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GUIDE TO CONTRIBUTORS

AJPAM is a bi-annual publication of the African Association for Administration and Management. It appears in January and July each year.

Manuscripts focusing on problems of public/development Administration in Africa are invited from all parts of the world. Contributions which are based on experiences outside Africa but providing useful comparative lessons are also welcome.

Performance will be given to empirically based works or to articles suggesting new insights and innovative ideas in African Administration.

Contributors are advised to submit their manuscripts in duplicate. The typing must be double-spaced, and the length should not exceed 4,000 words. Footnotes should be numbered serially and typed together at the end of each article.

The views expressed in each article are those of author(s). Neither AJPAM nor AAPAM should be held liable for any residual errors.

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THE ROLE OF LOCAL GOVERNMENT AND DECENTRALISED AGENCIES IN LOCAL-LEVEL DEVELOPMENT: LESSONS FROM BOTSWANA

Keshav C. Sharma

I. Significance of Local Government and Decentralization

Central authorities frequently establish local governments which combine the political, economic, social, geographical and administrative advantages of decentralization. The government cannot manage all its activities from the centre and needs to delegate some tasks to lower-level organisations. Certain geographical features of a country such as its size, and underdeveloped infra-structural facilities, create the need for decentralization. Decentralization could also facilitate the administration of societies with cultural and social heterogeneity and it could promote national unity by accommodating the demands from diverse groups for political participation and limited self-government. It could facilitate the formulation and implementation of development plans by accommodating the felt needs and priorities of local population in national development plans. Administratively, decentralization reduces the concentration of authority at the centre, promotes decongestion of activities from the headquarters to the field, relieves the central government bureaucracy of involvement in purely local issues, checks excessive and straight-jacketed central directives and encourages speed in decision making.

The government of Botswana, in particular, has adopted two major techniques of decentralisation known as devolution and deconcentration. Through the technique of devolution, legal entities such as District Councils and Town Councils, have been created by statutes of Parliament. These bodies derive their authority and functions from the statutes. Their authority as well as the powers of the central government are defined in the statutes. As legal entities the councils can sue and can be sued. They can only exercise the authority given to them by the statutes. Any authority they exercise outside their jurisdiction becomes ultra vires.

The government has also decentralized through the technique of deconcentration. This is a purely administrative, organizational or bureaucratic arrangement in which, without resorting to special legislation, the government

has created field offices or agencies to operate at district or lower levels. District Administration or field offices of various ministries are examples of decentralization through deconcentration. The central government in this case can create any number of offices in the field, increase or decrease them or their functions, issue instructions or withdraw delegated authority at any time. The lower-level offices form part of the central government machinery and remain completely subordinate to the headquarters organization.

District, City and Town Councils are legal entities (statutory bodies) and instruments of political decentralization. They are not simply agencies of implementation of central government policies as the District Commissioners are. They have (in theory at least) allocative powers. That is to say, within the sphere of their statutory functions they can decide their own policies and priorities through the elected representatives of the people (that is Councillors) and get them implemented by their staff. In practice, however, they have to operate within the general framework of policies adopted by the central government and their autonomy is limited due to several reasons discussed below. All the same, devolution (or political decentralization to elected bodies) has some other significance. This method of decentralization could facilitate greater involvement of people compared to what is feasible under deconcentration or decentralization to agencies and offices staffed with career personnel. Local Government is closer to the people. There is a possibility of this ensuring closer accountability to the public. Local Government could also promote the provision of services in an economical way. Local government could, under dynamic political leadership, serve as an effective instrument for promoting local effort and self-help. Over and above all, local government could serve as a very useful training ground for self-government and democracy.

I. Historical background and present structure of Local Government

Representative local government in Botswana, as we understand it today, comprising councillors elected on the principle of universal adult franchise, was introduced only after independence. Local government in Botswana has evolved out of tribal administration which performed limited local government functions before independence. The system grew under tribal administration during the colonial period with the introduction in 1956 of Tribal Councils under the chairmanship of the chiefs of major tribes. These Tribal Councils included members nominated by the Chief, members elected at the *Kgotla* and chairmen and other nominated members of the lower-level district councils within the tribal area. The District Councils within the tribal area constituted second - and

lower-tier of local government and were subordinate to the Tribal Councils. These district councils comprised subordinate tribal authorities as chairmen, some nominated members and some elected at the *Kgotla*.

This pattern of local government continued up to the time of independence when the Government decided to introduce the present system of District and Town Councils controlled by the elected representatives of the people. Explaining the principles on which the system of elected representative government in the country was to be based, a Government White Paper (No 21 of 1964) pointed out:

*"It is essential that constitutional development at the Centre should be balanced by the growth of democratic institutions throughout the country. Freedom and responsibility in thought and action must be stimulated at every level if they are to be fully understood and given effective expression. One of the best checks to any tendency to authoritarianism is a widespread cultivation of these habits of mind and the readiness of people at every level of society to play their part in the conduct of local affairs"*¹

Following these principles and organised within the framework of multi-party democracy, elections in to councils have been held at regular, 5-year intervals along with those for the Parliament. As a result of free elections, representatives of different political parties have won elections in different councils. In 1984, the Botswana National Front (opposition party in Parliament) won the majority of seats in the Gaborone City Council and retained its majority in the 1989 elections as well.

Structure of Local Government

Local Authorities (Councils) in Botswana consist of one city council, four Town Councils and nine District Councils varying in size, population and resources. District Council boundaries are almost identical to those of the administrative districts except that the North-West District Council covers both Ngamiland and Chobe Districts. The Councils are constituted through the statutes of Parliament but are linked to the Ministry of Local Government and Lands of the Central Government. According to the classification of Local Government developed by Mawhood, Botswana's system falls within the "mixed" system as it is "a means for seeking the public support and identification with the state, employing structures of grass roots participation but not conceding real power to the local representatives; the 'deconcentrated' administrative offices retain control and responsibility for development activities; the representative local council is dominated by political and bureaucratic agents

of the state system, who process the bulk of information and consequently the power².

Role of Local Government

District Councils have been assigned responsibilities mainly for the administration of primary education, primary health services, construction and maintenance of rural roads, water supply, community development and social welfare. Although their capacity for managing these functions have improved gradually, it remains considerably limited.

The Councils receive substantial financial assistance from the central government which also provides them with staff through a specially organised Unified Local Government Service (ULGS). The Councils also receive a great deal of assistance from the central government ministries. The central government guides these councils as well as exercises different kinds of controls. The limited administrative capacity of the Councils could be attributed primarily to the nature of political leadership, staffing, financial weakness, and relations with the central government as discussed below. The Councils also rely heavily on the central government ministries for the performance of their limited functions. In such a situation control by the central government is inevitable, and limited autonomy of local government is understandable. In future, however, these controls could inhibit their growth and if they do not grow as responsible bodies, the purpose of their creation could be defeated. It is therefore necessary for the central government to strengthen the local authorities through a comprehensive programme of manpower development covering both the political office-holders and the career staff.

Managerial Problems in Local Government

Two components of human resources critical to the effectiveness of local government are the political leaders and the career personnel of the councils. Political leadership in the Councils and the role played by the Councillors could determine to a significant extent the effectiveness of the councils. The performance of councillors has often been a target of criticism. Although no generalisations could be made in this regard (as there are able and not-so-able Councillors who get elected or nominated) the performance of many councillors is not encouraging. As local authorities in Botswana are at an infant stage, it may be unrealistic to expect very high standards found elsewhere, particularly in the more developed countries. Nevertheless some effort need to be made to strengthen the capacity of councillors. It is necessary to organise seminars and workshops and to prepare manuals informing them about their roles,

responsibilities, the procedures of Councils, and of other organisations with which they have to interact. As the capacity of councillors improves, the Ministry of Local Government and Lands will be expected to exercise restraint in the nomination of councillors to ensure that these decisions do not undermine the political will of the electorate as expressed through the elections.

The competence of administrators could also determine to a significant extent the performance of the councils. Higher standards of accomplishment requires well trained and sufficiently motivated staff in adequate numbers. They have to be attracted, retained, developed and kept happy with the formulation of attractive service conditions.

In the past, the councils have been faced with serious staffing problems. Their staff have been inadequate, not well trained and poorly motivated. With a view to assisting the councils, the central government established in 1973 a separate cadre called 'Unified Local Government Service' (ULGS) through which the councils were provided with better qualified staff. During the last decade the ULGS have recruited qualified staff compared to the previous years. The Ministry has also organised training programmes of different kinds. The conditions of service of the ULGS staff have been improved with a view to reducing the disparities between local government and civil servants. Following criticism by the Presidential Commission (on Local Government Structure) regarding inadequate consultation between councils and the ULGS headquarters on matters relating to appointments, transfers, promotion and training, improvements have been noticed since 1982. The Councils' chief executives are now generally consulted before the Establishment Secretary decides on promotions or transfer. However, the structural arrangements regarding the operation of the ULGS, and the authority of the Establishment Secretary regarding recruitment, promotions, transfers, postings, training and disciplinary matters, needs to be reviewed. Transferring some of the authority to an independent Local Government Service Commission (on the lines suggested by the Presidential Commission) requires serious consideration once again (although this recommendation was not accepted by the Government in 1981). The advantage of having a Commission to handle recruitment and promotions matters is to reduce the concentration of authority in a single officer (ES) and have it shared by a group of independent persons who could consider representations from different quarters, and could examine the recommendations of the ES. Such a commission is likely to enjoy the confidence of ULGS staff. This may also insulate the staff from exclusive central control over their careers, and, in any case, may be regarded by the ULGS staff as a better option than having their careers to be determined by the councils.

Two significant aspects of personnel development, training and morale of ULGS personnel have to continue to receive serious attention. The training effort undertaken so far has been significant. In future, the existing institutions such as the Botswana Institute of Administration and Commerce (BIAC), Institute of Development Management (IDM) and the University of Botswana (UB) should be further strengthened to enable them undertake the functions normally carried out by an Institute of Local Government Training (which has been under discussion for some time).

The other significant aspect having bearing on the smooth functioning of Councils and their effectiveness in a multi-party democracy is that of relations between councillors and staff, which at present could be described as far from being smooth. Ideally, the councillors and the staff are expected to operate as a team, with proper appreciation of each other's role and responsibilities. Often conflicts or tensions arise due to lack of understanding of roles. Councillors, as politicians, are essentially policy makers and the staff are concerned with the implementation of policies. The staff have to advise the councillors and execute the decisions jointly taken by the councillors. The councillors are expected to operate as representatives of the people and articulate their felt needs. They are also expected to exercise general supervision over the implementation of policies. The staff are expected to inform and advise the councillors on procedures, regulations and implications of different policies or decisions. The decisions taken by the councillors as a body have to be executed by the staff even if these are not in keeping with their advice, as long as the established rules are not being violated or the authority of the council is not being exceeded. The staff are expected to be politically neutral and are expected to serve with loyalty any political party which wins the elections and controls the majority of seats in the council. Politicians basically have a leadership role and the staff are basically instrumentalities for the realisation of objectives and performance of functions which they (the politicians) like to accomplish on behalf of the people. A clear understanding of these roles and relationships will become more significant in the future with the growth of multi-party democracy in which different councils might be controlled by different political parties at different times and the permanent officers may have to continue to serve different political parties with equal loyalty and obedience.

Following the principles of political neutrality, the staff of councils do not take part in active party politics. They cannot contest elections unless they resign. They are forbidden to take part in election campaigns. They can vote but they should not make public their political convictions. The relationship between the councillors and the staff is frequently jeopardized by attitudinal factors. The staff sometimes have a tendency to look down upon councillors as uninformed;

similarly the councillors sometimes become critical and impatient with staff who would not go along with the suggestion to violate the established rules and procedures. Both parties therefore have to treat each other with understanding, respect and dignity. The councillors as a collective unit also need to have some say in the control over staff discipline, promotion, and transfers exercised by the Unified Local Government Service headquarters.

II. Local Government and other Decentralized Agencies.

District Level Organisations of Local Government

Local Government at district level in Botswana is commonly understood to include four organisations: District Councils, District Administration, Land Boards and Tribal Administration. The District Administration (headed by the District Commissioner) is an instrument of deconcentration which exercises delegated authority from the central government and performs coordinating role at the district level in respect of planning and implementation of development programmes. The District Councils (headed by the elected political representatives of the people) are an instrument of devolution and perform certain local government functions specified by law. Land Boards, new post-independence institutions (of elected and nominated members) hold the tribal land in trust and allocate it for agricultural, industrial, commercial, residential and general development purposes. The Tribal Administration is headed by traditional chiefs, whose powers have been reduced but who continue to exercise considerable influence on the tribesmen in the rural areas. Coordinated rural development requires effective linkages among these four organisations as well as among the field offices of various ministries operating at the district levels. All these organisations have also to be linked vertically with the central government.

