

## Leadership Training For African Businesswomen

**Botswana** — Nearly 200 African businesswomen attended CIPE’s leadership training program in Botswana on February 4-6. Thirty-five businesswomen participated in person and, thanks to a satellite link provided by the African Virtual University (AVU), an additional 150 women participated in Ghana, Ethiopia, Uganda, Kenya and Tanzania. Sandra Taylor, Vice President of Kodak Corporation and CIPE Board Member, stressed why this type of training is so essential. “African business women contribute significantly to the growing economies of their countries, but not enough of them are ascending to leadership positions from which they can promote economic and democratic reform,” she said.

This program is a continuation of CIPE’s strategy to promote the inclusion of African women in the process of democratization. Topics included strategic planning, communication techniques, advocacy, and the role of leadership, particularly women’s, in community development. Barbara Mogae, the first lady of Botswana, attended the session on advocacy. “This has been our most impressive and wide reaching session delivered in Africa,” CIPE

Deputy Director Jean Rogers told the Africa News Service. This seminar coincided with a trade development conference organized by the African-American



*Barbara Mogae, the First Lady of Botswana (left) with Sandra Taylor, CIPE Board member.*

Institute and the American and African Business Women’s Alliance (AABWA), titled *Leadership and Linkages for Women in Trade and Investment*.

Botswana’s President Festus Mogae, who was joined by the new Minister of Trade, Industry, Wildlife and Tourism Pelonomi Venson, opened the conference. The Luncheon keynote speaker was Uganda Vice President Speciosa Wandira Kazibwe.

## Business Association Trends in Central Europe



*John Linstroth, CIPE Board Member, with Laszlo Kallay of the Hungarian Institute for Small and Medium Enterprise Development.*

**Warsaw, Poland** — CIPE held a Regional Business Association Development workshop in Warsaw, Poland on March 21st. The meeting identified clear trends in association development throughout the region and provided an opportunity for organizations conducting CIPE sponsored business association surveys in Poland, Hungary, Serbia, and Bulgaria to present their findings.

The legacy of communism and the relative youth of the private sector in these economies have combined to create a difficult operating environment for associations. Chambers and associations must not only overcome the barriers that other NGOs face in building grassroots support and democracy, but they must do so among a

business community which is skeptical of cooperation and intensely competitive.

Speakers included Andrzej Arendarski, President, Polish Chamber of Commerce; John Linstroth, CIPE Board Member; Bohdan Wyznikiewicz, Vice-President, *continued on page 6*

### IN THIS ISSUE

#### SPECIAL FEATURE

USAID’s Bill Frej Keynote Address on Building Competitive Advantage in Nations  
page 4

- 2 From the Chairman
- 3 Corporate Governance Efforts in Colombia
- 4 Building Competitive Advantage in Nations
- 6 Leadership Skills Development in Turkey

*CIPE is an affiliate of the US Chamber of Commerce*



# CIPE Board of Directors 2001-2002

**CIPE Chairman**  
Amb. John Bohn  
CHAIRMAN AND CEO  
**Global Venture Partners**

Stanton D. Anderson  
ATTORNEY AT LAW  
**McDermott, Will &  
Emery**

Barbara Barrett  
PRESIDENT  
**Triple Creek Ranch**

Beverly Byron  
FORMER CONGRESSWOMAN  
**Byron Butcher Associates**

June DeHart  
PARTNER, WASHINGTON  
OFFICE  
**Manatt, Phelps & Phillips**

Thomas J. Donohue  
PRESIDENT AND CEO  
**United States Chamber  
of Commerce**

Barbara Franklin  
PRESIDENT AND CEO  
**Barbara Franklin  
Enterprises**

Barbara B. Grogan  
PRESIDENT  
**Western Industrial  
Contractors**

Debora A. Guthrie  
FOUNDER AND CEO  
**Capitol Health**

Dr. Kim R. Holmes  
VICE PRESIDENT  
**Heritage Foundation**

Senator Roger W. Jepsen  
PRESIDENT  
**Jepsen & Associates**

Gregori Lebedev  
EXECUTIVE VICE PRESIDENT  
AND COO  
**United States Chamber  
of Commerce**

