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**Business Climate in CIS Countries**

*Warsaw, August 2005*

Materials published here have a working paper character. They can be subject to further publication. The views and opinions expressed here reflect the author(s) point of view and not necessarily those of CASE

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## Abstract

The paper examines the quality of the business climate in the group of the Commonwealth of Independent States (CIS) from the prospective of the level of development of entrepreneurship, and individual countries' attractiveness to the foreign direct investments (FDI). The analysis suggests that the main obstacles for further improvements of the business climate in this group of countries are high level of corruption, inefficiency in the existing system of tax administration and regulation, discretionary implementation of custom and trade regulations, low level of property rights protection, and macroeconomic instability. Some explanations of the historical and institutional causes of these business impediments are provided.

Although the net FDI inflow to CIS countries has been substantially increased since the time they gained independence, it's still well below than in Central & Eastern Europe Countries (CEE). The number of private enterprises per capita vastly varies within the CIS countries, with some of them approaching the OECD level, but some else lagging far behind. FDI stocks also unequally distribute within the CIS group. Fuel exporting countries are better off than fuel importing countries, although the individual country's business climate within two groups does not differ significantly.

As a conclusion, paper suggests a number of concrete public policy recommendations aiming to improve business climate in the CIS region.

This paper focuses on discussing the deep systemic causes of the existing business and investment climate in the CIS, its potential negative implications for economic growth and possible cures<sup>1</sup>.

## 1. The business climate in CIS countries: Survey evidence

An extensive body of survey data gathered by the World Bank, the World Economic Forum, and other institutions indicates that business climates in many CIS<sup>2</sup> countries are much less favorable than those in CEB<sup>3</sup> countries. These data also point to extensive variation in business conditions among CIS countries. This variation no doubt reflects the results of efforts taken to improve business conditions in many CIS countries, particularly after the 1998 crisis. But it may also reflect weaknesses in the available tools for assessing business conditions in CIS countries. These weaknesses stem from the use of subjective assessments by business people and managers concerning the extent of barriers to doing business in individual countries. In addition, such measures do not generally lend themselves to cross-country comparisons.

The World Bank's Cost of Doing Business (CODB) survey<sup>4</sup> attempts to avoid these problems by comparing such objective indicators as the costs, number, and duration of bureaucratic procedures. These data indicate that companies in CIS countries face significantly higher costs of enforcing contracts and acquiring commercial information than do firms in CEB countries<sup>5</sup>. However, although important, the costs of doing business are not sufficient proxies for business conditions in general<sup>6</sup>.

Numbers of firms (particularly non-agricultural firms) per capita can also serve as a proxy for the business climate. Judging by this indicator, business climates in CIS countries generally look somewhat worse than in CEB, and even Balkan states (Figure 1). However, Russia, Moldova, and Ukraine do not compare quite so badly. However, even in countries with relatively large numbers of businesses per capita, business climates leave much room for improvement. Business climates in relatively successful Russia and Ukraine (in terms of per capita businesses) were ranked 60 and

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<sup>2</sup> Due to the absence of data we do not consider Turkmenistan when discussing the issues of business climate.

<sup>3</sup> For the purpose of this paper, CEB refers to the following countries: the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, and Slovakia.

