



# ESTABLISHING AN ECONOMIC POLICY ADVOCACY COALITION

WORKSHOP ON ESTABLISHING A COALITION OF PRIVATE SECTOR ORGANIZATIONS IN GEORGIA

**GOVERNING FOR GROWTH (G4G) IN GEORGIA** 

29 May 2015

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GOVERNING FOR GROWTH (G4G) IN GEORGIA CONTRACT NUMBER: AID-114-C-14-00007

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### **DATA**

Author(s): Carmen Stanila, Senior Consultant, Center for International Private

Enterprise

Reviewed by: Maya Eristavi, Advocacy and Capacity Building Component Lead

Eka Leonidze, Organizational Development/CYPRESS Advisor

Michael Martley, Communications Team Lead

Milo Stevanovich, Chief of Party

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priority issues, solutions

## **ABSTRACT**

As part of a multi-step approach in building the capacity of business associations in Georgia to advocate for priority reforms, Governing for Growth (G4G) organized a coalition-building workshop. The goal was to emphasize the importance of working together with one voice and establish a coalition of organizations.

Twenty-one executives and staff members of business associations, chambers of commerce, and economic think tanks attended the workshop. During the event they discussed issues related to coalition building, examples of effective coalitions and the creation of a coalition of Georgian organizations. They also decided on the fundamental elements of this coalition and selected common priorities for public private dialogue.

The workshop took place on 19-21 May 2015 at the Ilia State University Botanical Institute in Tbilisi.

## **ACRONYMS**

Acronym	Definition/Description
ADR	Alternative Dispute Resolution
AmCham	American Chamber of Commerce in Georgia
EPAC	Economic Policy Advocacy Coalition
G4G	USAID Governing for Growth in Georgia
GSMEA	Georgian Small and Medium Enterprises Association
ISET	International School of Economics at Tbilisi State University
SME	Small and Medium Enterprise
USAID	United States Agency for International Development

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## **EXECUTIVE SUMMARY**

In order to represent their members and engage effectively in public-private dialogue for reforms in Georgia, business associations need to have a strong and unified voice.

As part of its efforts to strengthen the capacity of private sector and civil society organizations to advocate for reforms, G4G organized a workshop on coalition building in Tbilisi on 19-21 May 2015. Carmen Stanila, Senior Consultant for G4G, prepared and facilitated the workshop. Twenty-one executives and staff members of business associations, chambers of ecommerce and economic think tanks attended the workshop. During the event they discussed issues related to coalition building, examples of effective coalitions and the establishment of a coalition of Georgian private sector organizations. They also decided on the fundamental elements of this coalition and selected priority issues on which they will engage in dialogue with decision-makers.

This workshop is a part of a program aimed at building the capacity of local business associations to engage in the reform process. The establishment of the coalition of Georgian private sector organizations begins the process of uniting like-minded organizations around common goals in the area of economic policy.

## **BACKGROUND**

At present, the decision-making process in Georgia involves little or no consultation with the private sector on public policy. Business associations and chambers of commerce work individually or in small groups to advance the interests of their members in the policy-making process, but the results are inconsistent.

One of the objectives of the G4G project is to develop the capacity of targeted private sector and civil society actors to organize stakeholders and advocate for improvements to the country's economic competitiveness. In line with this objective, G4G organized a workshop on the topic of coalition building which brought together business associations, chambers of commerce, and economic think tanks that all aim at making the voice of the private sector heard in the reform process in Georgia.

## **METHODOLOGY**

In the framework of G4G, the consultant carried out a series of activities, as follows:

1. Read the application forms filled in by the associations that participated in the previous workshop

In preparation for the workshop, the consultant reviewed profiles of the Georgian associations derived from previously completed applications. These application forms are diagnostic assessments and they provide an overview of each organization's primary areas of work. Reading the forms helped the consultant to better understand the characteristics of the organizations, as well as their level of participation public-private dialogue.