Larry Liebenow  
PRESIDENT AND CEO  
**Quaker Fabric Corporation**

John P. Linstroth  
PRESIDENT  
**JPL Land Development  
Corporation**

Toby Malichi  
PRESIDENT/ FOUNDER  
**Malichi International, Ltd.**

Michael D. McCurry  
PRESIDENT  
**Public Strategies Group,  
LLC**

Janice Rys  
SENIOR VICE PRESIDENT  
**Metro Atlanta Chamber  
of Commerce**

Michael A. Samuels  
PRESIDENT AND FOUNDER  
**Samuels International  
Associates, Inc.**

José Sorzano  
CHAIRMAN AND CO-FOUNDER  
**The Austin Group, Inc.**

Kenneth R. Sparks  
EXECUTIVE VICE PRESIDENT  
**Federal City Council**

Sandra E. Taylor  
VICE PRESIDENT AND  
DIRECTOR, PUBLIC AFFAIRS  
**Eastman Kodak Company**

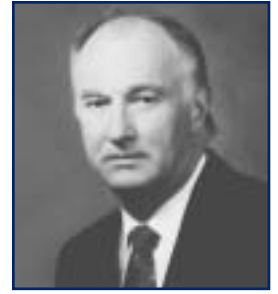
Steve Van Andel  
CHAIRMAN AND CEO  
**Alticor Inc.**

Peter S. Walters  
GROUP VICE PRESIDENT  
**Guardian Industries Corp.**

Willard A. Workman  
SENIOR VICE PRESIDENT,  
INTERNATIONAL AFFAIRS  
**United States Chamber  
of Commerce**

## Chairman's Message

### **Combating Corruption in China**



*John Bohn  
Chairman, CIPE*

As Chairman of the Center for International Private Enterprise it is often my pleasure to speak at various CIPE - sponsored conferences around the globe. This past April 11, I felt especially privileged to speak at China's first private-sector conference in Beijing on combating corruption, which CIPE co-sponsored with the World Bank, Carnegie Endowment for International Peace, and Tsinghua University. Over 150 participants including many policy researchers, business people, government officials and even a Supreme Court Justice, attended the event, which was covered by international and local press.

The conference was also featured on the internet and received over 800,000 "hits," evidence of the significant interest in the problem of corruption and the need for reform at the government level. This conference marked the first time that international experts— including speakers from CIPE, the World Bank and Transparency International—came to China to discuss strategies for combating corruption in such a frank and open forum. While the Chinese leadership has acknowledged that corruption is an extremely serious problem in China, it has so far failed to address the problem except through punishment. CIPE thought it important, therefore, to promote understanding of the root causes of corruption, especially the lack of transparency.

What struck me most was how honestly and candidly participants spoke about the problem of corruption within the government as well as within the communist party itself. Issues such as rule of law, independence of judiciary, and freedom of press were raised freely by speakers, and recognized as severe weaknesses in Chinese system by Chinese participants. I spoke at some length with Vice-President Liu Jiachen of the Supreme People's Court about the need for a sound legal system to combat corruption and his efforts in this area. It was only within the last decade that China amended their laws to stress anti-corruption and corporate governance.

# Corporate Governance Efforts in Colombia

**Colombia**—Despite ongoing political and social unrest in Colombia, business leaders and reformers remain committed to the struggle for a peaceful liberal democracy with rule of law, transparency, and a strong private sector. Recognizing the importance of sound corporate governance in helping the economy grow, strengthening democratic institutions, and combating corruption, over 250 business leaders, investors, and policymakers attended a conference on "Corporate Governance and the Role of Managers and Investors" in Bogotá.

