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Workshop on Privatization Policy, Strategy  
and Practice in the context of the Least  
Developed Countries in Africa

Dar-es-Salaam, United Republic of Tanzania  
21-24 September 1993

REPORT\*

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\* This document has not been edited.

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## INTRODUCTION

1. The Workshop on Privatization Policy, Strategy and Practice in the context of Least Developed Countries in Africa was held in Dar-es-Salaam, United Republic of Tanzania, from 21 to 24 September 1993. It was jointly organized by the United Nations Industrial Organization (UNIDO) and the Presidential Parastatal Sector Reform Commission (PSRC). Out of 14 participants selected and invited to the Workshop, 12 attended. The two delegates from Mozambique were unable to attend. All the participants were decision makers in their respective agencies/ministries in regard to the subject of privatization. UNIDO staff in Tanzania also attended the Workshop as observers. The list of participants is given in Annex I.

2. The Workshop addressed the key issues related to the privatization process, such as the balance between social goals and economic efficiency, the achievement of autonomy and accountability of state-owned enterprises (SOEs) and the pressures to reform and privatize. It aimed at increasing the capabilities and skills of public sector managers and technical experts engaged in carrying out policies of privatization in their countries.

## CONCLUSIONS AND RECOMMENDATIONS

3. During the past several years, privatization of public enterprises has become an increasingly salient issue in Africa. It is, however, one component of restructuring the African economies and arises out of both external and internal pressures. As a result of persistent slow or negative growth in most African economies in general, and in the LDC's in particular, during the past several decades, Governments are now searching for new ways to mobilize resources and use them more efficiently. They are now determined to transform the economies structurally. The aim is to achieve a faster economic growth. For this purpose, participants recognized that greater reliance on the private sector as the engine of growth is the only feasible route, and privatization is one of the principal means of bringing this transformation about. This means the dismantling of State-Owned Enterprises (SOEs) and ensuring their effective and orderly transfer to the private sector. Restructuring the economies and putting the private sector to the forefront are also perceived by the international financial and technical assistance organizations as a process within which privatization must be an important component.

4. The motives underlying this remarkable change of policies which favour a reduced role of the public sector and greater reliance on the private sector are many: the proven inability of the public sector to perform well as entrepreneur; the necessary and urgent need for greater economic efficiency, productivity and penetration into export markets; the necessity to free the budget from the deficits caused by SOEs, and to allow the Governments to undertake required investments so that the private sector can function more efficiently; basic requirements such as education and health of their citizens are properly looked after; physical infrastructure is provided; and the ownership of productive assets is spread among the citizens.

5. In adopting a private sector-led development strategy and relying on privatization as one of the principal vehicles, the participants recognized

that a greatly committed, modernized, efficient and supportive public sector was "sine qua non" for success.

6. Although different methods of divestiture and valuation methodologies of SOEs were followed, depending upon the particular circumstances of a country, the participants recognized that problems facing the implementation of privatization programmes appeared to have similar features. It was therefore recommended that:

- (a) There should be a firm commitment from the governments to privatize SOEs;
- (b) The process of privatization could be best carried out by an independent body, free of political and/or bureaucratic interference;
- (c) Whenever feasible, the interests of local qualified entrepreneurs should not be sacrificed at the expense of foreign investors;
- (d) When private investment was sought, due diligence by the government should be of utmost importance;
- (e) The pace of the privatization could be constrained by the socio-economic conditions, therefore, artificially forcing the pace might produce negative impacts;
- (f) The privatization process requires the establishment of a framework where consensus, smooth information flow and transparency are observed to avoid misunderstanding, mistrust and mismanagement.
- (g) Concomitantly with the privatization process, policy-makers as well as the civil service should gear their efforts to providing an enabling environment within which the private sector can function efficiently.
- (h) Institutions and organizations should be revised and reformed so that existing property rights, laws and regulations do not constitute obstacles to the process of privatization as well as the expansion of the private sector, and hence they should be revised accordingly.
- (i) Governments should not lose the perspective of the importance of social goals, safety nets etc., so that the people of the country are not subjected to undue hardship. For this purpose, Governments should develop the necessary programmes such as revolving funds for the operating small-and medium-size enterprises and for potential investors, provide intensive training programmes in management, marketing and related areas to those who are directly affected by the privatization process and those who are desirous to enter into the private sector.
- (j) The technical capacity and skill building in the private sector should be accompanied by the capacity building in the public sector so that the managers of the latter can function efficiently in the post-privatization era.

