-funded. On the positive side, the current study found a reduced rate of low-performing projects overall.

- CIPE has several diagnostic tools to assess the needs and capacity of associations and similar organizations. Typically, the largest projects begin with intensive diagnostic work using such tools. Smaller projects begin with simpler needs assessments. Staff members conduct due diligence before working with new partners, as part of which they visit partners’ offices and check for appropriate project management, in addition to performing the usual checks on accounting systems and risks. Due diligence is routine, but some problems might have been preempted by deeper investigation.

LESSON:
Define a strategy to be employed in graduated countries and in countries where backsliding has occurred.

RESPONSE:
Staying engaged in graduated countries is important but challenging, given finite resources for democracy assistance. Developing sustainable indigenous organizations in preparation for transition away from support may be the best approach. For instance, in connection with Romania’s entry into the EU, CIPE is converting its field office into a formally Romanian entity that will continue to offer technical assistance throughout the region. Also, former partners frequently provide expert assistance to other CIPE partners, and are invited to share their experiences.
The phenomenon of democratic backsliding has tempered worldwide gains in democratization. Although there is no simple response to backsliding, CIPE has been relatively effective in several challenging political environments. There are three components to CIPE’s approach in these environments:

- Find a space in which open discussion can occur. Share information on economic issues and allow local participants to address governance issues in ways that are comfortable to them. Direct attention to the issues and not to political personalities. CIPE’s corporate governance programs are a good example of this approach.

- Emphasize improvements in the policy process. CIPE recognizes that democracy requires sound governance as well as elections, and focuses on improving public decision-making in non-political ways.

- Strengthen civil society organizations, including business associations. Civil society groups become increasingly important as a check on government authority when political opposition is absent. Even where opportunities for policy advocacy are restricted, civil society can share information and support constituents.

**LESSON:**
Put additional emphasis on advocacy. Require the submission of a formal advocacy plan as part of all grant proposals.

**RESPONSE:**
Virtually all CIPE projects are characterized by advocacy or preparation for advocacy. Proposals with a pure research emphasis, for example, are not funded. Similarly, CIPE steers away from proposals to develop the business skills of entrepreneurs without imparting advocacy skills. CIPE has not adopted formal advocacy plans that are distinct from project proposals. It has instituted, however, an internal peer review process that tests proposals on their advocacy objectives and activities.

**LESSON:**
Continue to improve understanding of democratic values and private enterprise principles.

**RESPONSE:**
CIPE has responded strongly to this need, investing as much as 18 percent of program funds in projects that emphasize access to information in 2008. These efforts include civic education, public forums, broadcast programs, journals, websites, journalist training, and business information exchange. As
will be discussed in the analysis of program themes, further study of access to information projects is recommended to better understand the different types of these projects and their relative effectiveness.

Finally, as a way of ensuring continued good practice, key lessons from previous evaluation studies have been incorporated into the CIPE Guide to Program Development for staff.

LESSONS FROM THE 25-YEAR EVALUATION REVIEW

The evaluation of the past 10 years has uncovered new lessons, drawn from project reports and patterns in impact ratings.

BUILD RELATIONSHIPS ACROSS SECTORS

CIPE has a good record of ensuring partners’ commitment to reform and to project objectives. Where commitment tends to be a challenge is among stakeholder groups whose buy-in is necessary to the success of a project. Relevant stakeholders may include the media, civil society organizations, other business organizations, and public officials. Key stakeholders should be identified in the design stage of a project, and their input solicited at an early stage.

Just as CIPE assesses a partner’s commitment, so should partners assess stakeholder demand before undertaking any reform program. Without demand from some key constituencies, reform will not gain momentum. In the long run, demand can sometimes be built through education or the development of new constituencies.

Building alliances across sectors adds considerably to the legitimacy of reforms. Alliances also serve as channels for communication. Business groups should maintain open channels with the media to get their message out, and build relationships with universities or think tanks to obtain information used for advocacy.

WORK TOWARD SYSTEMIC IMPACT

CIPE had 111 exceptional- or high-impact projects during the 10-year period studied. Success is measured by progress toward “systemic change” in accordance with CIPE’s mission and objectives. This standard reflects CIPE’s perspective that fundamental democratic change requires institutional reform.

In practice, working toward systemic change involves three important considerations:
• **Strategic program development**: Given the challenge of institutional reform, multi-year efforts are often required to achieve high impact. In a strategic approach, each step builds on the previous one. This involves laying the foundations for advocacy work through needs assessments, organization building, skills development, coalition building, and so on. It also implies following through on successes achieved at each step. A good example can be found in the Egypt case study in this report.

• **Support for projects with high potential impact**: Given CIPE’s finite resources and focused approach to change, it is better to support projects with potential to catalyze high impact, as opposed to “safe” projects with limited potential returns. CIPE must monitor medium-performing projects and partners to be sure they are dynamic and not merely dependable. In addition to supporting high-performing partners, CIPE should widen its pool of partners to include organizations with high potential.

• **Sustainability**: Even as success is being achieved, CIPE must plan ahead to eventually withdraw and leave behind a strong local constituency for reform.

**ENSURE INCLUSIVE PROGRAMMING**

In project reports, staff notes the need for programming that is more inclusive in a variety of contexts:

- To support groups that have traditionally been discriminated against or excluded from private sector organizations, such as women and youth.
- To support work at the local level, in cities and rural areas across a country (not just in the capital or largest city), as well as across ethnic groups.
- To reach out to widely representative networks of private sector organizations, representing different sectors of the economy and businesses of different sizes.
- To offer opportunities to newer organizations, and not only to those that are most established.

CIPE in fact does offer diverse, inclusive programming. For instance, CIPE sponsors local anti-corruption coalitions across 17 Russian regions, capacity building for local business organizations in Nigeria and Kenya, programs for entrepreneurship and property rights in rural Peru, governance reforms in more than 40 Philippine local governments, and advocacy for women entrepreneurs in Bangladesh. Nevertheless, CIPE could pursue many more opportunities along these lines.
CREATE OPPORTUNITIES FOR PARTNERS TO NETWORK AND SHARE KNOWLEDGE

Partners frequently wish to connect with others doing similar work. Such connections facilitate the diffusion of ideas, practices, and international examples. Although elaborate formal networks can be hard to sustain, regular opportunities for networking are valuable to reformers.

One of the key benefits of networking partners with each other is the ability to replicate and adapt successful programs. When partners with related missions come together, they can transfer program ideas according to their individual needs and preferences. CIPE’s regional events for partners often generate or assist the development of new programs.

BE FLEXIBLE IN UNSTABLE ENVIRONMENTS

Shifts in the political and economic environment are probably the second-most cited challenge to a successful project, after organizational challenges. The 15-year evaluation report discussed the need to tailor projects to local conditions. In addition, CIPE must address questions of timing and unpredictability, especially in conflict areas or where political situations are volatile.

There are a few ways to handle uncertainty. First, CIPE can decide whether the opportunities are worth the risk. If CIPE chooses to proceed, the project’s assumptions and risks should be spelled out. Activities should be designed and timed flexibly, possibly with smaller scale activities. Activities should be monitored and adjusted as necessary to satisfy overall project objectives.
REGIONAL ANALYSIS

This section is a look at the regional trends and findings for the last 10 years of CIPE projects. Each regional subsection below includes a breakdown of the region’s projects by impact and examples of project successes and lessons learned in the region. Four of the regions also have case studies to provide a more in-depth consideration of CIPE’s approach to reform. Finally, the country conditions in CIPE priority countries are listed in each region. While these indicators do not affect CIPE’s determination of an individual project’s impact, they do offer context for CIPE’s work in a country.

BREAKDOWN OF THE 510 PROJECTS IN THIS STUDY BY REGION, 1999-2008

<table>
<thead>
<tr>
<th>Region</th>
<th>Count</th>
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<tbody>
<tr>
<td>Africa</td>
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<tr>
<td>Asia</td>
<td>73</td>
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<tr>
<td>Central and Eastern Europe</td>
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<td>Eurasia</td>
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<td>Latin America and the Caribbean</td>
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<td>South Asia</td>
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<td>Global</td>
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</table>
Africa remains one of the most challenging and yet one of the most promising regions for both political and economic development. One of CIPE’s key long-term objectives in Africa is to build grassroots commitment to market-oriented reform in the region’s emerging democracies. To address this objective, CIPE has worked to strengthen the capacity of business associations to lead those reform efforts. Increasingly, this has meant supporting associations at the local level, where decentralization initiatives create political space for dialogue, and supporting organizations that represent the informal sector. CIPE’s approach has included fostering regional dialogue on corporate governance, and promoting the benefits of membership in voluntary business associations. Although CIPE has worked in 15 African countries over the past 10 years, the emphasis has been on Ethiopia, Ghana, Kenya, and Nigeria. CIPE’s long-term presence in Ghana and Nigeria has reaped dividends: its think tank and association partners were well-prepared to advise legislatures and political parties following democratic openings.

**FINDINGS**

Africa has been an area of increased focus for CIPE over the past 10 years. The 71 Africa projects reviewed for this report are more than double the 34 African
projects in CIPE’s first 15 years. The number of CIPE partners in Africa also increased over the same period: there were 20 partners in the first 15 years and 31 in the past 10 years. Most important, CIPE has shown notable improvement in project performance in Africa in the past decade.

The total number of projects ranked exceptional or high in Africa has doubled in the past decade, though the percentage of all Africa programs in those classifications (21 percent) is the same for this report as it was for the period covered by the 15-year evaluation. High-impact projects included radio programs in Ethiopia that generated economic debates and increased business information, legislative monitoring in Nigeria, and provision of policy research and critical analysis to the legislature in Kenya.

CIPE’s work in Africa also showed improvement in terms of a reduced number of low-impact projects. In CIPE’s first 15 years, more than a quarter of projects in Africa were rated low. By comparison, in the past 10 years fewer than 10 percent of projects in Africa scored low. In addition, the total number of low-impact projects has decreased, despite the overall increase in the number of projects in Africa.

Business association development was a component of nearly 40 percent of Africa projects, a higher percentage than in any other region. In-house projects include management training, building regional networks of private-sector groups, regional information sharing, and four projects focused on women entrepreneurs. Those two patterns are consistent with CIPE’s strategy of strengthening business associations, particularly at the regional and local levels, and of strengthening grassroots reformers in the region. CIPE’s earliest activity in Africa also involved a high level of training programs and a focus on association development. The continuation of that focus in CIPE’s programming may reflect the frustrations of the cycles of reform and setbacks in the political and economic development of Africa. Nevertheless, the continued investment in strengthening key private sector actors and pillars of democratic reform holds long-term promise.

Projects focused specifically on women and youth in Africa are potential areas for future CIPE program growth. CIPE had six projects directed to women in the past 10 years; however, four of those were broadly oriented, in-house regional projects. Better targeted, partner-driven projects could be beneficial in addressing a broad range of issues, including the prominent role of women in the informal sector in Africa, the obstacles women face in accessing capital, legal restrictions that impede participation in political and economic life, and their educational challenges. Likewise, youth programming may deserve increased focus from CIPE: in a region in which more than 40 percent of the population is under the age of 15, CIPE had only one project in this review that specifically targeted African youth.
SUCCESS STORIES IN THE REGION

ETHIOPIA
The radio program of the Addis Ababa Chamber of Commerce and Sectoral Associations – Voice of the Addis Chamber (VAC) – has increased access to alternative viewpoints on the economy and stimulated debate on economic issues. The business community and the public have reacted positively to the bi-weekly programs, which present current business news and views, and stories on trade and investment, women in business, science and technology, HIV/AIDS in the workplace, and civic education. In 2004, transit operators used the VAC to express their opposition to a directive from the Ethiopian Customs Authority that would have imposed educational and working capital requirements. This led the government to abandon the unpopular directive. Previous policy successes include the repeal of the Customs Authority’s new Goods Shipment Directive following a string of on-air protests by the business community, revisions in the tax law stemming from VAC programs on this issue, increased access to credit by export businesses, and rapid resolution of power disruptions that were adversely affecting business. CIPE support for the program has allowed the broadcasts to continue, despite opposition from some forces in the Ethiopian Government.

GHANA
In late 2008, Ghana set an example for Africa by holding free, fair, and peaceful elections. CIPE partnered with the Institute of Economic Affairs (IEA) to prepare the way for this successful election. IEA educated the four leading political parties on the importance of free market economies in a democratic society and on methods for developing economic platforms. IEA organized workshops for both regional and national political party leaders. Pre- and post-workshop surveys showed a dramatic shift in understanding and interest in helping Ghana move toward a free market system. Building off the workshops, CIPE and IEA organized pre-election debates, during which political parties strictly adhered to the country’s campaign code of conduct. IEA widely publicized this code, allowing citizens and political candidates to participate in monitoring ethical compliance. More than 10 million people watched the two official presidential debates on live television and about 8 million listened over the radio. Almost 650 people attended the presidential and parliamentary debates – the first time such a large number of Ghanaian citizens were able to participate in this type of representative dialogue. During the debates, the candidates clearly stated their platforms.