This event will help Confecámaras, Colombia's largest business association and CIPE partner, to build a strong coalition to develop and promote a Declaration of Corporate Governance Principles for implementation in Colombia. Their current project also includes instituting corporate governance standards in the Colombian stock market, and Confecámaras has appeared before congress to advocate the "Ley del Mercado de Valores"—proposed regulations that the Colombian Legislature is currently considering for the securities market.

The conference was sponsored by CIPE, Confecámaras, the Stock Exchange of Colombia, the Securities and Exchange Commission of Colombia, the National Association of Pensions Funds, and the International Finance Corporation. Conference speakers included Jorge Gabriel Taboada, Colombia's Superintendent of Securities; Augusto Acosta, President of the Stock Market of Colombia; Eugenio



*Left to right: Mike Lubrano (IFC), Pablo Orozco (CEO of the Public Communications Enterprise of Bogota); Jorge Taboada (Superintendent of the Securities and Exchange Commission); Mauro Cunah; Luis Fernando Alarcón (CEO of the National Association of Pension funds); Javier Gutiérrez; Augusto Acosta (CEO of the Stock Exchange of Colombia); Eugenio Marulanda; and Rodrigo Galarza Vicepresident of ASOFONDOS.*

Marulanda, President of Confecámaras; Luis Fernando Alarcón, President of Asofondos and Mike Lubrano, from the IFC.

CIPE has worked closely with its local partner organization, Confecámaras, to promote sound market-oriented reform efforts and to support democracy.

"Corporate governance is about how a structure can be set up that allows for a considerable amount of freedom within the rule of law. Without rules and structures of a binding nature, anarchy results, and business becomes nothing but 'casino capitalism,'

*continued on page 6*

---

## Chairman's Message

*continued from previous page*

The level of freedom of expression exhibited in this conference shows that the government's crackdown against dissidents, while severe, is failing to stifle debate across the board. Intellectuals in China continue to push boundaries of debate over political reform further and further.

The conference proceedings are being published in Chinese and will be distributed widely within China. CIPE is also considering similar conferences to address the problem of corruption at the regional level.

John Bohn  
Chairman, CIPE

# Building Competitive Advantage in Nations: Increasing Transparency, Combating Corruption and Improving Corporate Governance

*Budapest, Hungary. March 26*

*Conference welcome by William Frej, Director of the Office of Market Transition, United States Agency for International Development Bureau for Europe and Eurasia*

Welcome to Budapest and this conference on building competitive advantage in nations, combating corruption and improving corporate governance. The overwhelming response to our announcement of the conference and the large turnout here today clearly indicates the timeliness and importance of the related topics we will be covering.

Let me thank our implementing partners, the Center for International Private Enterprise and J.E. Austin Associates for their successful efforts in assembling an outstanding panel of experienced development practitioners. USAID's special thanks are extended to our honored guests and distinguished speakers.

From Poland and Slovenia in the west, to Kazakhstan and Russian Siberia in the east, the economic changes in Central and Eastern Europe and Eurasia during the 1990s were profound and, in some cases, astonishing. In 1989, the state controlled almost every aspect of economic activity. For decades, people lived without basic democratic or economic freedoms. Bureaucrats set prices, established production quotas for factories and farms, decided which companies got credit and how much, and determined wages and working conditions. Governments not only owned land, natural resources, utilities, public transportation, and banks, but nearly all productive assets as well. Private businesses were banned or severely limited. The region was filled with factories employing thousands of workers they didn't need, to produce shoddy goods that few wanted. The whole centrally planned system was propped up by subsidies and noncommercial trading relationships and sustained by wasteful use of human, financial and natural resources.

The old system crumbled when the Berlin Wall fell and



*William Frej  
Director, Office of Market Transition, USAID*

the Soviet Union imploded, but the task of constructing something new was just about to begin. The United States recognized that encouraging the development of stable democracies would underline the historic U.S. commitment to democracy and human rights, and would promote U.S. and regional security interests. Helping countries develop private enterprises and enter global markets would expand opportunities for trade and investment. Developing economic and political alliances with the new governments and their people would make it easier to address global challenges.