- (k) In the post-privatization era, important public policies should be directed towards encouraging private sector organizations/associations and to enter into a meaningful and constructive dialogue with the latter in order to articulate properly the policies and strategies for the pertinent sectors, so that, while the governments are fully aware of the needs and preferences of the private sector, the private sector is also conscious of the constraints within which the public sector functions.
- (l) UNIDO, should assist in establishing an information network in the sub-region so that each country's performance in privatization can benefit other countries.
7. The Workshop, after extensive and open discussions, put forward the above recommendations, not only for a successful privatization but also for a better functioning of the private sector, once the privatization process is successfully completed. In essence, privatization is one of the necessary but not sufficient means for economic improvement whose major driving force is the private sector. Privatization should be complemented and supplemented by a host of other policy measures so that the private sector can carry out its responsibility of being the main engine of an efficient economic and industrial development.

## PART ONE. REPORT OF THE WORKSHOP

### I. ORGANIZATION OF THE Workshop

#### Opening of the Workshop

#### Statement of the Resident Representative of UNDP

8. In his opening remarks, the Resident Representative of the United Nations Development Programme (UNDP) in Tanzania, Mr. Wally N'Dow, stated that the economies of many developing countries could not stand the continuous drain of Government funds into the never ending needs of State-Owned Enterprises (SOEs) which had stifled economic growth in those countries. He said, the fact that increasingly countries of all political hues have been moving to policies that favour a reduced role for the public sector and greater reliance on the private sector was a clear indication of a change in the development strategy. He therefore welcomed the holding of this Workshop to deal with privatization and related issues in order to improve the economic management not only of LDCs but also of other developing countries. In so doing, the Resident Representative put a special emphasis on the role of the local entrepreneurs/associations/organizations to be participants in the privatization process. He stressed the need for the public sector to establish the required mechanisms and conduct a wise and effective dialogue with the indigenous private sector in the implementation of the privatization programmes through information dissemination to the public.

9. The Resident Representative concluded by disclosing that UNDP had assisted the Tanzanian private sector in Export Promotion and had provided

also assistance to the Chamber of Commerce, Industry and Agriculture and to the Investment Promotion Centre.

Statement of the Deputy Principal Secretary of the Ministry of Finance

10. In the opening statement, the Deputy Principal Secretary, Mr. R.O.S. Mollel expressed his gratitude to UNIDO for organizing the Workshop with the sponsorship of the Government of Tanzania. He stated that the theme of the Workshop, namely: Privatization Policy, Strategy and Practice in African Least Developed Countries, was a recognition of the ongoing structural adjustment programmes in most African countries. The Deputy Principal Secretariat said that strategies to enhance economic and social development of least developed economies, particularly in Africa, was a serious challenge to Africa itself and to the international community at large. The fledgling economies of many African countries continued to face the twin problem of external shocks such as depressed commodity prices, restrictive business practices, inadequate aid flows and the debt dilemma. He identified the low performance of parastatal enterprises, utilizing more resources than they were generating, and that coupled with increasing indebtedness and accumulation of losses, it became necessary and urgent to undertake a capital restructuring. He said it was obvious that reinvestment was necessary in order to revive the parastatal enterprises. However, he observed, the massive capital injection required could not be met by the government budget, thus, a policy decision was made to invite private capital participation either through partial or full divestiture. In this connection, the Deputy Principal Secretary said that privatization had proved a difficult undertaking which required proper coordination and commitment of all parties: the Government, the parastatal sector itself, the private sector and the general public. In addressing the issues and constraints to the success of privatization, he considered it essential to assign particular importance to the following points:

- (a) Create an environment conducive to private initiative by formulating coherent and enduring rules for both local and foreign investments;
- (b) Exercise transparency, especially as far as the sale of public assets was concerned;
- (c) Inform the people, and workers in particular on the objectives and expectations of privatization to avoid resistance which could erode investor confidence and consequently delay the process.