District Administration and District Councils

The District Administration, headed by the District Commissioner, is expected to play a pivotal role in rural development activities at the district level. The District Commissioner's position has been quite significant in the administration of the country ever since the days of the colonial administration. The Colonial District Commissioner was the government agent in the district, enjoyed enormous powers delegated by the colonial government and performed varied functions. His primary responsibility, however, was to maintain law and order, and undertake basic magisterial duties. His involvement in rural

activities was limited during the colonial period. After independence, rural development became one of the primary responsibilities of the District Commissioner. In the 1970s and 1980s the involvement of District Commissioner's office in rural development administration increased further as the government placed additional emphasis on district-level development planning, and assigned a key role to the Commissioner's office in the formulation, implementation and monitoring of programmes and projects. The Commissioner now plays a key role in the coordination of rural development activities at district level as chairman of District Development Committee. He has to display leadership in this team-building task. He requires unique skills in communication to establish the cooperation of the District Council, Land Boards, the Tribal Administration, District-level offices of Ministries, and members of the public.

District Councils, as instruments of local government, are considered significant for strengthening democracy and for the administration of service. However they need to develop greater awareness about their role in rural development administration, particularly, in the formulation and implementation of national and district development plans. Development planning has assumed significance due to the need for rational allocation of scarce resources for maximum possible economic and social advantage. The councils have to make a significant contribution in this process at the district level by taking more active interest. They have to utilise more effectively the forum of District Development Committee for inter-agency communication and coordination. They need to cooperate with the District Commissioner who has to continue to provide leadership as chairman of DDC. They have to seek the cooperation of various ministries and their departments for the initiation and implementation of development projects which requires inter-departmental cooperation and coordination.

(c) Land Boards:

Land Boards have a significant role to play in the process of rural development, particularly district-level development planning. After their creation as autonomous statutory bodies (through the Tribal Land Act of 1970 which took away the exclusive right of Chiefs for allocation of tribal land and gave it to the Land Boards), these bodies were, at the initial stage, faced with many difficult problems. They had limited staff and facilities, and had to depend on the District Councils even for transport or office space. The Council Secretary and the Council Treasurer also served as Secretary and Treasurer respectively for Land Boards for some time. The capacity of Land Board members and the staff serving them was limited. The members of the public took some time to

be familiar with this innovation, i.e. the new land allocation authority and procedures. Defiance of Land Board decisions was a common problem. Chiefs in some cases continued to allocate land without reference to Land Boards.³ Unauthorised extensions were common, and in some cases, land was used for purposes other than those for which it was allocated. During the last few years, the situation has improved considerably.

Land Boards now have their own Secretaries most of whom have followed specially designed and well-organised intensive courses on Land Board administration at the University of Botswana and have acquired some experience. Most of the Land Boards are also reasonably well equipped (in terms of office accommodation and transport facilities) although the subordinate Land Boards are still greatly handicapped. Although the Land Boards have grown since their creation and are now well established, their operations need to be further streamlined in different ways particularly with regard to the coordinated rural development activities in the districts.

Lack of capacity for enforcing their decisions has been a major concern of Land Boards. Land Boards do not have the machinery to evict people from unauthorised occupation of land. In some cases the relationship of the main Land Board with the subordinate Land Boards is reported to be very unsatisfactory. Some subordinate Land Boards have been difficult and have attempted to operate independently. The main Land Boards in some cases are not in a position to exercise adequate authority, control, direction or supervision.

The relationship of Land Boards with the chiefs has not been cordial in some districts, although in some cases the two institutions have cooperated well. Some degree of resentment on the part of chiefs, due to either the loss of their traditional authority or unfavourable reaction by Land Boards, is natural but in many cases they have adjusted to the changed situation. The Land Boards will, however, continue to need cooperation from chiefs and village headmen. Treating chiefs with respect and dignity could help in obtaining their cooperation.

The relationship of the Land Boards with the District Councils has been generally cordial, except in some cases where the Land Boards have felt that they are being treated as a department of the council. Although serious conflicts have not arisen between the two, greater clarity will be needed in future with regard to mechanisms for settling conflicts. It is necessary to spell out the appropriate procedures for joint meetings between the Land Board and the District Council, who should preside at these meetings, whether issues should be decided by a vote at such meetings, and above all, who is entitled to vote.

The District Commissioner's office and Land Boards have to maintain close relations particularly with regard to district level development planning and operations of the District Development Committee. The District Officer (lands) has to serve as an adviser to the Land Boards, and the District Commissioners have to remain informed about the Board's activities.

Tribal Administration:

Chieftaincy is an old institution in Botswana which has enjoyed the glory, powers and prestige of the pre-colonial times, has survived the vicissitudes of the colonial period, and has reconciled to the new political system of the post-independence period. If we examine the role of chiefs in Botswana in its historical perspective, we are likely to find that the history of chieftainship has been one of gradually declining powers, authority and functions. There was a steep decline in their authority after independence when new institutions [e.g. District councils and Land Boards] were given many of the powers and functions earlier exercised by the chiefs. The exclusive and prestigious authority for the allocation of tribal land was given to the newly constituted Land Boards. Chiefs held a central position in the councils of the pre-independence period, but after independence the district councils were controlled by elected councillors. The District Councils were given the authority to handle Matimela (stray cattle), which was earlier, the responsibility of Tribal Administration. The District Commissioner's office assumed a dominant position after independence with regard to the operation of tribal administration in so far as the Commissioner was now responsible for reviewing the cases decided in the customary courts. The dependence of Tribal Administration on the District Administration increased further as the tribal administration's financial administration was handled by the District Commissioner's office. Not only the Tribal Administration did not have a separate vote, the District Administration was made responsible for controlling transport and even the stationery requisitioned by tribal administration.

The Chiefs have found it difficult to understand these changes and have gone through a difficult period of adjustment. Nonetheless, the changes should not be construed as the Botswana Government's rejection of the chieftaincy institution. On the positive side, one should note that chieftaincy has been recognised and retained by the Constitution, whereas many African countries have done away with it. The Government has also reacted favourably to many of the recommendations of the Presidential Commission on Local Government Structure (GOB: 1979). The conditions of service of Tribal Administration Staff are being gradually reviewed, with a view to their integration into the Unified Local Government Service or the Civil Service. Traditional Appeals Court have

been organised; the number of Customary Courts has increased over a period of time; and the Ministry of Local Government has undertaken training needs assessment of Tribal Administration staff prior to organising training programmes. The establishment of the House of Chiefs by the Constitution was a significant recognition of and respect for, chieftaincy, although this House does not have any significant legislative powers. While the powers, functions and status of chiefs seem to have declined over a period of time, the institution remains significant in Botswana's society, and has a role to play in the process of national development. The tribesmen in the rural areas have considerable respect for their traditional leaders. The chiefs could use this respect for educating, guiding, informing, and advising the tribesmen on matters which could contribute to tribal welfare and development. The primary responsibilities of chiefs these days include providing leadership in maintaining customs and traditions, presiding over Customary Courts, arranging tribal ceremonies, serving as spokesmen for their tribes on issues of customary nature, presiding over *Kgotla* (Village Assembly) meetings where matters of interest to the *Kgotla* are discussed, dealing with offences within their tribal boundaries, and encouraging rural development by cooperating with the District Commissioner, District Councils, Land Board and the various field agencies of government ministries.

One of the most significant roles of chiefs today is to act as a channel of two-way communication between the government and the people. The *Kgotla* has served traditionally as a forum for consultation on matters of concern to the community and for dissemination of information. It needs to be used more effectively for facilitating the consultation process in the formulation and implementation of public policies, district-level development plans, as well as rural development programmes and projects. Chiefs have to provide leadership in mobilising public opinion for various development activities, and in encouraging people's participation in development programmes undertaken by different agencies. Another significant role is to initiate social change by striking a healthy balance between tradition and modernity. Healthy traditions and customs have to be retained, revived and strengthened. The younger generation has to be encouraged to develop confidence and pride in their culture, heritage and history. At the same time, outmoded, unhealthy and meaningless traditions and customs have to be discarded, adapted or reinterpreted. Superstitions have to be discarded. Chiefs have a role in deciding what needs to be retained or discarded. Chiefs have to remain informed to enable them to disseminate information about the activities of organisations such as the District Development Committees (DDCs). The Village Development Committees (VDCs) need their leadership, advice, guidance and participation in their self-help activities. The significance of chiefs in administering justice on customary lines is evident from the fact that they handle approximately 80 percent of all criminal

and civil cases in Botswana. The Customary Courts are popular with the tribesmen as they are easily accessible, cheap, fast and comprehensible.

The chiefs have reconciled to their diminished powers but they do want to be accorded the respect and dignity which they have enjoyed traditionally. The central Government needs to display greater sensitivity to the requirements of tribal administration for adequate logistics facilities for the performance of their tasks. Provision of such facilities needs to be backed by vigorous training in the form of workshops and seminars for different categories of chiefs, from the highest to the lowest levels. They should be exposed to training in law, public administration, public relations, development policies and development administration.

III. District Level Planning: Balancing Centralization with Decentralization

Botswana has a decentralized planning system in which the district planning machinery plays a critical role. The Handbook of Government of Botswana.

The overriding aim of the District Planning process is to provide a decentralized planning and implementation capacity which is sensitive and responsive to needs, problems and priorities of local communities. It must recognise the need for a high level of local participation if development activities are to have an impact and to be sustained over the long run. The concept is one of 'bottom-up' planning and development that will have critical inputs into the formation of national policies and programmes⁴.

Decentralized, district-level development planning exercise has, however, faced a number of problems. These constraints need to be addressed to bridge the gap between intentions and reality. The problems are related to the formulation, implementation, and monitoring of programmes.

The planning process in Botswana takes the form of 'top-down' as opposed to 'bottom-up' planning. Development plans are essentially formulated at the centre where policies are determined and decisions are taken with regard to the allocation of resources. The contribution of district-level organisations has increased steadily, but it remains limited. There is consultation by the centre with the district-level organisations, but this is generally in the nature of explanation of policies and elaboration at the higher levels. The centre consults the districts but this does not significantly change whatever it is the centre is intent on doing to implement its programme priorities. The field offices of

ministries generally receive direct instructions from the centre on plan implementation. In some cases the level of competence of the district level staff (particularly in the offices of ministries) is so low that they are not able to make any worthwhile contribution to the planning exercise, and have to depend on the assistance from ministry headquarters. The District Officer (Development), as one of the officers responsible for coordination of district level plans, is handicapped due to lack of critical information from other ministries. In the absence of such information, he has to visit the headquarters more often than necessary but there too he is not able to obtain the required information.

The communication between the centre and the districts seems to be ineffective as the district staff do not receive adequate, satisfactory, and timely information required. This is partly due to the large staff turnover at the headquarters, or to the posting of relatively junior staff to the field, and partly due to insufficient sensitivity on the part of headquarters staff to the need for prompt and adequate response. The National District Development Conference (NDDC) which takes place annually, brings representatives of districts and the central government ministries together to discuss matters of mutual concern. These meetings, however, are primarily platforms for ventilating grievances from both sides, not for solving practical problems.

District-level planning deserves to be taken more seriously by the central planning machinery. To attach greater importance to this exercise, the district-level planning machinery needs to be further strengthened not only in terms of additional professional manpower and training, but in terms of ensuring the commitment of all actors to the task of grassroots planning. The plan managers and the Plan Management Committee consisting of the District Commissioner, Council Secretary, and the Land Board Secretary alongwith their support staff, District officer (Development) and Council Planning Officer need to meet more regularly to monitor the various activities concerned with district level planning. Effective coordination of rural development depends to a considerable extent on cordial relationship between the centre and the districts, and satisfactory two-way communication between the two sides.

To ensure that the national development plans and rural development policies are in keeping with the felt needs, problems and priorities of the people, the centre has to establish mechanisms of communicating with the masses and the institutions which are close to them. The lower-level organisations and the population also have to be kept fully informed about nationally determined strategy, resource allocation formulae, development priorities and constraint. This will enable all parties to organise their efforts accordingly, and make a worthwhile input into the formulation and implementation of rural development

programmes. Although Botswana has developed machineries and procedures for promoting a healthy relationship between the centre and the districts, there are many weaknesses which need to be remedied. Strengthening of communication and linkages between the centre and districts will require, besides other measures, increased sensitivity by the centre to the problems faced by the districts. If the centre is not able to attend to any of the problems or requests from the districts, it must explain its position so that the districts do not feel that the centre is not interested in finding solutions to their problems.

Role of District Development Committee (DDC)

DDC is one of the significant organisations at the district level designed to foster horizontal and vertical linkages, and facilitate the coordination of rural development activities. It is a forum for communication for all the district level organisations involved in rural development. All the major organisations operating at the district level (e.g. district administration, district council, land board, tribal administration and the district offices of ministries) are represented on this body which is headed by the District Commissioner. The District Officer (Development) serves as Secretary to this Committee and plays an important role in the preparation of its agenda, taking of minutes, compiling of relevant information, dissemination of information and follow-up action. The DO(D) and the Council Planning Officer are the two key officers who make significant contributions to the preparation of district plans and progress reports.

