
NATIONAL BUSINESS AGENDA GUIDEBOOK



THE VOICE OF BUSINESS



Center for International Private Enterprise

An Affiliate of the U.S. Chamber of Commerce





For more information, contact:
Center for International Private Enterprise
1155 15th Street, NW • Suite 700
Washington, DC 20005
Telephone: (202) 721-9200 • Fax: (202) 721-9250
Web: www.cipe.org • E-mail: cipe@cipe.org

The Center for International Private Enterprise is a non-profit affiliate of the U.S. Chamber of Commerce and one of the four core institutes of the National Endowment for Democracy. CIPE has supported more than 900 local initiatives in over 100 developing countries, involving the private sector in policy advocacy and institutional reform, improving governance, and building understanding of market-based democratic systems. CIPE provides management assistance, practical experience, and financial support to local organizations to strengthen their capacity to implement democratic and economic reforms. CIPE programs are also supported through the United States Agency for International Development.

Center for International Private Enterprise © 2006

TABLE OF CONTENTS

Introduction	2
1. Outreach & Coordination	5
2. Working Groups	9
3. Meetings & Venues	12
4. Draft & Distribute the National Business Agenda	16
5. Feedback & Revisions	18
6. Publication & Distribution	20
7. Case Study: Small Business 2004 - Russia	24

INTRODUCTION

A national business agenda (NBA) is a vital tool for the business community to encourage investment and stimulate business activity and economic growth. Developing an agenda mobilizes the business community to use its skills to effect public policy reform by setting legislative and regulatory priorities and clearly communicating them to policymakers.

NBAs identify laws and regulations that hinder business activity. They also offer concrete recommendations and reforms to remove these barriers and improve the business climate.

Developing a national business agenda educates members of the private sector on public policies that affect them. The process allows private sector representatives to present the concerns of the business community to government officials in a unified voice and increase the likelihood that the agenda will be adopted.

Key Elements of a National Business Agenda

- Organization of Key National Business Leaders
- Participation by Business and Trade Associations
- Categorization of Participants into Working Groups
- Management of Working Group Meetings
- Drafting the National Business Agenda
- Consultation and Business Community Feedback
- Revisions to Agenda
- Distribution for Endorsement
- Publication and Presentation



Peruvian business leaders hold an economic roundtable in Lima to begin the process of formulating a national business agenda.

Business associations in countries such as Malawi, Nigeria, Paraguay, Peru, Romania, Russia, Montenegro, and the United States have used NBAs to help enact much-needed political and economic reforms. It is a vehicle that can offer solutions to help address problems of corruption, the informal sector, and overregulation.



The key to developing any business agenda is to encourage participation by addressing specific regional and/or industry needs and to provide the business community with a sense of ownership of the final product. The NBA can be national, regional, or industry-based depending on the organizations involved, such as chambers of commerce, professional or trade associations, multi-sectoral, etc.

Business leaders must take the initiative to organize disparate business groups and build a coalition that can reach a consensus on major issues. Freedom of association and the right to petition the government for the redress of grievances are the most basic rights of democratic institutions. Even in emerging democracies it is still possible to influence changes in policy by building grassroots coalitions and a consensus for change.

When business associations come together to promote a core set of market-oriented policies, they are much more effective than if they pursue policy change individually. CIPE developed this guidebook to provide business associations, professional organizations, and other interested parties with step-by-step guidance on how to build a national business agenda. However, the guidebook is to be viewed as a set of guiding principles and can be adapted based on the specific needs of any country's private sector and the realities of its political process. CIPE's experience shows that taking a structured approach to reform will often achieve results even in the most challenging of political and economic environments.

CIPE's Role

CIPE actively participates in helping business organizations develop their own national business agenda process.

CIPE provided technical assistance to Ukrainian organizations by bringing in the head of a Romanian think tank that had led coalition building. He advised the Ukrainians on strategic planning, prioritizing issues, building business community awareness, and presenting the national business agenda to the policymaking community.

In Russia, CIPE conducted business association training programs, which culminated in the formation of regional advocacy coalitions. CIPE experts shared their experiences in leading working groups and roundtables, hosted seminars on public-private dialogue, and helped establish an online information clearinghouse that highlighted regional business agendas and coordinated advocacy across regions.

In Paraguay, consultants and polling experts from CIPE's partner organizations in Peru assisted Paraguay's umbrella business group by designing membership surveys, advising on the business agenda structure and process, and chairing sectoral working groups.

Under CIPE Romania's guidance, Romanian associations from the tourism, manufacturing, and technology sectors formed coalitions that drafted their own, industry-specific legislative agendas. The agendas were promoted through the Open Doors Campaign that included a grassroots National Advocacy Tour of ten major cities and "Advocacy Days," when sectoral representatives met with officials to present their proposals.

CIPE was involved every step of the way with the Afghanistan International Chamber of Commerce: developing an advocacy process, conducting a National Advocacy Tour in six major cities, developing a grassroots database and communications network, and advising on strategic follow-up.

CHAPTER 1: Outreach & Coordination

1.1 Convene Key National Business Leaders

Step 1: Form an advisory committee.

The key individuals involved in developing a national business agenda should meet to form an advisory committee. The committee will ultimately review the draft agenda and provide comments.

The eventual success of the agenda depends on the active participation of the business community. The more members of the private sector that endorse the agenda, the more seriously government officials will consider it.

Once the committee is formed, it should:

Step 2: Select a project coordinator.

The project coordinator is a key participant and the centerpiece of the entire process. He/she should be fully committed to developing a national business agenda. The project coordinator should have well-established management and administrative skills. His/her main responsibilities will include: coordinating the efforts of various groups, leading initiatives, giving direction, and implementing many of the advisory committee's ideas and efforts.



In some cases, the project coordinator can be the spokesperson for the initiative. In others, all members of the advisory committee can be spokespersons. For example, when CIPE partners in Ukraine were developing a national business agenda, there was one leading spokesperson for the group. In Romania, on the other hand, the advisory committee decided that all of its members should send out a message. That meant that each business association participating in the process selected several spokespersons. The key point is that either approach can work – it depends largely on the culture and institutions of the country where the business agenda is being implemented.