11. The Deputy Principal Secretary of the Ministry of Finance concluded by stating that privatization was not an end but a means towards greater efficiency and faster economic and social progress. Only if this objective was achieved, then the programme could be considered as a successful strategy.

Statement by UNIDO Secretariat

12. The Coordinator for the Least Developed Countries (LDCs) welcomed the participants on behalf of the Director-General of UNIDO, and thanked the Government of Tanzania for hosting the Workshop in Dar-es-Salaam. He underlined first and foremost the importance the new Director-General of UNIDO, Mr. Mauricio de Maria y Campos, attached to human resources and skill development, and the strengthening of institutions, technology transfer, mobilization of financial resources (domestic and foreign) as priority issues to deal with in the industrialization process in Africa and other developing

countries. The LDCs Coordinator then briefed the Workshop on the Industrial Action Programme for the Least Developed countries. He indicated that the programme was designed to assist Governments in the planning of comprehensive long-term strategies and to further progress of divestiture of public assets in industrial enterprises, thereby creating favourable conditions for the development of entrepreneurship and private initiatives, especially in the small-and medium sized industries sector.

13. The Coordinator for the LDCs concluded by expressing his hope that the Workshop would answer the question : "Can African economies give a new direction to their industrial development by privatizing their state-owned enterprises?" UNIDO could be relied upon to given any assistance that would contribute to formulating an appropriate response.

Vote of thanks by the Chairman of the Presidential Parastatal Sector Reform Commission (PSRC)

14. In welcoming the participants, the Chairman of the Presidential Parastatal Sector Reform Commission began by thanking the United Nations Development Programme (UNDP) and the United Nations Industrial Development Organization (UNIDO) for their assistance since 1965. He pointed out that the privatization process should involve the local participation, thereby enhance democracy in countries concerned in Africa. He also underlined the importance of developing an enabling environment, including new legal structures to make the enterprises more efficient. In that light, he urged to target the consumers as final beneficiaries of the privatization programmes.

Election of Officers

15. The following officers were elected:

Chairman: N.N.P. Shimwela (United Republic of Tanzania),  
Principal Co-ordinator of Privatization Programme, Presidential Parastatal Sector Reform Commission.

Rapporteurs: Alois C. Motwa (United Republic of Tanzania),  
Economic/Business Consultant, Parastatal Sector Reform Commission

Deogratias Lyatto (United Republic of Tanzania),  
Economic/Business Consultant,  
Parastatal Sector Reform Commission

Adoption of the programme

16. The Workshop adopted the following programme:

1. Privatization and the realities of sub-saharan Africa
2. Assessment of the motives for the privatization of State-Owned Enterprises (SOEs), Labour and Social issues.
3. The alternative methods of privatization.
4. Valuation; regulatory environments.
5. Recent experience with privatization in the African Least Developed Countries.
6. Post-privatization considerations.



## II. SUMMARY OF DISCUSSIONS

### General debate

17. The Secretariat introduced the issue of privatization and the realities of sub-saharan Africa. In analysing these, the participants recognized that privatization had acquired a new dimension by becoming the major policy component of the transformation not only of the centrally planned economies but also of the market-oriented economies in many countries in Africa. However, it was observed that whichever privatization modality is chosen, in the final analysis, emphasis should be placed on simplicity, flexibility, speed and transparency.

18. The implementation of privatization could take different reforms. Depending on the country's socio economic conditions, and governments objectives, privatization could include outright sale, partial divestiture by selling off some shares at either set price or by competitive tenders, debt-equity swaps and/or management contracts.