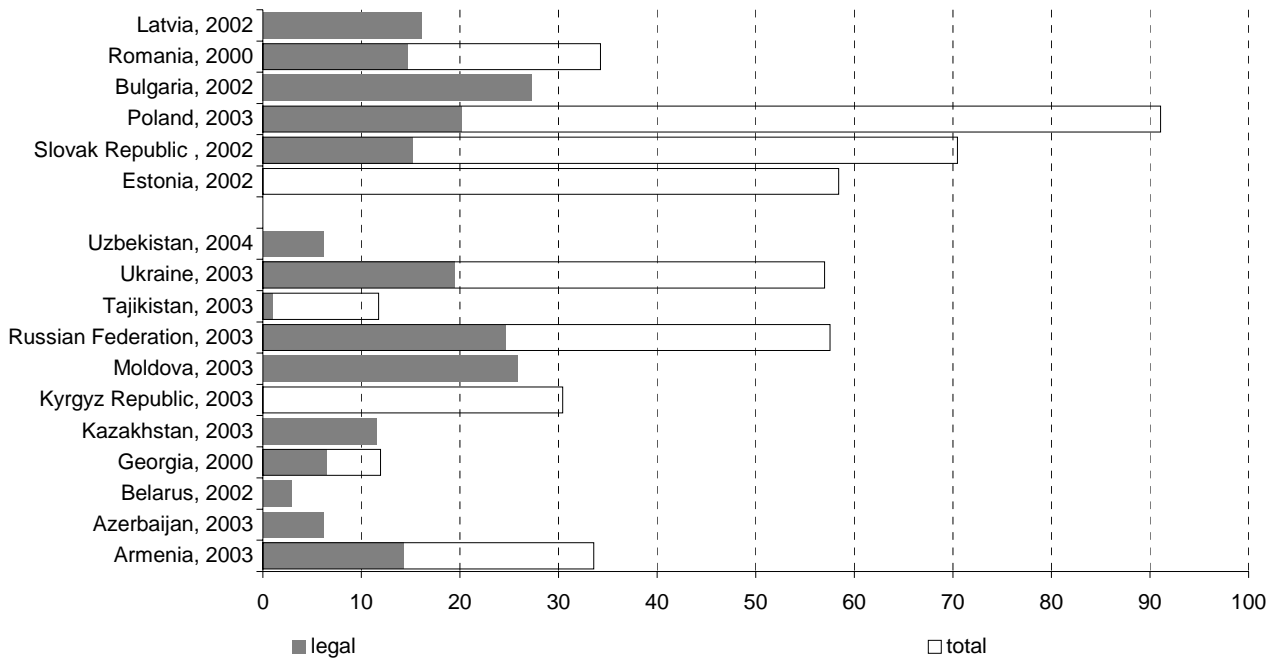
<sup>4</sup> <http://rru.worldbank.org/DoingBusiness/default.aspx>.

<sup>5</sup> The values for the confidence intervals may be overstated because they are calculated based on country averages. The raw data are not available.

<sup>6</sup> Firms can adjust to the relative costs of engaging in various activities, thereby avoiding the most burdensome obstacles. Thus, even if one could calculate the total costs of business obstacles for a "typical" firm in a particular country, these costs would not be comparable across countries, because the "typical" firms would be different. Also, because business surveys typically focus on formal or monetized barriers, they can ignore important informal costs. Sometimes they also tend to overstate the formal barriers. For example, although the formal costs of compliance with regulations governing the hiring or firing of employees are higher in CIS countries than in the new EU member states, in most cases these regulations can be easily circumvented in CIS countries. As a result, the actual importance of labor regulations as business impediments is much lower in CIS than in CEB countries.

71 respectively out of the 104 countries surveyed in the 2004 Global Competitiveness Report<sup>7</sup>. While being close to those of Balkan countries, these rankings lagged far behind most EU new member states, which were typically between 30 and 40 (GCR, 2004).