While the DDC has served as a key organisation in the coordination of rural development activities at the district level, many operational problems are now noticeable. The problems which need to be given attention are those relating to its size, attendance by members, the seriousness attached to it by members, follow-up action, progress reporting, the authority of the chairman and the conflicting loyalties of its members.

The DDC's membership has expanded considerably over a period of time and as a result it has become too big and unwieldy. It now consists of more than 30 members, and in some districts (e.g. Central District) membership is above 60! As the heads of department are expected to be members of the DDC (irrespective of whether they are directly or remotely concerned with what is discussed at DDC meetings) the number of members has increased considerably. Functionaries such as the local Headmaster, Medical Officer, Game Warden, Game Scout, Prison Officer, Immigration Officer, Labour Officer, Brigades Representative, Police Station Commander, Hospital Matron are members of the DDC. They attend meetings in which they are neither interested nor is their presence required. They do not have much to contribute to, and very little to

benefit from, many of these meetings. Their time could be more usefully spent on other activities. Membership of DDC needs to be reviewed to reduce it to a smaller, more manageable size. Members who are remotely concerned with its normal activities should be relieved of the obligation to participate. Such members could be invited to specific meetings of the DDC if their presence is required.

Another major problem faced by the DDC is the lack of seriousness accorded to it by its members, particularly the field officers of central ministries. Some of these officers do not bother to attend the DDC meetings and quite often send their subordinates. Some of them do not take the follow-up actions seriously and are regular defaulters in reporting progress. Some departments do not react constructively to questions, comments or suggestions and instead, have a tendency to be defensive. Meetings generally do not start on time as the few who come punctually have to wait for others who have to be reminded by phone, or other communication means. The District Commissioner, as chairman of DDC, has found it difficult to enlist the cooperation of all the members. In some cases Council Secretaries have felt uncomfortable in adjusting to the leadership position of the District Commissioner a situation which, in their view, not only puts the DC in a superior position but also subordinates the autonomy of the district council to the District Administration. The Land Boards and the Chiefs too at times feel that their status and autonomy are adversely affected when their activities have to be coordinated by the DC. The heads of department of ministries sometimes do not want to be 'controlled' by the DC whom they consider "one among equals". They have their vertical loyalties to the hierarchy in their own ministries. They want to report to, and receive instructions only from, their own bosses in the ministry. The members of the DDC representing Council, Land Board, Tribal Administration or Departments of Ministries resent the authority of the DC when they see it as 'supervision' or 'control'. DCs therefore have to remain conscious that although they have been given the responsibility for coordination, they are not expected to control or supervise the members of DDC with regard to their own activities, competence and jurisdiction.

The Government has been conscious of the need to strengthen the position of the DC as coordinator of rural development and chairman of DDC. In 1986, his status was raised and his position was to be held by a superscale officer (at Under Secretary Level). The Government made its position clear that the DC is empowered to oversee, at the district level, all ongoing central and local government development programmes. A circular issued by the Permanent Secretary of Local Government and Lands (dated 20th May 1986) explained the position of the Central Government in the following words:

"All Senior Government officers in-charge of Government Departments are obliged to attend meetings of the District Development Committees and the District Commissioner is empowered to take appropriate action against any public officer who will not comply without good reason".

Although this 'instruction' was issued by the MLGL, the problem was not resolved instantly. In spite of repeated explanations by the central government, the District Commissioner has found it difficult to get the officials belonging to other ministries to accept him as the focal point for district-level programmes. The question as to whether the DC or the District Council should be the one to coordinate the rural development activities has been discussed from time to time⁵ and was also addressed by the Presidential Commission on Local Government Structure⁶. The Commission was in favour of retaining this coordinative role in the District Commissioner's office. Some District Commissioners would like to be given increased authority to be able to obtain the cooperation of different members of the DDC. They (the DCs) feel that they possess neither the carrot nor the stick. They also feel that it is difficult to discharge a responsibility without commensurate authority. Other officials (particularly, Council Secretaries), however, strongly resent increased authority for the DC. Taking into account different viewpoints, one might come to the conclusion that essentially the DC will have to depend on persuasion, human relations, tact and other leadership qualities, for developing team spirit among his colleagues who are members of DDC. Personal qualities and personality factors might sometimes make a difference where command and authority could create tension and resentment. In some districts, the District Commissioner has established good relations with the Chiefs, the Council, Land Boards, and the staff of ministries, whereas in the same districts, the previous District Commissioners were reported to have had conflicts. In some Districts, the relationship is cordial primarily due to personality factors. The reasonably high status of the DC in the public service hierarchy will, in any case, remain important not only for attracting and retaining staff of high calibre but for inspiring the voluntary compliance to his "directives" from all the members of the DDC.

Grass-roots participation

Popular participation in rural development and planning is important as it is a means of obtaining information about local conditions, needs and attitudes. People are more likely to be committed to a development project or programme if they are involved in its planning and preparation, because they could then identify with it and see it as their project. And it is also important for obtaining local assistance in the construction and maintenance of projects. Local

contributions in cash or kind may be easier to get for 'self-help' projects if people see these as something they have helped to initiate. To increase people's participation, genuine decentralization is required from the centre to the districts, but the process of decentralization will have to be taken down further below the district level to the sub-districts and the villages. The districts have complained about the inadequate decentralization from the centre to the districts but the district levels have done very little to promote further decentralization downwards, an act which could result in strengthening the lower level organisations or bodies (e.g. Village Development Committee) and greater involvement of traditional institutions, (*Kgotla*) in the process of development administration. Decentralization is incomplete if it stops at the district level. Village level organisations will have to receive greater attention and authority for participation in development.

IV. *The Future Trends in Decentralization: a Summation*

Looking at the past and present trends in the development of local government in Botswana, one could anticipate continued heavy reliance by the central government on deconcentration instead of devolution as an approach to decentralization. This means continued reliance on the central role of the office of the District Commissioner for the formulation, coordination and monitoring of district-level development plans. Neither the district councils, with their present inadequate capacity, could take over the functions of District Administration, nor could the Council Secretary be expected to take over the central coordinating role being performed by the District Commissioner in whom the Central Government and its ministries have greater trust and confidence. The Council Secretaries could also be faced with a conflict of loyalties (e.g. to central as against local government) if they were to take over the present functions of District Commissioners. The Presidential Commission on Local Government Structure, after considering various arguments in support of merger or abolition of these institutions recommended (in 1979) that the institutions be retained and strengthened by giving them adequate manpower and financial resources. The functions and capacity of these organisations have increased considerably since then. The position of District Commissioner is held by fairly senior public servants, who are in most cases assisted by well-qualified DO(D)s and DO(L)s, although the morale, motivation and commitment of the district administration staff does not appear to be high. The Councils now have a number of competent Council Secretaries and senior officers, and the conditions of service of ULGS have improved considerably during the last few years. However, the personnel and financial resources of these bodies need to

be strengthened. Land Boards are now much better equipped in terms of staff and facilities, although they feel that they are not given the status they deserve. Tribal Administration continues to play its role for settling disputes in Customary Courts and serving as channel of communication between the government and the people through *Kgotla*, although its needs for staff training and logistics support remain inadequately attended to.

Looking at its growth since independence, it may not be unrealistic to visualise a meaningful future of local government in Botswana. The Councils could become more representative with the growth of multi-party democracy. Increased political awareness might result in better communication and increased popular participation in development planning, determination of priorities and allocation of resources for development. The councils' overall capacity is likely to improve with more enlightened political leadership, better qualified, trained and motivated staff and improved financial management. This might result in greater autonomy and reduced controls by the central government. The realisation of such objectives will, however, depend to a considerable extent upon the commitment of the central political and bureaucratic elites to the strengthening of local government.

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EFFICIENCY THROUGH COMPETITION: THE CASE OF THE SIERRA LEONE PORT AUTHORITY*

David Fashole Luke

Introduction

Transport is vital in any country's economy. Not only does this sector provide the means of linking people and places, it is also the common denominator that makes economic transactions within and outside a country possible. As demand for transport is derived demand, investment in transport infrastructure is one of the most important provisions for national economic well-being.

In the transport sector, however, the propensity for economies of scale is typically high. Such economies can and do constitute a significant barrier to entry. Inevitably, this gives rise to few providers of the various modes of transport. It does not necessarily follow, however, that the inefficiencies and profit-maximising behaviour usually associated with monopolies is the result - as we shall see in the case of port authorities. Nonetheless, the limited competitive conditions in the different modes of transport does increase the probability of inefficiencies. While this observation is universally valid, it is especially relevant to sub-Saharan African (hereafter reported to as SSA) countries like Sierra Leone which have experienced severe economic decline and have entered the 1990s with a wide-ranging agenda of reform. As we shall see in the case of the Sierra Leone Port Authority (hereafter SLPA), realistic responses were required to meet the challenges posed by organisation and management, market and competitive forces, cost recovery and cost reduction. This paper has four objectives encompassed in four sections. First it provides an overview of economic decline in Sierra Leone and describes the main features of transport provision. In bringing the maritime sub-sector under focus, this section also provides background information on the port of Freetown, its facilities and on the concept of a port authority.

The second section looks beyond Sierra Leone to examine some general issues of port management and economics. Port authorities tend to assume a monopoly over the three main services they provide - harbour facilities, cargo-handling, storage and delivery. To the extent that viable alternative arrangements can be made and a certain degree of substitution is possible, the demand for port services is elastic. Thus there are implicit competitive forces at

work which limit monopolistic behaviour. The presence of such forces in the business environments of ports constitute a powerful incentive on managements to keep prices or tariffs at marginal cost. Moreover, business at the ports of small, open economies such as Sierra Leone's is vulnerable to trade fluctuations. Passing on to consumers of port services the increased cost of operations during such periods of slack demand only serves as a disincentive to further use of the port. The typical response of port authorities during such times is to reduce costs on the supply side of operations as an urgent necessity.

Third, the paper examines trends in the operations of the SLPA during the late 1970s and early 1980s. Far from behaving like a 'classical' monopolist, the Authority adopted a tariff strategy to enable it to recover its variable costs. Given the volatility of Sierra Leone's external trade in recent years, cost reduction was another component of the strategy. However, evidence emerged during the early 1980s that significant improvements in the SLPA's management capacity were required. The response of the Sierra Leone government was to sub-contract, or turn the management of the Authority over, to Hamburg Port Consulting GmbH (henceforth referred to as HPC) in 1987 for a five-year term. HPC is a subsidiary of the Hamburg Port and Warehouse Company which in turn is owned by the City of Hamburg. The agreement gave HPC the mandate to continue the cost recovery and reduction strategy and strengthen management capacity in the functions that required improvement.

Finally, the fourth section briefly surveys the issues in strengthening the management capacity of the Authority. It also draws the necessary conclusion from the case-study that the 'privatisation' or divestment of the Authority has not been a relevant issue as measures to promote economic recovery in Sierra Leone gradually emerge. Against the background of a business environment with implicit competitive pressures, a far more relevant issue for the SLPA - and one that it shares with both public and private sector enterprises in SSA - has been the improvement of its management capacity.

1. Key Features of the Sierra Leone Economy and Transport Sector

Sierra Leone is a relatively small country covering 71,740 square kilometres. United Nations figures put the population at 3.95 million in 1988. Like most SSA countries, the subsistence agricultural sector still supports a large segment of the population. The modern sector is dependent on the production for export of diamonds, bauxite, gold and rutile in the mining sector and coffee, cocoa, and palm kernels in the agricultural sector. Tourism and fishery are also

making a growing contribution to the economy. Table 1 gives a sectoral breakdown of the economy.

Like other SSA economies, a combination of inappropriate internal policies and external circumstances beyond the control of the Sierra Leone authorities have led to a substantial decline in GDP since the early 1980s as can be seen in Table 2.

The deceleration of growth is a trend that can be traced back to the 1970s. The World Bank estimated average growth in Sierra Leone at 3.7 per cent between 1965 and 1973 and 1.8 per cent between 1973 and 1984. Negative growth has been recorded each year since 1983/84. The deteriorating economic situation in Sierra Leone led the United Nations to reclassify it as a least developed country in 1983². Mismanagement is one of the key factors behind Sierra Leone's poor economic performance. This prompted a military coup in April 1992 and signs have emerged that the new government is determined to reverse the trend.