The organizations included:

- Georgian Chamber of Commerce and Industry
- American Chamber of Commerce in Georgia
- Georgia Farmers' Association
- Georgian Women Business Association
- Business and Economic Center
- Georgian Small and Medium Enterprises Association
- · Georgian Tourism Association.
- 2. Prepared the workshop agenda and materials

Working in close communication and collaboration with Maya Eristavi, Advocacy and Capacity Building Component Lead, the consultant developed the agenda for the three half-day workshop sessions (Appendix 1).

The agenda comprised of sessions on topics such as Coalition Building, Best Practices – Examples from Other Countries, and Identifying and Selecting Priority Issues and Developing Solutions. For each of the sessions, the consultant developed a PowerPoint presentation:

Presentation on Coalition Building (Appendix 2).

Presentation on Examples of Coalitions from other Countries (Appendix 3).

Presentation on Identifying and Selecting Priority Issues and Developing Solutions (Appendix4).

3. Conducted the workshop

The workshop was held in Tbilisi on May 19-21 and was attended by twenty-one executives and staff of eighteen business associations, chambers of commerce and economic think tanks. The participants represented eighteen organizations. The list of participants is included in (Appendix 6).

During the workshop, the consultant presented the process of coalition building and shared examples of successful coalitions from Romania, Moldova, Armenia, Montenegro and Albania. The participants also shared their experience with coalitions in Georgia.

Following these presentations and examples, the consultant asked the participants whether their organizations would be interested to create a Georgian coalition and what would be the motivation. The participants expressed their interest and stated that by working together they will have more power, access to more expertise, and they will be more effective in advocating for their members' interests.

The consultant moderated a discussion for participants to title the coalition. They all agreed to name it "Economic Policy Advocacy Coalition" (EPAC). They also developed a mission statement for the

coalition: "To support the development of a business-friendly policy environment through inclusive dialogue between public and private sector actors." The participants also discussed the nature of the coalition and membership eligibility.

Much time was dedicated to identifying issues that affect the organizations' members. Each participant had the opportunity to share issues of concern for the organization he/she represents. The group identified a list of seventeen issues ranging from access to finance for Georgian small and medium enterprises (SMEs) to land registration, from support programs for export activities to greater transparency in the policy making process. After a lively debate the participants selected four priority issues on which they will engage in dialogue with the government. The list comprises the following policy issues:

- The implementation of tax audits
- Access to finance for SMEs
- Land registration
- The introduction of alternative dispute resolution (ADR) for commercial cases.

The participants also discussed and brainstormed solutions to address common issues of concern. In this context the facilitator emphasized the importance of formulating clear, research-based solutions and policy recommendations in order to be taken into consideration by decision-makers.

Another topic the participants focused on was the creation of working groups, one for each of the selected priorities.

During the workshop, participants debated two approaches to public-private dialogue: reactive and pro-active. By working together in a coalition, the organization members can react collectively and swiftly to harmful draft legislation that will be adopted. The participants shared relevant examples of such actions.

The consultant highlighted also the benefits of the pro-active approach. If they define a common agenda of priorities on which to engage in dialogue with government representatives, coalitions have time to prepare a well-documented position and they can set the agenda of the meeting with decision-makers and gain visibility. The participants seemed to be in agreement about the fact that the two approaches complement each other and each of them is useful.

The last session of the workshop was dedicated to discussing next steps of the newly-established Georgian coalition and coordination with G4G.

4. Developed a write-up summarizing the main elements of the Georgian coalition agreed upon by the workshop participants

Following the workshop, the consultant prepared a document that summarizes the main elements of the Georgian coalition that the workshop participants discussed and agreed upon: name, mission statement, type of coalition, membership, common priorities for advocacy. The document is available in Appendix 5.

This document will be sent for review to the workshop participants. The content of the document will lie at the basis of the memorandum of cooperation that the coalition will sign during a ceremony to be organized in June 2015. The exact date of the ceremony is to be determined after consultation with the participants.