NIGERIA
The positive influence of CIPE partner the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) was apparent when it advised the civilian government of President Olusegun Obasanjo following 15 years of military rule. NACCIMA’s influence arose from years of preparatory
work, in conjunction with CIPE, to strengthen its grassroots base and its advocacy capabilities. NACCIMA played a major role in coordinating a dialogue requested by President-Elect Obasanjo in April 1999. When the new government was inaugurated the following month, the President had a blueprint for economic growth developed through this dialogue. As of 2009, NACCIMA continues to monitor national policymaking in Abuja and to influence legislation that matters to its members. Legislative successes included accelerating the clearance of goods at ports and streamlining the procedures for clearing goods at the Nigeria-Benin border by reducing the number of agencies involved from 23 to 6.

LESSONS LEARNED FROM THE REGION

AFRICA REGIONAL
The Africa Virtual Business Associations Network (AVBAN) was a website designed by CIPE to assist business associations in Africa. Some users found the network valuable as a web development tool or a source of information on regional associations, resources, and projects. However, activity on the network never reached its potential to increase cooperation among associations and enhance the effectiveness of individual associations.

An external evaluator identified several keys to reinvigorating AVBAN. First, the cost of accessing or contributing information must be low, including time spent and the risk of relying on a new technology to accomplish business activities. Second, information in a network must be current and relevant to users’ immediate needs, which requires a mechanism for continuous generation or sharing of content. Finally, by itself the technology lacks potency. It must be integrated into CIPE programs as well as into partner organizations’ programs and social networks. In sum, an information service must be designed with regard to the cost-benefit ratios that users face as well as the demands and opportunities of actual programs and networks.
Note: Dollar amounts reflect total amount spent in each country during the ten year period. Countries where CIPE worked in this region that are not included in this graph are Botswana, Cameroon, Liberia, Malawi, Mali, Mozambique, South Africa, Uganda, and Zambia.
COUNTRY CONDITIONS

NIGERIA
Freedom House Score: Partly Free
Heritage Foundation Score: Fluctuated between Mostly Unfree to Repressed

KENYA
Freedom House Score: Moved from Not Free to Partly Free
Heritage Foundation Score: Mostly Unfree

ETHIOPIA
Freedom House Score: Partly Free
Heritage Foundation Score: Moved from Repressed to Mostly Unfree

GHANA
Freedom House Score: Moved from Partly Free to Free
Heritage Foundation Score: Mostly Unfree

SENEGAL
Freedom House Score: Moved from Free to Partly Free
Heritage Foundation Score: Mostly Unfree

TANZANIA
Freedom House Score: Partly Free
Heritage Foundation Score: Mostly Unfree
CIPE has advanced democratization in Asia by encouraging the development of strong and independent private sectors and civil institutions that allow business to play a more meaningful role in public policy. CIPE’s strategy has focused on corporate governance, democratic governance, strengthening private-sector voices of reform, and mobilizing the business community against corruption.

CIPE has countered cronyism and corruption by promoting good corporate governance, business ethics, and transparency and accountability in government, particularly in Indonesia and the Philippines. In China, CIPE has enhanced the understanding and reach of independent business associations, expanded policy dialogue between the government and the private sector, and fostered open discussion on a variety of reform issues.

FINDINGS

The number of CIPE projects in Asia increased by more than 60 percent in the past decade. CIPE had one exceptional project in Asia in its 15-year report and one in the 10 years covered by this study. However, the number of high-impact projects declined in the past decade. That may be in part due to the difficulty of achieving high-impact results in societies that have provided little opportunity for – and have actively guarded against – political reform. The number of low-impact
projects was the highest among the regions, and is perhaps a more troubling trend. Note that half of the low-impact projects in Asia stem from a relatively low-cost radio program in Vietnam that CIPE funded for multiple years.\(^3\)

CIPE and its partners have had high-impact projects in China and Indonesia and a series of high-impact projects in the Philippines, building frameworks for good local governance and improving corporate governance in the past 10 years.

CIPE’s 15-year evaluation noted the lack of CIPE partnerships with business associations in Asia, in part due to the scarcity of voluntary, independent associations in many countries in the region. In the past 10 years, CIPE has increasingly sought new business association partners. CIPE has had successful partnerships to strengthen corporate governance with organizations such as the Philippines-based Association of Development Financing Institutions in Asia and the Pacific.

Thematically, CIPE had relatively few projects focused on development of business associations in Asia. Asia also had the fewest projects with a component that focused on women or youth. As mentioned above, corporate governance has been a focus of CIPE in Asia: a quarter of CIPE’s projects in Asia had a corporate governance component, second highest among the regions.

Asia had the fewest number of CIPE in-house projects of any of the geographic regions, and was the only region without a high-impact in-house project.

**SUCCESS STORIES IN THE REGION**

**INDONESIA**

The Indonesia Institute for Corporate Directorship (IICD) has become an influential advocate for Indonesia’s business sector. With CIPE’s assistance it has conducted workshops on corporate governance for more than 200 companies and non-governmental organizations (NGOs), and for the Indonesia Stock Exchange and the Central Bank of Indonesia. IICD also conducted special sessions for members of the Association of Publicly Listed Companies, attended by representatives of 126 companies.

The wide participation in these activities spread best practices among many different corporations, managers, and almost 700 directors. The project has had an influential effect on the awareness of Indonesian corporations and has encouraged the implementation of good corporate governance practices. Of surveyed companies, 59 percent had adopted stronger governance standards after

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\(^3\)Despite an effort to gather further information, CIPE was unable to determine the listening audience.
Twenty-Five Year Impact Evaluation

participating in the scorecard. IICD’s achievements also have been recognized internationally: IICD presented a paper at the Organisation for Economic Co-operation and Development Asian Roundtable on Corporate Governance in May 2008 in Hong Kong. IICD has become one of the most prominent members of IDEA.net, the East Asian grouping of corporate governance organizations.

Lessons learned from the region

Indonesia

From 2000 to 2006, CIPE supported a journal on economic reform and democratic development, as well as a series of workshops and symposia hosted by the partner that published the journal. Each of these annual projects scored medium impact in this study. From the start, the journal received strong expressions of interest, but by the end of the period there were questions about the relevance of the journal to professional or policy applications as well as about its ability to spark broader change. The workshops covered a variety of topics, for the most part related to issues of the journal, and drew good participation from decision-makers.

One of the key challenges with this program was monitoring the trajectory of its appeal and usefulness. Knowing the overall direction of the program became as important as knowing the impact of each phase. Multiple indicators can serve in this assessment. Additional lessons are that a program that focuses on access to information must stay relevant to its audience, and ultimately ought to tie in with strategic objectives and other programs.

Case study: Asia

Philippines

CIPE’s partnership with the Institute for Solidarity in Asia (ISA) has strengthened participatory democracy in the Philippines by helping citizens and city governments work together to improve local governance through transparency and accountability. The success of ISA’s performance governance system (PGS) has spurred interest among other cities, national public and private institutions, and in the region.

Despite regular elections held since the 1986 “people power” revolution, Philippine politics has been marked by political violence, corruption, cronyism, repeated attempts to impeach the president, and an inability to consolidate the governing institutions of democracy.

In 2001, ISA began an effort, in the words of ISA Chair and former Philippines Secretary of Finance Jesus P. Estanislao, to “develop good governance mechanisms in a democracy with weak national governance institutions.” ISA’s program has
been directed toward increasing citizen participation in governance and building transparent, accountable, efficient, and effective local governments.

ISA made a strategic choice to target reform at the local government level. ISA recognized that citizens could have greater involvement with the local government in decision-making, that more than half the country’s population lives in cities, and that urban areas accounted for more than two-thirds of the country’s GDP. In 2004, CIPE started its partnership with ISA as it began to introduce its innovative governance system as a method to encourage local government reform. ISA adapted the PGS from the balanced scorecard, a strategic planning and management evaluation tool developed at the Harvard Business School that matches core, longer term objectives with concrete tasks and measures of progress.

ISA’s approach rests on the foundational idea that governance is a shared responsibility of public officials and private citizens. ISA’s governance reform process requires a clear commitment from a city’s mayor to incorporate the PGS into city planning, and broad community involvement.

When a city adopts the PGS, government officials and a community consultative group – including representatives from business, labor, professional organizations, youth groups, and academia – design specific public policy goals, an action plan to accomplish them, and performance metrics by which to measure progress. These “city roadmaps” coordinate local government planning in four broad areas:

1. Government services and responsiveness to citizens
2. Financial responsibility
3. Efficiency and quality of administration
4. Development of human capital and innovation

Both mayors and civic leaders publicly assume ownership of the plan, and both public and private actors have responsibilities for meeting the city’s objectives. Scorecards are used to monitor implementation by all participants, verifying adherence to intermediate steps and using the specified metrics to judge results.

As a system, the roadmap and scorecards combine a coordinated vision with practical measures to motivate and facilitate execution.

Public accountability is built into the PGS process throughout:
• The initial public pledge by mayors and civil society leaders to improved democratic governance ties reputations to performance.
• The system’s reporting mechanisms allow citizens to check progress and ensure that commitments are honored.
Finally, ISA has built political incentives into the program by recognizing mayors for their progress and positive changes.

The eight cities that were the first to adopt the PGS in 2005 have grown to more than 40 local governments and more than a dozen national agencies and civil society groups participating in the program. The achievements of ISA’s local partner governments include increased city revenues and investment, more and better provision of social services, and better quality of life for citizens. Better city administration means greater efficiency and reduced transaction costs, which improve the local business climate. Increased levels of investment and better economic performance that accompany the improved business climate increase potential tax revenues for the city – and a more effective government is better able to collect those revenues. Increased tax revenues mean potential for more and better social services. Greater investments in education and skills training, better health care, and investment in infrastructure improve quality of life for the individuals involved, and make the city a more business-friendly environment.

The city of San Fernando has been one of the most successful in implementing its PGS. The city has streamlined the processing time for business permits from two weeks down to two hours. The number of registered small and medium-sized enterprises (SMEs) has jumped. The city’s more business-friendly environment has led to increased city revenues. As a result, the city has doubled spending on elementary education.

The city of Marikina has emphasized becoming business friendly and competitive, becoming financially stable. Among its accomplishments, the city has generated substantial new investment, and has been able to open a youth employment center and provide job skills training.

Iloilo City has provided tax incentives for investors and streamlined the processing of business permits. The city’s total gross income has increased 85 percent since the implementation of the PGS. Total capitalization of the city’s manufacturing sector has jumped nearly 60 percent, and 12 new business processing outsourcing companies have located in the city.

The core of the PGS is participation, transparency, and accountability. Citizens take part in setting objectives and metrics of success, implementing the city’s plan and holding government accountable for reaching the collective goals. Scorecards make clear where progress has been made and toward what goals, and where performance has been deficient. ISA strengthens democracy through focus on the decision-making processes between elections, and through building open and participatory systems of governance.
Note: Dollar amounts reflect total amount spent in each country during the ten year period. The only country where CIPE worked in this region that is not included in this graph is Burma.
COUNTRY CONDITIONS

CHINA
Freedom House Score: Not Free
Heritage Foundation Score: Mostly Unfree

INDONESIA
Freedom House Score: Moved from Partly Free to Free
Heritage Foundation Score: Mostly Unfree

PHILIPPINES
Freedom House Score: Moved from Free to Partly Free
Heritage Foundation Score: Moved from Moderately Free to Mostly Unfree

VIETNAM
Freedom House Score: Not Free
Heritage Foundation Score: Repressed
In step with the expansion of the EU, the center of CIPE’s efforts in Central and Eastern Europe (CEE) gravitated away from countries like Hungary and Poland toward the Balkans, staying strong in Romania and Bulgaria during this period. CIPE projects have focused on combating corruption and promoting corporate governance, building and strengthening effective business associations, promoting democratic and economic stability, and working to meet EU standards. Coalition building characterized much of this work, and proved effective in tackling issues such as the challenging environment for small businesses, arbitrary enforcement of regulations, punitive taxation, and representation of women. During this period, CIPE operated field offices in Bosnia, Kosovo, Montenegro, and Romania.

**FINDINGS**

CEE was a region of exponential growth for CIPE in the early 1990s. With the significant steps taken in consolidating democratic forms of government and market-oriented economies in many CEE countries in the past 20 years, however, and in particular with the number of countries achieving EU membership, CIPE’s level of commitment in the region has continued a decline that began in the late 1990s. The total number of projects in the region in the past 10 years is about 33 percent lower than it was during the period studied for the 15-year evaluation.
CEE had the second highest number of high-impact projects among the regions; overall, nearly a quarter of CEE projects had high or exceptional impact. High- and exceptional-impact projects were spread in eight countries in the region: Albania, Bulgaria, Kosovo, Macedonia, Moldova, Montenegro, Romania, and Serbia. Those projects included creation of a code of corporate governance, formation of a coalition of private and public leaders to fight corruption, the building of new, voluntary business alliances, and successful promotion of liberalization and privatization.

The high number of anti-corruption projects is the region’s most notable thematic trend.

In-house projects had relatively high success in CEE, and may hold lessons for using in-house projects as part of regional portfolios. A CIPE field office project to strengthen women’s business associations in Romania and a project to develop a reform-oriented platform for Serbian opposition groups were two highly successful in-house projects.