Table 1
Sectoral Distribution of GDP (At Factor Cost) (a)

	1981 Millions of Current Sierra Leone Leones (b)	%	1986/87 Millions of Current Sierra Leone Leones (b)	%
Agriculture, forestry, and fishing	538.6	35.8	7641.8	41.3
Mining and quarrying	92.9	6.2	2140.7	11.5
Manufacturing and Handicrafts	100.2	6.7	765.2	4.1
Electricity and water	8.0	0.5	109.2	0.6
Construction	54.8	3.6	418.4	2.3
Wholesale and retail trade	172.3	11.5	3241.6	17.5
Transport and Communications	286.1	19.0	1861.6	10.1
Banking and financial services	126.0	8.4	1749.9	9.5
Public administration and other services	125.1	8.3	565.6	3.1
GDP at factor cost	1584.0	100.0	18493.2	100.0

(a) years ending June

(b) average exchange rate for the Sierra Leone in 1987 was 30 = US\$1

Source: The Economist Intelligence Unit (1990: 8-10)

Table 2
Trend of GDP at Factor Cost (a)

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87
Millions of Sierra Leone at Current Prices	1504.0	1799.2	2624.7	4171.3	6133.0	18493.2
At Constant (1972/73)	454.7	461.9	458.1	446.7	428.7	-
Real Change %	4.7	1.6	-0.8	-2.5	-0.4	-2.0

(a) years ending 30 June

Source: the Economist Intelligence Unit (1990:10)

Table 3
Selected Transport Data

ROAD TRAFFIC ('000 motor vehicles in use at 31 December)

	1986	1987	1988
Passenger cars	23.2	25.0	24.5
Commercial vehicles	15.3	18.2	17.8

INTERNATIONAL SEA-BORNE SHIPPING (Freight traffic, '000 metric tons)

	1983	1984	1985
Goods loaded	1394	1588	1216
Goods unloaded	322	534	607

Source: UN, Monthly bulletin of Statistics.

CIVIL AVIATION (traffic)

	1985	1986	1987
Freight loaded (metric tons)	911	929	972
Freight unloaded (metric tons)	1552	1808	2122

1984: Passenger arrivals 38,073; passenger departures 41,729

Source: Ministry of Transport and Communications, Freetown

Economic recovery at a modest 2 to 3 per cent annual growth rate is a realistic possibility given the country's natural resource base. A number of possibilities have recently become evident and if fully pursued could assist economic revival. Alluvial (but highly adulterated) gold deposits have been found in various areas of the country. Plans are being discussed to deep-mine the Kimberlite diamond pipes in the Kono area of eastern Sierra Leone. This is an especially attractive prospect as world gem diamond prices have increased steadily since 1985. The government is also pursuing a programme aimed at improving agricultural productivity to boost exports as well as meet local food requirements. There is considerable potential in tourism and fishery. A resumption of growth and increased foreign exchange earnings will improve the capacity to import raw materials, spare parts and machinery to facilitate modest diversification in the industrial sector.

These prospects assume that measures to rationalise and liberalise controls on foreign exchange and credit allocation, prices and investment, with a view to orienting them towards efficiency will continue to be pursued.

The Transport Sector

As recovery measures are put in place, it is clear that the transport sector will play a critical role. This sector in Sierra Leone accounts for an annual average of 12 per cent of GDP and 15 per cent of total investment. It is made up of road, air, and maritime modes of transport (see Table 3).

The capital city of Freetown is the hub of the system. There are about 7,500 km of roads linking Freetown with the various regions of the country. There are also highway links with neighbouring Guinea and Liberia, parts of which are currently under construction. However, there is a problem of road maintenance in Sierra Leone - a typical tell-tale sign of serious public sector management and organisational problems. Passenger services are provided by the Road Transport Corporation, a government-owned public enterprise which competes with private bus companies. Freight services, including over-land delivery of shipping consignments are provided through the private sector.

The national railway network which had a total length of 600 km has been phased out. The last passenger and freight trains ran in 1974. This now appears to have been a colossal miscalculation given the escalation in fuel cost for motor vehicles (the alternative to trains) since the mid-1970s and environmental concerns that have also emerged.

Freetown airport (Lungi) managed by the Civil Aviation Department is the only international airport. Exports of precious minerals is mostly by air freight. There are a number of airfields and airstrips for the modest domestic air traffic.

Port Management

Freetown does have, however, one of the finest natural harbours in the world and was an important naval base in the South Atlantic during World War II. A deep water quay accommodating ocean-going vessels was completed in 1954 and extended during the early 1970s. The extension was designed to accommodate the largest kinds of container-carrying ships and to provide facilities for loading and unloading containers. Hence the port of Freetown has been fully equipped in response to the 'container revolution' in ocean transport. Remarkably, the union representing dock workers has cooperated in the introduction of mechanised equipment for moving containers and for roll-on-roll-off operations.

The SLPA is the agency responsible for port management in Sierra Leone. Almost all of the country's bulk exports and imports pass through the port. Sierra Leone also imports all its petroleum requirements. Hence the port is dependent on the import-export trade and fluctuations in trading patterns inevitably have an impact on its operations. A wholly-owned government enterprise, the SLPA, provides an integrated system of harbour facilities, cargo-handling and delivery services as follow:

- (i) Harbour services including the regulation of shipping traffic, provision of access to and from the port by pilots, tugs, lighters, buoys and moorings; and facilities for bunkers, container repairs and limited ship repairs.
- (ii) Cargo-handling including loading and unloading by container equipment and vehicles, port cranes and dock labour.
- (iii) Delivery services including container stuffing and stripping, warehousing, delivery to or from customs and to or from consignee/consignor's vehicles.

The concept of a port authority arises out of its responsibility for providing these distinctive - but usually integrated - services. This paper focuses on the operations of the SLPA at the port of Freetown and, in particular, its business environment and the tariff policies followed by its management. It also discusses the context in which the management of the port was turned over to HPC. First,

however, it is necessary to examine some universal aspects of port management and economics.

II. Port Management and Economics: An Analytical Focus³

Port authorities recover their costs - or possibly earn a surplus - through the system of tariffs charged to consumers of port services. The cost of using ports can be high. Shipping costs for exports vary from 7 per cent of the c.i.f. (cost including freight and insurance) price for simple manufactures to 10 to 15 per cent for the average bulk commodity and up to 30 per cent or higher for certain goods such as timber. Of these shipping costs, about 40 to 50 per cent are port-related charges.

Far from being simple instruments of cost recovery, port tariffs serve as a powerful incentive or disincentive in encouraging or discouraging the more efficient use of facilities provided by port authorities. Variation in port charges can considerably affect the efficiency with which the port is used.

As already noted, a port provides three main types of services: harbour facilities, cargo-handling, and delivery. Some users demand only harbour services such as vessels calling for bunkers or for shelter. For most users, however, demand for port services is joint. That is to say most of them require a combination of tug towing, piloting, berth space, cargo-handling, warehousing and so forth. But the proportions they require vary considerably.

Economies of scale and organisational logistics usually result in monopoly provision of port services. Nevertheless, each service has its own (implicit) competitive conditions which can in practice limit monopolistic behaviour. Let us consider the following examples.

In regard to harbour facilities, a ship calling at a given port A only for bunkers or repairs may - if not forced by an emergency - take its custom to a competing port B depending on the competitiveness of tariffs and the quality of service at Port A. Similarly, for loading and unloading cargo, there may be a high degree of substitutability between a ship's own gear and quay-side cranes. Or, indeed, shippers may by-pass a given port A altogether, load and unload at the nearest port B, and arrange to deliver the cargo by land transportation to the hinterland of port A. It should also be noted that air-freight and airports are increasingly competing with ports as the capacity of cargo planes has become bigger. And in regard to warehousing and storage, there may also be

opportunities for substitution. Storage facilities provided by a port authority could more or less equally be provided by private entrepreneurs and truckers.

Hence the elasticity of demand faced by port authorities is variable and could be very high indeed. As Bennathan and Walters have suggested, the substantive issue is that port services consist of an a la carte selection rather than a fixed menu⁴. Although a shipper may be compelled to patronise a given port, there may well be opportunities for making cost-reducing substitutions. Thus in setting tariffs for the services they offer, port authorities cannot behave like the 'classic' profit-maximising monopolist. On the contrary, they are constrained by perceptions of what the 'market' will bear.

Hence port authorities and shippers exert an influence on each other through the prices they charge and through the variations in the supply and demand of port services. Given these implicit competitive pressures it is the common practice in the port 'industry' for management to set tariffs at the point where price equals the long-run average (i.e. marginal) cost of the service offered. This is of course price-fixing under perfectly competitive conditions. But a caveat should be entered here: such price-fixing should and usually does retain the flexibility to add a surcharge or premium on tariffs in the event of congestion (i.e. demand for port services exceeds supply). By the same token, port authorities should and do usually take measures to reduce their operating costs - and possibly tariffs - in periods of slack demand and excess capacity.

Price-fixing at marginal cost ensures that the port authority can at least recover the cost of doing business. This indeed is also the basis of efficient management. In the case of the SLPA, this was officially stated as government policy as early as 1959:

Government has accepted in principle the need for the port to be self-accounting with appropriate renewals and betterment funds⁵.

Thus official policy in Sierra Leone - as in most ports around the world - is for the port authority to set tariffs to recover its costs of doing business including depreciation or renewal of facilities and equipment. Port services can in principle be divested to the private sector. But in developing countries with small open economies, the volatility of trade makes the port 'industry' a high risk business. In theory, the higher marginal cost of providing port services in times of slack demand or idle capacity can be passed on to the consumer.

However, this could serve as a disincentive on further use of port services thereby damaging the country's trade prospects even further. Hence periods of losses are not unusual at the ports of small developing countries and such losses

inevitably have to be borne by the exchequer. But effort is usually made to minimize such losses through a business strategy of cost reduction. As we shall see in the case of the SLPA, cost reduction has been employed in addition to the overall strategy of cost recovery.

III. The SLPA: Operational Indicators and Issues

Volatility of the import-export trade in Sierra Leone illustrates the limitations of a small, open economy. As we have seen, Sierra Leone's macroeconomic situation has been in decline for many years. At the same time, serious internal economic distortions and imbalances have also been experienced. How has the combination of external and internal imbalances affected operations at the SLPA? We shall proceed by examining

- (i) indicators of earnings, sales and cost and
- (ii) indicators of liquidity to determine the business strategy pursued by the Authority.

Indicators of earning, sales and costs

Against the background of Sierra Leone's dismal economic situation, the earnings of the SLPA have inevitably been affected by slack demand for port services and idle capacity. Tables 4 and 5 confirm this although there is a slight variation in the trend in the figures for 1980.

However, Table 6 shows that the SLPA was able to achieve a small increase in its sales in real terms between 1979 and 1982 because of the increased volume of business in 1980.

Between 1979 and 1982, the Authority also succeeded in reducing its costs as shown in Table 7. A reduction of operating cost against falling demand is a strategy that has been consistently followed by the SLPA although more recent figures were not available at the time of writing.

Indicators of liquidity.

Another method of assessing the effectiveness of cost recovery and cost reduction during slack demand is to examine indicators of liquidity. These indicators show the extent to which an enterprise is able to meet its current obligations such as wages and salaries, interest payments and other operating

expenses. Data is available for these measures of the SLPA's liquidity between 1978-82.

Table 8 provides a measure of the Authority's current ratio, a statistic obtained by relating the value of current assets to short-term liabilities. A ratio of 2+ is normally regarded as satisfactory.

Table 9 is a measurement of the Authority's quick ratio, i.e. current assets (excluding inventories) divided by current liabilities. A ratio of 1 + is normally regarded as satisfactory.

A third way of determining liquidity is to relate net worth to total debt to find the debt equity ratio. Data on this measurement is provided in Table 10.

Table 4
SLPA Profit Before Tax as a Performance of Networth 1979-82

1979	1980	1981	1982
Neg	247	Neg	Neg

Source: World Bank, Review of Public Enterprises in Sierra Leone, (Washington DC: World Bank, 1984) p.19.

Table 5
SLPA Ratio of Profit (Loss) Before Taxes to Sales

1979	1980	1981	1982
(a)	25	-9	-10

(a) financial data not available for this year
Source: World Bank, Review of Public Enterprises in Sierra Leone, p.31.

Table 6
SLPA Actual Sales and Sales in Constant Prices (in million of Sierra Leones)

Actual Sales				Sales in Constant 1979 prices (a)			
1979	1980	1981	1982	1979	1980	1981	1982
7.5	15.5	12.5	12.2	7.5	12.0	7.8	6.3

(a) average annual change = 2%
Source: World Bank, Review of Public Enterprises in Sierra Leone, p.21.

Table 7
SLPA Comparison of Average Annual Sales and Cost in Constant 1979 Prices

Sales	Cost
Source: World Bank, Review of Public Enterprises in Sierra Leone, p.21.	

Table 8
SLPA Current Ratio

1979	1980	1981	1982
-1.33	6.77	4.16	2.76

Source: World Bank, Review of Public Enterprises in Sierra Leone, p.32.

Table 9
SLPA Quick Ratio

1979	1980	1981	1982
.90	3.44	2.17	1.60

Source: World Bank, Review of Public Enterprises in Sierra Leone, p.33.

Table 10
SLPA Debt-Equity Ratio

1979	1980	1981	1982
100.0	57.43	64.36	73.27

Source: World Bank, Review of Public Enterprises in Sierra Leone, p.35.