19. While in some countries in Africa privatization was gradually being accepted as one of the major components of the necessary reform for reversing the deterioration trend of the economy and the general welfare of the country, it was underlined that in other countries, privatization has not been easily accepted by the general public. They considered that public assets belonged to them, and therefore these assets should not be divested without their consent.

20. It was recognized that privatization was not merely a technocratic exercise, it was also a political and social process. The need to have a privatization agency which comprised members from various walks of life was emphasized.

21. It was pointed out that post divestiture activities of former SOEs should be left to operate free from Government interventions if the privatization objectives of allocating resources through market forces was to be achieved. However, it was observed and agreed that privatization, like nationalization, could be fairly assessed by considering the long term pros and cons. Non-achievement of expectations in the short run should not be considered as a failure of reform programmes.

22. The implementation of privatization programme like other economic undertakings would be constrained by various factors. It was noted that the major constraints to privatization in African Countries include acceptability of the concept amongst the general population as well as of the decision makers, problems related to valuation of the entities to be divested and indebtedness of the parastatals. Other problems cited were related to retrenchment of labour force and consequent social imbalances, lack of capital markets for floatation of shares to enable wider participation, institutional and implementation delays and lack of established system which would allow broad ownership, especially the participation of locals in the ownership of the divested companies.

23. The importance of providing training to retrenched and the labour force during divestment and post divestment was emphasized by the participant. It

was observed that government should establish state mechanisms to enable displaced workers get relevant training and knowledge which would be used by them in private ventures. It was suggested that divestment proceeds could be used to establish a fund for this purpose.

24. The general debate on privatization and the realities in Sub-saharan Africa ended with the beginning of the discussions focused on country papers presented at the Workshop.

#### TANZANIA

25. Participants inquired as to who takes the initiative to privatize in Tanzania. There was evidence of cases where some parastatals had started working on divestiture and joint-venture possibilities long before the agency to coordinate the process was set up. However, it was noted that the need was expressed for the privatization agencies to play a leading role in the awareness campaigns as well as assisting the public sector enterprises handling the privatization process. Properly handled, this would allay the apprehension on the SOEs employees and even the management about the outcome of the privatization programme.

26. Participants raised the question often posed about reduction in productive capacity that might be brought about with privatization. After some lively exchange of ideas, it was concluded that privatization was not against capacity development. In some cases in fact, the SOEs operated at well below the installed capacities, so that the investments made after private sector take over, would be expected to improve capacity utilization.

#### UGANDA

27. It was observed that payments to retrenchees might be handled by establishing a divestiture fund in which proceeds of sales etc. could be credited and portions of it used to pay off retrenchees. Furthermore, it should be a condition of sale to the investors in the SOEs concerned to pay the terminal benefits to retrenchees.

28. It was noted that in order to overcome the threat of stripping of assets of SOEs to be privatized, or otherwise sabotaging them, various measures could be deployed, including:

(i) Grouping SOEs in such a way that only a given and known number is earmarked for privatization in a given time frame, leaving the rest to continue operating normally;

(ii) Ensuring that, until a SOE is actually privatized, the activities of management in existence must continue normally.

29. Concerning the SOEs debts treatment, participants mentioned a number of methods as having been used. Cases were cited where:

(i) As a condition of sale, the new investors had to also take over the debts of the concerned SOEs;

(ii) Debt/equity swaps were successfully negotiated and arranged, and in some cases, the debts were bought by the new investor.

30. Five valuation methods and their pros and cons were mentioned, namely:

- (i) The Going - Concern (NPV);
- (ii) The Asset - Values;
- (iii) The Book - Value;
- (iv) The Market - Value;
- (v) The Net Worth.

31. Some observations were made about:

- (a) The advantages of using more than one method for guiding the seller on what type of values to expect;
- (b) The apparent over-emphasis on micro-economic issues, the balance sheet position for example, rather than the macro-economic considerations such as employment generation, tax effects, cost-benefit analysis etc. in the SOEs valuation.

32. It was, however, stressed that valuation for privatization purposes could not be considered complete, unless macro-economic considerations were examined.