SUCCESS STORIES IN THE REGION

ROMANIA
A group of nine women’s business associations came together in 2004 to create the Coalition of Women’s Business Associations (CAFA) to represent the needs of women entrepreneurs with a single voice and get women a seat at the table in public-private dialogue. CIPE supported these women’s associations by offering technical assistance as well as guidance for organizational development through events such as the 2001 Women in International Trade Forum and the Women in Business conferences of 2002 and 2003. CAFA was asked by the National Authority of Control to provide private sector input in amending the code of conduct for control officers. The code was designed to limit abuses by public officials during their inspections of private companies. This high-level participation in policymaking led to similar invitations from other Romanian ministries and agencies. The Ministry of Finance requested CAFA’s input on drafting income tax deductions legislation. Supported by the findings of a CIPE-commissioned study, along with public debates and press conferences, CAFA promoted reduced taxation as the means to a more sound economy. The Ministry of Labor and Social Protection invited CAFA to cooperate permanently with the Division of Equal Chances, while the National Agency for Small- and Medium-Sized Enterprises and Co-operatives has included CAFA in a partnership program for women’s entrepreneurship and future legislative initiatives for small and medium-sized enterprises. CAFA meets regularly with members of the Romanian Parliament, and has had the opportunity to present its vision and plans for the future to the president of Romania. CAFA members enjoy amplified networking opportunities.
and greater visibility through the annual Women in Business Conference, at which that year’s edition of the “Women of Success” CD is launched. As of January 2006, CAFA no longer receives outside financial or administrative support and is fully sponsored by its members.

MONTENEGRO
The collapse of the former Yugoslavia left Montenegro in need of reforms to restart a post-socialist, post-Milosevic, war-torn economy. New business creation was an obvious solution to address high unemployment, but entrepreneurs were discouraged by a maze of regulations, limited access to credit, and high taxes.

The Center for Entrepreneurship and Economic Development (CEED) assisted emerging entrepreneurs by providing consulting services and advocating for reduced barriers to doing business. In cooperation with CIPE, CEED helped establish the Montenegro Business Alliance (MBA) to unite Montenegro’s diverse business community. The MBA has since become the leading voice of business in Montenegro and is reshaping the policy scene with its annual business agenda campaign.

In 2003, the MBA developed a strategic plan to build private sector consensus around a National Business Agenda (NBA) that would serve as the roadmap for policy reform. The government of Montenegro incorporated sections of the first NBA in its economic reform package and several reform laws. As a direct result of the NBA, a memorandum of understanding was signed by parliament and the MBA, allowing MBA staff and members to testify before parliament on issues of concern to the business community.

Through the work of these pioneering organizations, Montenegro has made rapid progress toward becoming a free-market democracy. Some of the top achievements of their projects with CIPE include:

- More than 940 businesses and 5,780 jobs were created.
- The cost to register a business was cut from $5,000 to just $1; more than 15,000 entrepreneurs registered.
- CEED and the MBA positively influenced the passage and implementation of eight key laws that define the economic environment.
- The MBA grew from 10 founding members to more than 450 dues-paying members that together represent 30 percent of Montenegro’s GDP.
- Business ties were reestablished between Montenegro and former trade partners in Albania, Bosnia, Croatia, Kosovo, and Serbia.
LESSONS LEARNED FROM THE REGION

BOSNIA
CIPE was among the first to introduce the concept of advocacy by associations in Bosnia. Its strategy was to strengthen the capacity of independent local organizations as drivers of reform. Accordingly, CIPE provided training workshops and technical assistance on advocacy and coalition building to associations representing three key sectors: wood processing, tourism, and agro-production. CIPE also addressed the associations' specific needs in the areas of strategic planning, internal governance, membership development, and financial sustainability. During this period, CIPE assisted associations through the transition from a mandatory membership model to a voluntary membership model.

By the end of the project, the role of the business associations was increasingly recognized by government and the public, and the government was beginning to respond to those associations. They could articulate their interests in a clear and organized manner, and received regular media attention. Unfortunately, the complicated political structure and organizational challenges proved difficult. Associations had engaged in advocacy but were not yet mature enough to lead advocacy on their own. Further hands-on assistance was required to achieve sustainable association capacity and to consolidate advocacy coalitions. The lesson to be drawn here is that even significant achievements can be stymied if sufficient resources cannot be committed to ensure sustainability. Strengthening local voices of reform requires a long-term focus.
IMPACT RATINGS IN PRIORITY COUNTRIES IN CENTRAL AND EASTERN EUROPE, 1999–2008

Note: Dollar amounts reflect total amount spent in each country during the ten year period. Countries where CIPE worked in this region that are not included in this graph are Albania, the Czech Republic, Hungary, Macedonia, Moldova, Poland, and Slovakia.
COUNTRY CONDITIONS

SERBIA
Freedom House Score: Moved from Partly Free to Free
Heritage Foundation Score: Not Available

ROMANIA
Freedom House Score: Free
Heritage Foundation Score: Moved from Mostly Unfree to Moderately Free

MONTENEGRO
Freedom House Score: Moved from Free to Partly Free
Heritage Foundation Score: Repressed

KOSOVO
Freedom House Score: Moved from Partly Free to Not Free
Heritage Foundation Score: Not Available

BULGARIA
Freedom House Score: Free
Heritage Foundation Score: Moved from Repressed to Mostly Unfree to Moderately Free

BOSNIA and HERZEGOVINA
Freedom House Score: Partly Free
Heritage Foundation Score: Moved from Repressed to Mostly Unfree
The challenges across Eurasia include creeping state capitalism in Russia, political paralysis in Ukraine, and bureaucratic arbitrariness, receding freedoms, and rampant corruption throughout the region, including Central Asia and the Caucasus. Popular disenchantment with the performance of governments that claim to have pursued democracy has made the reform agenda more difficult. CIPE has embraced the strengthening of civil society, especially business associations and think tanks, as a check on authority and a response to the weakness of social capital. Key issues in this region that CIPE has addressed to help prevent backsliding are corporate governance, anti-corruption, access to information, private land ownership, and capacity building for associations and think tanks. CIPE has developed a variety of national and local business networks to advance business agenda programs, share information, and counter government pressure. The CIPE Russia field office in Moscow has operated since the 1990s.

**FINDINGS**

Eurasia had the largest number of high-impact projects in the past 10 years out of all regions, and was the only region to have more than one exceptional project. Exceptional and high-impact projects combined make up nearly 30 percent of the Eurasia portfolio. That performance is particularly dramatic compared with the performance of Eurasia projects covered by the 15-year evaluation: in that
period, Eurasia ranked next-to-last in the percentage of its projects achieving an exceptional or high ranking. Likewise, a quarter of projects in Eurasia in the 15-year evaluation were rated low-impact, compared with only 9 percent in the past 10 years.

High-impact projects were present throughout the region, including in Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Russia, Ukraine, and Uzbekistan. Those projects reformed taxes, improved transparency to combat corruption, strengthened chambers of commerce and developed their role in advocacy and reform, and promoted Regional Business Agendas (RBAs) to improve the business environment for small and medium-sized enterprises (SMEs).

In the past 10 years, CIPE activity in Eurasia has expanded both in numbers of projects and in the number of countries where CIPE has projects. From 1992 to 1998, nearly 90 percent of CIPE’s projects in the region were located in Russia or Ukraine. While those countries still have the highest concentration of CIPE activity, more recently CIPE has implemented projects in Armenia, Azerbaijan, Belarus, Georgia, Ukraine, and throughout Central Asia.

Several of CIPE’s findings in the 15-year evaluation for Eurasia may merit further study in light of the performance of projects in the region in the past decade. The 15-year study noted the emphasis on building viable, local chambers in Russia, the advantages gained for program management by establishing CIPE’s Russia field office in 1995, the importance of building a pro-democracy network in Belarus, and CIPE’s emphasis in the region on organizational capacity-building projects. That pattern of projects did not produce high impact on a project-by-project basis at the time. Nevertheless, it would be valuable to CIPE’s long-term program strategy to explore the extent to which CIPE was able to build a strong foundation of partners – cumulatively and over time – that has contributed fundamentally to CIPE’s recent success in the region. The recent impact of CIPE’s U.S. Agency for International Development-funded “SME Policy Advocacy” project in Russia, for instance, which had significant training and technical assistance components, may be partially attributed to CIPE’s earlier long-term capacity building efforts with local Russian chambers.

SUCCESS STORIES IN THE REGION

KYRGYZSTAN

CIPE partner the Bishkek Business Club (BBC) has been a leader in coalition-based advocacy toward reform. Establishment of the National Alliance of Business Associations (NABA) in 2007 significantly increased business community participation in the policy process. By 2009, the new coalition was comprised of 30 business groups, representing more than 2,000 companies and 80,000 entrepreneurs in Kyrgyzstan.
NABA united business groups from across Kyrgyzstan into an alliance that would serve as a platform to organize and conduct advocacy on three priorities for reform: taxation, inspections, and hostile takeovers. To strengthen the young alliance, BBC representatives and CIPE consultants traveled within the region to exchange knowledge and lessons learned from similar CIPE association building projects. With strategic input from CIPE consultants and regional partners, BBC and NABA successfully championed legislation that reduced barriers to entrepreneurship, lowered the costs of doing business, and protected the property rights of shareholders. These economic reforms strengthened the entrepreneurial climate and helped Kyrgyzstan improve its ranking in the World Bank’s Doing Business index. The achievements included a reformed tax code, a law on inspections, and an anti-raiding policy. Among other outcomes, the reforms resulted in a simplified tax reporting system that generated 40 percent savings for entrepreneurs, and required tax administrators to respect the business rights of entrepreneurs.

BELARUS

In 2005, the Belarusian business community joined forces as the Confederation of Entrepreneurship (CEB) to protect private enterprise and support change through constructive advocacy with the government. Rallying around a National Business Platform (NBP), this business initiative boosted private sector participation in the policymaking process, reduced government control over businesses, and established a low, flat income tax rate.

Modeled after the U.S. Chamber of Commerce’s National Business Agenda process, the NBP united entrepreneurs, business associations, academics, and other non-governmental organizations behind concrete policy issues. Acting on the experiences of CIPE partners in Romania, Russia, and Ukraine, CEB selected six priority areas for reform. A grassroots effort in six cities became a strategic component of the initiative; more than 30,000 active participants were involved in drafting the 2009 NBP.

Once united around a concrete set of policy issues, private sector representatives presented recommendations through the NBP in a clear and cohesive message. With nearly half of the 2008 recommendations fully or partially adopted by the government, the NBP improved the business environment. The coalition achieved a flat income tax rate of 12 percent and the elimination of government-owned shares in private businesses.

This level of civic participation in public policy and its advocacy achievements are unprecedented in Belarus.
LESIONS LEARNED FROM THE REGION

KYRGYZSTAN
One of CIPE’s partners developed a draft National Economic Platform (NEP) document with a view toward improving the business environment in Kyrgyzstan for SMEs. The partner solicited feedback from more than 20 business associations and drafted the 11-page NEP that presented seven points on which to base a public-private dialogue. It then disseminated the draft to 35 business associations for review and comment. However, only 10 associations provided feedback, which was lukewarm and non-committal. Disagreements on the text led to a failure of the coalition to adopt the NEP. A major point of contention was whether the NEP should offer concrete recommendations or a general vision for the roles of the public and private sectors.

The partner continued to disseminate the NEP time and time again, soliciting responses in a process that eventually died. It would have been better to change the approach sooner and focus on the achievement of larger objectives rather than focus on the promotion of this particular document. This experience illustrated the need to ensure stakeholder input and commitment early in the process. The coalition could also have benefited from a partnership with a local economic think tank to help strengthen the business community’s case for policy reform. The partner nevertheless scored some legislative victories in this project.

CASE STUDY: EURASIA

RUSSIA
In 2002, CIPE began work with coalitions of regional and national business associations in Russia to strengthen both the SME sector necessary for Russia’s economic growth and the core civil society groups necessary for Russia’s political development. Under the U.S. Agency for International Development-supported “SME Policy Advocacy Program,” the regional coalitions have demonstrated the ability of grassroots advocacy to take hold and remain an ongoing force. Through RBAs, the coalitions have won legal and regulatory reforms to benefit SMEs. The coalitions also have fought corruption and built support for corporate governance, thereby strengthening support for the rule of law.

In 2003, CIPE partner the Russian Chamber of Commerce and Industry (RCCI) surveyed regional business communities and detailed the impediments to small business development: over-regulation, rigid and complex taxation, lack of access to information, difficulty obtaining financing, weak legal protections, and the rampant corruption and bribery that grow from those conditions. Contradictions between federal and regional law and a lack of a voice for the small business community compounded these problems.
Politically, Russia has become increasingly authoritarian in the past decade, declining from “Partly Free” to “Not Free” in Freedom House’s “Freedom in the World” country rankings, with manipulated elections, informal relationships supplanting rule of law and constitutional structures, state-controlled media, and Kremlin control of the legislature and regional governorships.

The Heritage Foundation’s 2009 *Index of Economic Freedom* noted, “Of all the former Soviet republics, only Russia itself has lost ground relative to other countries, and only Russia has suffered an absolute loss in economic freedom since 1995” (p. 24). Key sectors of the economy are controlled by the state for the benefit of political and business elites.

Consequently, any project in Russia focused on advocacy for achieving economic and political reform faces formidable challenges. CIPE, however, identified a potential opening for the private sector in developing policy to reduce corruption and improve the business environment for SMEs.