Figures for the Authority's current and quick ratios are satisfactory so it can be reasonably inferred that the SLPA has been able - if only barely - to meet its variable costs. Nonetheless its long-term debt (for capital equipment guaranteed by the government) is high.

A caveat should also be entered here: assets of the Authority may be overstated in these data because of the high rate of inflation that has been experienced in Sierra Leone. On the other hand, however, it can also be assumed that the SLPA - as a public enterprise - has had access to its loans at preferential rates.

If the authority has remained viable despite its debt over-hang, evidence emerged during the 1980s that its internal organisation and management capacity was limited in a number of critical functions including middle management and technical staff, internal auditing, financial control and collection of debts and in accounting for inflation. These are problems which the authority shared with both public and private sector agencies in Sierra Leone as a World Bank survey of the public enterprise sector revealed⁶. More generally, management capacity is a common concern in the SSA region. Institutional capacity is increasingly being given priority in programmes for economic recovery.

In 1987, the government of Sierra Leone turned the management of the Authority over to HPC with a mandate to continue the cost recovery and

reduction strategy and to build up management capacity in those functions that had been assessed to be weak. The section which follows surveys the issues in improving capacity at the port.

IV. Improving Management Capacity

As noted above, the SLPA was assessed to be weak in its middle management capacity and in the area of financial control. While the Authority had put in place a management information system and procedures for corporate planning, these functions along with a performance-related incentive system for its personnel also required improvement. The HPC agreement with the Sierra Leone government envisaged that training and counterpart arrangements will provide the basis for building indigenous management capacity at the port. In its statement on training and human resource development, HPC announced "an ambitious policy for improvement in the quality and competence of employees for the coming years"⁷. This final section reviews the main issues but an evaluation of how far HPC has succeeded in building management capacity at the Authority falls outside the scope of this paper.

Middle-management capacity

In Sierra Leone, as in most of SSA, top managers tend to have strong command of, and experience in, to the technical and managerial issues of their operations. The policy of Africanization that was pursued in most countries after independence, against a background of a shortage of managerial expertise, meant that good and competent managers rose quickly to the top. But middle-management back-up tends to be weak, especially in such functions as marketing, investment planning and analysis, accounting, personnel, and operations analysis.

Financial control

Another indicator of middle-management weakness is the shortage of financial and auditing skills. This is partly also a result of prevailing biases in educational patterns in most of SSA. At the level of enterprise management, however, shortage of financial skills inevitably affects the integrity and reliability of financial and accounting information, compliance with policies and economic use of resources. These have all been real problems at the SLPA. Another difficulty has been invariably poor billing control which has contributed to large build-ups of overdue accounts and inadequate provision for doubtful accounts.

Personnel

The SLPA has a relatively small workforce of just over a thousand. Good labour relations have generally been maintained with the dock workers' union. The increased mechanisation of cargo-handling during the 1970s and consequent reduction in dock labour requirements has not been an explosive issue in Sierra Leone. The union has generally cooperated on the retrenchment of workers which on occasion has been as high as 15 per month in periods of excess capacity at the port. The World Bank study of public enterprises in Sierra Leone concluded that the cooperative attitude of the trade union has been due to appreciation of the "seriousness of the SLPA's position"⁸. Wages and salaries at the Authority compares favourably with the private sector but high levels of inflation have inevitably eroded the value of pay packets. The SLPA introduced a system of performance-related incentives during the 1970s but the amounts awarded were relatively small. Incentives and productivity is one of the areas that HPC is reorganising.

Corporate Planning

A management information system was put in place at the SLPA during the 1970s to collect and analyse data on cargo flows, equipment status, container loading and other aspects of port operations. Indeed, the data generated through the system provided the basis for the Authority's business strategy. Procedures were also established for corporate planning. These functions are being strengthened under the agreement with HPC.

To the extent that the foregoing constitutes the current agenda for the improvement of management capacity at the port, it can be seen as a realistic response to the urgent problems of organisation and management in SSA countries such as Sierra Leone. To this degree, the 'privatisation' or divestment of the port authority has not been an urgent or relevant question in Sierra Leone as measures to promote economic recovery emerge. Against a background of a business environment with implicit competitive pressures, the far more relevant issue at the SLPA has been the improvement of its management capacity to meet the challenges of performance and productivity, cost recovery and cost reduction.

Conclusion

The propensity towards economies of scale in the transport sector is typically high. Such economies can and do constitute a significant barrier to entry. The case of port authorities, however, shows that profit-maximising

behaviour is not necessarily the result. To the extent that viable alternative arrangements can be made and a certain degree of substitution is possible, the demand for port services is in fact elastic. Thus there are implicit competitive forces at work which limit the monopolistic behaviour of port authorities.

Business, moreover, at the ports of small, open economies such as Sierra Leone's is vulnerable to trade fluctuations. Passing on to consumers of port services the increased cost of operations during such periods of excess capacity only serves as a disincentive to further use of the port. The typical response of port authorities during such times is to reduce costs on the supply side of operations.

The case of the Sierra Leone Port Authority shows that far from behaving like a 'classic' monopolist, the Authority adopted a tariff strategy to enable it to recover its variable (or marginal) costs. The lessons from this case is that Port Authorities operate in "contestable" markets. However, evidence emerged during the early 1980s that significant improvements in the Authority's management capacity were required. The Sierra Leone government responded by sub-contracting or turning the management of the port over to Hamburg Port Consulting GmbH in 1987 for a five-year term.

While the sub-contract arrangement can be seen as a form of 'privatisation', the actual selling to private share-holders of the Authority has not been a relevant issue in Sierra Leone.

Against the background of a business environment with implicit competitive pressures, the far more relevant issue for the Authority has been the improvement of its management capacity. To this extent, this case-study raises issues on public enterprise policy and management which African governments and policy-makers might want to consider carefully.

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PROCESS CONSULTING GUIDELINES FOR DEVELOPMENT ASSISTANCE: A CASE STUDY

Kenneth L. Murrell

I. Meaning and Significance of Process Consulting

Over the last several years a new way of looking at development assistance has been rapidly emerging. Following a number of studies and reviews of technical cooperation and consulting practices, consensus is forming that a process consulting model of development assistance has much to offer as an innovative alternative to the traditional models of development assistance.

This process model recommends an approach that is not based on the basic assumption that a development expert or agency can know the conditions and needs of a host country well enough to prescribe a set of activities (projects) or strategy (programme) to help the country develop. A number of significant failures in technical assistance combined with an increasingly critical concern over development dependency is making it necessary to carefully examine and reform the ways in which assistance is offered.

Process approaches, which are backed by over forty years of research and experimentation in management and organization development theory, are providing important alternative development methodologies. Process models attempt to more effectively integrate the tasks of development into the social and psychological environment surrounding the individuals and institutions responsible for carrying out these tasks. Some writers attempt to define process models by contrasting them with the expert model in which the nature of the relationship is like that of a doctor and his/her patient. In this relationship, the patient normally does little beyond describing his or her problem to the doctor (or in the case of development – the engineer, economist, or management consultant) and then the expert goes about fixing it or prescribing a specific set of remedies that must be applied. This quick-fix, "expert" approach is not working. Not simply because it is seldom being proven effective in the long run, but often because the social and political consequences are such that either considerable disruptions occur or the aid recipient becomes more deeply mired in a dependency relationship with the outside expert and donor agency. In this model the recommended remedies for curing the traditional development "illnesses" are based predominantly on outside expertise which is too often unaware of local conditions, insensitive to deeply rooted cultural values, and

usually ill-informed about the existing managerial and institutional capacity to implement development. To counter these inherent limitations of the expert model, process models are built on the assumption of equality between the host-country official and the external consultant. Here the client (or host country in the development case) is not a sick patient, but a fellow professional who brings to the situation the resources of knowledge, experience, and local responsibility. The role of the process consultant is, to help the client develop the self-help capacity to effectively utilize the financial and human resources available both internally and via external assistance. In this way the local ownership of the development activity is enhanced, and , more assured.

This process approach reduces the dependency assumption and is used to help empower the aid recipient so that more active and assertive local teams are encouraged to take increasingly more of the responsibility for their country's development. Full ownership of the development tasks can be achieved only if the outside development agent or agency steps away from the expert role and takes on a facilitative or a process role. Sustainability of a development project or programme is more likely if it is not perceived as donor-driven or as an outside expert's prescription. Of course, this in no way assumes that the clients are capable of immediately managing all aspects of their own development. It instead starts a dialogue regarding what kind of assistance is really needed and for what purpose. Process models work from an acceptance of current conditions and are grounded in the belief that only the client or host country can best determine what it needs or what the ends or goals of development are. Very often in a process approach the issue becomes how can the outsider be helpful in assisting the host country to organize itself in order to determine what it desires and how it should go about preparing itself for the development that it must perform. The process model is based on the belief that as valid information becomes available, and as free and informed choices are provided, the resultant decisions and actions will be owned and accepted by those involved and responsible. Actual examples of these conditions can be seen in the case described below as part of the author's experiences in East Africa in 1989.

II. Country X: a case study

In one of Africa's poorest and most troubled nations the request for development assistance went out from the President's office. The Management Development Programme (MDP) of the United Nations Development Programme received this request for assistance in improving the management of its development directly from the President's office. Country "X" was increasingly being dismissed by most professionals as an impossible place to

work, and as the classic "basket case" where virtually every development experiment had been tried and, over time, nearly every one had failed. The MDP in New York set about recruiting four consultants to respond to the country's official request as endorsed by the country's resident mission. A team comprising consultants from London, Montreal, Manila and Florida was then assembled.

All the major donor agencies were represented in the capital city of country X but a few were involved in projects located more than 100 kilometres outside the capital. Externally funded and project-driven development had created job opportunities for capable local managers, while the public sector bureaucracy was left to deteriorate. Official monthly salaries for public employees would not even meet living expenses for a week and the situation was continually worsening. Morale and work discipline were so low that it was very rare to see anything actually accomplished without massive outside assistance. Political instability increased as the economic situation worsened. The only factor in favour of a public sector management reform programme was that several major donors were threatening to leave the country. This factor seemed to be pressuring the government to ask for special assistance in undertaking a management improvement programme for the entire state bureaucracy.

These conditions were documented in a desk study prepared by one of the four consultants requested to assist the government in its public sector management improvement efforts. Another consultant on the team also had recent, first-hand experience of the situation in the country, and knew all too well the serious nature of the problems the team was to face. In addition to the analysis of Country X's situation, the consulting team had access to files, documents and interviews with a number of country experts both within the UN in New York and in country X's capital city in Africa.

Four days prior to the consulting team's arrival, a retired ex-colonial official from Britain had met with the President of country X and his senior ministers to introduce the mission and to clarify, along with the UNDP Resident Representative, the purpose of the consultants' visit. This allowed the consulting team to go to each of the Ministries (Finance, Planning, Labour, Industry, and to the Management Development Institute) to begin to identify a local team of top officials. A request was made and approved by the government that this team, consisting of either the Director-General or his Deputy from each ministry (and two from Finance to represent the revenue and expenditure sides) and the Director of the Management Institute, be designated an Action Committee with the responsibility for developing, with the consultants' assistance, a programme of action for public sector administrative reform. An agreement had been

reached earlier to have this special group headed by the Ministry of Planning because of its central coordinating responsibility and because of the overall high esteem accorded its Director-General. Unfortunately, the Director General had travelled to New York and Washington along with the Minister of Finance for all but two days of the four-week mission. His able and respected Deputy performed the role of chairman of the Action Committee and thus the group of local officials from every critical position (except revenue) met with the outside consultants to develop an extensive and detailed action plans.

Meetings were conducted off site in a large and relatively comfortable hotel suite in order to avoid any distractions and to help the Committee develop and operate as a team. On many days, meetings were held both in the morning and evening. In spite of their crowded official engagements and the extensive demands on their time, the group of officials met and worked long hours without a single discussion of any pay or benefits for them personally. This was particularly noteworthy since the average civil servant's pay had so deteriorated that it was impossible for an individual to support a family for a few days on a month's salary.

The Country "X" team was dedicated and devoted to the task of preparing their programme of action. The consultants played the role of facilitators and providers of information as well as a bridge to the donor community. The working meetings were conducted primarily in the local language at the insistence of the consultants who asked only that summaries of discussions be translated or that the group listen occasionally to them in English to prepare the structure of the discussions and the final report. The process model consultancy's goal was to empower and assist this local group so that what emerged was a local solution to a unique Country X situation. In this country, that process approach had never been attempted before. After many days of effort and the consultants recording of the agreed conclusions, a report was prepared. In this report, the background description of the situation was written primarily by the consulting team. The most important section of the report was a "Programme of Action" consisting of over thirty separate action plans with the responsible parties identified, resource needs listed, and the expected dates of completion (as proposed by the local team) indicated. Thereafter, the report was sent to the policy-makers for review and approval.