Who Should Lead?

It is important to secure the participation of business leaders when beginning the NBA process. Typically leaders:

- Are respected by public officials
- Energize and enable people to act
- Are able to build committed and cohesive organizations
- See the big picture
- Are driven by the purpose
- Take risks and learn from mistakes
- Recognize individual contributions to success
- Represent the knowledge, power, and wisdom of the industry/sector/community



In Tanzania, CIPE works with entrepreneurs to foster leadership and advocacy skills.

Step 3: Identify the objective of the national business agenda.

If the process is driven by an urgent, specific need, the advisory committee should make a list of key issues and identify the policy reforms needed.

If the purpose of a national business agenda is to improve the business environment in general, the key issues and policy reforms should be identified later in the process.

Step 4: Make a list of private business associations to contact.

Many private entrepreneurs belong to business associations, and contacting their association leaders is an effective way to enlist their support.



The advisory committee should contact business associations representing different sectors and regions depending on the scope of the business agenda (whether it is national, regional, or industry-based). This ensures that the advisory committee will reach out to all associations that stand to benefit from an improved business environment. For example, if the leaders of the construction industry are interested in improving the Construction Code, then all associations in this sector, as well as multi-sectoral associations connected with the construction industry, are potential supporters of the initiative. The larger the number, the greater the support!

Step 5: Determine which members will contact the associations.

It is important to designate specific advisory committee members to contact specific associations by a certain date. The committee members should initiate contact to gauge the business associations' interest in participating in the NBA process and report the results to the project coordinator.

1.2 Contact and Secure the Support of Business and Trade Associations

Step 1: Initiate contact with business associations.

The advisory committee members who have agreed to contact business association leaders (see Chapter 1, Step 1) should write a letter to business association leaders.

This step is very important and goes beyond making contact with potential supporters. The key actions are inviting business association leaders and ensuring that they join the team. Their participation will ensure that the business agenda will be representative and endorsed by a large majority of the industry or the business community.



When preparing the letter, the advisory committee should be very clear and specific about its goals. In particular, the letter should clearly state whether the advisory committee is reacting to a problem that already exists (reactive) or taking new steps to improve the business environment (proactive).

The participation of various associations is needed to address the concerns of businesses of different industries and sizes. Therefore, the letter needs to clearly explain the purpose of developing the agenda and the steps involved. It should emphasize that business leaders plan to work together to remove barriers to doing business and improve the overall business climate.

The letter should also emphasize that participating business and association leaders will have a say in writing and revising the agenda, as well as in approving the final draft. To underscore the importance of the project, it is a good idea to let associations know that the agenda may be presented to the President, key government officials, the public, and the media.

Step 2: Engage interested business association leaders quickly.

Ask business association leaders who agree to participate in the business agenda process if they are willing to host meetings.

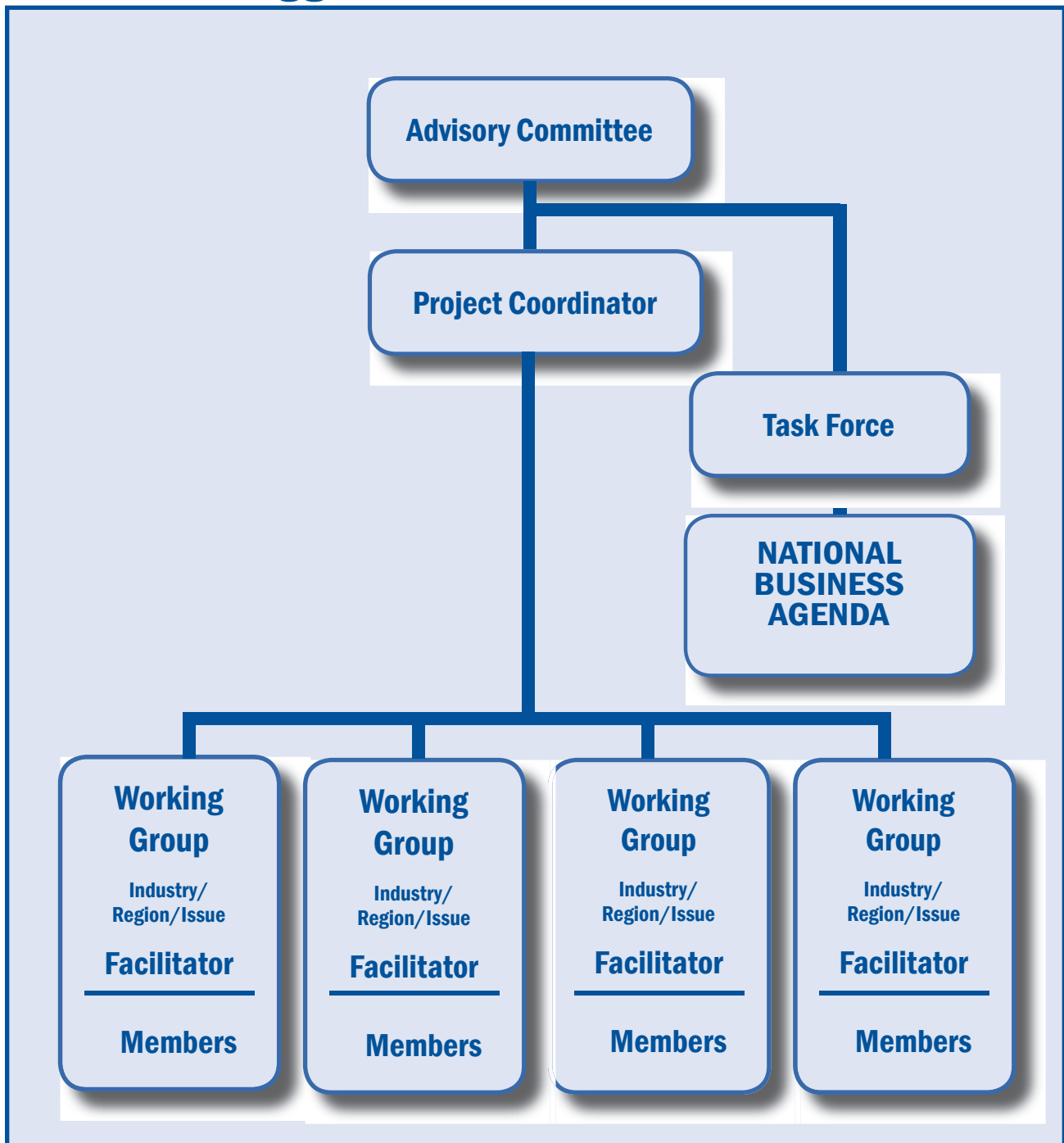
Step 3: Report results to the project coordinator.