**Figure 1. Numbers of legal entities and individual entrepreneurs in the CIS, and some other transition countries**



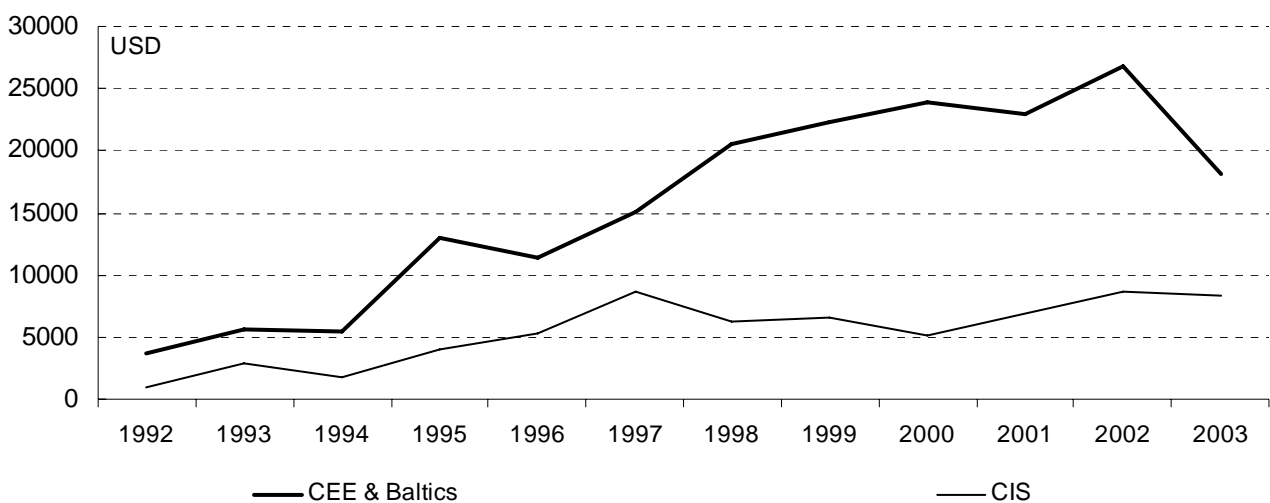
**Notes.**

Per a 1000 of population. Blue bars refer to the legal persons, empty bars refer to the total numbers (including the individual entrepreneurs).

The exact definitions of a legal entity and an individual entrepreneur vary from country to country. These categories can overlap, which may cause some entities counted twice. We used the most recent available data assuming that the numbers of business entities do not change rapidly. For some countries the numbers for individual entrepreneurs are missed, which does not necessary mean that they are non-existent in these countries. Such data are collected by the national statistic bodies just in some CIS countries.

Sources: national yearbooks, and state statistical agencies websites, except for the number of individual entrepreneurs in Russia (for July 1, 2002) that is based on the tax authorities data (<http://offline.business-magazine.ru/2002/10/23008>).

**Figure 2. FDI inflows to CIS and CEE countries in 1992–2003**



Source: UNCTAD World Investment Report (2004).

<sup>7</sup> Only Russia, Ukraine, and Georgia were included in this ranking.

Business survey evidence based on subjective assessments obtained from three different World Bank business surveys (WBES, BEEPS<sup>8</sup>, and ICA<sup>9</sup>) suggest that the major impediments to doing business are quite similar in most CIS countries. The results of the surveys are generally consistent with one another, and suggest the following conclusions:

- Corruption in the CIS is a much more important obstacle to doing business than in the CEB or Balkan countries. However, it is much less significant than in the Middle East, North Africa, and Southern Asia.
- Although taxation is generally ranked as a critical barrier to doing business in CIS countries, this is due primarily to tax administration, rather than to tax rates per se.<sup>10</sup> By contrast, whereas tax rates are seen as the most important impediment to doing business in the CEE countries, tax administration is regarded as much less severe problem in these countries.
- Custom and trade regulations present more important obstacles for business in the CIS than in the CEB and Balkan countries. This difference suggests that these regulations in CIS are overly complex and/or discretionary implemented, which to a certain extent can result from “state capture”.
- Property rights (at least contract enforcement and investor protection) are substantially weaker in the CIS than in CEB (see Table 1).
- Macroeconomic instability is a larger barrier to conducting business in the CIS countries than in the CEE countries.

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<sup>8</sup> EBRD/World Bank Business Environment and Enterprise Performance Survey (BEEPS) undertaken in 2002.  
<http://info.worldbank.org/governance/beeeps2002>.

<sup>9</sup> Investment Climate Assessment survey; the World Bank Group, 2002.  
[http://www.worldbank.org/privatesector/ic/ic\\_ica\\_standard.htm](http://www.worldbank.org/privatesector/ic/ic_ica_standard.htm).

<sup>10</sup> Thanks to flat taxes and other tax reforms introduced in the last five years, tax rates in CIS countries are generally lower than in the EU new member states, although recent tax reforms introduced in the Baltic states, Slovakia, and elsewhere are narrowing this gap.