Separate plans of actions were developed in sub-groups composed of a consultant and the government officials responsible for carrying out the actions. Each sub-group then reported their recommendations to the whole Action Committee. After discussion and modification, as necessary, they became part of the overall action programme. The resultant Programme of Action was broad

and comprehensive. It recommended immediate action where possible, further study where needed, and top-level policy review when required.

The strength of the programme was that it was locally designed, developed and, most importantly, owned by the responsible government officials.

The process model of identifying, assisting and empowering a group of local officials to create the plans and programmes to improve their country's public sector and parastatals was a most impressive process to watch. This was even more impressive given that Country X was in such a difficult period in its history and that donor support was declining. The local team that accomplished this task of developing the plans and programmes had the most to gain. Their gain cannot be measured in donor resource flows, since with increasing instability external resources continued to decline, but they can be measured as the skills and experiences of a group of local officials that learned that there is a great deal they can do for themselves as the needs arise. They have gained skills and abilities in working together to plan and lead their country's development process. What they have also learned from this experience with a process approach is that they can accomplish a lot more if outside experts do not try to do it for them. Donor assistance and support can be used, but what it really comes down to is the fact that if the beneficiaries can not work together and take the necessary actions on their own, then development will not occur.

The process approach used in Country X helped to empower a team of local officials to take responsibility for creating an overall strategy for public sector management improvement. The process also assisted them in being able to recommend to their country's political leadership over thirty specific action plans that clearly identified the local officials responsible for making, as well as the resources they needed to make, the overall programme of management improvement work. This was not a development approach where external experts left behind their own recommendations to gather dust. The report in this case represented a thoroughly discussed and debated set of recommendations coming from local officials with outside consulting assistance. A country that many development experts had written off as one incapable of managing its own development had, in less than three weeks, worked day and night to put together a major administrative reform programme. As an effort to increase the local ownership and responsibility for Country X's development, the project was successful. As a major reform programme, only limited expectations are realistic, given that there has been over 20 years of donor-driven development activity. In this unusual case where the expectations of local officials were so high the payoff was as much in skill building as in the creation

of a comprehensive reform programme. The process approach was designed to help develop the abilities of Country X to manage its own development. In the case described here there is evidence that this did occur.

III. *The Consultant's Role in Process Consulting: Concluding Remarks*

As the responsible individuals who will initially have the most comprehensive point of view and access to information in all areas (central office, field office, the professional literature and the country itself), the consultant's role is critical. If the consultants do not understand and appreciate the process approach, as well as remain fully aware of their own feelings about using the process model, the approach is not likely to succeed. The consultant is the catalytic agent that helps to bring to the surface the needs, goals and aspirations of each member of the process and then helps develop a process for achieving these desired ends.

Before any attempt is made to apply a process model (it is often the case that one picks up process skills working closely with those more experienced), a serious programme of study should be pursued. As listed in the attached bibliography, one should be very familiar with process model approaches, the theories and philosophies underlying them, and the collective experiences of using these models as described by many development theorists. Psychological self-assessment is also critical. Professional associations exist which conduct regularly scheduled self-awareness workshops as well as training programs in process skills and organization development.

One of the reasons these activities are important is that a high level of self-awareness and self-acceptance is essential as the basis for building trust relationships with others. The fundamental component of process work is the ability to fully accept others for who they are. It is also fundamental to be aware when this full acceptance is impossible. This recognition of acceptance (or lack of it) allows the consultant to realistically determine which clients they can and cannot work with effectively. This is a crucial element in cross-cultural work that comes both with experience and from an effort to study a culture deeply enough to know whether one can accept and work within it. If self-acceptance, trust and respect for others' values are not a strong part of the consultant's constitution, the process approach will likely raise those issues and eventually limit the results.

The consultant who serves as a process professional is one who can effectively perform the following functions:

- *Identify and help unearth a great deal of information about the situation, the setting, the needs and aspirations of the participants, and the overall environmental context from both the client and donor agency perspective.*
- *Create conditions where people will own, accept and admit as their own, the surfaced data, and help form individual and shared responsibility about what to do with the information.*
- *Help people create options and choices about how to respond to the information identified.*
- *Facilitate the development of strategies and specification plans to transform information into action.*
- *Help develop requests, proposals and/or methods for generating the internal and external support necessary to see that the proposed actions are initiated.*
- *Assist in designing follow-up and supportive mechanisms through which the people directly involved can be assisted in their responsibility for assuring that successful action is taken. These mechanisms should also indicate where aid can be sought and how to effectively use such outside assistance.*
- *Develop process skills in others so that they can use action research principles in order to continuously re design, update and modify the activities and plans as required for future success.*
- *Step away from the action when the skills used to facilitate and develop the client's actions are established in the client system itself. This final step of leaving behind the skills used to facilitate the process of client empowerment is the highest ethical commitment of a process consultant.*

In essence, these eight functions broadly define the process consulting approach. How one goes about setting up the conditions and moving through these steps is described in greater detail in the standard literature on the subject. What has been discussed here is the international development context for a process consulting model. The United Nations Development Programme and many other development agencies are continuing to move towards this process

model of development. Their most serious constraint in doing this is a severe shortage of professionals with process consulting expertise and experience living and working in the countries requesting assistance. This resource limitation is not likely to be alleviated soon, and for the foreseeable future there is both a challenging and rewarding career for those few with process consulting skills and a dedication to international development work.

POLICY INCENTIVES FOR ENTREPRENEURIAL DEVELOPMENT: A REVIEW OF RECENT TRENDS IN AFRICA*

T. O. Odetola

I. Introductory Background

"Africa needs her entrepreneurs." That most crucial statement in a World Bank report (1989) underlines the critical importance of the role of the entrepreneur in the ever-decreasing development prospects for Africa. The worsening economic crisis in Africa presents an extra-ordinary challenge in order to arrest the progress of the decline. Per capita incomes have declined, hunger has increased, the environment has become poorer, international debt has mounted: "Overall, Africans are almost as poor today as they were 30 years ago"¹.

In 1987, Africa with almost half a billion inhabitants had a GDP of about \$ 135 billion - approximately the same amount as that of Belgium which has about 2 percent of Africa's population². It is expected that by the year 2020, Africa's population would have increased by at least another 600 million people. This would more than double the size of the present labour force. Rising urban unemployment is put at 40 percent among African school leavers³. In Nigeria, between 1980 and 1983, manufacturing employment declined by about 8 per cent.

In Africa generally, the relationship between value-added and the growth of employment is very weak underlining the need to enhance the employment potential of the African manufacturing industry, and hence of the development of the entrepreneur.

A more careful examination of industrial manufacturing capacity of African nations reveals that in the mid-1980's only a few countries recorded a capacity utilization of 70 percent. The rate of capacity utilization was 33 percent in Sudan, 36 percent in Liberia and 25 percent in Tanzania during the same period. If industrial growth was measured in manufacturing value-added terms, Africa has remained stagnant since 1985⁴.

It is uncertain whether any new upward trends will emerge for the following reasons:

- *Africa's domestic market is the main market for manufacture. This situation is not likely to change in the short or medium term. The domestic market has not expanded due to the sluggish growth of the economy.*
- *The economy is highly dependent on the export of raw materials which has also stagnated on the world market during the 1980's.*

The evidence put forward points in the direction of a serious decline in the economies of African nations. Industrial as well as agricultural performance in Africa as a whole has declined relative to other developing regions of the world.

More than 50 percent of the world's least developed nations are in Africa, while the nations of south-east Asia have graduated from the category of poor to industrializing nations. The change among the latter category of nations has been brought about by a vigorous and deliberate pursuit of industrial growth through well planned and rigorous implementation of entrepreneurial development programmes.

Entrepreneurial development increases the pace of economic growth. It has been argued that the faster the pace of industrial growth, the greater the nations's chances of development. And conversely, the slower the pace of industrial growth, the greater the gap between such countries and those that are industrializing⁵. Thus, the development gap between Africa and the rest of the developing world is growing exponentially. Africa is today "getting behind" at a faster rate than it can maintain a stationary position.

Today, the African continent can hardly muster enough resources to pay the interest on its \$230 billion debt. Third world countries have today paid 50 percent more than the total capital amount originally owed through interest payments alone. That is, the world is witnessing a massive transfer of resources from Africa and other third world countries to the developed world.

In contrast Japan today sits on the most colossal amount of wealth ever put together by any nation. Of the world's ten largest banks, nine are Japanese; Japan has two of the world's largest three stock exchange markets⁶. Japan has little or no resources other than water and some clay but it has its own entrepreneurs who take risks, add value, build technology and conquer the world. That is why Africa, as the opening sentence has indicated, needs her entrepreneurs.

The greatest asset, therefore that needs immediate development is the African entrepreneur. This author argues that there are enough resources in Africa to make her leap literally into the 21st century.

Past experience reveals that Africa had a great entrepreneurial spirit and long commercial traditions - with merchants travelling across deserts and forests, and building trading posts and centres which grew to develop their own rules and institutions⁷. Today "development" has imposed severe constraints on entrepreneurial activities with the emergence of the nation-states. It is in the context of the contemporary development of states with policies for development, that is, the relationship between government and business that we will proceed to examine the present status and future prospects of the development of entrepreneurship in Africa.

II. The Policy Process and Entrepreneurship

Contemporary economic development policies have been formulated at the macro-level in Africa in the belief that a sufficiently simple situation for the entrepreneur to respond has thus been created. For example, trade, export, tax and financial policies operate at a much higher conceptual level than the day-to-day realities for the entrepreneur demand and dictate. A very recent example is the operation of the National Economic Recovery Fund (NERFUND) in Nigeria, into which a vast amount of money was pumped but which *not one* entrepreneur approached for loans until the conditions were liberalized to take into account the entrepreneur's conditions and needs.

The awareness by the entrepreneur of government policy is minimal. This is further inhibited by the difficult relationship between the entrepreneur and the bureaucrat. The level of knowledge of the entrepreneur and of the bureaucrat is difficult to reconcile and so are their mutual expectations. In this difficult situation, what entrepreneurs do is to utilize other means, such as bribery, in order to obtain their rightful share of public service.

The gap between the two groups is increasing due to the fact that technologies are becoming more complicated and inputs are becoming more refined. As this gap increases, the ability of the policy makers to come to terms with the entrepreneurs decreases. The level of knowledge and awareness, and the way each group perceives the differences between them affect the entrepreneurs' ability to use incentives. The entrepreneurs near the corridors of power are more generally favored than those not so strategically positioned.

The second general proposition is that policies made by governments are overcentralized. Similar to the situation of mutual perception caused by gaps in knowledge, overcentralization through excessive bureaucratic processes, encourages corruption and the tendency on the part of entrepreneurs to look for short cuts. Entrepreneurs who decide to obey the rules and regulations then can no longer be competitive.

During the hey days of import licensing in Nigeria entrepreneurs had to go through long bureaucratic processes, sometimes for several months or years, to obtain licenses. Touts with money emerged not to engage in genuine and legitimate trade, but to buy and sell licences, multiplying costs for the entrepreneur and reducing their international competitiveness.

International competition, which is now greatly increasing, makes it necessary that government embark on the construction of a 'selective policy package' which will support the restructuring of production as well as of marketing strategies in major product areas where Africa has an international competitive advantage⁸.

Thirdly, export and trade policies have been overly restrictive. The web of regulations both confuses and restricts entrepreneurial decisions. The regulations increase the unknown costs which entrepreneurs will certainly pay to obtain licences and to register their businesses. The restrictive character of the regulations create barriers to entry and discourage entrepreneurs from reaching the productivity level which may confer on them a competitive edge both regionally and internationally.

Fourthly, government policies have favoured large and state-owned business. Large businesses, particularly state-owned businesses, have in the past been given preferential access to finance, infrastructure, markets, management training and technical assistance, to the detriment of the smaller, privately-owned businesses.

The emergence of the state as an entrepreneur and the special favour given to large multinational businesses have increased costs of transactions to the smaller entrepreneur. In other cases, public enterprises have pushed the smaller enterprises out of markets and inhibited their access to financial resources. In some cases the entrepreneur has had to cope with official neglect or open discouragement. Examples are the official discouragement in the colonial days of the production of indigenous [so-called "illicit"] liquor in Nigeria, where production premises were sealed in order to create markets for imported liquor.

Policies drove entrepreneurs underground and into the informal private sector. The result has been a stifling of economic development and the reduction in long-term investment by both foreign and local entrepreneurs.

Entrepreneurial development has, therefore until recently been inhibited by macro policies which are unresponsive to entrepreneurial needs, and by overcentralized and restrictive policies which have favoured state and large businesses. In addition, it is hampered by inadequate resources, poor market strategies, low level financing and investment.