CIPE initiated an integrated, regional program of training, technical assistance, and promotion of policy reform to help Russian business leaders engage their local governments. Originally launched in 2002 as a four-year program in eight regions, the program was expanded to 17 regional coalitions, representing more than 200 business associations.

In the first phase of the project, CIPE’s contributions included:

- assessing the needs and capabilities of the business community in each region;
- training managers from local business associations in effective advocacy work and in improving the sustainability of their organizations;
- providing technical assistance to the associations in building strong local coalitions and advocacy campaigns; and
- building, with RCCI, a web-based network to link associations and provide information on reforms and other advocacy efforts.

CIPE’s RBA process – modeled after the U.S. Chamber of Commerce’s National Business Agenda process, but successfully tailored to different economic and political environments – formed the heart of the policy reform program. The RBA served as an instrument to move the business associations toward problem identification and proactive development of concrete solutions.

In early 2005, leaders from the regional business associations participated in a series of seminars to identify the most important barriers to doing business in their regions. The coalitions organized focus groups to develop – through their
own research and guidance from policy experts – solutions to identified barriers. Each coalition held roundtables to gain broader participation from regional business leaders and to reach agreement on a unified set of policy priorities. The coalitions then drafted RBAs, identifying the obstacles to business development and the business community’s agreed-on priorities in removing those obstacles. To launch their public advocacy campaigns, coalitions distributed the final plan to government officials and media outlets, and held press conferences. The coalitions adopted different targets for advocacy, based on judgments about where they were most likely to gain traction. Some coalitions worked with regional assemblies, while others approached regional governors and worked with executive councils.

Additionally, the work of the regional coalitions supported a national campaign involving CIPE partners OPORA (the Union of Business Associations of Russia) and RCCI targeting federal laws and regulations that impede SME development.

Among the coalitions’ accomplishments are the following:

- **Administrative barriers:** Some regions have adopted a “single-window” point of service for businesses, making transactions more convenient, helping streamline administrative procedures, and reducing the time for document review. A single-window system also clarifies responsibilities within the government for providing business services.

- **Inspections:** The Krasnodar and Irkutsk coalitions created advisory hotlines to provide legal advice for business owners about inspections and penalties, and to provide information on new legislation. Three regions published lists of organizations that may rightfully carry out inspections, the documents inspectors could request, inspection procedures, and steps for preventing unwanted inspections.

- **Property rights:** Several regional coalitions developed mechanisms to defend the rights of small business owners in leasing arrangements with municipal governments – including during privatization of rented retail space – and against excessive rent increases, unfair land sales, and arbitrary seizures and fines.

- **Taxation:** Four coalitions successfully advocated for reducing small business income taxes, which induced firms in the informal sector to move into the formal economy. In one region, business registration increased 20 percent subsequent to the tax reform.

- **Organizational capacity:** Coalition membership increased more than 40 percent during the initial project period.
At the national level, **new laws** have defined SMEs and the relevant governing authorities, incorporated recommendations to improve the SME tax system, reduced licensing requirements, and guaranteed SME participation in state contracting competitions.

Beyond the contributions of local chambers and associations to a better business environment is their impact on development of key democratic activities in the longer term. The reform process brought new, private sector players into the policymaking process, developed advocacy skills and coalition building, established credibility with government officials, and in some cases led to greater formalization of a public-private dialogue. In addition, by focusing on reducing corruption and the administrative and regulatory environments that lend themselves to corruption, the SME advocacy program strengthened support for the rule of law. Even in a political system demonstrably hostile to democracy, the regional coalitions of business associations have shown the ability of grassroots advocacy to take hold and remain a force for change.
Note: Dollar amounts reflect total amount spent in each country during the ten year period. Countries where CIPE worked in this region that are not included in this graph are Tajikistan, Turkmenistan, and Uzbekistan.
COUNTRY CONDITIONS

RUSSIA
Freedom House Score: Moved from Partly Free to Not Free
Heritage Foundation Score: Fluctuated between Mostly Unfree and Repressed

UKRAINE
Freedom House Score: Moved from Partly Free to Free
Heritage Foundation Score: Moved from Repressed to Mostly Unfree

BELARUS
Freedom House Score: Not Free
Heritage Foundation Score: Repressed

KAZAKHSTAN
Freedom House Score: Not Free
Heritage Foundation Score: Moved from Repressed to Mostly Unfree to Moderately Free

AZERBAIJAN
Freedom House Score: Partly Free
Heritage Foundation Score: Moved from Repressed to Mostly Unfree

ARMENIA
Freedom House Score: Partly Free
Heritage Foundation Score: Moved from Mostly Unfree to Moderately Free

GEORGIA
Freedom House Score: Partly Free
Heritage Foundation Score: Mostly Unfree

KYRGYZSTAN
Freedom House Score: Moved from Not Free to Partly Free
Heritage Foundation Score: Moved from Mostly Unfree to Moderately Free
Although most countries in Latin America and the Caribbean (LAC) maintain democratic political systems with market-oriented economies, a number of countries in the region have seen a resurgence of nationalization, government economic control, and creeping authoritarianism over the past decade. Populist movements have grown in measure with citizens’ declining faith in market economics, particularly in markets’ ability to provide prosperity for the poor as much as they have for upper-income groups. Despite many of these countries having undergone previous periods of economic reform, deeper institutional changes never took hold. CIPE projects have focused on strengthening democracy through increased participation in the policy-making process, fighting corruption, promoting modern corporate governance practices, improving regulatory structures, and building broad-based support for democracy and the market economy.

Out of 12 countries covered, project work has been most extensive in Argentina, Colombia, Ecuador, Haiti, and Venezuela; in addition, there has been a high level of cross-regional programming. CIPE briefly operated an office in Haiti.

**FINDINGS**

While CIPE’s overall project portfolio expanded in the past 10 years, the total number of CIPE projects in Latin America was significantly lower for the period
(66) than during CIPE’s first 15 years (109), when Latin America had the highest number of projects for any region and represented about 30 percent of CIPE’s total regional projects.

During the study period, CIPE and its partners had high- or exceptional-impact projects in five different countries in Latin America: Argentina, Colombia, Guatemala, Nicaragua, and Peru. Highly successful projects included combating corruption through legal reforms and introducing corporate governance codes, promoting a national business agenda, developing policy reform proposals to reduce the informal sector, and providing policy analysis to strengthen the hand of the legislature as a check on executive power.

The variation in themes addressed in LAC projects is not significantly different from other regions with the exception of having notably few projects dealing with business association development and few projects focused on women and youth.

The lack of business association development projects is a function of an interesting partnership trend evident in Latin America for the period of this report. CIPE’s LAC partners lean heavily toward think tanks rather than business associations, though highly successful projects in Colombia and Peru involved business association partners. That trend is particularly noteworthy given the prominence and success of association partners in earlier years in LAC. As CIPE noted in its 15-year evaluation, “More grants were awarded to Latin American business associations than any other region. Approximately one-half of all grants awarded to business associations had high- or exceptional-impact, far outperforming other regions.”

Since 1999, CIPE has used regional programs in Latin America to replicate successes and address common challenges. CIPE’s regional “Journalists against Corruption” project, for instance, built a resource base, established a regional journalists’ network, and monitored infringement on press freedoms. Other regional projects included promoting corporate governance and sharing strategies for reform.

SUCCESS STORIES IN THE REGION

COLOMBIA

The Colombian Confederation of Chambers of Commerce (Confecámaras), with assistance from CIPE, acted to reform key pieces of legislation and disseminate corporate governance principles. Confecámaras advised Ecopetrol (formerly Empresa Colombiana de Petróleos, or Colombian Petroleum Company), a state-owned petroleum company, on how to structure a strong corporate governance
code and implement good governance practices. This advice supported the Colombian Government’s decision to privatize as much as 20 percent of Ecopetrol’s capital. Sound corporate governance practices are crucial to ensuring fairness in the privatization process. By providing more transparency and accountability, corporate governance serves the democratic process while ensuring a positive role for the private sector in the development of the country. Ecopetrol received a “AAA” rating for the handling of its privatization. Confecámaras provided technical information on international corporate governance standards, facilitated the adaptation of these practices for companies that operate with state capital, identified the greatest governance risks for Ecopetrol, and helped educate staff, investors, and the public about the good governance practices that the company had instituted.

GUATEMALA
In Guatemala, the 2004 National Employment and Income Survey has estimated that 75 percent of the economically active population is employed in the informal sector. CIPE worked with the National Economic Research Center (CIEN) to give Guatemalan citizens and entrepreneurs greater access to legal rights. In an effort to gain deeper insight into the informal sector, CIEN and CIPE administered a survey to 1,200 informal businesspeople across five cities. In presenting its research findings, CIEN called for reforms to improve communication with the informal sector and reduce the costs of formalizing businesses. Through meetings, conferences, and an active media campaign, CIEN reached an audience of perhaps several million people. CIEN’s public advocacy campaign produced significant changes to reduce the barriers to formalizing a business. In 2006, the government implemented a “single-window” system for registering a new business, which reduced paperwork by 90 percent and the number of required office visits from 15 to just 3. The cost of registering a business dropped to less than $50. With these changes, the number of registered businesses jumped by 24 percent between 2006 and 2007. Most of the 8,000 new firms represented businesses that were previously informal, now joining the mainstream economy.

LESSONS LEARNED FROM THE REGION

ARGENTINA
CIPE’s partner promoted the creation of a National Business Agenda (NBA) to present the concerns of the business community in a unified voice. After three focus groups, participating organizations agreed on a modest, single-page priorities document. Given the unfavorable political environment as well as dissension within the business community, they chose not to distribute the agenda widely nor hold public forums on it.
The partner had to overcome distrust (why is a non-governmental organization (NGO) trying to convene business organizations?), skepticism (can an NGO bring key actors to the table?), and antagonism (we would never sit at the table with them). It gradually managed to gain goodwill and participation. The focus group meetings allowed business leaders from different organizations to sit together for the first time in several years to discuss matters of mutual concern. The meetings did not lead, however, to a unified advocacy campaign.

The partner learned from this experience and went on to conduct high-impact projects with CIPE. Although the NBA process can serve as a powerful advocacy tool, it does have certain preconditions to be effective. A group of core supporters, a well-developed network, and advocacy experience all contribute to a positive outcome. Bringing together unfamiliar groups for dialogue has merit, but does not form a strong basis for an ambitious business agenda.

CASE STUDY: LATIN AMERICA AND THE CARIBBEAN

COLOMBIA

In 1999, the Colombian Confederation of Chambers of Commerce (Confecámaras), with CIPE assistance, launched the first private sector-led anti-corruption campaign in Colombia. By increasing understanding of the causes and costs of corruption and uniting the business community to fight corruption in public procurement, Confecámaras won passage of a new procurement law in 2007. Confecámaras complemented its public sector anti-corruption reform efforts with programs to promote ethical business practices and corporate governance in the private sector.

Corruption long has been a pervasive problem for Colombia. Widespread corruption has been both a product of and a contributor to Colombia’s political and economic instability. It undermines the rule of law and public faith in government, weakens Colombia’s democratic institutions, inhibits investment necessary for economic growth, and increases the costs of doing business. According to a survey conducted by Confecámaras and the Corona Foundation in the late 1990s, 37 percent of Colombians identified corruption as the country’s primary challenge.

Despite Colombia having significant tools on paper to combat corruption, corruption still flourished in an environment of poor policy implementation, lack of transparency, a high level of discretion afforded to administrators, and fear of retribution from corrupt politicians. Confecámaras pursued a multi-pronged approach to fighting corruption that focused on both the public and private sectors.
Confecámaras concentrated on three broad objectives:

1. Raise awareness in Colombia of corruption as an institutional problem (as opposed to just identifying corrupt individuals) and raise awareness of its effects.
2. Unite the business community to produce regulatory and legal changes to fight the specific problem of corruption in public procurement.
3. Promote ethical business in general.

As an initial step to learn about perceptions of corruption in Colombia, Confecámaras conducted a series of detailed surveys of the business community as part of the “Probidad” (Integrity) project. The surveys revealed the significant costs of bribery for Colombian businesses: bribery was driving many companies out of procurement bidding altogether, and there was a lack of accountability and transparency at all levels of government in Colombia. A majority of those surveyed had engaged in unethical business practices. Significantly, however, strong majorities were prepared to commit to more stringent ethical standards. Publication of the surveys brought greater civic awareness about corruption, and opened public debate on private sector participation in corruption for the first time.

Reforming public procurement presented a classic collective action problem. As the Probidad surveys illustrated, corruption takes a heavy economic toll on the Colombian private sector, but individual companies had been reluctant to challenge the system for fear of retribution, and, of course, some companies (and politicians) have a vested interest in preventing change. Despite the costs of bribery, companies that relied heavily on government contracts could count on predictability and reduced competition from the status quo.

Public procurement represents about 11 percent of Colombia’s GDP, but the Colombian regulatory structure for procurement (Law 80) was significantly undercut by the loopholes written into the law and by poor enforcement. Working to reform this situation, Confecámaras became a leading advocate for reform. Confecámaras engaged a broad cross-section of Colombian businesses in its campaign to reform Colombia’s procurement law. The Colombian Government’s interest in and support for reform also were crucial. Confecámaras worked closely with the Presidential Program against Corruption, the Comptroller General’s office, and the National Procurement Office.