5. Meetings with G4G representatives and participation in the weekly staff meeting

During the trip to Tbilisi, the consultant met with the following people: Milo Stevanovich, G4G Chief of Party and Nato Beruashvili, G4G Deputy Chief of Party. In addition, throughout the visit she worked closely with Maya Eristavi, Advocacy and Capacity Building Component Lead of G4G.

## **FINDINGS**

- The executives of Georgian business associations, chambers of commerce, and economic think tanks who attended the workshop understand the need and the advantages of joining forces and working in a coalition that would advocate to government officials on issues of common interest. Several of them stated that when they communicate with the government individually, they cannot solve their members' issues whereas together they would have a stronger voice and greater chance of success.
- Some of the coalition members already have some experience in working in other coalitions. For example, the representatives of several organizations are part of a Georgian coalition named the Coalition for an Independent and Transparent Judiciary. This experience can help shape EPAC coalition and its members can draw on lessons learned.
- The membership of the newly created Georgian Coalition is very diverse and their interests
  can be equally diverse. It was very refreshing to see that they managed to come to
  agreement on common policy priorities in such a short period of time.
- Given the diversity of organizations and issues that they propose to advocate, the idea of
  forming working groups on each of the priority issues came naturally. Some organizations are
  more interested in one issue than in others and some stated that they are already working on
  them individually, so it makes sense to form issue-based working groups.
- The working groups represent a great way to engage members as each organization has the
  opportunity to contribute, depending on its interests and resources (expertise, contacts, etc.).
- One of the association executives expressed concern regarding the risk of the coalition turning into a bureaucracy and cited an example he is familiar with. This is a very valid point to be considered as the coalition develops and defines a working model.

## **RECOMMENDATIONS**

Following the workshop sessions, the consultant's main recommendations are:

- To support the newly created coalition in its future endeavors and particularly in the research of policy proposals to address their priority issues.
- To encourage the coalition members to get involved and contribute in the working groups depending on interest and resources they can make available.
- To organize a session dedicated to the internal organization of the coalition in the next few months to discuss EPAC members' roles and develop rules for working together.
- Some EPAC members are more influential than others due to relative capacity. The recommendation is to build the capacity of less influential organizations so that they can represent their members more effectively.

## **ADDITIONAL INFORMATION**

List of materials and deliverables produced as part of this assignment:

- Appendix 1 Workshop agenda
- Appendix 2 Presentation on coalition building
- Appendix 3 Presentation on examples of coalitions
- Appendix 4 Presentation on issue selection and solution development
- Appendix 5 Write up of the main elements of the Georgian coalition
- Appendix 6 List of participants







# Workshop on Establishing a Coalition of Private Sector Organizations in Georgia

May 19 - 21, 2015 Tbilisi, Georgia

Venue - Iliauni Botanical Institute

#### 19 May, 2015

Iliauni Botanical Institute

9:30 - 10:00	Welcome remarks and participation introductions	30 min
10:00 – 10:15	Importance of Coalition building and role of G4G	15 min
	Milo Stevanovich, Chief of Party Governing for Growth (G4G) Project	
10:15 – 11:00	Coalition Building Why do we need coalitions? What is the purpose? How effective coalitions work	45 Min
	Carmen Stanila, CIPE Senior Consultant	
11:00 – 11:30	Best Practices: examples from other countries (Romania, Montenegro, Armenia, Moldova and Albania)	30 Min
	Carmen Stanila, CIPE Senior Consultant	
11:30 – 11:45	Coffee Break	15 Min
11:45 – 12:00	Challenges in cooperation with government	15 Min
	Nino Chokheli GoG Capacity Strengthening Component Lead Governing for Growth (G4G) Project	