**Table 1. Selected objective characteristics of the business impediments in CIS, CEE and Baltic countries (CODB, 2002-2003).**

Country		ARM	AZE	BLR	GEO	KAZ	KGZ	MDA	RUS	UKR	UZB	CIS aver.	CZK	SVK	PLN	HUN	CEE aver.	EST	LVA	LTU	CEB aver.
Starting a Business	Number of procedures	10	14	16	9	9	8	10	9	15	9	10.9	10	9	10	6	8.8	6	7	8	8.0
	Time (days)	25	123	79	25	25	21	30	36	34	35	43.3	40	52	31	52	43.8	72	18	26	41.6
	Cost (% of income per capita)	7	14.7	25.3	13.7	10.5	11.6	18.6	6.7	17.6	17	14.3	10.8	5.7	20.6	22.9	15.0	7.5	17.6	3.7	12.7
	Min. capital (% of income per capita)	4.5	0	44.3	54.5	32.7	0.6	24.6	5.6	113.9	21.9	30.3	44.5	46.1	237.9	86.4	103.7	49.7	41.4	62.8	81.3
Hiring and Firing Workers	Difficulty of Hiring Index	17	33	33	17	0	33	33	0	33	33	23.2	44	0	11	11	16.5	11	78	33	26.9
	Rigidity of Hours Index	40	40	60	60	60	40	60	60	80	40	54.0	20	20	60	80	45.0	80	20	60	48.6
	Difficulty of Firing Index	50	40	70	70	20	40	70	20	80	100	56.0	20	10	30	30	22.5	40	50	30	30.0
	Rigidity of Employment Index	36	38	54	49	27	38	54	27	64	58	44.5	28	10	34	40	28.0	44	49	41	35.1
	Firing Costs (weeks)	17	42	21	21	17	21	21	17	94	28	29.9	22	17	25	34	24.5	33	42	34	29.6
Registering Property	Number of procedures	4	7	7	8	8	7	5	6	9	12	7.3	4	5	7	4	5.0	4	10	3	5.3
	Time (days)	18	61	231	39	52	15	81	37	93	97	72.4	122	22	204	79	106.8	65	62	3	79.6
	Cost (% of property value per capita)	0.9	0.5	0.2	2.5	1.8	5.3	1.3	0.8	4.3	11.8	2.9	3	3.1	1.6	6.8	3.6	0.5	2.1	0.9	2.6
Getting Credit	Cost to create Collateral (% of income per capita)	0.9	9.2	3.6	30	4.1	12.4	1.5	11.6	3.5	1	7.8	0.6	20.1	1.2	13.5	8.9	..	1.5	4.1	6.8
	Legal Rights Index	4	6	5	7	5	8	6	3	6	5	5.5	6	9	2	5	5.5	..	8	4	5.7
	Credit Information Index	0	0	3	0	0	0	0	0	0	0	0.3	5	3	4	3	3.8	5	4	3	3.9
	Public registry coverage (borrowers per 1000 capita)	0	0	..	0	0	0	0	0	0	0	0.0	21	6	0	0	6.8	0	6	44	11.0
	Private bureau coverage (borrowers per 1000 capita)	0	0	0	0	0	0	0	0	0	0	0.0	249	0	380	33	165.5	95	0	0	108.1
Protecting Investors	Disclosure Index	3	2	1	5	5	3	3	3	3	4	3.2	6	6	4	5	5.3	4	5	6	5.1
Enforcing Contracts	Number of procedures	24	25	28	18	41	46	37	29	28	35	31.1	22	27	41	21	27.8	25	23	17	25.1
	Time (days)	195	267	250	375	400	492	280	330	269	368	322.6	300	565	1000	365	557.5	150	189	154	389.0
	Cost (% of debt)	17.8	19.8	20.7	31.7	8.5	47.9	16.2	20.3	11	18.1	21.2	9.6	15	8.7	8.1	10.4	10.6	11	14.1	11.0
Closing a Business	Time (years)	1.9	2.7	5.8	3.2	3.3	3.5	2.8	1.5	2.6	4	3.1	9.2	4.7	1.4	2	4.3	3	1.1	1.2	3.2
	Cost (% of estate)	4	8	4	4	18	4	8	4	18	4	7.6	18	18	18	23	19.3	8	4	8	13.9
	Recovery Rate (cents on the dollar)	39.6	33.2	11.9	20.4	13.4	24.4	29.3	48.4	25.5	12.5	25.9	16.8	39.6	68.2	30.8	38.9	40	85	52.4	47.5

Note. Confidence intervals are calculated based on the country averages. Excluding of outliers does not change the qualitative conclusions.