The anti-corruption campaign took an initial step when Colombia President Álvaro Uribe decreed new rules to govern contracting. The decree included five recommendations championed by Confecámaras pushing the contracting process toward greater transparency, better oversight, clarity of procedures, and objective selection of bids. The decree did not have the force of law, however. Confecámaras
maintained key alliances supporting reform in the private sector and with the executive branch, and its research, analysis, testimony, and recommendations formed a core of the congressional debate.

Confecámaras’s perseverance was rewarded when a new procurement law passed in 2007. The new law incorporates a significant number of Confecámaras’s recommendations, most notably eliminating many automatic concessions in public bids, increasing competition, and strengthening transparency in the participation of small and medium-sized enterprises (SMEs) in the bidding process.

Confecámaras supported its national legislative reform efforts with a second, related tool for promoting good public sector governance locally. Targeting the 2003 electoral calendar, Confecámaras – again working with the Presidential Program against Corruption – asked gubernatorial and mayoral candidates to pledge greater transparency in office if elected. Once elected, those who had made the pledge signed Transparency Pacts, which were specific and public commitments to transparent governance. Seventy-seven elected mayors and governors signed the pacts.

Tackling corruption requires addressing both the demand side (public officials demanding payoffs) and the supply side (the businesses offering payment). Confecámaras complemented its extensive public sector anti-corruption reform efforts with programs to begin instilling ethical business practices in the private sector. Confecámaras first developed the Ethical Code of Conduct as a voluntary measure to encourage greater transparency and accountability in SMEs. After evaluation of the code’s effectiveness in a pilot program, Confecámaras published the Guide for Ethical Management of Small and Medium-Sized Enterprises to help companies implement better ethical business practices, and held a series of workshops to explain the competitive advantage gained with ethical business. Confecámaras drafted a declaration of corporate governance principles based on the Organisation for Economic Co-operation and Development Principles of Corporate Governance, and later published and distributed a corporate governance guide. Confecámaras also successfully promoted the introduction of corporate governance principles to the Colombian Stock Exchange. The incremental and voluntary steps promoted in the private sector contribute to establishing an overall norm of ethical business practices and an expectation for clean government.

Corruption remains a significant problem for Colombia, but the country’s performance has improved markedly, nearly doubling its “Freedom from Corruption” score in the Heritage Index from 22 in 1999 to 40 in 2007.

Perhaps more important, a decade ago corruption had corroded Colombians’ faith in political institutions, and bribery was a standard part of doing business in
government contracting. CIPE’s programs with Confecámaras have built private sector engagement in policymaking, improved understanding of the private sector’s role in combating corruption, and achieved legal reform, making corrupt behavior more difficult.

**IMPACT RATINGS FOR PRIORITY COUNTRIES IN LATIN AMERICA AND THE CARIBBEAN, 1998–2008**

- **COLOMBIA** ($1,031,572)
- **HAITI** ($607,331)
- **ECUADOR** ($605,208)
- **VENEZUELA** ($512,613)
- **ARGENTINA** ($417,244)
- **GUATEMALA** ($360,913)
- **PERU** ($334,169)

Note: Dollar amounts reflect total amount spent in each country during the ten year period. Countries where CIPE worked in this region that are not included in this graph are Bolivia, Brazil, Cuba, Mexico, and Nicaragua.
COUNTRY CONDITIONS

COLOMBIA
Freedom House Score: Partly Free
Heritage Foundation Score: Moderately Free

HAITI
Freedom House Score: Fluctuated between Not Free and Partly Free
Heritage Foundation Score: Moved from Repressed to Mostly Unfree

ECUADOR
Freedom House Score: Moved from Free to Partly Free
Heritage Foundation Score: Moved from Moderately Free to Mostly Unfree

VENEZUELA
Freedom House Score: Partly Free
Heritage Foundation Score: Moved from Mostly Unfree to Repressed

ARGENTINA
Freedom House Score: Fluctuated between Free and Partly Free
Heritage Foundation Score: Moved from Mostly Free to Moderately Free to Mostly Unfree

GUATEMALA
Freedom House Score: Partly Free
Heritage Foundation Score: Moved from Moderately Free to Mostly Unfree

PERU
Freedom House Score: Free
Heritage Foundation Score: Moderately Free
The rapid growth of CIPE’s Middle East and North Africa (MENA) portfolio in the past 10 years reflects both shifting geo-political calculations in the wake of the September 11 terrorist attacks and CIPE’s strategy of identifying opportunities to help build free markets and democratic institutions in countries that have little experience in either.

The “Arab Spring” of 2005 gave hope of political opening in a region largely untouched by previous waves of democratization, only to be replaced by a more checkered pattern of progress. Weak economies, illiteracy, and high unemployment continue to prompt a greater interest in market-opening reforms. CIPE has focused its projects in the region on expanding access to information, strengthening independent business associations and think tanks, building the basic practices of democracy by encouraging private sector engagement in policymaking, and promoting ethical business practices and corporate governance. Although CIPE has played a role across most of the region, Iraq, Egypt, Jordan, and Turkey have been the primary countries of focus, supplemented by intensive cross-regional programming. CIPE maintains two field offices in the region, in Egypt and in Iraq.
At the time of CIPE’s 15-year evaluation, MENA was CIPE’s smallest region, as measured in total number of projects, by a wide margin. Over the past 10 years, MENA has grown to be CIPE’s largest regional program in terms of both total number of projects and total spending.

Given the disparity in the number of projects between the 15-year evaluation and this report, it is difficult to make meaningful comparisons. In the past 10 years, the MENA region has had more projects identified as exceptional- or high-impact (14) than MENA had total number of projects in CIPE’s first 15 years (11).

Exceptional- and high-impact projects made up 15 percent of the MENA portfolio, including:

- support for the emergence of a leading regional authority on corporate governance in Lebanon;
- strengthening and expansion of a grassroots association of small and medium-sized enterprises (SMEs) for advocacy in Egypt;
- successful promotion of legal reform to reduce barriers to joining the formal sector in Jordan;
- an anti-corruption campaign in Turkey; and
- promotion of transparency and ethical business practices in the West Bank, including a requirement for more regular disclosure for companies on the Palestinian Securities Exchange.

MENA had the second-highest number of low-impact projects, though low-impact projects were a smaller percentage of projects for MENA overall than for some other regions.

CIPE’s strategy in the region is evident in the distribution of project themes: MENA had the highest number of corporate governance projects in any region, had the highest number of projects to improve access to information, and had the second highest number of projects dealing with women and youth.

In a clear sign of the changes occurring in the Middle East in the past 25 years, MENA had the second-highest number of projects dealing with business association development in the period covered by this report, with CIPE partnering with associations across the region. In comparison, CIPE’s 15-year evaluation described activity with business associations in MENA at the time as “virtually non-existent,” with only one grant awarded to an association partner. Large business associations in the Middle East traditionally have had mandatory membership, and effectively have functioned as arms of the government. While
that is still the case in many MENA countries, CIPE has been able to partner with newer and smaller associations developing in the region that are more grassroots-oriented.

In a notable trend worth further investigation, MENA had by far the largest number of CIPE in-house projects for any geographic region.

SUCCESS STORIES IN THE REGION

LEBANON
Established in 1999 as the Lebanese chapter of Transparency International, the Lebanese Transparency Association (LTA) is the first and leading Lebanese non-governmental organization (NGO) that promotes good governance and curbing corruption, and has gained international recognition for its work. LTA’s primary objective is to bolster the rule of law by raising citizens’ awareness of their rights, shedding light on corruption, improving legislation related to transparency, and empowering youth to embrace accountability. With CIPE support, LTA has worked with representatives of the public sector, business leaders, and civil society activists to promote good governance principles. Toward this end, it has facilitated coalitions and task forces that use collective action to bring issues of corruption and transparency to public and government attention. LTA established the permanent Lebanon Anti-Bribery Network, which brings together public and private sector stakeholders to address issues of systemic corruption and bribery in Lebanon. It also conducts assessment surveys, holds transparency workshops and training courses, and produces guidelines for private and public actors to use in incorporating transparent practices into their governance practices.

One of LTA’s most remarkable successes was the nation’s first code of corporate governance. The Lebanese Code of Corporate Governance was a highly positive step toward the high level of transparency and good governance that is essential for Lebanese companies to compete successfully in increasingly global markets. To date, more than 15,000 copies of the code have been distributed in Lebanon and throughout the region, including to thousands of business owners and members of professional associations spanning all sectors of the economy. Many Lebanese companies are leading the way by adopting these principles. The widespread distribution has also served to increase awareness of the principles and benefits of corporate governance across the region.

REGIONAL
Prior to CIPE’s work in the MENA region, there was no term for “corporate governance” in Arabic. In 2001, the problem was officially recognized by Egypt Minister of Economy and Foreign Trade Dr. Youssef Boutros Ghali during the CIPE-supported first-ever corporate governance conference in Egypt. CIPE
participated in the effort to craft a precise term for approval by the Arabic Linguists Council. After much deliberation and consultation, “hawkamat ash-sharikat,” literally “the governance of companies,” was created as the Arabic term for corporate governance, allowing reformers in the region for the first time to conceptualize and link the underlying values of fairness, transparency, responsibility, and accountability as they relate to business. CIPE’s efforts to promote the use of the term have been highly successful, as evident in the choice of name for the first regional think tank on corporate governance – the Hawkamah Institute for Corporate Governance. The creation of the term led to developments in corporate governance across the region, from the drafting of the Egyptian Code of Corporate Governance for listed companies to the publication of the Lebanese Code of Corporate Governance for SMEs. CIPE’s partners have been active in taking steps to improve transparency, accountability, and the rule of law in the economic realm, laying a foundation for democratic transition.

LESSONS LEARNED FROM THE REGION

YEMEN
CIPE and its partner trained staff of chambers of commerce on skills for polling, research, communications, public relations, and advocacy. The project involved training workshops on survey designs, analysis of results, and distributing data through the media and other forums. Another component of the project was using poll results to advocate effectively among policymakers and to determine how poll results can be a basis for formulating local and national business agendas.

Although the training programs took place, it became evident very quickly that the majority of organizations participating in the training events lacked the human resources, capacity, and interest for these types of activities. CIPE’s partner had to conduct the polls itself instead of the chambers that were trained. This project demonstrated the need for CIPE and its partners to assess stakeholder demand, in this case the level of demand by trainees and participating chambers.

CASE STUDY: MIDDLE EAST AND NORTH AFRICA

EGYPT
CIPE projects with the Egyptian Junior Business Association and the Federation of Economic Development Associations strengthened voluntary business organizations and freedom of association, led to enactment of some of the first economic reforms advocated by NGOs in Egypt, and built models for broad-based participation in the policymaking process.

Since 1993, CIPE has encouraged private sector and grassroots participation in government policymaking, and worked to enhance transparency and accountability in Egypt. Politically, Egypt is stagnant and repressive. In contrast,
the country has begun a program of economic opening under Prime Minister Ahmed Nazif in an attempt to generate economic growth and employment with structural, market-oriented reforms. That movement has been dramatic, with Egypt consistently ranked among the top economic reformers in the World Bank’s annual Doing Business report in the past four years.

CIPE and its partners in Egypt recognized the opportunity presented by liberalization and privatization to influence the reform process and foster economic transition – and, in the process, to build foundational elements of democratic practice. CIPE’s approach has been integrated and multifaceted, supporting independent business associations and grassroots advocacy, promoting corporate governance, improving access to information, and, in 1997, opening a field office in Cairo.

Two CIPE partners in particular illustrate CIPE’s strategy for successful reform in Egypt. In 2002, CIPE began a partnership with a then three-year-old organization, the Egyptian Junior Business Association (EJB). The EJB was one of the country’s first independent, voluntary business associations, formed in reaction to the corporatist, quasi-governmental business associations dominant in Egypt. Its CIPE-supported activities have focused on improving the business environment in Egypt and making Egyptian businesses more competitive in the global market.

As in many CIPE projects, a component of CIPE’s relationship with the EJB has been emphasis on developing the organization’s internal structure, bylaws, policies, and procedures to build long-term sustainability. CIPE has trained EJB board members and staff in business association management, providing demand-driven services for association members, and expanding membership. In the period of EJB’s initial grant, the organization increased its membership by 83 percent.

In 2004, the EJB launched the Egyptian National Business Agenda (NBA), an advocacy campaign to increase public awareness of the obstacles to economic growth, and to encourage business participation in economic policymaking.

The NBA process began with the EJB’s Sector Focus Groups, which developed position papers on the obstacles to growth and recommended policy changes in five broad sectors of the Egyptian economy. The EJB then held three public-private dialogue sessions with government representatives, members of the Egyptian business community, and representatives from the media. Each session focused on an issue that had been identified as problematic across sectors: improving Egypt’s global competitiveness, privatization and investment, and export promotion. Finally, the EJB drafted the NBA and distributed it to the government, media, and public.
The EJB’s advocacy has led to specific regulatory changes. As important as specific reforms, the NBA has been a cornerstone of continued dialogue with the government. Government ministries have sought the EJB’s input on policy reforms in industry and education. The Egyptian National Competitiveness Council, comprising business, academic, labor, and government representatives, grew directly from the EJB’s dialogue session on global competitiveness.

A second CIPE partner in Egypt, the Federation of Economic Development Associations (FEDA), has been equally effective in promoting economic reform, through a true grassroots network of small business owners.