Several African nations have been experimenting with structural adjustment programmes which require them to reduce public spending, follow a path of economic deregulation, privatize or commercialize, and generally to liberalize trade and export practices. These programmes designed to support entrepreneurial initiatives in particular, had varied success in different countries. In what follows we will attempt to examine some major African policies in relation to entrepreneurial growth, to look at the role of the state as entrepreneur and its effects on entrepreneurial development, and the impact on entrepreneurship of the changing national policies.

III. The State as an Entrepreneur

Large state enterprises have until recently been the centre-piece of African industrial development policy. Backed by legislation, they were not only given preferential access to credit and foreign exchange, but were also protected from competition through subsidies, tariffs, quotas and exclusive licences.

The capacities of these industries were often expanded without consideration for costs and profitability. The argument for the state assumption of this role has been that:

- (a) the indigenous private sector is short of capital;
- (b) there is a dearth of indigenous entrepreneurial skill;
- (c) the informal sector has been altogether backward and is therefore of little consequence to Africa's development;
- (d) there is no management skill available in the private sector.

The result is that the depth and potential of the African entrepreneur has been underestimated. In Tanzania in 1981, public sector manufacture accounted for some 55 percent of output and value added in enterprises with

more than 10 workers. The tobacco, cement and the iron and steel are wholly government-owned. Large scale parastatals and foreign-owned plants such as ADMARC, MDC and Press Holdings dominate the manufacturing sector of Malawi. Morocco's main manufactures originate from large-scale, state-owned enterprises. The state sector accounts for about 20 percent of the GDP and the share in manufacturing value added, for example, in phosphate and tobacco manufacture, is much higher.

In Algeria over 90 percent of the manufacturing sector was owned by the state in 1977 through 61 corporations which employed 70 percent of the labour force. The state has expanded its role through nationalization. For example, over 100 French companies were taken over between 1962 and 1974. Private companies exist mainly in the consumer-oriented, light industry where some 500 companies employ a total of 60,000 people⁹.

In Angola entrepreneurial and managerial positions were monopolized by the Portuguese; and their exodus in 1975 led to the abandonment of the manufacturing sector. The result was a shortage of managerial skills, bureaucratic inefficiency and over-centralization, especially, when the new government took over.

In the then Kerekou's Benin Republic as in many other African countries, the high protection given to the public sector and the accompanying neglect of the private entrepreneur had, to a major extent undermined the development of entrepreneurship.

Such private initiatives as there were, were further stifled by the concentration of power and subsequent overbureaucratization which prevented the flow of information, capital and technology to any up-and-coming entrepreneur. The expansion of credit did not benefit the entrepreneurial group due to the high rate of interest caused by inflationary pressures. In Nigeria, for example, the vast majority of entrepreneurs have been reluctant to borrow since they will have to pay over 30 percent interest on loans.

The dismal picture we have painted of the role of the state as an entrepreneur must not be confused with the interventionist role of government in entrepreneurial development. Expenditure by government will in the short and long term be a major factor in industrial and agricultural development and consequently in the pace of entrepreneurial development. Investment by government in the heavy industrial sector (iron and steel, phosphates, petro-chemicals) will for a long time to come be of great importance.

IV. Structural Adjustments Reforms and Entrepreneurial Development

Following the realization that the state-led strategy of development was not producing the desired results, a number of African countries, at the instance of the International Monetary Fund and with the support of the World Bank, began to implement structural adjustment reforms. The main elements of the reform programme are:

- (i) relaxation of bureaucratic controls and liberalization of the economy;
- (ii) privatization and commercialization of public enterprises;
- (iii) reduction in the size of the public sector and in public expenditure;
- (iv) elimination of subsidies and price controls;
- (v) formulation and implementation of tight monetary policies (imposition of ceilings on borrowing from the money market and /or increase in interest rates); and
- (vi) devaluation of currency.

The effect of these policy shifts were mixed, but by and large, the tilt towards market forces worked in favour of private enterprise and helped synchronize macro-economic policy with micro-economic (enterprise-level) decisions. A summary of the experiences in privatization is provided in the subsequent paragraphs.

Privatization: a Comparative Survey

The general trend which the policy reforms encouraged is towards the dismantling of the huge state monopolies and the divestiture of their assets to decentralized units and to private enterprises. For example, over 90 percent of Algeria's state corporations (in the manufacturing and other sectors) have since 1981 been split into some 300 specialized units. In Zambia, conglomerates, such as ZIMCO, were reconstituted into independent industrial enterprises. However, after the food riots the price controls which were relaxed in 1987 were further tightened.

Ghana's Economic Recovery Programme(ERP) realigned prices in favour of directly productive activities, removed controls, reduced public spending and resulted in a massive devaluation of the cedi. Monetary discipline was restored and private savings and investments were encouraged.

In Tunisia, the reduction of the involvement of the state in activities which were deemed viable without government intervention led to further privatization. This process was directed towards reducing by half the number of public enterprises. Tunisia's privatization efforts are limited to those areas where private firms are competitive. This has led to the drawing up of comprehensive action plans for the rationalization of enterprises which were to remain in the public sector due to their "strategic nature, the size of investment or their positions as natural monopolies"¹⁰.

In the Cameroon, decentralization of decision making authority to the provinces meant that approvals and industrial licences do not have to be processed through Yaounde. This led to the stimulation of entrepreneurship, the development of small and medium enterprises and the diffusion of manufacturing. Policy reforms has contributed also in a significant way to the autonomy of public enterprises.

In Morocco, there has also been a shift away from large-scale, state-owned enterprises engaged in import substitution, towards an increased role for the private sector, particularly the small and medium-scale enterprises. This resulted from a new investment code enacted in 1983 as well as from the gradual removal of price controls, import quotas and tariffs¹¹.

Nigeria is another country where the privatization and commercialization of public enterprises have been pursued with great vigour. With the introduction of the structural adjustment programme (SAP) in 1986, a Technical Committee on Privatization was set up to sell major public enterprises and "commercialize" some others. As at the time of writing, about fifty public enterprises have been privatized or commercialized, and about 20 billion Naira [or 3 billion US dollars] realized in sales of government enterprises.

In addition to the privatization and commercialization of state enterprises, a number of measures were adopted to diversify the economies of, and promote exports in, various African countries. Nigeria's experience is cited hereunder as an illustration of the efforts made to combine structural adjustment reforms with export promotion.

SAP and Export Promotion

In 1987, the Nigerian Government released a document on a new industrial and entrepreneurial development strategy. One of the main features of the document is the stimulation of exports through a combination of measures, viz:

- *greater access to foreign exchange earnings*
- *devaluation of the naira and*
- *the establishment of an export free zone.*

The government also introduced a variety of incentives. Let us examine some of these.

Import Duty Drawback

Through this scheme, entrepreneurs can claim in full a refund of the import duty paid for materials used in producing export goods. This package is to encourage entrepreneurs to diversify their production and move to non-oil sectors. To achieve this objective, export potentials were identified in palm oil and cake, cement, finished steel products, liquefied natural gas, carbon black and caustic soda. The results are quite encouraging. Entrepreneurs have diversified into the production of cocoa powder, cocoa butter, cocoa liquor, leather products, synthetic rubber, petroleum products, gum arabic, to mention a few.

Exports Proceeds Retention

Nigerian entrepreneurs are permitted to retain proceeds from exports in a domiciliary bank account to be operated in Nigeria. This was promulgated in the Export (Incentives and Miscellaneous Provision) Decree of 1986.

Export Credit Guarantee and Insurance Scheme

The government of Nigeria approved the establishment of this scheme with the aim of assisting the entrepreneur to compete on the international market and insure him against political instability and other risks.

Export Development Fund

This was established to enable private exporting companies recover part of their initial expenses related to export promotion activities.

Export Licence Waiver

Export licence was abolished for goods manufactured or processed in Nigeria.

Rediscounting of Short-term Bills for Export

The Central Bank of Nigeria provides opportunities for all entrepreneurs who wish to export to rediscount their short-term bills.

Export Expansion Fund

This is used to provide cash inducements for exporters who have exported a minimum of N50,000 worth of semi-manufactured or fully manufactured goods.

Capital Allowance

If an export product contains at least 40 percent local raw materials or 35 percent value-added an additional 5 percent on plant and machinery is granted to manufacturing exporters (i.e. those that export at least 50 percent of their annual turn-over)

Export Adjustment Fund

Entrepreneurs who export are to be compensated for the following:

- (i) high costs of production arising from infrastructural deficiencies;
- (ii) purchasing commodities at prices higher than prevailing world market prices;
- (iii) other factors beyond the control of the exporter.

Tax Relief on Interest Income

An amendment to the Companies Income Tax Act of 1979 provides for tax relief on interest accruing from any loans granted to aid investment in export-oriented industries.

Residual Problems

There are serious defects in the implementation of what appears to be an excellent package of incentives.

First, in spite of the liberal incentives import-substitution remains very evident in the entrepreneurial orientation of African industrialists. This has restricted initiatives in new directions and has limited industrial growth.

Next, the expansion of exports is severely limited by the low elasticity of demand or by the operation of international commodity agreements. The former relates to limits in production capacity as well as to export of finished goods to regional markets within Africa. The latter is a serious constraining factor particularly for semi-finished products such as cocoa powder. Thus entrepreneurs tend to limit themselves to the domestic market.

Thirdly, the private sector (at least in Nigeria) has complained about the implementation of these incentives. The target of their complaint are the bureaucrats who are responsible for the minutiae of inspection and clearance.

Other important problems which need serious attention if the African entrepreneur is to become internationally competitive are attention to quality control, training in "maintenance culture" and the provision of infrastructural and common services for entrepreneurs by building industrial incubators or estates.

Conclusions

To create wealth and achieve a sustainable level of development, Africa needs entrepreneurs who can respond in a flexible way to market opportunities and changing technologies. While we have so far stressed the role of governments in creating an environment that is conducive to entrepreneurial development, the entrepreneurs must themselves become increasingly involved in efforts aimed at promoting industrial growth and enhancing Africa's international competitiveness. The time has indeed come when the indigenous private enterprise should begin to play a meaningful role in Africa's economic

recovery and development process and avoid the temptation to rely permanently on government incentives and subsidies.

There is, however, no denying the fact that a restrictive policy environment stifles entrepreneurial growth, and, in the final analysis, hampers national development. It is therefore imperative to foster the emergence of institutions which will assist the entrepreneurs to mobilize resources, invest in viable projects, increase capacity utilization, and enhance productivity. It is also important to involve industrial and manufacturing associations in the policy formulation and decision-making process so as to ensure that there is a high degree of congruence between macro-level aspirations and micro-level actions.

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LINKING GRASSROOTS ORGANIZATIONS AND RESEARCH INSTITUTIONS IN AFRICA*

Eshetu Chole

I. Grassroots Organizations and Development

The 1980s have been described as a lost decade for African development, and legitimately so. In fact, the African crisis has been unfolding for about a generation now. According to the World Bank, "Africans are almost as poor today as they were 30 years ago"¹. Such a dismal record has naturally generated a lot of controversy on the underlying causes of the crisis and on ways of resolving it.

This is not the place for joining the debate, but it should be stated that Africa's disappointing development record is due to a multitude of inter-locking factors, some of internal origin, others externally generated. However, one fact that cannot be denied is that the problem is largely due to erroneous strategies of development. Most African countries in the immediate post-independence period, and for a long time thereafter, pursued policies and strategies that exaggerated the role of the state and, as a corollary, displayed an almost studied neglect of private enterprise and grassroots initiatives. Again in the words of the World Bank,

The post-independence development efforts failed because the strategy was misconceived. Governments made a dash for "modernization", copying, but not adapting, Western models. The result was poorly designed public investments in industry; too little attention to peasant agriculture; too much intervention in areas in which the state lacked managerial, technical and entrepreneurial skills; and too little effort to foster grassroots development. The top-down approach demotivated ordinary people, whose energies most needed to be mobilized in the development effort.²

In recent years, there has been growing awareness of the limitations of such a strategy and a recognition that the state should be confined to tasks in which it has a proven advantage or which cannot be accomplished by other social institutions. This has meant greater attention to the role of grassroots organizations and non-governmental organizations (NGOs).

The distinction between grassroots organizations and NGOs is not a tight one and should not be overdrawn. In this paper, the former is used as an umbrella term that covers cooperatives, self-help associations, women's groups, savings institutions, burial societies, etc. created and sustained by popular initiatives. In other words, grassroots organizations are **traditional** institutions, in contrast to NGOs, which one conventionally associates with the so-called modern sector. However, this distinction is purely convenient and does not suggest that NGOs can not become grassroots organizations.

As noted by the World Bank, grassroots organizations have for long been an important feature of African social life:

*Africa has rich traditions of community and group welfare. This is reflected in the widespread practice of sharing among people, with its emphasis on grassroots initiatives and community-based projects. Such cooperation tends to be spontaneous and informal. Community-based development projects provide an avenue for mobilizing "community savings" in cash or labor for a range of local activities.*³

The major strength of grassroots organizations is that, on account of their closeness to the people, they are best placed to understand and articulate their needs. As such, they are a very important source of information and insight regarding the living conditions, needs, problems and aspirations of the vast majority of people, who are, or at any rate should be, at the centre of development. They are also indispensable to any serious efforts at popular mobilization.