Each advisory committee member should report back to the project coordinator and indicate which association leaders are willing to participate and which are willing to host meetings. He/she will then compile a list of participants.



Iraqi business leaders discuss issues of concern to the private sector. Through their advocacy efforts, they hope to promote free-market reform.

Suggested NBA Workflow Chart



CHAPTER 2: Working Groups

2.1 Organize Working Groups

Step 1: Organize business leaders who agreed to participate in the NBA process into working groups.

Business association leaders should form groups based on their industry or region. If the advisory committee has already identified key policy problem areas to address, working groups can also be organized by issue.



Each working group has the same goal: to identify barriers to doing business and propose reforms to address these obstacles.

Dividing business leaders into groups that share similar industry or regional interests is a good strategy. It allows participants to focus on areas of particular interest to them and makes the development of the final agenda easier.

Working Groups

When developing a national business agenda, associations begin by organizing working groups. These groups work on specific industries, regions, or issues to identify obstacles and devise a set of recommendations to address these challenges. Working groups concentrate on a particular policy area and draft their own sections of the NBA. The advisory committee then assembles these sections into a final agenda.

Alternatively, dividing them into groups that focus on specific issues allows participants to develop measures that incorporate the needs of different industries and regions.

Some business association leaders may wish to participate in more than one working group. This is acceptable and may bolster private sector involvement. However, working groups should be limited in size. Too few participants may mean that the group is not representative of the business community; too many and the meeting is likely to be unfocused and unproductive. The number of working groups depends on how many business association leaders agree to participate and how many regions or business sectors are represented.



Businessmen in Peru form a working group to discuss labor reform issues that will be addressed in their national business agenda.

2.2 Select Working Group Facilitators

Step 1: Select a meeting facilitator for each working group.

The facilitator ensures that the group remains focused on identifying key obstacles to doing business and proposing solutions. The individual should be a member of the working group or someone who understands the needs of the regions or business sectors of the working group members. The facilitator can be appointed by the advisory committee or selected by the working group.

Step 2: Compile a list of the working group members.

Once the working group is formed and facilitator selected, the project coordinator should provide each meeting facilitator with a list of the working group members and their contact information.

COPARMEX's National Business Agenda

COPARMEX, Mexico's first truly private and independent business organization, fights aggressively for a more open political and economic system.

1. Making business views heard.

Create mechanisms through which the private sector can influence the administration's national strategy and economic policies.

2. Lowering the cost of doing business.

Boost the competitiveness of Mexican firms by reducing the tax burden, the cost of borrowing, and the prices of public sector goods and services.

3. Strengthening social structures.

Promote a more participatory democracy by expanding freedoms, invigorating civil society, and improving public security.

4. Liberalizing the labor market.

Guarantee the labor stability and security of firms by fostering respect for labor-related laws and pragmatic labor-management relations.

5. Modernizing social policy.

Improve the quality and efficiency of services offered by the current social security system, maximizing the cost/benefit ratio.

6. Educating for world competitiveness.

Strive for excellence in education in response to the economic challenges faced by the nation.

7. Advancing regional development.

Accelerate Mexico's pace of development, thereby building solidarity among the nation's diverse regions.

Montenegro Business Alliance National Business Agenda 2005

Challenge 3 - Reduction of Taxes

Goals in 2005:

- Continue efforts to reduce taxes;
- Stand for the elimination of corporate income tax;
- Stand for the introduction of a proportional system of taxation;
- Stand for the reduction of excise taxes;
- Stand for changes to the Labor Law and elimination of the concept of minimum wage.

Long term goals:

- Fight for the elimination of double taxation;
- Reduce taxes and contributions on wages at the level of 50%;
- Stand for the establishment of a long term stable and fair tax environment in Montenegro;
- Come with questions from the domain of tax politics that impact the economic development of Montenegro.

Last year, the Montenegro Business Alliance successfully fought for a 10% reduction of taxes, representing the first reduction in more than 20 years. In 2005, MBA will continue to work to reduce all kinds of taxes, firstly, income taxes. We will try to widen cooperation with the Ministry of Finance and to start cooperation with the Agency of Public Incomes and the Ministry of Labor and Social Care.

Also in 2004, the Montenegro Business Alliance, in cooperation with the Ministry of Finance, managed to reduce the corporate income tax from 15-20% to a rate of 9%. That represents a great success for the private sector in Montenegro. Currently, Montenegro has the lowest rate of corporate income tax in the region. During 2005, we will stand for the complete elimination of the corporate income tax. With that, multiple taxation would be eliminated.

Montenegro has excise taxes that are among the highest in the region. During 2005, MBA will stand for the equalization of excise tax rates with those in the region in order to support competitiveness of Montenegrin companies and to reduce the grey economy...

... Here at the Montenegro Business Alliance, we think that a progressive taxation system is not good. Such a system punishes those who work more and does not stimulate faster economic development. In fact, the opposite behavior is encouraged, benefiting those who work less. Therefore, we will stand for the introduction of proportional taxation. In this way, the tax burden is allocated more evenly, and those who earn more pay higher taxes.