Small business represents an estimated 90 percent of businesses in Egypt, yet the interests of small business traditionally have not been well represented in policymaking. Founded in 2001, FEDA began as a small, local business association. In the past five years, CIPE has worked closely with FEDA to develop its organizational capacity and institutionalize this growing grassroots movement. That development has included building a countrywide, electronic communication network to provide information sharing and a forum for discussion for FEDA member associations, and conducting intensive management training to improve both FEDA and FEDA-member planning and administration. FEDA has grown into a national umbrella organization of more than 100 business associations and civic organizations. FEDA’s member organizations together represent 30,000 Egyptian SMEs, the largest of which has only 73 employees, in sectors ranging from tourism to agriculture to small manufacturing.

In 2007 and 2008, FEDA began a CIPE-supported project to rewrite Egypt’s industrial laws. Recent amendments to the Egyptian constitution ended the definition of the country’s economic orientation as a “socialist-democratic system.” FEDA recognized an opportunity for the Egyptian private sector to engage in the policy process to drive reforms that were more in line with international standards, which could improve the competitiveness of Egyptian industry.

FEDA began the process by surveying member businesses to gather feedback on the barriers to competitiveness SMEs faced and to provide suggestions for a new law governing industry. The respondents’ concerns included unfair concessions granted to certain businesses, the high cost of services, complicated licensing, lack of access to capital, and high taxes and fees. Based on the survey, FEDA drafted a position paper, “Transition to a Market Economy: Problems of Egyptian Industry,” identifying legislative and regulatory barriers for entrepreneurs, the problems posed by large-enterprise domination of the market, and the effects of privatization. The paper also made recommendations for improving SME competitiveness under the new law.
FEDA’s position paper served as the basis of discussion for a series of policy roundtables, which included members of parliament, representatives from the Industrial Development Authority and Egyptian Federation of Industry, other business associations, and the media. These discussions were used to develop further feedback on FEDA’s position paper and to prioritize recommendations for the new law.

Next, FEDA established a legislative drafting committee, composed of both government and private sector representatives, and submitted the completed draft to Parliament, government ministries, and the media.

As of this writing, the final draft law awaits passage in Parliament. FEDA and CIPE, however, undertook a related advocacy effort focused on ministerial decrees – regulations that have the force of law but that can be changed without legislation. According to FEDA, it has identified 1,300 decrees from the Ministry of Industry and Trade posing obstacles to SME competitiveness and the ministry has nullified over 400 to date.

Although the EJB and FEDA have followed different paths in their reform efforts, they share certain key aspects in their success:

1. Each has focused on key but politically underrepresented parts of the economy: SMEs and young businessmen and women. Establishment of the EJB and FEDA as voluntary business organizations has strengthened freedom of association.
2. Each has geared its activities toward improvement of Egypt’s business environment by increasing international competitiveness through regulatory and legal reform, promotion of transparency and accountability with good corporate governance, and the enhancement of trade.
3. Each has attempted to strengthen the abilities of its member organizations through management training, communications platforms, and distributing information.
4. Each built a model for broad-based participation in the policymaking process and effectively used public-private dialogue, finding a difficult balance in maintaining independence from government while engaging government ministries in reform efforts.
5. Each used advocacy to effect change by the government and to spread the organization’s ideas and information to the public.

Finally, CIPE’s partnerships with the EJB and FEDA reveal a key to CIPE’s approach: Their initial relationship with CIPE focused on capacity building of the partner organizations. Projects to build organizational capacity may lack high-impact immediately, but can have significant longer-term payoff.
Note: Dollar amounts reflect total amount spent in each country during the ten year period. Countries where CIPE worked in this region that are not included in this graph are Morocco, Tunisia, and Yemen.
COUNTRY CONDITIONS

IRAQ
Freedom House Score: Not Free
Heritage Foundation Score: Not Available

EGYPT
Freedom House Score: Not Free
Heritage Foundation Score: Mostly Unfree

TURKEY
Freedom House Score: Partly Free
Heritage Foundation Score: Moved from Moderately Free to Mostly Unfree

JORDAN
Freedom House Score: Partly Free
Heritage Foundation Score: Moderately Free

PALESTINIAN TERRITORIES
Freedom House Score: Not Free
Heritage Foundation Score: Not Available

LEBANON
Freedom House Score: Moved from Not Free to Partly Free
Heritage Foundation Score: Moved from Mostly Unfree to Moderately Free
In 2005, CIPE organized a South Asia regional division distinct from Asian and Eurasian divisions as it increased its involvement in this area. The countries making up the region include Afghanistan, Bangladesh, Nepal, Pakistan, and Sri Lanka. CIPE recognizes an opportunity in these countries to expand private-sector economic activity and increase the private-sector role in governance. In Afghanistan, CIPE has worked to build the capacity of the business community to engage in the reconstruction process, with particular attention to advancing entrepreneurship among women and youth. In Pakistan, CIPE is working to strengthen the business community through technical assistance and legal reforms that will create a competitive environment for chambers and associations. Across South Asia, CIPE has supported legislative advisory programs, provided technical assistance to business support organizations, aided advocacy on businesswomen’s issues, and worked to improve economic and business journalism. CIPE maintains two field offices in the region: one in Afghanistan and one in Pakistan.

**FINDINGS**

The countries making up CIPE’s South Asia portfolio had the fewest number of CIPE projects over the past 10 years among the geographic regions, which is a reflection of the difficulties presented in working in the region. The small
number of CIPE projects in South Asia reviewed for this report makes broad generalizations or direct comparisons with other regions difficult.

Despite the difficult environment and relative newness of many projects, 14 projects in South Asia were rated high-impact.

High-impact projects in the region include:
- strengthening a women’s business association in Bangladesh through an advocacy program to increase access to capital and remove other barriers to entry into the economy for women;
- supporting the development, research, and advocacy of a policy support unit at the Sri Lankan Federation of Chambers of Commerce and Industry; and
- developing a voluntary chamber of commerce in Afghanistan.

There are three notable thematic trends in South Asia projects. First, South Asia had the highest number of projects focusing on women and youth. Second, the absence of any informal sector or anti-corruption focus and few projects dealing with corporate governance or democratic governance are likely a reflection of the state of political development in the region. Third, a number of legal and regulatory reform projects in the region focused on laws and regulations governing chambers of commerce and business associations, consistent with CIPE’s overall strategy to strengthen the business community.

SUCCESS STORIES IN THE REGION

AFGHANISTAN

With recognition by the Afghan Ministry of Education, CIPE began implementing its Tashabos entrepreneurship education program for high school students in 2005. Today, the program reaches more than 23,000 students in 44 schools. Each participant receives an education in business concepts such as savings, investment, and risk. Tashabos has led to the formation of more than 508 new businesses, and 86 students of the program have improved their families’ businesses.

Due to demand from students and instructors, an advanced Tashabos curriculum for use in 11th and 12th grades has been developed. CIPE also stepped up its teachers’ training. CIPE closely monitors the progress of Tashabos, conducting surveys on students’ gains in knowledge, evaluating the proficiency of teachers, and assessing the impact of the curriculum on students as well as on parents, many of whom were able to take advantage of their children’s understanding of entrepreneurship. Thanks to Tashabos, these young Afghan high school students have learned how to participate in a free market economy, and have obtained a glimpse into freedom and democracy.
BANGLADESH
Over the course of six projects with CIPE, the Dhaka Chamber of Commerce and Industry (DCCI) released more than 130 recommendations that were accepted by the Bangladeshi Government. For example, DCCI’s economic policy paper on public procurement drew attention to delays, corruption, and hassles in the procurement process. With the passage of the 2005 Procurement Act, transparency, efficiency, and accountability were established in public procurement. The government eliminated key impediments to exports as identified by DCCI: excessive regulation and inadequate infrastructure. Customs services were modernized so that only 5 to 7 signatures are required instead of 20, and goods can clear customs in a single day instead of the three to seven days it formerly took. By 2006, DCCI had representatives on approximately 40 national advisory and consultative committees, which allowed it to present the business community’s point of view on a variety of issues and legislation under consideration. In its “Vision 2021” paper, DCCI outlined specific reforms needed to reach the goal of attaining a per capita annual income of $1,000 in the next 15 years. Bangladesh Prime Minister Khaleda Zia announced in November 2005 the government endorsed the concept, and a national committee was formed to plan the implementation of DCCI’s recommendations.

DCCI’s Women Entrepreneurship Development program was the first program by a leading Bangladeshi business association to focus specifically on the policy obstacles faced by women-owned firms. More than 3,000 women received training, counseling, and other services from DCCI’s program. A highlight for the project came during the DCCI Business Award ceremony for 2005, when Prime Minister Zia presented a new award for the best woman entrepreneur.

PAKISTAN
CIPE’s assistance in Pakistan prompted reforms to address the problem of overregulated and inactive chambers of commerce. CIPE took a lead role in a committee established by the Ministry of Commerce in April 2006 to review the 1961 Directorate Trade Organization. Following the committee’s recommendations, on December 30, 2006, the Government of Pakistan abolished the Directorate Trade Organization and issued a new Trade Organizations Ordinance. The new law enhanced freedom of association and created new self-governance mechanisms. The reforms encouraged stronger internal governance of chambers of commerce and less political interference; in addition, it strengthened the capacity for business associations in Pakistan to play an effective role as democratic institutions.

For the first time in Pakistan’s history, women are allowed to form chambers of commerce separate from regional organizations. Two women’s chambers were registered and licensed in 2008 and three more were registered and licensed in
2009. These groups will be able to represent the unique needs of women to the broader business community and to policymakers. CIPE’s organizational capacity-building program already has assisted executives of these chambers.

LESSONS LEARNED FROM THE REGION

AFGHANISTAN
CIPE created a consortium of women’s business associations, which was designed to enhance private sector development. The consortium grew from 18 partner organizations to nearly 60 associations around the country, while its member organizations grew by approximately 21 percent. After two years, governance and management problems had become apparent and the security situation in the country had deteriorated. The project was terminated early.

A few distinct lessons emerge from this experience. First, the assumptions underlying the organization’s business plan did not pan out when the economic and security situation in Afghanistan began to deteriorate. This underscores the need to articulate assumptions clearly and to monitor the environment. Second, this organization was micromanaged by CIPE and failed to develop managerial and governance accountability standards until it was too late. Thus, the lesson is that tough love and accountability are more important than early success in these types of efforts. Perhaps most important, this example illustrates that efforts to establish entirely new associations have a high risk of failure.
IMPACT RATINGS IN PRIORITY COUNTRIES IN SOUTH ASIA, 1999–2008

AFGHANISTAN ($5,873,431)

PAKISTAN ($873,249)

BANGLADESH ($702,847)

SRI LANKA ($221,516)

Note: Dollar amounts reflect total amount spent in each country during the ten year period. Countries where CIPE worked in this region that are not included in this graph are India and Nepal.

COUNTRY CONDITIONS

AFGHANISTAN
Freedom House Score: Moved from Not Free to Partly Free
Heritage Foundation Score: Not Available

PAKISTAN
Freedom House Score: Moved from Not Free to Partly Free
Heritage Foundation Score: Mostly Unfree

BANGLADESH
Freedom House Score: Partly Free
Heritage Foundation Score: Fluctuated between Repressed and Mostly Unfree

SRI LANKA
Freedom House Score: Partly Free
Heritage Foundation Score: Moved from Moderately Free to Mostly Unfree
Global programs develop new insights on cross-cutting themes, enhance CIPE’s areas of expertise, and capture best practices to share with local partners and the international community. These programs serve to bolster CIPE’s overall activities while expanding international outreach and understanding on reform issues. The Global department has created key resources for CIPE-wide use relating to democratic governance, transparency and corporate governance, capacity building and advocacy for think tanks and associations, information access, the informal sector, and entrepreneurial and leadership development for women and youth. CIPE builds a case for market-oriented institutional reforms through its internet-based Forum on Economic Freedom and online Economic Reform Feature Service article series. In 2005, CIPE added a knowledge management initiative to capture lessons learned and effective program approaches, and to disseminate them among the international partner network.

**FINDINGS**

Global programs include only CIPE in-house projects, and the Global department has the smallest total number of programs among CIPE’s divisions.

The distribution of impact ratings for Global programs largely reflects the ratings distribution of the geographic regions. Global has the smallest percentage of high-impact projects, the smallest percentage of low-impact projects, and the
largest percentage of medium-impact projects of all regions – though, again, this is based on a relatively small number of projects.

“Countering Bribery through Business Principles,” a project developed with Transparency International and recognized by the World Bank as a model for anti-bribery programs, was one of the Global division’s most successful projects.

The section “Analysis of Program Themes and Operating Approaches” of this report contains a further discussion of in-house projects generally, and of some of the challenges in making comparisons between CIPE’s in-house and partnership projects.

SUCCESS STORY

TRANSPARENCY INTERNATIONAL AND CIPE: COUNTERING BRIBERY THROUGH BUSINESS PRINCIPLES

Transparency International (TI) and CIPE promoted the Business Principles for Countering Bribery in seven countries. By so doing, they raised awareness of anti-bribery standards in the business community. Originally developed by TI and Social Accountability International, the business principles help companies establish mechanisms for integrity and the prevention of bribery.