33. It was noted that the line of business of privatized company should continue but, with some flexibility. It was further noted that when comes the necessity to include other lines of business to what the privatized SOE was originally involved, this initiative would have to conform to the Memorandum and Articles of Association.

34. The problem of uncollectible receivables affecting the valuation of SOEs from the buyers' point of view was disclosed and examined. The payable (Creditors) problem was cited as perhaps being an important one (hidden debts). It was therefore considered critical to give due weight to both Receivables and Payables in the valuation process.

#### **MALAWI**

35. It was noted that the Malawi case was very different from that of the other countries represented at the Workshop. The parastatals in Malawi did not come about as a result of nationalization but more of developmental nature.

36. Mention was made of a Department of Statutory Bodies that had been established to monitor performance and assist in both policy analysis and planning of parastatals.

37. The privatization process had involved parastatal divestiture and restructuring, especially of the two commercial ones, namely, the Agricultural Development and Marketing Corporation (ADMARC) and the Malawi Development Corporation (MDC); and recently the sale of the Wood Industries Corporation (WICO).

38. A view was voiced that privatization involved more than just monitoring. Some participants inquired about who was conducting the privatization/restructuring programme and whether the Act establishing the Department gave it the decision making function to oversee the privatization process.

39. A point was made about the "transition nature" and the rather sensitive mood in the country that might, if not carefully handled, end up giving the wrong signals to the people about the intention/purpose of privatization. A number of participants underlined the importance of timing and pace of privatization initiatives, so that due consideration be given particularly to the political and social climate of the country while embarking on privatization of the public sector.

#### ZAMBIA

40. The representative of Zambia introduced the rationale and methodology behind the setting up of the Zambia Privatization Agency. He said that the Agency was represented by the various interest groups of the society: The chambers of commerce, professional associations (lawyers, accountants and auditors etc), trade unions, spiritual organizations and core government ministers.

41. Categorization of SOEs into a number of classes and criteria for inclusion was elaborated, as well as the decision making system in use at various milestones, with a progress report made to Parliament every six months. The institutional framework was elucidated. It was indicated that the funding of the privatization programme came from government subventions as well as a claim on the proceeds therefrom.

42. Participants were briefed that only productive assets were taken into account when valuation was to be done, but when the SOE was being offered for sale the value of the non-productive assets was also included. A question was asked as to whether it was legal to split an enterprise and sell only the productive assets, leaving out the non-productive assets (such as residential houses etc.) for sale or disposal otherwise. It was argued that the non-productive assets might have been obtained from or through the business being divested/privatized and therefore was part and parcel of the business. So unless they were registered under a separate business they should legally belong to that being privatized.

43. The proceeds of the privatized companies were used to:

- (i) Support cost of the divestiture;
- (ii) Rehabilitate the infrastructure;
- (iii) Support, where necessary the restructuring of other parastatals due for privatization;
- (iv) Pay for some of the social costs arising from the privatization, e.g. terminal benefits.

44. Where conditions of divestiture stipulated that a certain percentage of shares be reserved for participation of the general public, such shares are held in a Privatization Trust Fund.

#### ETHIOPIA

45. Participants noted that despite of the Government will to undertake privatization, Ethiopia had not yet fully embarked on the privatization exercise as a component in its reform programme.

46. It was further noted that Ethiopia was presently considering other countries privatization programmes and experiences so as to develop its own privatization programme to suit its local conditions.

#### POST-PRIVATIZATION CONSIDERATIONS - GENERAL DEBATE

47. The view was voiced that privatization was not an end in itself, but rather a means to and a part of a link in a series of reforms. These reforms should not only be implemented for the private sector, but also for the public sector. Following up to this statement, a number of questions were raised, ranging from the social issues to the role of Governments after the privatization had taken place.

48. Observations were made to the effect that insistence by Governments on a certain mode of behaviour might be perceived as a continuation of the legacy of Government's intervention. It was therefore pointed out that there was a need for the state to define its new role in the pursuit of economic and social development.