12:00 – 13:15	Group Discussions Opportunities of establishing a coalition on business advocacy Defining name and mission of the Georgian Coalition	1 hour, 15 min		
	Carmen Stanila, CIPE Consultant			
13:15 – 13:30	Wrap up and adjournment	15 min		
20 May, 2015 Iliauni Botanical Institute				
9:30 – 10:00	Presentation of G4G reform progress tracking system	30 Min		
	Natalia Beruashvili – Deputy Chief of Party Governing for Growth (G4G) Project			
10:00 – 11:00	Developing working groups for public – private dialogue on reforms	60 min		
	Carmen Stanila, CIPE Senior Consultant			
11:00 – 11:30	Working groups – Identifying and selecting priority issues and developing solutions for public – private dialogue	30 min		
	Carmen Stanila, CIPE Senior Consultant	30 111111		
11:30 – 12:00	Coffee Break	30 min		
12:00 – 13:30	Working groups – Identifying and selecting priority issues and developing solutions for public – private dialogue (cont)	1 hour, 30 min		
	Carmen Stanila, CIPE Senior Consultant			
13:30 – 14:00	Wrap up and adjournment	30 min		
21 May, 2015 Iliauni Botanical Institute				
9:30 – 10:00	Working together How to work together in the working groups? How to integrate with G4G programs?	30 min		
	Carmen Stanila, CIPE Senior Consultant			
10:00 – 11:30	Stakeholder analysis on selected priority issues and solutions	1 hour, 30 min		
	Carmen Stanila, CIPE Senior Consultant			

11:30 – 12:00	Coffee Break	30 min
12:00 – 12:30	Working group action plans Working groups' presentations	30 min
	Maya Eristavi, Advocacy and Capacity Building Component Lead Governing for Growth (G4G) Project	
12:30 – 13:00	Next steps and closing remarks	30 min

#### **Coalition Building**

Carmen Stanila, Senior Consultant

Center for International Private Enterprise

Tbilisi, Georgia

May 19, 2015

#### **Objectives**

- Introduce the main points to consider when building a coalition
- Present various types of coalitions
- Present some of the "ingredients" of a coalition



#### Why Work as a Coalition?

- A common (stronger) voice
- Larger representation (grassroots support)
- Being with peers
- Access to more resources (information, HR, \$\$\$)
- Power
- OTHERS?



#### The Creation of a Coalition

- Why do we want a coalition?
- Do we need a coalition?
- Are we ready for a coalition?
- Do we know how to work as a coalition?

#### **Building a Coalition**

- Is a process
- Requires
  - Mission / Vision / Strategy
  - Leadership

#### COMMITMENT

#### Mission / Vision / Strategy

- Why have a coalition?
- What is our goal? What do we want to accomplish?
- Open discussions between future coalition members
- Gain consensus

#### **Coalition Structure**

- What kind of coalition? Formal / Informal?
- Membership structure
  - O Equal membership vs. membership categories
  - O Large membership vs. small membership
  - O Active / passive members
- Rules for working together (working principles, membership categories, rights, responsibilities, how to join, withdrawal/ exclusion)

#### **Coalition Leadership and Management**

#### Leadership

- Critical aspect
- Leadership, not necessarily a leader
- Need for a spokesperson

#### Management / Coordination

- The coalition needs a "management center" / secretariat:
  - Independent
  - Well-respected
  - Willing and able to spend resources

#### Working in a Coalition

- Work plan
  - Who does what? When? How?
  - Assign responsibilities
- Internal organization:
  - How do we work?
  - When do we meet?
  - How do we communicate?
  - How do we make decisions?
- Role of secretariat

The **work** is done by members of the Coalition (choose the issue and solutions, develop an advocacy campaign, etc.)

#### **Factors That Contribute to Success / Failure**

- Ownership
- Taking responsibility
- Active/passive attitude of coalition members
- Egos
- Communication/lack of communication
- How members solve problems and conflicts

#### Things to Keep in Mind

A coalition is not a substitute for individual associations.

A coalition cannot tackle all the members' issues.

A coalition is not only about winning, it is also about working together.