The existing Labor Law does not allow for development of the labor market. It protects employees much more than capital owners. During 2005, MBA will prepare amendments to the Labor Law and influence change in regards to the minimum wage. We will realize a campaign whose goal will be to educate politicians and decision-makers so that they better understand our suggestions. With that, we will create a private-public partnership.

CHAPTER 3: Meetings & Venues

3.1 Dates and Locations

Step 1: Project coordinator sets a tentative schedule for working group meetings.

The dates selected should provide business association leaders enough time to plan for the meetings. Planning ahead will maximize attendance. The project coordinator should attend each working group meeting.

Step 2: Project coordinator notifies each meeting facilitator of the meeting schedule.

Step 3: Working group facilitators select meeting locations.

The meeting locations should be determined by the association leaders who have agreed to serve as hosts.

Step 4: Working group facilitators contact working group members.

Facilitators must notify the working group members about meeting dates and locations. The facilitators should also advise business association leaders to poll their members in preparation for the meeting. Association members should be informed of the plan to develop a business agenda and should be asked to identify what they view to be obstacles to doing business and propose solutions.



It is also a good idea to make sure associations start working with their members to identify problem areas and devise the solutions as soon as they agree to participate in the NBA process. Let the associations know about the importance of working with their members! Remind them to keep their members informed of progress. If they are included in a working group, they should let their members know.

Working Group Meeting Checklist

Administrative

- ✓ Select a meeting date
- ✓ Select an appropriate location
- ✓ Draft a meeting agenda
- ✓ Invite participants and send meeting agenda
- ✓ Prepare participant list and materials (hand-outs, note pads, pens)
- ✓ Provide refreshments for participants

During and After the Meeting

- ✓ Record obstacles and proposed solutions
- ✓ Draft a meeting report and distribute to all participants

Step 5: Association leaders poll their members and compile the results.

Each association leader should prepare a short list, based on the questionnaires/ feedback received from members, and send it to the project coordinator. It is advisable to share the list with other members of the group in advance of the meeting.

Step 6: Project coordinator provides the meeting list to the members of the advisory committee.

Policy Priorities
United States Chamber of Commerce 2006



- Environment/Energy/Regulatory Reform
- Labor/Health Care/Retirement Security
- Legal Reform
- International Policy/Free Trade
- Securing America's Future/Technology
- Tax Reduction/Tax Reform

3.2 Managing Working Groups

The goal of each working group meeting is to compile a list of reform priorities and proposed solutions that are specific to a particular sector or region.

Step 1: Facilitator distributes meeting agendas and reminds participants that the objective is to identify obstacles, prioritize them, and propose recommendations for change.

Step 2: Facilitator lists each obstacle mentioned.

Step 3: Participants rank the obstacles in order of priority.

Step 4: Facilitator identifies obstacles that were ranked as having the highest priority, organized by issue area.

Step 5: Facilitator asks participants to suggest recommendations that provide a clear plan for government officials to overcome each obstacle.

Step 6: Facilitator leads a discussion with participants about the recommendations proposed for each specific issue.



This discussion is crucial! The aim of this discussion is to get the group members to agree on the most appropriate recommendation to overcome each obstacle. Thus, the discussion is a negotiation between representatives of different business associations. Members of the working group will have to select only the most important issues that their members identify. This is especially true in the case of multi-sector associations, where each sector will give priority to different problems based on the needs of its members.

The facilitator's role is very important, as he/she will conduct negotiations. He/she must also ensure that whichever option is agreed upon is understood and endorsed by all participants.

Step 7: Facilitator documents the results and gives the report to the project coordinator.

In the report, the facilitator should include all topics discussed, the method used to select priorities (voting, discussion, etc.), and the policy priorities that were accepted by the group. The report should be distributed to all participants. Participants should agree on all major points before the document is presented to the project coordinator.



Ukrainian and international experts discuss economic and business reform priorities for Ukraine.

Egyptian Junior Business Association National Business Agenda 2004

Regulatory Reform

Sector Focus Group 1 — Construction and Contracting

Challenge:

Human resources.

Objective:

To improve the performance and profitability of the sector.

Background:

- The construction sector constitutes 8.1% of total employment in Egypt.
- There is an insufficient supply of skilled labor in certain sophisticated specialties.
- There is a lack of international exposure & internationally required qualifications.
- There is a shortage of chemical engineers & consultants specialized in the chemical profession (only 2.6% registered engineers & 2% registered consultants).

Action Needed:

To create a human resources development plan.

Association Recommendation:

- It is critical that construction firms rebuild their organizational capability by starting at the beginning of the cycle through an identification of what their business strategy is and what their target markets and market niches are.
- Firms need to undertake an assessment of their strategic staffing demands and start building their capacity for the coming years.
- Workers need to acquire skill sets that will allow them to compete in regional markets.
- Firms must form a standardized qualification exam for all engineers that must be passed after graduation from college (e.g. GMAT) in order to be recruited by Egyptian construction companies.
- We must link our efforts with those of the Egyptian Federation for Construction and Building Contractors (EFCBC), which is involved in various training programs for HR development in the construction sector
- We must develop national vocational skills standards & certification mechanisms.
- Skills Development Projects.
- Training Programs for Engineers.

Relevant Authority:

Ministry of Housing, Utilities, and New Communities.

CHAPTER 4: Draft & Distribute the National Business Agenda



The task force has a very specific role: drafting the actual business agenda. Therefore, it should be composed of a limited number of people with extensive knowledge of the issues that will be addressed. The task force will be provided with the views and opinions of the business community and its job is to transform those views and opinions into a professional document. It is possible that, depending on the obstacles identified, there will be a need to organize several task forces.

Ultimately, the role of the task force is to build a substantive document that will be presented to the government. The document must identify the obstacles and propose solutions supported by solid studies and data.

4.1 Creating the Task Force

Step 1: Project coordinator and advisory committee members create a task force.

The function of the task force is to synthesize the priority obstacles and proposed recommendations from all working groups and draft the NBA.