In the 1990s, USAID supported and accelerated dramatic changes in the region. In so doing, USAID helped the courageous and hard working women and men who took the risks and confronted the challenges needed to start the transformation from old command to new market economies. Today, the countries of the region are moving - some quickly, and some far too slowly - toward more open, market-driven economies. Statistics for the region are impressive. Though the pace of progress has been uneven, we find that prices are being set by markets, farms and homes are increasingly owned by individuals, there are productive private enterprises, and governments are moving from opaque public procurement regimes to ones based on

transparency, accountability, competition, fairness, non-discrimination and value for money.

The historic transformation that has occurred during more than a decade of change is indeed remarkable. Although most countries moved forward in at least some key areas during the 1990s, we know that the journey is far from over, a great deal remains to be done. Because countries in the region have come so far, yet have so far to go, the three themes of this conference are today – more than ever – of critical importance. However one measures the successes and failures of the last decade, enhancing country competitiveness, combating corruption, and improving corporate governance should rank high on the development agenda of each country represented here. That's why we are here together in Budapest.

The way to building competitive advantage in nations begins with a determination to get two things right: the macroeconomic enabling environment and the microeconomic foundations for growth. The former calls for credible public sector institutions, ethical and effective public officials, and institutionalization of the rule of law, while the latter calls for robust industries and businesses that think and act in competitive and ethical ways. Key building blocks for an enabling environment that promotes country competitiveness include peace, security, personal and economic freedom, good governance, the rule of law, public and private probity, sound macroeconomic and fiscal policies, access to financial services, realizable property and contract rights, and effective market augmenting institutions.

A decade ago, corruption and corporate governance would not have shared the same agenda with building competitive advantage in nations. Now we see corruption and weak corporate governance as twin enemies of country competitiveness. Not only are they threats to future growth; left unchecked, they hold the potential for reversing gains already made over the last decade.

Today, more than a decade after the fall of the Wall, we know that endemic corruption in the region is not just a cost of doing business or a benign supplement to the wages of low paid public servants. In the new language of corruption, we know that "state capture" and "admin-

istrative corruption" stymie foreign and domestic investment, misallocate public resources, benefit a privileged few, tax the poor disproportionately, undermine public institutions, thwart the rule of law, and increase public cynicism and mistrust of government. Corruption is not petty!

Corruption and poor corporate governance are two sides of the same coin of no accountability. Each suffers from the same structural problem: misalignment of the interests of agents in positions of authority with those of their principals. In each case, due to perverse incentives and institutional imperfections, public officials and managers of private business act in their own short-term interests – abusing their positions of authority – rather than acting in the long term interests of their stakeholder principals.

Global capital flows towards businesses, regardless of location, that are directed by responsible boards and managed by professional and accountable agents; businesses that practice transparency, protect shareholders' rights, and maximize long-term shareholder value. In a highly competitive global marketplace, sophisticated global investors examine the countries and business in which they invest to assess if they suffer from weak governance or benefit from strong.

The antidotes for corruption and weak governance start with the same formula: identify, attack and replace the perverse incentives and institutional imperfections that breed and sustain these twin evils. We must increase transparency, increase accountability, devote more resources to prevention, and broaden our views of enforcement to one that moves us beyond a narrowly focused criminal law mindset. At the same time we must encourage a public-private dialogue and partnerships that develop indigenous approaches and solutions. The answer lies in doing a better job of decreasing the public's tolerance for corruption and weak governance - by personalizing their real costs, by marketing the tangible benefits of reform-and by showing the pathways to probity.