**QUESTIONS?** 

#### **Examples of Effective Coalitions**

Carmen Stanila, Senior Consultant, Center for International Private Enterprise

Tbilisi, Georgia - May 19, 2015

#### Main topic

- ▶ Examples of CIPE-supported coalitions from:
  - o Romania
  - Montenegro
  - o Armenia
  - o Moldova
  - o Albania



#### The Romanian Experience

3 sector-based informal coalitions



T-3 - Tourism for Today and Tomorrow



Tech 21 - ITC



Pro-Globe (manufacturing)

▶ Developed 3 legislative agendas with specific recommendations to improve business legislation affecting members

#### The Romanian Experience (cont.)

- ▶ Launched Open Doors Campaign to promote new policies
- Coordination: CIPE Romania
- Achievements:
  - 0 income tax for software developers; software leasing
  - Creation of regional tourism promotion offices
  - Changes in the Labor Code



#### The Montenegro Business Alliance (MBA)

- ▶ Created in 2001, 10 founders
- First private, voluntary umbrella organization open to entrepreneurs, businesses and associations
- Main goal: develop the voice of business in the public policy process







#### **MBA Achievements**

- Influenced the passage of 8 key laws: corporate profit tax law, enterprise, accounting, bankruptcy laws, licensing law, etc.
- ▶ "10% for Montenegro" campaign (2004-2008)
  - 9% flat tax on corporate profits < 15-20%</li>
  - 9% tax rate on personal income < 15-20%</li>
- ▶ Business registration (45 days > 4 days, \$4500 > \$1)
- Simplified bankruptcy procedures, less costs

#### **Business Advocacy Network - Armenia**

- ▶ Informal network of 16 associations (June 2010) now 25 members
- Coordination: Secretariat made up of 7 members
- Advocates for SME interests
- ▶ Consultations on economic issues (tax policy reform, fiscal code reform)
- Success: Creation of SME Development Council (2011) chaired by Prime Minister

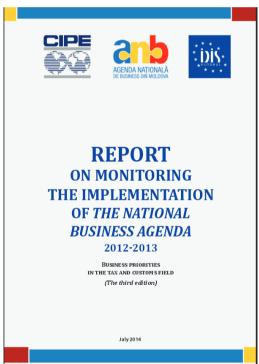


#### The Moldovan Experience

- ▶ National Business Agenda (NBA) Informal network of over 30 business associations a think tank as facilitator/coordinator.
- Developed a National Business Agenda (NBA) document with private sector priorities and proposals to develop a business-friendly climate
- NBA = platform for well-prepared, transparent & constructive dialogue between private sector and Government

#### The NBA Network in Action





#### **NBA Successes**

- In Dec 2012, IMF and State Tax Service invited NBA to public discussions of STS's
   5-year reform plan
- In Jan 2013, Ministry of Economy invited NBA to provide evaluation of all Government economic initiatives
- In May 2013, new Government invited NBA to discuss its reform agenda
- In June 2013, World Bank included NBA proposals in its policy advice to government

#### National Business Forum - Albania

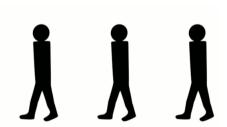
- Informal coalition, launched in Nov. 2013
- ▶ 9 founding members and 2 partners
- ▶ Coordination Unit a BA leader; technical support from an economic think tank
- ▶ Advocacy on business issues affecting members:
  - Tax inspections (2014)
  - Informality (2015)

#### What do they all have in common?

- ▶ Common interests one voice
- Committed members
- ▶ Focus on specific, well-researched solutions (no complaining)
- Constructive dialogue (speaking and listening, negotiation)
- ▶ Persistence follow-up and monitoring until solutions are implemented



"If you want to go fast, go alone.



If you want to go far, go together".

(West African proverb)

#### How to Select Your Issue for an Advocacy Campaign

#### Carmen Stanila, CIPE Senior Consultant

Tbilisi, Georgia - May 20, 2015

#### The ADVOCACY Process: A Step - By - Step Approach

- · Identify, prioritize and select your issue
- Develop the solution (what it is that you want)
- Educate & mobilize your network
- Analyze stakeholders
- Build like-minded coalitions
- Target decision makers
- Message development
- Select proper communication tools
- Coordination of grassroots advocacy campaigns (build public support) & Direct advocacy
- Track debate on policy (the issue)
- Follow-up