Source: CODB survey results provided by the World Bank; averages and confidence intervals - authors' calculations.

## 2. Foreign Direct Investment in the CIS

Foreign direct investment (FDI) is an important engine of growth, and is sought by virtually all countries. FDI inflows provide financial capital, technology, managerial skills, information, and goods and services that are needed to strengthen economic growth and reduce poverty<sup>11</sup>. FDI inflows are particularly important in transition economies with their limited domestic savings and large investment needs.

The CIS countries have performed poorly in terms of attracting FDI. Aggregate investment in the CIS countries contracted sharply following the breakup of the Soviet Union (Campos and Coricelli, 2002), and FDI inflows have generally fallen short of levels needed to offset low domestic investment rates (see Figure 3). Despite the CIS countries' large endowment in terms of rich natural resources, highly educated labor forces, and potentially large markets, the only countries that have recorded any significant successes in attracting FDI (Kazakhstan and Azerbaijan) have done so in the energy sector (principally extraction or energy transportation infrastructure). Some upsurges in FDI were related to large privatization transactions or settlement of energy debts (Shiells, 2003). Macroeconomic instability, political uncertainty, corruption, underdeveloped financial sectors, and inadequate protection of property rights have been the major barriers to FDI in CIS countries. At the beginning of 2000, cumulative FDI inflows to CIS region totaled about \$23 billion<sup>12</sup>. However, the aggregate FDI record of CIS countries could have been better unless the Russian financial crisis that adversely affected capital flows into the whole region.

Foreign investors seek out locations in countries with prudential macroeconomic policies, including internal (low inflation rate) and external (predictable and stable exchange rate) stability. Since 2000 improved macroeconomic performance generally led to an increase in capital flows to CIS region, but owing to generally weak business climate foreign investment inflows growth has not been significant enough to catch up with CEB countries (see Figure 2).

Nevertheless, even countries with abundant energy resources, such as Azerbaijan, Kazakhstan, and particularly Russia, have not succeeded in attracting levels of cumulative FDI inflows per capita (or per unit of output) comparable to those into the CEB countries. For instance, inward FDI stock to the whole CIS region in 2003 reached just \$230 per capita, compared to \$1,271 for Poland, \$4,202 for the Czech Republic and \$ 2,627 for Croatia. Kazakhstan and Azerbaijan that received slightly above \$1,000 of cumulative FDI per capita in 2003 are the CIS leaders.

A major reason for poor FDI record of CIS countries is sluggish pace of market reforms in these countries compared to CEE region. For example, FDI inflows in CEE were originally triggered by the privatization of leading industrial and financial companies to strategic foreign investors, which indicated adequate investment climates and led to further greenfield investments. This underscores the fact that countries that receive significant amounts of FDI via privatization are

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<sup>11</sup> See, among others, UNCTAD (2001), World Bank (2001). JP Morgan (1998) estimates that among transition economies, a 1.0 percentage point increase in FDI (measured as a proportion of GDP), increases per capita income by 0.8 percent.

<sup>12</sup> In this section we relied on the own calculations using data of UNCTAD World Investment Report (2004), unless otherwise is specified.

more to receive larger greenfield FDI inflows subsequently. The CIS economies have not made good use of this rule of thumb, however, due to their emphasis on selling state enterprises to insiders (managers, workers, other members of ruling elites) at concessionary prices. Because of their mineral and energy wealth, Kazakhstan and Azerbaijan constitute partial exceptions to this pattern. Azerbaijan's annual average FDI inflows almost quadrupled during 2001-2003 (compared to 1992-2000), rising to \$1.6 billion. But even these countries have been unable to attract significant greenfield FDI outside of the mineral and energy sectors (see Table 2).