Task Force Members

It's important to note that if well-respected individuals, recognized for their knowledge and professionalism, are part of the task force, then the final document tends to be more highly regarded.



This step is crucial because it is the time when the actual business agenda is put together. The task force will transform a list of complaints, wishes, concerns, and recommendations into a professional document that clearly outlines the problems members face and proposed solutions. It must be supported by facts and statistics.

Step 2: Task force drafts national business agenda.

- **Task force drafts the introduction.**

The introduction to the draft agenda should state in straightforward terms what the agenda is, why it is important, and who participated in drafting it.

- **Task force identifies each priority obstacle.**

It is important to include the laws or regulations that present barriers to doing business and a description of the issues important to the private sector.

- **Task force proposes specific solutions for each obstacle.**

The recommendations should show government officials exactly what needs to be done to remove a particular obstacle and improve the business climate. Providing policymakers with a convincing and ready-to-implement recommendation increases the possibility that it will be adopted.



- **Task force drafts an executive summary.**

In Montenegro, business association representatives release materials aimed at promoting an understanding of basic economic issues.

The executive summary will be the first thing readers see. The executive summary should contain a very brief introduction and clearly identify the main obstacles to doing business and the specific recommended solutions. It should include a short conclusion and be no longer than four to six pages.

- **Task force drafts a table of contents.**
- **Task force compiles these materials into a draft agenda and gives it to the project coordinator.**

Back it up with Data!

Say, for example, the business community wants to modify a tax. It would be highly beneficial to present a report outlining the financial impact of that change on the local/national budget and on companies' revenues. To create a comprehensive report, the task force should select outside advisors to prepare an impact study. The study should present the impact in real figures that will show the government or the relevant authorities that the need to modify the tax is a well thought-out economic decision.

Going before policymakers with substantiated figures and numbers is not only a matter of professionalism – it is also a good strategy. When presented with a professional document, policymakers have to respond to the requests with more than a simple “yes” or “no” answer. They will see that the government has an informed and professional counterpart. This has the potential to engender respect among policymakers and will ultimately increase the chances of receiving a substantiated response. This doesn't mean that every case will be agreed upon by the policymakers, but it does mean that more often than not, the two sides in this dialogue will act professionally and in a transparent manner.

CHAPTER 5: Feedback & Revisions

5.1 Obtain Community Feedback

Step 1: Project coordinator distributes the draft NBA to each participating association for review.

Each association can choose how it communicates with its members and how it obtains feedback. This can be done by simply e-mailing the document. Or, the association can organize a meeting with members to discuss the issues and solutions that the task force identified. While the first choice is much faster and simpler, the second might ensure greater understanding of the NBA, increased participation, and future commitment from members.



The project coordinator should indicate a deadline for feedback that allows ample time for associations to review the draft with their members and offer comments. Business association leaders should also ensure that the association members, or their designated representatives, are given the opportunity to review the draft document and offer feedback.

Step 2: Association leaders synthesize the association members' feedback and forward it to the project coordinator by the specified deadline.

5.2 Revise and Distribute Agenda



Former Prime Minister Yuri Yekhanurov speaks at a press conference held at the “Ukraine: Business and Economic Priorities” conference.

Step 1: Project coordinator and members of the task force incorporate feedback into the draft agenda.

This is the point at which comments and suggestions to improve the content of the business agenda are incorporated. It is not the time for disagreements or contradictions on major issues. This is the time for fine-tuning – not changing the substance of the agenda that was identified and agreed upon in earlier meetings!

Step 2: Project coordinator distributes the revised NBA to all participating business association leaders for final review and endorsement.

When distributing the revised NBA, the project coordinator should include an endorsement form for each participating business association leader to sign and return by a certain date. If studies were produced during the process, it is a good idea to incorporate them as an appendix in the final document.



Once the final document is agreed upon and published, the associations participating in the process will want to build awareness among their members about the NBA. This is especially relevant for regional associations. Business leaders who have started the process might have to travel to multiple regions in their countries to inform the business community about the business agenda and its possible impact. This grassroots approach is useful in building support during the launch.

CHAPTER 6: Publication & Distribution

6.1 Print the Final Agenda

Step 1: Project coordinator professionally prints the final (endorsed) national business agenda in booklet format.

6.2 Present the National Business Agenda

Step 1: Project coordinator plans a press conference.



It is important to set a clear agenda and decide who is going to discuss which issues. The press conference agenda should be clear and concise. If several speakers are selected to present parts of the business agenda, they should be told in advance. To prepare, they should draft talking points and be comfortable talking about the issues.

Step 2: Project advisory committee sets a date to publicly present the agenda to government officials, the media, and the general public.

Step 3: Project coordinator selects a venue.

Ideally, the event should be held in the country's capital, which is where the media is concentrated and government officials work. Good venues are inside or in front of the legislature building or the presidential residence. Be sure to seek permission first! Otherwise, a hotel with meeting facilities near the legislature is also appropriate.

If the agenda is regional in scope, choose a regional center where media is widespread and government is well represented.

Step 4: Project coordinator writes an invitation to the event.



The invitation should briefly indicate why the national business agenda is important, who the presenter will be, and when and where the event will be held. The invitation should also include contact information for the project coordinator so that invitees can RSVP and request additional information about the event.

Step 5: Project coordinator sends the invitation and a copy of the national business agenda and executive summary to all members of the executive and legislative branches and other key government officials.

The advisory committee should personally contact key government officials to arrange meetings to discuss the agenda and encourage them to attend the event.



The Chairman of the Afghanistan International Chamber of Commerce responds to questions from the press at a National Advocacy Tour event.

Step 6: Task force writes a press release announcing the event and distributes the executive summary to journalists.



The press release and executive summary should be sent to journalists with the understanding that the materials will not be made public until the date of the event! This means that reporters should not write about the contents of the agenda until the date of the event. An alternative approach can be to give one newspaper an exclusive look at the agenda prior to the event.