Following a workshop in Argentina, leading water sector companies, managing 80 percent of water distribution in the country, signed an anti-bribery agreement based on the business principles. In Lebanon, the workshop introducing the principles led to the creation of a local task force on corporate governance. Overall, work to promote the business principles has been quite successful. For example, the principles have been accepted as part of the U.N. Global Compact’s 10th Principle on Anti-corruption. The business principles were used as a basis for the anti-bribery principles developed by the Partnering against Corruption Initiative convened by the World Economic Forum. The business principles were also used in the development of corruption criteria for the global investment index FTSE4Good, produced by the Financial Times and the London Stock Exchange.
A project’s external operating environment can be a key variable for CIPE in designing and conducting its programs. The prevailing political and economic conditions in a country – including the political structure, degree of civil rights protections, the level of economic development, administrative and legal systems, and the social and cultural context – create a “degree of difficulty” for any project. Nevertheless, it is difficult to systematically account for country conditions and determine their effect on any particular project. For the sake of consistent, impact-oriented assessment, CIPE’s evaluative criteria treat change as change, without adjusting impact scores to reflect country-level political and economic conditions.

In order to provide an initial look at the context in which CIPE has operated and to explore patterns in impact and country conditions, this study compared project impact from the last decade against two broad indexes of country conditions: Freedom House’s “Freedom in the World” survey and the Heritage Foundation’s Index of Economic Freedom. Each project was compared to the Freedom House score and the Heritage score during the period of the project, where those scores were available.4

4Because most CIPE projects do not fall within a given calendar year, the Freedom House and Heritage scores were determined by averaging the annual scores from all years covered by the CIPE project, provided the project extended at least three months into that year.
FREEDOM IN THE WORLD
In the past 10 years, CIPE had 82 projects (16 percent of the 510 projects in this study) in countries rated “Free,” 221 projects (43 percent) in countries rated “Partly Free,” and 135 projects (26 percent) in countries rated “Not Free.”

IMPACT RATINGS OF CIPE PROJECTS BY FREEDOM HOUSE SCORE

<table>
<thead>
<tr>
<th>IMPACT RATING</th>
<th>FREEDOM HOUSE SCORE</th>
<th>Number of projects (Percent)</th>
<th>Number of projects (Percent)</th>
<th>Number of projects (Percent)</th>
<th>Number of projects (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FREE (82 PROJECTS)</td>
<td>1 (1%)</td>
<td>17 (21%)</td>
<td>53 (65%)</td>
<td>11 (13%)</td>
</tr>
<tr>
<td></td>
<td>PARTLY FREE (221 PROJECTS)</td>
<td>4 (2%)</td>
<td>58 (26%)</td>
<td>147 (67%)</td>
<td>12 (5%)</td>
</tr>
<tr>
<td></td>
<td>NOT FREE (135 PROJECTS)</td>
<td>1 (1%)</td>
<td>21 (16%)</td>
<td>89 (66%)</td>
<td>24 (18%)</td>
</tr>
</tbody>
</table>

Note: Regional projects are not included.

CIPE had the highest rate of exceptional- or high-impact projects (28 percent) in “Partly Free” countries and the highest rate of low-impact projects in “Not Free” countries (18 percent). Interestingly, while more than 20 percent of projects in “Free” countries were exceptional or high impact, the rate of low-impact projects in “Free” countries was double that of projects in “Partly Free” countries.

INDEX OF ECONOMIC FREEDOM
In the past 10 years CIPE has had two projects (less than 1 percent of the 510 projects in this study) in economies rated “Mostly Free,” 65 projects (13 percent) in economies rated “Moderately Free,” 252 projects (49 percent) in economies rated “Mostly Unfree,” and 64 projects (13 percent) in economies rated “Repressed.” CIPE had no projects in economies rated “Free.”

Notes:
5Freedom House scores reflect an average of a country’s scores on political rights and civil liberties. Regional projects were not included. In total, 438 projects had a Freedom House rating.
6An economic freedom rating is an overall score determined by an average of a country’s scores on 10 component measures of economic freedom. Regional projects are not included, and scores were not available for all countries. In total, 383 projects had an Economic Freedom rating.
## IMPACT RATINGS OF CIPE PROJECTS BY HERITAGE ECONOMIC FREEDOM SCORE

<table>
<thead>
<tr>
<th>IMPACT RATING</th>
<th>EXCEPTIONAL</th>
<th>HIGH</th>
<th>MEDIUM</th>
<th>LOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>HERITAGE SCORE</td>
<td>Number of projects (Percent)</td>
<td>Number of projects (Percent)</td>
<td>Number of projects (Percent)</td>
<td>Number of projects (Percent)</td>
</tr>
<tr>
<td>MOSTLY FREE (2 PROJECTS)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>1 (50%)</td>
<td>1 (50%)</td>
</tr>
<tr>
<td>MODERATELY FREE (64 PROJECTS)</td>
<td>2 (3%)</td>
<td>16 (25%)</td>
<td>42 (65%)</td>
<td>5 (8%)</td>
</tr>
<tr>
<td>MOSTLY UNFREE (249 PROJECTS)</td>
<td>2 (1%)</td>
<td>51 (20%)</td>
<td>178 (71%)</td>
<td>21 (8%)</td>
</tr>
<tr>
<td>REPRESSED (64 PROJECTS)</td>
<td>1 (2%)</td>
<td>12 (19%)</td>
<td>35 (55%)</td>
<td>16 (25%)</td>
</tr>
</tbody>
</table>

Note: Regional projects are not included.

Thematically, some patterns emerge across the two indexes:

- Access to information projects are strongly concentrated in both indexes; nearly 65 percent of access to information projects occurred in “Partly Free”/“Not Free” countries and “Mostly Unfree”/“Repressed” economies. CIPE has very few access to information projects in “Free” political systems and “Moderately Free” economies.
- The pattern for women and youth programs is not as strong, and the number of projects is smaller. Nevertheless, 46 percent of projects with a women or youth component occurred in “Partly Free” countries according to the Freedom House index, and 40 percent of projects with a women or youth component occurred in “Mostly Unfree” economies according to the Heritage index.
ANALYSIS OF PROGRAM THEMES AND OPERATING APPROACHES

This report analyzes several items that were not included in the 15-year evaluation. These are program themes, in-house projects, partner types, and project size.

<table>
<thead>
<tr>
<th>THEME</th>
<th>EXCEPTIONAL</th>
<th>HIGH</th>
<th>MEDIUM</th>
<th>LOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Association Development</td>
<td>2%</td>
<td>21%</td>
<td>69%</td>
<td>8%</td>
</tr>
<tr>
<td>Legal and Regulatory Reform</td>
<td>2%</td>
<td>24%</td>
<td>67%</td>
<td>8%</td>
</tr>
<tr>
<td>Women and Youth</td>
<td>0%</td>
<td>20%</td>
<td>66%</td>
<td>15%</td>
</tr>
<tr>
<td>Access to Information</td>
<td>1%</td>
<td>14%</td>
<td>71%</td>
<td>15%</td>
</tr>
<tr>
<td>Informal Sector and Property Rights</td>
<td>0%</td>
<td>19%</td>
<td>70%</td>
<td>11%</td>
</tr>
<tr>
<td>Anti-corruption</td>
<td>4%</td>
<td>33%</td>
<td>56%</td>
<td>6%</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>1%</td>
<td>19%</td>
<td>67%</td>
<td>13%</td>
</tr>
<tr>
<td>Democratic Governance</td>
<td>0%</td>
<td>20%</td>
<td>73%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Note: Based on data available for 411 projects.

PERCENTAGE OF PROJECTS DEALING WITH

<table>
<thead>
<tr>
<th>THEME</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal and Regulatory Reform</td>
<td>38%</td>
</tr>
<tr>
<td>Business Association Development</td>
<td>24%</td>
</tr>
<tr>
<td>Access to Information</td>
<td>19%</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>17%</td>
</tr>
<tr>
<td>Democratic Governance</td>
<td>17%</td>
</tr>
<tr>
<td>Anti-Corruption</td>
<td>9%</td>
</tr>
<tr>
<td>Women and Youth</td>
<td>8%</td>
</tr>
<tr>
<td>Informal Sector and Property Rights</td>
<td>5%</td>
</tr>
</tbody>
</table>

Note: Because projects can deal with multiple themes, these percentages sum to more than 100 percent.
FINDINGS BY THEME

In the 20th annual report, CIPE established eight themes to standardize the description of programs: legal and regulatory reform, business association development, access to information, corporate governance, democratic governance, anti-corruption, women and youth, and informal sector and property rights.

The results of the thematic analysis indicate that, for the most part, CIPE is equally effective in addressing each of these areas. Two themes draw attention: anti-corruption for a strong performance and access to information for a below-average performance.

**Anti-corruption projects** scored an impressive 37 percent high- or exceptional-impact with few low-impact projects (3 out of 48 projects). Asia fared well in this area (one exceptional and three high), as did Central and Eastern Europe and Eurasia (four high each). Projects can have multiple themes, but there was no pattern to other themes associated with successful anti-corruption projects. Successful anti-corruption projects employed diverse approaches, and addressed both private and public sides of the problem.

**Access to information** was declared by the 15-year review to be of “vital importance.” The report recommended continued effort “to improve understanding of democratic values and importance of private enterprise principles.” CIPE’s investment in access to information since then has been substantial, reaching a high of 18 percent of program spending in 2008 – more than $2.3 million. Access to information projects received only 15 percent high or exceptional scores (the lowest among themes) and tied with women and youth projects for the highest rate of low scores (also 15 percent). Broadcast programs’ results ranged from exceptional to low. Projects specifically aimed at journalists all achieved a medium score, with the exception of one low score. As already noted, access to information projects tend to be concentrated in less free countries.

Successful information projects varied in approach but often were linked to an advocacy component, as indicated by the correlation between better outcomes and the presence of legal and regulatory reform as a project theme.

OPERATING APPROACHES

IN-HOUSE AND PARTNERSHIP PROJECTS

For the first time, this evaluation of CIPE programs includes an assessment of in-house project performance in addition to partnership project performance. CIPE’s 15-year evaluation covered only partnership projects. In-house projects make up
a quarter of all projects, and spending on in-house projects roughly matches, and in some years exceeds, spending on partnership projects. It is appropriate, therefore, to review their purposes, impacts, and methods for evaluation.

In-house projects are those projects managed directly by CIPE, either from its Washington, DC headquarters or from a field office. Partnership projects are managed by local partner organizations, with financial and technical support from CIPE.

In-house projects address much the same themes as partnership projects and employ some of the same methods. However, they have several distinct purposes:

- To prepare local reformers to conduct advocacy: Intensive preparation is sometimes required to raise local capacity and awareness of reform principles and techniques.
- To operate in strategic settings: For strategic reasons, CIPE operates in certain places where qualified, reliable local partners are in short supply.
- To shape international or regional standards and practices: CIPE participates in international fora on issues such as anti-corruption standards and corporate governance.
- To support CIPE organizational goals and functions: Global and knowledge management programs support other CIPE programs and objectives by developing resources, promoting the flow of knowledge, supporting organizational strategy, exploring themes for future work, and conducting outreach.
- To facilitate dialogue and coalition building: As a respected third party, CIPE can help coordinate and encourage local stakeholders to initiate reform.

In the current study, the evaluation criteria originally designed for partnership projects have been applied to in-house projects as well. Since the criteria were constructed to assess progress toward CIPE’s organizational objectives, it was reasoned that they should also apply to in-house projects. It may be worth designing additional criteria that reflect the distinctive characteristics and aims of in-house projects.

<table>
<thead>
<tr>
<th>IMPACT RATING</th>
<th>PROJECT TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Partnership (373 projects)</td>
</tr>
<tr>
<td>EXCEPTIONAL</td>
<td>2%</td>
</tr>
<tr>
<td>HIGH</td>
<td>22%</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>66%</td>
</tr>
<tr>
<td>LOW</td>
<td>11%</td>
</tr>
</tbody>
</table>
Partnership projects showed somewhat higher-impact results than in-house projects during this period. Thus, the partnership approach appears to remain a good choice in the majority of settings. Out of relationships with 190 partner organizations in the sample, 373 partner projects were implemented, yielding an average of 2 projects per partner. There were 80 organizations that completed more than one project.

Results of in-house projects are fairly uniform across themes, similar to the distribution of results of all projects across themes.

**NUMBER OF IN-HOUSE PROJECTS BY REGION AND IMPACT RATING**

<table>
<thead>
<tr>
<th>REGION</th>
<th>EXCEPTIONAL</th>
<th>HIGH</th>
<th>MEDIUM</th>
<th>LOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFRICA</td>
<td>0</td>
<td>2</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>ASIA</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>CENTRAL AND EASTERN EUROPE</td>
<td>0</td>
<td>4</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>EURASIA</td>
<td>0</td>
<td>3</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>LATIN AMERICA</td>
<td>0</td>
<td>2</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>MIDDLE EAST AND NORTH AFRICA</td>
<td>1</td>
<td>3</td>
<td>31</td>
<td>5</td>
</tr>
<tr>
<td>SOUTH ASIA</td>
<td>0</td>
<td>5</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>GLOBAL</td>
<td>0</td>
<td>3</td>
<td>22</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1</td>
<td><strong>22</strong></td>
<td><strong>99</strong></td>
<td><strong>15</strong></td>
</tr>
</tbody>
</table>

Regional results of in-house projects are more differentiated. South Asia, Eurasia, and Central and Eastern Europe recorded strong results from in-house projects, suggesting that in-house projects can be part of a strong portfolio. The sample of in-house projects from these regions, though, is quite small (36 projects). The Middle East and North Africa and Global divisions had the most in-house projects (40 and 26 projects, respectively).