#### How to select the ISSUE for an advocacy campaign?

- O Issue identification
- Issue prioritization
- O Issue selection

#### Criteria to consider

- O Is well-defined
- O Is relevant to a great number of members
- O Concerns flaws of particular public policies
- O Can be resolved by specific policy proposals
- O Has a reasonable chance of success in the short term
- O Gains members' support
- O Is not strongly opposed by powerful groups, legislators or the general public

#### **Questions to ask**

#### **IMPACT**

- O How many people are affected?
- O What is the impact of the issue on businesses?
- O What are the key figures and examples to explain it?
- O Where to find them?
- O Is the issue long-term or short-term? How did it change over time?

#### **SUCCESS**

- O How would you define success on this issue?
  - Short–term
  - Long-term

#### More questions to ask

#### **RESOURCES**

O Do we have the necessary resources?



• Human



- Financial
- Expertise
- Contacts
- O If not, where can we find them?

#### **DECISION-MAKERS**

What are their policy priorities?

#### A few words about solutions to address the issue

- O Specific
- O Realistic
- O Framed in the general interest

Back it with data and examples!

#### RESEARCH

"They didn't know it was impossible so they did it".

(Mark Twain)



# Write-up of the Main Elements of the Economic Policy Advocacy Coalition in Georgia

#### Reasons for having a coalition

- ✓ More power
- ✓ More effective
- ✓ More expertise, more competencies
- ✓ Share information create a mailing list and Facebook page

The Georgian Coalition's name is: **Economic Policy Advocacy Coalition.** 

#### Mission:

To support the development of a business-friendly policy environment through inclusive dialogue between public and private sector actors.

Informal coalition focused on business issues.

#### **Membership:**

Business associations, chambers of commerce and think tanks in the economic sphere.

All members have equal rights.

#### **Spokesperson:**

Depending on the issue and their competence in regard to the issue, Coalition members will take turns and speak on behalf of the Coalition.

#### **Working groups**

The members have agreed to have a working group on each priority issue they identified together.

#### **Priority issues**

Out of a list of seventeen issues of interest for the organizations members, the Coalition selected four priority issues to focus on in the near future. They are as follows:

- Tax audits
- Access to finance for SMEs
- Land registration
- Alternative dispute resolution (ADR) mediation for commercial cases

#### List of participants

- 1. Ana Napetvaridze, Georgian Microfinance Association
- 2. Konstantin Zhgenti, Association of Business Consulting Organizations of Georgia
- 3. Ana Gergedava, Association Women in Business
- 4. Nino Evgenidze, Economic Policy Research Center
- 5. Irina Guruli, Economic Policy Research Center
- 6. Irakli Gelovani, American Chamber of Commerce in Georgia
- 7. Tamuna Toria, Georgian Farmers' Association
- 8. Nino Nanitashvili, International School of Economics at Tbilisi State University
- 9. Guranda Darchidze, International School of Economics at Tbilisi State University
- 10. Eric Livny, International School of Economics at Tbilisi State University
- 11. Kristi Bebia, Young Entrepreneurs Association
- 12. Sopho Japaridze, Georgian Logistics Association
- 13. Levan Jurgalane, Georgian Institute of Directors
- 14. Natia Katsiashvili, BEC-Business and Economic Centre
- 15. Becka Injia, Georgian Chambers of Commerce and Industry
- 16. George Bagrationi, Association of Banks
- 17. Nina Kochiashvili, Georgian Women Business Association
- 18. Tata Jaiani, Georgian Wine Association
- 19. Magda Korakhashvili, Georgian Small and Medium Enterprises Association
- 20. Ana Shalamberidze, ALFG
- 21. Eka Tsimakuridze, Georgian Young Lawyers' Association
- 22. Archil Bakuradze, Georgian Microfinance Association

USAID Governing for Growth (G4G) in Georgia Deloitte Consulting Overseas Projects LLP

Address: 85 Z.Paliashvili Street, Tbilisi

Phone: +995 322 240115 / 16

E-mail: info@g4g.ge