Step 7: Advisory committee sends the invitation and the press release to business association leaders and asks them to invite their members.



In addition to government officials, policymakers, press, and task force and business leaders, each association should invite as many members as possible to the launch event. This will send a clear and visual message that there is a large base of support for the document. It will also be an incentive for business association members to maintain their membership in the organization, as they will see the power of association when channeling their voice!

Step 8: Advisory committee holds a press conference to publicly present the national business agenda to policymakers, the press, business leaders, and association members.

During the press conference, the presenter should discuss what the national business agenda is, why the national business agenda is important to the private sector and the country's economic well-being, and how many associations participated in drafting and endorsing the national business agenda.

The national business agenda can be presented to the Head of State at a public event. This must be arranged with his/her staff. If it is not possible to present the national business agenda to the Head of State, it should be delivered to the appropriate ministers and senior executive staff.



Work does not stop with a launch event or a press conference. After launching the NBA, the team should focus on delivering the message to the right people in the administration. Follow-up meetings are very important. Members of the task force, business leaders, and members of associations that played an active role in drafting the agenda should participate in these meetings. Consider changing the composition of the teams attending these meetings so that more members have the opportunity to participate in delivering the message.

After each meeting, a short interview with a media organization can be organized. This ensures that the media will continue its coverage on the issues. Also, associations should issue press releases and cover the process extensively in their newsletters.

BEFORE YOU LAUNCH...

REPORT CHECKLIST

- ✓ **Executive Summary** – It should also be printed separately as a stand-alone document for ease of distribution.
- ✓ **Table of Contents** – This will help the reader easily navigate the national business agenda.
- ✓ **Introduction** – The introduction should state what the agenda is, why it is important, who participated in drafting it, and who endorsed it.
- ✓ **Chapters** – Each chapter should be divided by business sector or region and include a description of specific obstacles and proposed policy recommendations. Each chapter should also include the contact information of the working group facilitator and a list of the working group members.

PRESENTATION CHECKLIST

- ✓ Send copies of the final national business agenda to all the participants.
- ✓ Send copies to government officials and schedule meetings to discuss it.
- ✓ Send copies to media outlets and embargo until date of press conference.

PREPARE A PRESS CONFERENCE

- ✓ Select a date and time.
- ✓ Select a venue.
- ✓ Prepare materials (copies of the agenda and executive summary).
- ✓ Notify presenter of event details.
- ✓ Invite media and other interested parties.

National Business Agenda in Ukraine: Accomplishments

The Ukrainian Center for Independent Political Research (UCIPR) and The Institute for Competitive Society (ICS) have been successful in raising public awareness of the need to implement reforms addressed by the national business agenda. Through their constant preparation and dissemination of timely articles, brochures, and publications to both public- and private-sector representatives, the issues have been identified and solutions proposed. They are consistently successful in drawing media attention to their events, further broadening the audience for the debate of policy issues crucial to small business.

UCIPR and ICS have cultivated significant support for the national business agenda in both the public and private sectors. The NBA has the strong support of the Ukrainian business community, and this is due to the fact that businesses throughout the country have a sense of ownership of the agenda since they played a role in its development.

UCIPR's and ICS' advocacy of issues in the national business agenda document contributed to the passage of two laws:

1. Law “On the Principles of State Regulatory Policy in the Sphere of Business Activities,” passed by Parliament in July 2003 and signed by the President in September.

An overwhelming 421 out of 450 members of Parliament voted in favor of the law. This law requires the executive and legislative branches of the government, regulatory agencies, and local administrations and governments to publish draft bills subject to public comment for one month, as well as to provide justification and cost-benefit analyses of the impact of specific regulatory acts on businesses, consumers, and public budgets. The government is also bound by this law to accept comments and recommendations from the business community, based on the drafts, and to summarize those recommendations at the end of the month. The passage of this law, and the subsequent signing of it by [former] Ukrainian President Leonid Kuchma, is the first of its kind in Ukraine that establishes specific legal mechanisms for public review of and dialogue regarding regulatory acts in the draft phase.

2. Law “On State Registration of Legal Entities and Physical Entities – Entrepreneurs” (May 2003).

This law created a new position, the State Registration Officer, which exists in every regional administration. The registration officers handle the entire business registration process, thus creating a “single window” system. This law significantly simplifies the registration process for entrepreneurs, who previously were required to go to five different government offices in order to complete the registration of their business.

CASE STUDY: SMALL BUSINESS 2004 - Russia

Small Business 2004

Chamber of Commerce and Industry of the Russian Federation (RF CCI) and Association of Russian Business Organizations OPORA

In order to improve the business environment for Russian small business, the Chamber of Commerce and Industry of the Russian Federation (RF CCI) and the Union of Business Associations OPORA are working together to promote a series of needed reforms. Their ongoing Small Business Program emphasizes the need for the government to adopt urgent measures to improve regulation of business. Based on the work of coalitions of business associations in eight Russian regions to advocate for small- and medium-sized enterprises (SMEs) and noting the importance of simultaneous efforts by the business community at the local level, RF CCI and OPORA have identified six key areas for joint action at the federal level:

1. Improving legislation on government support of SMEs;
2. Lowering administrative barriers and reducing restrictions on competition in business;
3. Improving the system of taxation for SMEs;
4. Giving SMEs access to property and land to do business and access to economic information (on registries, tenders, government procurement, etc.);
5. Developing effective credit mechanisms for SMEs;
6. Fighting corruption and giving legal protection to small SMEs.

1. Improving legislation on government support of small- and medium-sized enterprises:

PROBLEMS:

Many requirements apply to doing business; the rights and duties of businesspeople and government agencies are prescribed in various legal acts. However, the legal basis for regulation of business is far from perfect and often creates additional administrative obstacles to doing business.