49. It was stressed that Governments should identify the major areas in which changes needed to be made to improve its quality of interventions. These include (i) the capacity to design, monitor, and implement a consistent macroeconomic and subsectoral and sectoral policies as well as to develop new legal structures to make the enterprises more efficient; (ii) the need to implement at the right time a Policy Impact Testing instead of waiting 15-20 years to find out the mistakes and/or successes; (iii) the provision of a package of measures to facilitate the reinsertion of those negatively affected by the privatization programmes. This could start by the provision of training programmes for the entrepreneurs - including those in the informal sector - to build up the entrepreneurial spirit, attitudes and skills required; and re-training of the retrenched to acquire new skills, etc.

50. Governments were called upon to establish mechanisms to provide access to credit to those retrenched who intend to go into business, even if it might mean using some of the proceeds from the privatization process, because current banking system cannot cater for this group of people.

51. It was also felt that Governments should make a concerted effort to promote export, which might call for newer types of export promotion bodies. To that effect, assistance could be sought from the International Trade Centre (ITC).

52. In the pursuit of greater economic efficiency, the need was stressed for a smaller, leaner specialized and more effective public sector to support a vigorous private sector. For this purpose, the International Labour Organization (ILO) and the United Nations Industrial Organization (UNIDO) were called upon to provide training programmes to improve the skills and management systems of the public sector managers.

53. A view was voiced to use the UNIDO Strategic Management for Industrial Development (SMID) approach to reorient the activities of the African Ministries of Industry.

54. With respect to the appropriate role of the Government in the economy, during post-privatization period, participants emphasized the need to involve

the private sector in the policy formulation and planning, and not to keep this role as a monopoly of the public sector.

55. The need for private sector development in Africa was noted. However, criticisms were voiced about general perceptions that the private sector in African environment was small, unsophisticated and too profit-driven to be trusted to achieve social goals. In addition, criticisms were also voiced that Governments should not have the monopoly of always knowing what was good for the society.

56. Controversy over competition versus protectionism was raised. It was pointed out that those advocating competition doctrine were not eager to pursue it themselves when it did not suit their purpose. The question was therefore tabled on how to reconcile the two sides.

57. Examples were cited from places outside Africa, such as Chile, India and Mexico regarding their experiences in some aspects of privatization.

#### CLOSING SESSION

58. The closing session concluded with a vote of thanks by Mr. G.F. Bowe, Chairman, Presidential parastatal Sector Reform Commission of the United Republic of Tanzania.

#### PART II. SUMMARY OF THE DISCUSSION PAPER SUBMITTED TO THE WORKSHOP

59. The discussion paper entitled "Privatization and the realities of Sub-Saharan Africa" was considered by the Workshop. Its contents are summarized below for the benefit of this report.

60. The purpose of the paper was to stimulate discussion among the participants attending the Workshop, and to raise issues which are of particular interest to sui-generis in Africa. The paper focusses on privatization as a process in Africa. The author is quick to point out that "privatization is not a ready made shirt that fits all sizes. Levels of development vary from continent to continent and, within each continent, from country to country. The industrial base, the size, and the geographical location of a country all influence the privatization process even if the institutions and organizations were to be the same".

61. After describing the well-known reasons for the low performance of most state - owned enterprises (SOEs) in developing countries, the paper takes up the basic conditions for privatization. The author argues that for a privatization programme to yield the expected results there should be first and foremost a strong political commitment to structurally transform the economy of the country concerned, he also stresses the need for establishing a framework where consensus among the main economic actors, smooth information inflow and transparency are observed. He further suggests to develop new legal and economic structures to secure and ensure the favourable environment

without which the transfer of ownership from the public to the private sector can run the danger of failure. In addition, the paper maintains that privatization must not be considered simply as a change in property rights, but must embrace a set of macroeconomic policies, political tactfulness and willingness.