**Table 2. Average Annual FDI Inflows to CIS countries**

	1992-2000	2001-2003	% change
	USD million		
CIS	4707.1	8102.6	72
Azerbaijan	417.5	1634.6	292
Russia	2321.6	2358.0	2
Kazakhstan	1039.9	2497.8	140
Turkmenistan	104.9	123.3	18
Fuel exporters average (4)	790.0	1246.8	58
Armenia	76.5	131.0	71
Tajikistan	16.2	25.7	59
Uzbekistan	77.7	72.7	-6
Belarus	141.3	171.1	21
Moldova	51.0	107.1	110
Kyrgyzstan	47.3	11.6	-75
Ukraine	422.7	969.7	129
Georgia	87.7	204.3	133
Fuel importers average (8)	93.5	156.8	68

Source: UNCTAD World Investment Report, 2004

Taking into account great difference in energy resources endowment across CIS countries, it is convenient to differentiate between the following two country groups:

1. **fuel exporters** (Azerbaijan, Kazakhstan, Russia, and Turkmenistan). Energy products constituted some 70% of total exports of these countries during 2001-2003. By and large, the majority of the FDI into these countries is energy resources exploitation. While FDI in manufacturing, agriculture, and services lagged behind.

2. **fuel importers** (Armenia, Georgia, the Kyrgyz Republic, Moldova, Tajikistan, and Ukraine, and Belarus). Energy products average some 30% of total imports for these countries.

Foreign direct investment into the first group of countries (fuel exporters) has a different character than FDI into the other CIS countries. Energy exploitation projects reflect such considerations as the size, quality, and location of energy deposits: less weight is placed on the country's overall investment climate (Tondel, 2001). Also, the energy sector is often supported by special tax regimes with investment incentives<sup>13</sup>. If they so desire, fuel exporters can therefore attract larger amounts of FDI than other countries, regardless of the quality of their business environments.

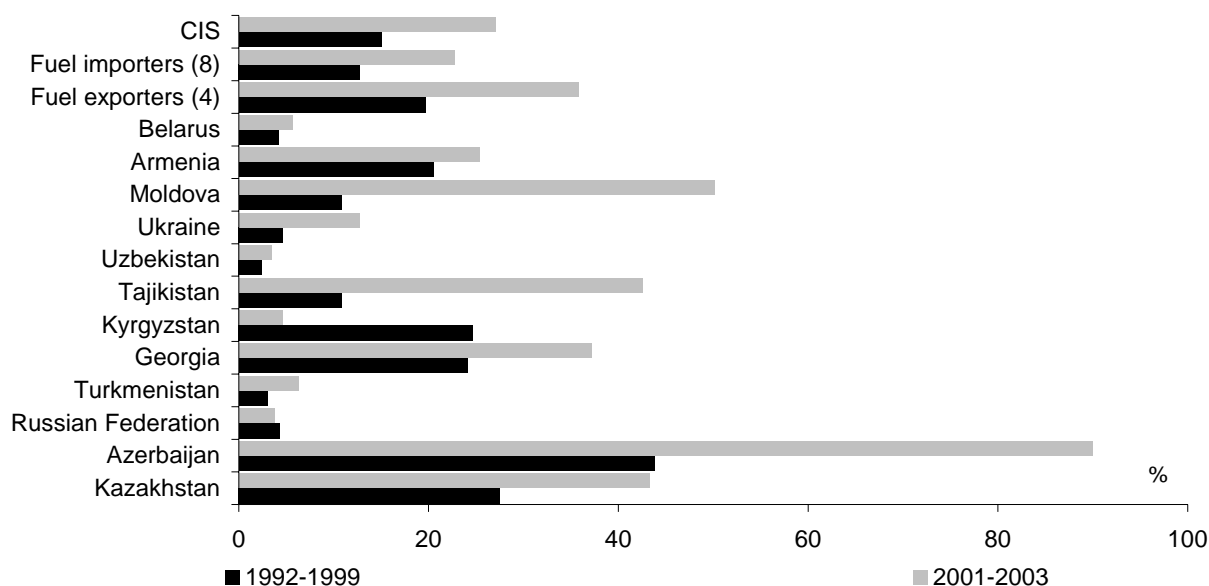
In the group of fuel exporters, Russia represents the special case as its population is equal to roughly 144 million people, suggesting that market motivation is also important objective for foreign investors. This explains also higher sector diversification of FDI inflows into Russia, where foreign investments into fuel and petrochemicals represent only about 20% of total FDI<sup>14</sup>. At the same

<sup>13</sup> Shiells, C. (2003). FDI and the Investment Climate in the CIS countries. IMF Policy Discussion Paper.