*Conference presentations and speaker biographies may be found on CIPE's web site at <http://www.cipe.org/events/budaconf>. A copy of all conference materials is also available on CD-ROM.*

## Corporate Governance Efforts in Colombia

*continued from page 3*

where investments are simply bets—bets that people will keep their word, bets that the firms are telling the truth, bets that employees will be paid, and bets that debts will be honored," said John D. Sullivan, CIPE Executive Director.

CIPE supports these reform efforts, which would establish more effective rulemaking and enforcement of the securities market, encouraging the improvement of corporate governance practices by promoting greater transparency and disclosure, equitable treatment of minority shareholders, and effective boards of directors. In addition to legislative activities, Confecámaras, with CIPE backing, has successfully advocated for Securities and Exchange Commission regulations to improve transparency in financial reporting and in shareholders' meetings.

---

## Leadership Skills Development in Turkey

When Sabih Attac, President of the Batman Bar Association, was faced with a need to upgrade the leadership and problem - solving skills of his members and other business people in Southeastern Turkey, he turned to CIPE partners the Center for Research of Societal Problems (TOSAM) and the Businessmen's Association of Southeastern Anatolia (GUNSIAD) for help in this mainly Kurdish region marred by poverty and ethnic and political strife. Business leaders like Mr. Attac realize that without necessary leadership, communication, and problem - solving skills, they cannot play an effective role in society.

With support from CIPE and the National Endowment for Democracy, TOSAM, along with GUNSIAD are helping the private sector to take on a more active role in economic and social policies. They organized a series of training program in various cities that assisted business people by upgrading their skills and introducing modern management techniques. Topics such as effective communication, change and crisis management, and leadership were explored in case studies and discussions. Between December 2001 and January 2002, GUNSIAD and TOSAM organized five training sessions.

*continued on page 7*

## Business Association Trends

*continued from page 1*

Gdansk Institute for Market Economics; Willard Workman, Senior Vice President, International Affairs, U.S. Chamber of Commerce, and Vice President, CIPE; Przemyslaw Kulawczuk, Research Director, Institute for Private Enterprise and Democracy (Poland); and Vladimir Pavlov, Chairman of Advisory Board, Foundation for Entrepreneurship Development (Bulgaria)

Sessions sought to identify the common factors and barriers to business association development brought out in the regional surveys. A common theme emerged that associations all have three similar challenges of trust, communication, and services.

**Trust** – While the business community has identified the need for engagement in the policy process, they often look towards personal contacts and informal mechanisms as the most effective mode of participation. Business Associations have largely failed to identify themselves as trustworthy and effective representatives for the business community.

**Communication** – While many associations have made successful attempts at advocacy, and they have developed programs and services, the business community remains largely ignorant of these. The survey indicates that associations lack the skills to clearly communicate their successes and programs to businesses.

**Services** – The survey also revealed that quite often associations are not providing the services that potential members would find of value, and are failing to convert their current services into increased income and new members.



*Young Kurdish trainees in Diyarbakir with Dr. Dogu Ergil of TOSAM*

## Leadership Skills Development in Turkey

*continued from the previous page*

In a region plagued by high unemployment, and ethnic and political conflict, training provided by GUNSIAD and TOSAM gave business leaders the skills they needed to address local and national needs. The programs in three cities filled to capacity, providing training to over 300 people, including many prominent business leaders, public officials, members of the media, NGO leaders, and young people. In Diyarbakir, army and police officers also participated in the program and discussions on improving the social and economic life in the region.

According to Celal Balik, Executive Director of GUNSIAD, "This program has helped increase the problem - solving skills of entrepreneurs and managers and provided knowledge of and techniques for better business management." According to Mr. Balik, the participants realized that using the right problem - solving techniques, "every problem may be solved or damage may be minimized."

TOSAM's Democratic Leadership and Change Management program is being funded by CIPE and the National Endowment for Democracy to strengthen the capacity of the private sector in Southeastern Turkey in advancing market - oriented economic reform based on democratic concepts of rule of law, accountability, and transparency.