RECOMMENDATIONS:

In order to improve the legal basis for regulation of small business, RF CCI and OPORA intend, among other things:

- To get involved in preparing a draft Federal Law on Government Support of Small- and Medium-Sized Enterprises in the Russian Federation (the old law is obsolete, and many of its provisions are merely declarative) that reflects priority areas of support;
- To include provisions in the draft law that refine the criteria for classifying a business as small, and to add the concept of “microbusiness” with appropriate criteria and special tools to support it;

- To include in the draft preferences for microbusinesses and small businesses, such as preferential rights to lease and a special procedure for purchasing buildings and land to use in business;
- To continue working to improve the draft Federal Law on the Manner of Adopting Decisions in the Area of Government Regulation of Business. It was written by the Ministry of Economic Development and Trade of the Russian Federation with input from OPORA as part of the working group assembled by the Ministry to assist in drafting the law.

2. Lowering administrative barriers and reducing restrictions on competition in business:

PROBLEMS:

Administrative barriers currently present a significant obstacle to the development of small- and medium-sized enterprises. Businesses incur high costs when complying with administrative requirements. Administrative barriers to the development and conduct of business are usually defined as obstacles caused by government policy or by intentional infringements on the rights and interests of businesspeople by various government agencies and officials. These obstacles are created by the adoption of legal acts or by the actions (or inaction) of officials that somehow improperly restrict or violate the rights of businesspeople.

At present, the primary administrative barriers that face Russian SMEs are inspections by enforcement and oversight agencies, especially the police, the health department, and the fire marshal, as well as licensing. Another type of administrative barrier to business is the violation of antitrust laws through actions by government agencies that restrict competition in business, including:

- Granting preferential treatment to one or more businesses, giving them an advantage over other businesses operating in any given sector;
- Improperly preventing businesses from operating in a particular area of business (issuing legal acts that create improper restrictions on doing business, adopting decisions to close certain places to business, problems with obtaining permits, especially on the local level, etc.);

Such actions directly violate the Constitution of the Russian Federation, under which each citizen has the right to use his or her abilities and property to engage in business and other lawful economic activity (Article 34).

RECOMMENDATIONS:

In order to reduce administrative barriers to doing business, RF CCI and OPORA believe the following measures are necessary:

- Clear delineation of the procedures for licensing, technical regulation, certification, and accreditation; legality (consistency with federal law) of requirements to obtain various permits;
- Prohibit a government agency and government-owned legal entities from combining enforcement or oversight functions with the provision of services for fees;

- Suspension of the business of a legal entity or individual, in full or in part, only by court order, including on the grounds set forth in federal laws and other legal acts;
- Repeal section 25 of Article 11 of the Law of the Russian Federation on the Police, dated April 18, 1991, No. 1026-1; allow the actions indicated in that provision only within the framework of procedural law (the Criminal Procedure Code of the Russian Federation, the Law on Investigative Activities, etc.).

In order to implement these measures as soon as possible, RF CCI and OPORA also intend:

- To hold public events – seminars and roundtables – on the problem of reducing administrative barriers and invite representatives of government agencies at various levels;
- To actively inform appropriate government agencies of the problems facing business;
- To analyze legal and regulatory acts for the presence of barriers;
- To collect information on administrative barriers and cases of arbitrary administrative decisions and make this information public.

In order to resolve the problem of restrictions on competition in business, RF CCI and OPORA will advocate for improvements in the antitrust laws:

- To limit interference by government and municipal agencies in competition by analyzing legal and regulatory acts for consistency with federal law;
- To limit the use of administrative power in business by creating advantages for certain market participants;
- To significantly reduce the length of review of applications submitted by businesspeople, and to increase by many times the fines imposed for abuse of an official position;
- To hold public officials accountable for inaction, red tape, and failure to respond promptly;
- To ensure the openness of information about the actions of executive branch agencies regarding competition (access to government and municipal property and procurements, conducting tenders, etc.), and to ensure public access to information about businesses that have a dominant position on any particular market.

3. Improving the system of taxation for small- and medium-sized enterprises:

According to most programs of regional coalitions of business associations, the second most important issue after administrative barriers to business is the high tax burden and the inadequacy of the current system of taxation of SMEs.

PROBLEMS:

Two new chapters of the Tax Code of the Russian Federation that affect the taxation of SMEs took effect on January 1, 2003: the Simplified Taxation System and the Single Tax on Imputed Income for Certain Types of Activity. However, the experience of applying these two chapters has revealed problems and gaps in the legislation. These laws have not led to quantitative, to say nothing of qualitative, growth in the SME sector.

Serious reforms of the tax laws are necessary in order to create truly favorable conditions for the development of the SME sector:

- Amendments are needed to the Simplified System of Taxation in Chapter 26.2 of the Tax Code, which took effect on January 1, 2003. In particular, in its current form, the simplified system of taxation may be used only by SMEs with 100 employees or less and an annual income under 15 million rubles;
- There is no limit on the total tax burden on SMEs;
- Requirements for double reporting (accounting and tax), etc.

The strategy of taxation of SMEs should be focused on legalizing income rather than fiscal control. The deficiencies in the tax laws impede the development of the SME sector and job creation, thus decreasing the GDP and economic growth in the country as a whole.

RECOMMENDATIONS

RF CCI and OPORA believe the following measures are necessary:

- Amend legislation to ensure that SMEs can voluntarily choose their tax regime;
- Increase the maximum amount of annual income for a taxpayer to have the right to use the simplified taxation system;
- Amend legislation to create a maximum total tax burden on SMEs;
- Introduce a three-year moratorium on any changes to tax law that would worsen the situation of taxpayers, including new reporting forms;
- Make the tax laws of constituent entities of the Russian Federation consistent with the federal Tax Code by creating a single tax on imputed income.

4. Giving small- and medium-sized enterprises access to property and land and access to economic information (on registries, tenders, government procurement, etc.):

Access to property resources is a significant problem for businesses today. The success of any new business depends primarily on finding a suitable location. Without appropriate guarantees of the long-term right to occupy buildings and land, it is impossible to experience business growth, make investment decisions, introduce new technologies, or issue securities. A large class of small property owners is the foundation of social and political stability and increased prosperity for all citizens.