<sup>14</sup> The food processing sector accounts for the largest share of Russia's inward FDI, while oil extraction has attracted the second largest share.

time, more than 70% of FDI inflows to Azerbaijan, Kazakhstan, and Turkmenistan went into oil and gas sectors.

**Figure 3. Inward FDI per cent share in gross fixed capital formation**



Source: UNCTAD World Investment Report, 2004.

The industrial composition of FDI inflows to the second group of countries (fuel importers) is more diversified because these flows were motivated by mainly market seeking motivations, while efficiency seeking motivations were the least important for the foreign companies operated in the CIS countries (UNCTAD, 2003). Therefore, they show higher shares of FDI in such sectors as banking, telecommunications, and utilities. In this respect, the CIS fuel importers are more like the advanced CEB transition economies, where the composition of FDI is gradually shifting from manufacturing towards services. For instance, in Ukraine the sectors that traditionally attract the large shares of FDI were food processing and retail trade, which usually give investors quick, relatively low-risk returns compared to other sectors. In Armenia, Georgia, and Moldova, privatizations in the energy sector have attracted the largest share of FDI inflows; whereas in the Kyrgyz Republic and Tajikistan, large gold mine projects have accounted for the bulk of inward FDI, (Shiells, 2003).

**Table 3. Origins of FDI flows into CIS countries**

Host country	Source country
Azerbaijan	USA, UK, Turkey, Russia, Italy
Russia	Germany, USA, UK, Cyprus
Kazakhstan	USA, Canada, Turkey, Japan
Turkmenistan	USA, UK, Malaysia
Armenia	Russia, Greece, USA, France
Tajikistan	UK, Canada, USA, South Korea, Russia
Uzbekistan	UK, Malaysia, Turkey
Belarus	Russia, Germany
Moldova	Russia, USA, Spain, UK, France
Kyrgyzstan	Canada, USA, Germany, Turkey
Ukraine	USA, Cyprus, UK, Netherlands, Virgin Islands, Germany, Russia Austria
Georgia	USA, UK, Azerbaijan, Russia

Source: UNCTAD (2004), Shiells (2003), EBRD (2002), Tondel (2001).

Most of the FDI invested in CIS countries comes from the USA, Russia, and Western Europe (see Table 3). Russian companies are becoming increasingly active in the region, due to their ex-

perience in restructuring post-Soviet enterprises and their desire to gain control over their value chains. Ukraine, Belarus, Uzbekistan and Kazakhstan were the top destinations of Russian FDI during 2002-2003. Russia's LUKoil initiated \$3billion greenfield gas exploration project in Kazakhstan during this time, while Russia's Mobile Telesystem partially acquired the largest Ukrainian mobile operator UMC in 2003. In the Turkish speaking areas of Central Asia and the Caucasus there is a notable Turkish presence. Asian investments play some role in Central Asia (Tondel, 2001).

Taking into account the current dynamics of FDI flows into CIS region, the medium-term prospects for growth of FDI are very good and expected to increase in 2004-2005.

### 3. What Makes Business Climates Less Favorable in the CIS?

Many of the obstacles in the CIS to business activities in general and to FDI in particular can be explained by the "grabbing hand" paradigm (Shleifer and Frye, 1997), emphasizing the predatory nature of state agencies. Uncoordinated bribery by state agencies can devastate business, as herd overgrazing can devastate commonly owned fields. "Grabbing hand" problems are less severe in healthy democratic states, where civil society controls restrain predation. But they should also be smaller in countries where non-democratic regimes are strong enough to coordinate the activities of state agencies, and thereby prevent "excessive predation". By contrast, "grabbing hand" problems could be especially severe in young states like the most of CIS countries in the early 1990s—but they should decline as state building progresses.