## CIPE's Electronic Roundtables

CIPE's Electronic Roundtable is a new interactive forum that helps connect reformers around the globe. This service allows participants to listen to live presentations, view documents and ask questions from anywhere in the world through CIPE's website at <http://www.cipe.org/events/webevents/>. Following are a few of our recent events and speakers, all of which are archived on CIPE's web site.

### China after WTO

Cao Siyuan, director of the private Beijing Siyuan Merger & Bankruptcy Consultancy, Inc., spoke at CIPE on April 19 about the impact World Trade Organization membership will have on China's political structures. Mr. Cao is widely known as the leading proponent of political reform and privatization in China. He has spoken out and published countless articles in China espousing politically sensitive opinions such as amending the Constitution to protect property rights, opening the National People's Congress to public scrutiny and allowing freedom of the press. According to Mr. Cao, the standards that the



*continued on page 8*



The Center for International Private Enterprise is an affiliate of the U.S. Chamber of Commerce, established in 1983 to promote private enterprise and market-oriented reform worldwide. As a principal participant in the National Endowment for Democracy, CIPE supports strategies and techniques that address market-based democratic development. CIPE also receives support from the U.S. Agency for International Development (USAID), as well as private corporations and foundations. Since its inception, CIPE has funded more than 700 projects in 80 countries and has conducted business association management training programs in Africa, Asia, Central and Eastern Europe, Eurasia, Latin America, and the Middle East.

### CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE

The Madison Building  
1155 Fifteenth St., NW  
Suite 700  
Washington, DC 20005

**Phone:** (202) 721-9200

**Fax:** (202) 721-9250

**Email:** [cipe@cipe.org](mailto:cipe@cipe.org)

**Web Site:** [www.cipe.org](http://www.cipe.org)

#### OVERSEAS REPORT EDITORIAL STAFF

John D. Sullivan  
Executive Director

Jorge Amselle  
Public Affairs, Director

Aleksandr Shkolnikov  
Communications Officer



# CIPE's Electronic Roundtables

*continued from the previous page*

WTO requires of its members will force basic changes in China including the rule of law, increased privatization, and even changes within the Communist Party itself.

## Ukraine's Agenda for Reform

Mr. Yuri Yekhanurov is former First Deputy Prime Minister of Ukraine and Deputy-Elect to the Verkhovna Rada, Ukraine's parliament. On the heels of his victory in the Ukrainian parliamentary elections, Yury Yekhanurov made a presentation at the Center for International Private Enterprise (CIPE) in Washington titled "Ukraine's Agenda for Reform." At the May 3rd event, Mr. Yekhanurov, a key national political figure who has served as a voice for reform in Ukraine throughout its decade of independence, discussed future steps Ukraine must take to continue on its path toward democracy and a market economy.



## Economic Reform in Slovakia

Mr. Ivan Miklos is the Deputy Prime Minister for Economy of the Slovak Republic, and one of the most successful leaders in Central and Eastern Europe in introducing and implementing market-based economic policies. On May 22, Mr. Miklos made a presentation at the Center for International Private Enterprise (CIPE) in Washington on the economic reforms now underway in Slovakia. Mr. Miklos also discussed the future economic priorities as Slovakia aspires to become a full member of the European Union and presented his recent publication "Rewriting the Rules." This event was Co-Hosted by the Center for Strategic and International Studies.

## Centuries of Economic Endeavor: Why some countries prosper and others do not

Jack Powelson is a Professor of Economics, Emeritus at the University of Colorado specializing in Economic Development and Economic History. On May 10 he spoke about his work on power diffusion at CIPE. His findings, which are presented in his book "Centuries of Economic Endeavor," explore how prosperity comes from the way people work together and exchange the fruits of their labor, and the conditions that yield the best results.



**Center for International Private Enterprise**  
1155 15th St NW  
Suite 700  
Washington, DC 20005

NON-PROFIT  
US POSTAGE  
**PAID**  
WALDORF, MD  
PERMIT NO. 245