In-house projects managed by field offices, of which there were only 21, had 6 high-impact projects, 14 medium, and 1 low.
IMPACT BY PARTNER TYPES

<table>
<thead>
<tr>
<th>IMPACT RATING</th>
<th>Business association (106 projects)</th>
<th>Educational institution (8 projects)</th>
<th>NGO (46 projects)</th>
<th>Think tank (195 projects)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXCEPTIONAL</td>
<td>3%</td>
<td>0%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>HIGH</td>
<td>29%</td>
<td>0%</td>
<td>24%</td>
<td>21%</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>63%</td>
<td>38%</td>
<td>65%</td>
<td>67%</td>
</tr>
<tr>
<td>LOW</td>
<td>5%</td>
<td>63%</td>
<td>9%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Note: Based on data for 355 partnership projects.

Business associations recorded the strongest performance among partnership projects, and had 32 percent high- or exceptional- impact. Compared to business associations, CIPE supported a higher number of think tank projects, which recorded 22 percent high or exceptional. All regions except Asia (which supported few association projects) had several high-impact association projects. Africa had the most association projects, but the performance of this group was below the average for association projects.

A majority of association partners with strong projects had received training or technical assistance from CIPE, although some associations were strong in their own right before partnering with CIPE. Increasing the capacity of associations takes considerable effort and investment, but appears to pay off in high-impact projects.

<table>
<thead>
<tr>
<th>IMPACT RATING</th>
<th>EXPENDITURE TIERS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1.00 –$50,000.00 (109 projects)</td>
</tr>
<tr>
<td>EXCEPTIONAL</td>
<td>0%</td>
</tr>
<tr>
<td>HIGH</td>
<td>14%</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>65%</td>
</tr>
<tr>
<td>LOW</td>
<td>21%</td>
</tr>
</tbody>
</table>

Note: Small grants projects under $20,000 that were part of a larger project were counted as part of that larger project, both for impact and expenditure.
Median project size was approximately $71,000. As one would hope, increasing levels of project expenditure did in fact raise the chances of recording higher impact. This progression was true across the four expenditure tiers shown at each level of impact. Actual returns on investment cannot be calculated because the levels of impact (based on the project as the unit of analysis) do not fully capture the scale of impact in terms of lives affected, increases in freedom, outcomes of policies changed, and so on. Some of the greatest successes may be understated, since a project that positively affects multiple policies, communities, or sectors still counts as a single project. Conversely, projects that achieve similar results may have significantly different costs. In any case, it is intended that this report’s findings will assist with allocating resources in a strategic, cost-effective manner.
RECOMMENDATIONS FOR FUTURE EVALUATIONS

PERFORM AN IN-DEPTH EVALUATION OF CIPE’S ACCESS TO INFORMATION PROGRAMS

**Reason:** Because spending on information programs has increased and relative performance of the group is below average.

The 15-year evaluation stressed the need to improve understanding of democratic values and the importance of private enterprise principles. In the current study, some information programs scored very well but more scored poorly. CIPE should conduct further evaluation of this topic to assess which types of these projects are effective and which can be improved.

REFINE METHODS FOR MONITORING AND EVALUATING IN-HOUSE PROJECTS

**Reason:** Because in-house projects account for roughly half of project expenditures and may have different objectives than partnership projects.

In-house projects are not always intended to achieve high impact directly, but often have important objectives in support of other projects or CIPE strategy. In such cases, the project objectives and relationship to strategy should be made explicit. Intermediate indicators in addition to impact indicators might be appropriate for in-house projects. CIPE should examine which indicators facilitate comparisons across similar types of in-house projects.

INSTITUTE AN ANNUAL EVALUATION REPORT TO MANAGEMENT ON THE IMPACT OF PROJECTS THAT HAVE CLOSED IN THE PAST YEAR

**Reason:** Because regular reporting on evaluation findings facilitates continuous improvement.

The report should include a list of projects closed in the previous year, the rating assigned to each project, and any pertinent findings or lessons. It should also include the results of major evaluations that have been completed. The report may serve as a basis for discussion with program staff about program improvements, strategy, and evaluation methods.
SEEK OPPORTUNITIES TO CAPTURE LONG-TERM IMPACT

**Reason:** Because evidence of impact is often unavailable within a typical project reporting period.

Opportunities for documenting impact may include special evaluations of multi-year programs, additional evaluation components in large projects, follow-up surveys, or field visits by program staff.

IN THE ANNUAL CIPE STRATEGY DOCUMENT, REQUIRE A YEAR-TO-YEAR COMPARISON FOR EACH REGION

**Reason:** Because impact can be better evaluated when strategic objectives and relationships between successive projects are clear.

Each program division should discuss how the coming year’s projected programs will build on the current year’s programs. Each division should also discuss any significant shifts in approach and the causes or reasoning behind the shifts.
The data in this report have been produced by two separate and independent rounds of internal evaluation. The main sources of information for this study were more than 500 final narrative project reports and prior in-depth evaluations of specific projects. Projects that were cancelled or terminated, or that lacked sufficient information to determine a level of impact were not included in the main results of this study.

CIPE released preliminary findings after the first round of project reviews conducted by the CIPE Evaluation Officer. In order to add an additional level of rigor, the CIPE Policy Studies Officer then conducted a second full review of project reports, in which each project was rated again without reference to its ranking in the initial round.

The project scores from each round were compared in order to identify the discrepancies between the two rounds. Projects receiving the same first and second round overall score were simply given that score as a final rating. Sixty-six percent of projects had the same first and second round score.

To determine a final ranking for those projects with a different first and second round overall score, the CIPE Knowledge Management Officer reviewed each project’s report, and then made a determination on the appropriate final rating according to the supporting evidence. Finally, the CIPE Deputy Director for Operations reviewed the first and second round ratings, the Knowledge Management Officer’s determinations, and the relevant individual project reports to arrive at a final score.

Project final rankings were shared with CIPE’s program staff to provide an opportunity for comment.

At no stage of the evaluation did the Evaluation Officer, Policy Studies Officer, or Knowledge Management Officer review a project she or he had managed. The Knowledge Management Officer did not review any Global or Knowledge Management projects.

CIPE’s determination of impact is centered on two questions: First, did an observable change occur? Second, was CIPE’s project linked to that change? CIPE’s level-of-impact rankings are based on consistent application of established criteria across projects. At every stage of this evaluation, projects were ranked according to five criteria first instituted in their current form for CIPE’s 15-year
evaluation and designed to reflect CIPE’s organizational goals. A set of clear indicators accompanies each criterion to guide the assignment of a level-of-impact rating.

Many CIPE projects address multiple criteria, while others focus primarily on only one. Every project was rated on each of the criteria relevant to that project and also was given a final, overall ranking. CIPE emphasizes results and impact rather than process and activities, though those latter aspects of a project are not ignored. CIPE evaluation makes use of both quantitative and qualitative data. The key to this evaluation was building supporting evidence for the rating of any criterion.

The scope of this study included both CIPE’s partnership projects and those classified as in-house projects, and applied the same evaluative criteria to both types of projects.

**EVALUATION CRITERIA**

**CRITERION #1: LEGAL AND REGULATORY STRUCTURES**
Did the project improve or significantly alter legal and regulatory structures necessary to maintain a well-functioning democracy and market-oriented economy?

The criterion examines the process of promoting, establishing, and strengthening legal and regulatory structures in countries transitioning toward a more democratic, market-oriented economy. The criterion does not only focus on changes in the number of new laws, but also considers the significance of those laws being treated, the organization’s ability to focus the debate around the key issues, and its ability to move these issues forward. Failure to have policy recommendations accepted into law is outweighed, in many cases, by the impact of fundamentally changing the way in which the policy issues are understood and debated by policymakers.

<table>
<thead>
<tr>
<th>LEVEL OF IMPACT</th>
<th>INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXCEPTIONAL</td>
<td>Evidence of systemic change that has significantly improved the legal and regulatory structures.</td>
</tr>
<tr>
<td>HIGH</td>
<td>Advocated the passage of significant policy recommendations; debate around policy issues clearly advanced; key policy-makers influenced.</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>Policy recommendations brought issue into public debate; gained support and participation of key stakeholders; recommendations put forth.</td>
</tr>
<tr>
<td>LOW</td>
<td>Project activities satisfactorily completed, but had little effect on changing or improving the legal and regulatory structures.</td>
</tr>
</tbody>
</table>
CRITERION #2: PARTICIPATION IN PUBLIC POLICY DECISION-MAKING

Did the project generate or enhance participation in public policy decision-making affecting economic and business issues?

This criterion deals with encouraging business participation in democratic policy processes (e.g., governance). For the purpose of this criterion, participation should be viewed as the entire policy formation process, including legislative action, public policy debate, executive branch relations, the election process, and other facets of democratic life.

<table>
<thead>
<tr>
<th>LEVEL OF IMPACT</th>
<th>INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXCEPTIONAL</td>
<td>Evidence of systemic change that has significantly improved private sector participation in public policy decision-making.</td>
</tr>
<tr>
<td>HIGH</td>
<td>Mechanisms that permit stakeholders to widely participate in decision and law-making process firmly established; fundamental change in the way stakeholders participate; often leads to policy change.</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>Established participatory mechanisms, built relationships with key constituencies, and engaged in advocacy activities that fostered participation in the public policy decision-making process; voice inserted into policy-making process; recognized as leader; broad support for work.</td>
</tr>
<tr>
<td>LOW</td>
<td>Project activities satisfactorily completed, but had little effect on improving participation in public policy decision-making.</td>
</tr>
</tbody>
</table>
CRITERION #3: PRIVATE SECTOR ORGANIZATIONS
Did the project strengthen private sector organizations’ ability to act as catalysts in advancing political and economic reform?

Voluntary, membership-based business organizations and think tanks play an important role in advancing political and economic reforms. This criterion examines the success of private sector organizations in advancing reform by looking closely at improvements in areas such as credibility, professional management and financial planning, the cost-effective use of resources, and better public relations. Improvements are frequently – but not exclusively – seen as a result of participation in the business association management training program.

<table>
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</thead>
<tbody>
<tr>
<td>EXCEPTIONAL</td>
<td>Evidence of systemic change that has transformed the organization enabling it to become a catalyst in advancing political and economic reform.</td>
</tr>
<tr>
<td>HIGH</td>
<td>Significant change in the organization’s ability to meet members’ needs; programs strengthened advocacy skills program; viewed as highly credible.</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>Improvements in organizational capacity noted.</td>
</tr>
<tr>
<td>LOW</td>
<td>Project activities satisfactorily completed, but had little effect on strengthening the capacity of the organization.</td>
</tr>
</tbody>
</table>
CRITERION #4: ACCESS TO BUSINESS AND ECONOMIC INFORMATION

Did the project increase access to business and economic information necessary for informed decision-making?

The private sector has an important role to play in promoting the principles of private enterprise and democratic development. This criterion deals with instilling this message among individuals who are traditionally outside the formal framework of the policymaking process, yet who are important to encouraging the growth of pluralism and the strengthening of democratic societies. These stakeholders include entrepreneurs, the media (economic and business journalists), youth groups, and students.

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</thead>
<tbody>
<tr>
<td>EXCEPTIONAL</td>
<td>Evidence of systemic change that significantly increases access to business and economic information.</td>
</tr>
<tr>
<td>HIGH</td>
<td>Created new channels of information dissemination, or significantly strengthened existing ones.</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>Information brought the issue(s) into the public debate where it previously had not been; attracted wide media coverage.</td>
</tr>
<tr>
<td>LOW</td>
<td>Project activities satisfactorily completed but had little effect on increasing access to information.</td>
</tr>
</tbody>
</table>
CRITERION #5: SUPPORT FOR MARKET ECONOMICS AND DEMOCRATIC SYSTEMS

Did the project enhance support for market economics and democratic systems among decision-makers?

CIPE projects are conducted in countries undergoing the process of democratic consolidation or transitioning to a more democratic system of economic and political governance. In the case of developing democratic nations that lack a democratic tradition, it is important that decision-makers that will ultimately be responsible for developing and implementing reforms clearly understand the positive role that private enterprise can play in development, and the importance of market institutions. This criterion differs from the previous one in that key decision and opinion makers are the primary target of advocacy and outreach efforts. This group includes executive and legislative branch officials, parliamentarians, political leaders, and influential members of academia, think tanks, and business associations.

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<tbody>
<tr>
<td>EXCEPTIONAL</td>
<td>Evidence of systemic change that results in a significant increase in the level of support for market economics and democratic systems.</td>
</tr>
<tr>
<td>HIGH</td>
<td>Adoption of, or change in, legislation in support of a democratic, market-based economy as shown to be a direct result of project activities (verified by polling or survey of key decision-makers).</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>Decision-makers demonstrated willingness to participate in advocacy activities; requested advocacy materials, research, policy recommendations.</td>
</tr>
<tr>
<td>LOW</td>
<td>Project activities satisfactorily completed, but had little effect on increasing support for market economics and democratic systems.</td>
</tr>
</tbody>
</table>