PROBLEMS:

There is an acute shortage of commercial property. In an environment where new construction is proceeding slowly, it becomes especially important to lease government and municipal property with the right to subsequent purchase. But the current shortage of commercial space allows the authorities to dictate virtually any terms for the lease of properties under their control. Businesses that lease government- or municipally-owned commercial buildings face the problem that the rent for that type of commercial space rises much faster than the rate of inflation. Lease agreements between a business and a municipality often infringe upon the interests of the business: the business is required to renovate the space at its expense and pay for access to infrastructure services, and the lease does not provide for reimbursement of costs on permanent improvements to the space. The existing Federal Law on Privatization of Government and Municipal Property, dated December 21, 2001, No. 178-FZ, did not allow for the purchase of leased property as a method of privatizing government and municipal property.

Thus, businesses that currently lease space in government or municipal buildings and make significant investments to improve it do not have the opportunity to subsequently purchase the space. For an SME owner, buying property by tender is very difficult in practice due to the lack of sufficient funds to compete with larger businesses.

RECOMMENDATIONS:

RF CCI and OPORA will advocate for:

- The introduction of a mechanism for entering into commercial lease agreements with businesses for a term of 10-15 years (if the lessee desires) with the right to purchase the property in installments over the term of the lease;
- The opportunity for businesspeople to purchase property for which they have a long-term lease without going through the tender process;
- The creation and publication of an open registry of real property (buildings, structures, facilities, and parcels of land) in a particular constituent entity of the Russian Federation that is available for sale or lease. Properties unencumbered by the rights of third parties would be included in the registry. Laws would provide liability for officials of government agencies who concealed available real properties by not including them in the registry;
- A prohibition on terminating leases of land without compensation of production expenses and without providing a new, similar parcel of land.

5. Developing effective loan mechanisms for small- and medium-sized enterprises.

PROBLEMS:

Surveys of businesspeople show that a lack of sufficient funds is among the problems that interfere with doing business. Banks must play a significant role in solving this problem because they are the main source of borrowed funds in Russia today. The banking sector provides limited loans to SMEs, often due to the objective reason that risks are high and the necessary guarantees are lacking. There are examples of banks suddenly becoming successful in this area. But the total amount of loans extended to the SME sector has not yet reached significant levels.

Throughout the world, one of the most important segments of the financial market for loans to SMEs, microbusiness, and agricultural producers is the credit cooperative, often called the non-bank credit sector. This sector of the financial market can give SMEs access to credit resources. In order to develop the credit cooperative as a specialized form of a non-bank credit organization, it is necessary to provide the legislative basis for this form of financial institution. However, the draft Law on Credit Cooperatives has not yet been adopted.

RECOMMENDATIONS:

RF CCI and OPORA believe the following measures should be taken:

- Stimulate the development of a system of bank loans for businesses; move away from direct financing with government monies (through business support funds) and toward guaranteeing a portion of the risks of extending loans to SMEs.
- Develop credit cooperatives and other microlending systems;

6. Fighting corruption and giving legal protection to small- and medium-sized enterprises:

The programs of regional coalitions of business associations place particular emphasis on the problem of fighting corruption.

PROBLEMS:

The inadequacies of current laws and the numerous administrative barriers to doing business create a situation in which it is sometimes easier for a businessperson to negotiate a solution to the problem rather than comply with the requirements of the law. As a result, certain business entities enjoy preferences in the use of resources (administrative, informational, property, etc.), in violation of the rights of businesses that are not involved in corrupt relationships.

RECOMMENDATIONS:

In order to combat corruption, RF CCI and OPORA intend:

- To create partnerships to combat corruption by developing close working relationships with nonprofit organizations, the media, and the authorities;
- To collect and analyze information on how corruption works;
- To develop proposals to eliminate the economic foundations of corruption.

FEDERAL LEVEL ACHIEVEMENTS:

RF CCI and OPORA advocate for reforms based on recommendations made by regional coalitions.

1. Increased SME access to commercial information and participation in state contracting competitions.

In June 2005, President of the Russian Federation Vladimir Putin signed the federal law “On Placing of Orders for the Supply of Goods, Operation and Rendering of Services for State and Municipal Needs.” As a result of the joint efforts of RF CCI, OPORA, and the business community, provisions were included into the law addressing guarantees and mechanisms for SME involvement into the supply of goods for state and municipal needs. The law also stipulates a state contract quota of 15% for SMEs.

2. Improvement of taxation system for SMEs

President Putin signed a law designed to improve the SME taxation system, including introduction of amendments to the Chapters 26.2 and 26.3 of the Tax Code of the Russian Federation. As a result, the business community has managed to:

- Reduce the taxable income base for income tax calculation;
- Retain the right for NGOs to use simplified taxation system;
- Entitle individual entrepreneurs who use simplified taxation system to purchase a yearly business license in lieu of the imposed income tax payment.

3. Lowering of administrative barriers and legal protection of SMEs

President Putin approved amendments to three federal laws that regulate the licensing of specific business activities and provide legitimate businesses with protection from illegal inspections. The laws incorporate the recommendations of RF CCI and OPORA, including:

- Reducing the list of business activities that require licensing from 125 to 103, and amendments propose further reductions;
- Extending the protection of entrepreneurs’ rights to cover inspections by state licensing bodies.

4. Protection of entrepreneurs’ rights

The General Office of Public Prosecutor of the Russian Federation signed a decree “On the Public Prosecutors’ Oversight of the Protection of Entrepreneurs’ Rights.” The decree will serve as a tool for entrepreneurs to fight illegal inspections. According to the provisions of the decree, entrepreneurs can address their complaints to the prosecutors’ offices. The decree was initiated by RF CCI in partnership with business associations across Russia (all 12 coalitions created under the current USAID project participated in this process).

NOTES

NOTES

Center for International Private Enterprise
1155 15th Street, NW • Suite 700
Washington, DC 20005
Telephone: (202) 721-9200
Fax: (202) 721-9250
Website: www.cipe.org