62. The paper is equally critical of existing policies and the pace and timing in implementing African privatization programmes. If any country in Africa is to follow the road to privatization, it must never lose sight that it will also have to create the necessary conditions for privatization. It further warns that "the countries in Africa must remember that a dash for privatization as their fast dash for modernization can be fraught with the danger of being ill-conceived. The essential point is to adopt, adapt and not to copy. Each country will have to choose its road and determine its speed towards privatization within the realities and capacities of its own society. After warning the African countries on their decision and commitment to privatize, the paper identifies certain constraints which will have to be necessarily overcome in the pursuit of greater efficiency. Four main constraints are involved. First, is the absence of a capital market, in this case, the alternative will be to sell the SOE's assets to employees as opposed to pricing and issuing of shares in the stock market for public purchase. Second, is the employment effect of privatization; in this case, it is recommended to place more emphasis on the benefit of divestiture, for under the current adjustment programmes which call for SOEs restructuring, employment reduction will take place anyway even when SOEs continue to perform under public ownership. The issue should be addressed not as consequence of privatization, but as employment consequences of SOE restructuring irrespective of ownership. Third, is the excessive indebtedness of SOEs. In this situation, if the debt burden is well above the value of the assets of an SOE, the governments will have to review and resolve the debt problem irrespective of privatization. Finally, the desirable level of private ownership suggests wide variations in government policies. Whether privatization is to be full or partial, will depend on policy decisions constrained by the socio-economic set-up of each country. The avoidance of concentrated ownership, restrictions on foreign ownership, avoidance of private monopolies would all require different policy measures and privatization techniques.

63. More concretely, the paper suggests four points to observe in order to make the transition - the transfer of assets from the public to the private sector - more efficient and smooth as possible:

- (i) African countries and other countries should establish the pre-conditions for privatization as fast as possible by setting up the financial, regulatory and legal framework.
- (ii) Distinction between private trading markets and private industrial production.
- (iii) Since the very purpose of privatization is to reform the economy by allowing the private sector to expand and the public sector to provide an "enabling environment", it would be desirable that governments use the proceeds obtained by the sales of assets for infrastructural expenditures to provide such an environment and

for the reduction of public indebtedness, rather than financing current expenditures.

- (iv) Governments will have to seek internationally available technical assistance to design and implement realistic strategies and policies for transforming their economies.

64. Last, but by no means least, the critical message of the paper is one of challenge. "Can African economies give a new direction to their industrial development by privatizing their SOEs? This question can be used to conclude the paper.



ANNEX I

LIST OF PARTICIPANTS

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ANNEX II

List and Outline of papers presented

**ETHIOPIA: Privatizing Ethiopia's State-Owned Enterprises Problems, Dilemma and Prospects**

- Introduction
  - Background
  - The State of Ethiopian Economy
- The origin and operations of SOEs
- The performance of SOEs
  - General
  - Present Conditions
- The dilemma and privatization
  - The dilemma
  - Justification for privatization
  - Risks and constraints
- Concluding remarks and summary

**MALAWI: Position Paper**

- Economic performance
  - Background
  - The role of foreign capital
  - Medium-term Economic Prospects
- The Parastatal Sector Reform
  - past experience
  - Parastatal Sector Reform Programme
  - Impact of Reform Programme

**TANZANIA: Restructuring and Privatization Experiences in Tanzania**

- Introduction
- Background
- Reform and Diverturement Policies
  - Objectives of Parastatal Reform
  - Establishment of the Presidential Parastatal Sector Reform Commission (PSRC)
- Mandate and Objectives of PSRC
- Strategies and Approaches
- Actions and Experiences

- Progress and problems encountered
- The future

**UGANDA: Privatization of Public Enterprises in Uganda**

- Background
- Preparatory Studies
- Study Recommendations
- Cabinet Classification of Public Enterprises
- Public Enterprises Expropriated in 1972
- Privatization Implementation
- Policy Statement
- Progress of privatization
- Conditions facilitating privatization
- Conclusions

**ZAMBIA: Privatization in Zambia**

- Zambia Privatization Agency  
- Rationale and Methodology
- Choice of SOEs for Divestiture
- Valuation
- Funding of the Privatization Programme
- Reservation of Shares for Local Participation