However, the same state officials and agencies that prey on the new private sector also facilitate the subsidization of "privileged enterprises", many of which predate the transition and are affiliated with important persons. The grabbing hand in CIS countries therefore is a part of the business-state relations known as "nomenklatura capitalism" that are characteristic to post-communist CIS countries. Nomenklatura capitalism refers to informal networks of state officials, business people, and criminal structures that are linked together by reputation, family relations, and compromising dossiers (kompromat) (Ledeneva, 2000)<sup>15</sup>. These networks prevent the establishment of the rule of law needed for the undistorted development of business climates in CIS countries.

Problems of political corruption linked to the grabbing hand are of course found in other post-communist countries (Karklins, 2002), as well as in developing countries more generally. In the CIS, however, they are more serious than in CEB countries, for a number of reasons. We argue that this type of corruption is often rooted in traditions of extensive bureaucratic discretion that make Soviet and post-Soviet state agencies so different from Weberian bureaucracies. Volkov (2000) explains the emergence of the social traditions facilitating these networks by the patrimonial legacy of Moscow, which had a much stronger impact on CIS than CEB and Balkan countries. The similar rent-seeking networks in many CEB countries were restrained by the implementation of far-reaching market and political reforms. The emergence of civil society and other democratic controls has helped restrict the most harmful kinds of corruption and predation in the CEB countries.

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<sup>15</sup> From the sociological perspective they were at least partly grounded on the specific socio-cultural phenomenon known as blat (Ledeneva, 1998).

## 4. Conclusions and policy implications

Survey data on business conditions in CIS countries are not unambiguous or above methodological reproach. They do suggest, however, that business climates are significantly worse in these countries than in the new EU member states, and often worse than in the Balkans. They also point to significant variation among business climates in the CIS countries themselves. If these data are correct, then spreading “best practices” within the CIS region may be more effective than attempting to transplant CEB practices, due to the institutional and cultural commonalities of doing business in CIS countries.

Corruption, security of property rights, tax administration, customs, and macroeconomic instability (or perceptions therein) seem to be particularly important concerns for business people in CIS countries. Most of these problems can be addressed by policy reform, however. In Ukraine, Russia, and some other CIS countries, the discretion wielded by tax officials has been significantly restricted for individual entrepreneurs and micro businesses through the introduction of lump-sum (and other simplified) taxes. In Ukraine and Russia, these reforms led to significant increases in small business activity without generating harmful fiscal side effects. In Ukraine, budget revenues received from “simplified” tax payers increased six-fold following the broad introduction of lump sum taxes<sup>16</sup>. The depth of customs problems facing companies can be partly addressed by trade liberalization (within or outside of the WTO framework), and fears of macroeconomic instability can be addressed by the continuation of the monetary and fiscal policy frameworks introduced following the 1998 financial crisis. The sustained pursuit of judicial reform, and avoidance populist reprivatization campaigns, can strengthen entrepreneurs’ belief in the sanctity of their property holdings.

These conclusions suggest a number of concrete policy recommendations:

- General simplification of legislation, making it less vulnerable to selective interpretation, implementation, and punishment – even at the expense of flexibility. Carry out functional review of government agencies to clarify their functions and responsibilities.
- Maintaining stable macroeconomic policies including prudential fiscal and monetary policies.
- Improving the transparency of legislative processes. All regulations along with their justifications, cost-benefit analysis, and comments of independent experts, should be exposed to the public scrutiny (for example, via Internet) well in advance to their official consideration – even at the expense of slower legislative progress.
- Further development of the financial sector, including private banks, insurance companies, and pension funds.
- Improve system of corporate governance and in particular legislation related to minority shareholder rights protection.
- Issues of excessive or discretionary customs burdens can be addressed by trade liberalization (within or outside of the WTO framework).

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<sup>16</sup> For more detail about Ukraine, see Dubrovskiy (2003).

- The sustained pursuit of judicial reform, in order to provide better formal mechanisms for the resolution of commercial disputes.
- Avoidance of populist reprivatization campaigns and other egalitarian actions.

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