In spite of this, conventional strategies of development have tended to ignore or marginalize the contribution of grassroots organizations. There is often a forbidding gap between such organizations and the state, and the relationship between the two is not always a harmonious one. To bridge this gap and to contribute to the effectiveness of grassroots organizations is - or should be - one *raison d'être* of NGOs. They are generally regarded as "valuable and cost-effective intermediaries between the central agencies and community groups"⁴. This is because they "are closer than government to the rural communities [;] since their staff often are located in the communities, they develop an empathy that government staff generally lack"⁵. It is in recognition of this fact and of other positive characteristics of NGOs that donor assistance is increasingly being channelled through them. For example, in 1987 NGOs received about \$2.2 billion from official sources, which - we are told amounted to 5 per cent of official development assistance. On top of this, NGOs are reported to have collected about \$3.3 billion through private fund-raising from

the countries of the Organization for Economic Cooperation and Development (OECD)⁶. The support enjoyed by NGOs

*"reflects a growing belief that most NGOs are committed to addressing the problems of developing societies and the needs of their poorest members in a manner not matched by government officials. NGOs have learned how to work with grassroots organizations and how to put together projects with minimal financial and external technical assistance, thus helping poor people to help themselves"*⁷

All these virtues, however, should not lead us to think that NGOs are without blemish or that their strengths should be taken for granted. In the first place, although donors prefer to channel funds through them rather than through state bureaucracies, the aid so channelled - it is argued - benefits local elites more than ordinary people. According to a severe critic,

*Local elites ... are grabbing the opportunity to spawn into existence a myriad of NGOs, the primary purpose of which in practice is to attract foreign funds. Some state or state-connected bureaucrats overnight patronize or place themselves at the head of NGOs. These have been aptly described as GONGOs (Government Organized NGOs). Then there are foreign NGOs or FONGOs providing plush jobs to both home and host country elites. And so many local NGOs (LONGOs) are basically foreign-funded or FFUNGOS.*⁸

The same critic goes even further:

*The NGO initiative remains an elite enterprise; it has little or no constituency in, and accountability to, the working people. The latter are at best grateful recipients of the benefaction, their life destinies still controlled from elsewhere.*⁹

Many NGOs will no doubt take exception to this charge, and it may be too blanket a condemnation. But it does make a point, even if it overstretches it somewhat.

Secondly, NGOs are not as politically neutral as they are sometimes made to appear. To the extent that they depend on their home governments for financial support, they are bound to be politically compromised; in other words, their assistance is not always disinterested. Thirdly and more importantly, many NGO-supported projects have been wanting in sustainability. It is not unknown for projects to collapse as soon as NGO support is withdrawn. It is in this connection that the role of indigenous NGOs arises. Africa, relative to Latin America and Asia, has a fairly short history of local NGOs¹⁰.

The NGOs that mushroomed in the last two or three decades tend to be heavily dependent on foreign support; all too often they operate under the tutelage of northern NGOs. To the extent that this is so, the question of sustainability remains unanswered, and it figures as an important item on the agenda of the future.

Another frequently voiced criticism pertaining to NGOs is that they tend to concentrate on relief/emergency assistance to the neglect of long-term development needs. While this charge can be exaggerated and while it can not be denied that there are a number of development-oriented NGOs, it must also be recognized that there is a kernel of truth in the accusation. Where this is indeed true, NGO intervention tends to be of limited impact, failing to obviate repeated cycles of short-term intervention, and in the process contributing little or nothing to the prevention of the disasters that make such interventions mandatory.

When both sides of the ledger are closely examined, however, the balance is likely to tip in favour of NGOs. This is all the more so when their record is contrasted with that of government agencies, whose performance has been uniformly dismal almost all over the continent. Therefore, any strategy for African development cannot omit NGOs. They should be seen not merely as providers of relief but as agents of long-term development.

II. Research Institutions and Development

In talking about research institutions, one has in mind institutions of higher education and specialized research establishments. The history of higher education in Africa, and also that of research, cannot be understood outside of the colonial legacy. The universities of the continent were for the most part set up as mirror images of their counterparts in the colonizing countries, notably Britain and France. Therefore, whatever education and research was conducted in these universities tended to have little relevance to African realities. In spite of a growing awareness of this limitation, there is little that has been done to date to break away from the colonial heritage.

With respect to research, we can distinguish between two types of institutions: those carrying out social science research and those focussing on research related to natural/physical science and technology. Many an African university now has a research institute dealing with development issues, e.g., the Institute of Development Research in Addis Ababa, the Institute of Development Studies in Nairobi, and the Zimbabwe Institute of Development

Studies in Harare. In addition, there are institutes of agricultural research, technology, management, etc.

Even though such institutions perform valuable research, they are also known to operate under a variety of constraints, the most formidable being funding. The economic crisis has taken a particularly severe toll on the social services, including education. Especially affected have been higher education and research, the latter often being considered a luxury in times of economic adversity.

Consequently, the material conditions under which research takes place, including salaries and facilities, have deteriorated. In the words of one scholar,

Perhaps the most strikingly visible feature of the crisis of social sciences in Africa is the disintegration of the research infrastructure. Libraries are, as a result of the "Book Hunger", collapsing; means for travel to carry out field work hardly exist and, where they do, they are linked to some short term consultancy work for government or external agencies.¹¹

The African-brain drain, which has of late assumed alarming proportions, is in no small part caused by this phenomenon. Researchers who remain on the continent are forced to make a living under virtually impossible circumstances and resort to a variety of stratagems to make ends meet. Of particular significance here is the "consultancy syndrome", the practice of doing usually quick research, seldom of theoretical import, to supplement regular incomes. While such research has its own uses, it is rarely of the type that contributes to building a solid understanding of African realities¹².

Another consequence of the economic crisis is that, almost invariably, the research institutions are dependent on foreign financial and technical support. This has the obvious disadvantage that in many cases the research agenda is decided from without, and has little if anything to do with the development priorities of a given country¹³.

And where "basic" academic research is undertaken, there is always the problem of "research for whom?" As is well known, professional advancement in the academic world is largely dependent on publishing scholarly writings, which by their very nature tend to be "high brow" and are addressed to the scholarly community. Such research, because of its ivory tower character, often seems far removed from the realities of daily life as experienced by village communities. And the distance between the researcher and such communities appears unbridgeable. This may be so even when research has been done among these communities, whom the researcher may view as specimens to be

studied and then abandoned. In such circumstances, there is no interaction between the researcher and the community, and the results of the study are of dubious practical utility. Although this is not always true, there is enough evidence to suggest that it is a problem deserving consideration.

III. *Links Between Grassroots Organizations and Research Institutions*

Another limitation of research institutions is that, although they have strong links with the state(though not necessarily harmonious), their relationships with NGOs are tenuous at best. In many cases the relationships are even non-existent. While this is due to the aloofness of research institutions, the NGOs are not free from blame either. True, many NGOs hire indigenous experts to conduct all kinds of studies for them; there is no shortage of this kind of research. There are, however, at least three problems in this regard.

First, the links between NGOs and researchers are seldom institutional; most of the time they are individual. In other words, one rarely observes institutionalized relationships between NGOs and research agencies. Interestingly, both the researchers and the NGOs find this arrangement preferable. For the latter, having research done on the basis of a contract with an individual researcher - as opposed to an institution - is much less costly. For the researcher, such an arrangement is financially more lucrative, because his/her remuneration would be far less if the research were done through the auspices of his/her institution, for the simple reason that the institution retains a large share of the money paid for the research. However, as a result of the absence of institutional links, research outfits rarely benefit from studies conducted by their own members, and such research is seldom enriched by scholarly debate.

Secondly, even when research is carried out institutionally, the research topics are almost invariably determined by the NGOs; the task of researchers is merely to execute the studies. It is not uncommon to find situations in which "a badly funded institution is forced to engage in a wide range of completely unrelated research projects, all in responses to the idiosyncracies of donors anxious to get instant "action-oriented" reports or the force of passing fads"¹⁴. The problem here is that research institutions, which could contribute significantly to determining research priorities, are denied the chance of doing so. The ultimate losers in this instance are the people whom the NGOs set out to serve.

Thirdly, the studies commissioned by NGOs are mostly confined to specific problems in specific localities. There is, of course, a lot of utility in such studies, because they enable interventions to be tailored to the specific needs of given communities. At the same time, however, if research concentrates on micro-studies to the neglect of the wider environment within which development is supposed to take place, there is the usual danger of losing sight of the forest by confining one's attention to individual trees. What this calls for, therefore, is establishing linkages between micro and macro studies, since both types are indispensable. In fact, it is failure to establish such linkages that leads to research that is either too fragmented or too general to be useful.

These problems need to be addressed, and the best way this can be done is by forging closer links between NGOs and research institutions. In such a partnership, both parties have significant inputs to make.

The strength of research institutions lies in the fact that they are repositories of indigenous expertise. Within their ranks one finds scholars who are familiar with the development environment of a given country; there are also those who may have done specific research on given regions and problems. If closer links are forged between them and NGOs, the latter would benefit from studies that are firmly rooted in the ground. An additional, practical, consideration is that local experts cost less than expatriates.

The forte of NGOs, as pointed out earlier, is that they are close to grassroots communities and hence well-placed to understand their problems and to receive feedbacks. Their weakness, however, is that, by the very nature of their calling, they rarely pause to reflect on the larger meaning of what they are doing. Absorbed as they are in day to day tasks, they have neither the inclination nor the capability to raise the larger issues of development. And it is precisely in this regard that research institutions can make a singular contribution. Scholars with a broad exposure to theoretical paradigms, historical experiences and empirical knowledge are in a position to provide the wider reflection in which NGOs are wanting.

On the practical side, another advantage the NGOs have is that they have access to resources, financial and others, part of which could be channelled to studies designed to promote viable development strategies. Therefore, links between NGOs and research institutions offer a unique chance for blending theoretical work with empirical knowledge, global understanding with specific realities, and foreign funds with local expertise. It is a potential that needs to be assiduously explored.

This is not to suggest that research should be the exclusive preserve of research institutions. On the contrary, there is merit in the NGOs themselves building a capacity for "in-house" research – research which can be enriched by their unique experiences with grassroots communities. Moreover, they may also have access to new research methodologies with which the academic community may not yet be familiar. John Clark gives a good example of the type of research in which NGOs may be effective. This concerns the impact of structural adjustment programmes on the poor, an issue on which most writings generate more heat than light.

For example, in an urban slum an NGO may easily deduce that the poor have found food price increases painful. This is hardly surprising. What might be more informative would be to learn if any benefits from the promised "targeted food distribution" were seen and if so who they went to; whether anyone from the government has talked to the poor about "compensatory schemes", for example, to give training, land and credit to those who volunteer to leave the slums and take up farming; what do they think of such schemes; have there been any changes in the health services, such as the availability of essential drugs at the local dispensary; has the policy of liberalization offered the poor more opportunities for petty trading; has the emergence of a black market affected them at all; what response has the community made to the deteriorating situation they are experiencing; and so on.¹⁵

IV. Areas of Cooperation

At the risk of stating the obvious, one must begin by noting that the research undertaken must be of a type that makes an input into policy development and reform and should be solidly anchored on the realities of the society in which it is undertaken. In other words, it ought not to be research for the sake of research. Based on this understanding, one can identify major areas of cooperation between NGOs and research institutions. First, there is much that can be done to articulate a proper paradigm of development. We have come a long way from the days when development used to be equated with growth in per capita income. There is still much to be done in defining and refining the concept of development.

It would be unfortunate if this is regarded as a mere academic exercise. All too often in the past, development strategies failed to deliver what they promised, largely because the very notion of development was rarely understood. It was only after decades of a mad chase after high national income growth rates that it was realized that growth is not synonymous with development. Growth in per capita income, it was discovered, did not

necessarily translate itself into poverty alleviation, greater equity and high rates of employment. Such an articulation, if it is to be meaningful, must be based on Africa's historical experience and current realities. It must not be a mere transplant of concepts based on other experiences and realities.

To begin with, development must be participatory. This means that the traditional top-down approaches must be discarded and development taken as what grassroots communities define for themselves. Unfortunately, they are seldom involved in the major decisions regarding projects. All too often, donors (whether NGOs or others) choose projects (including sites), make most inputs available, allocate the resources, administer the projects, and are mainly responsible for evaluating the projects [including determining whether they have benefitted the communities]. The "target groups" figure only marginally in this scheme; they are passive observers of something "done for them". Such an approach is self-defeating, because it does not help build a capability for self-reliance.

Moreover, the absence of grassroots participation means the priorities of donors sometimes take precedence over those of recipients. In such a case, a lot of resources may be committed to activities that have very little relevance to the needs of those on the receiving end. Therefore, if assistance is to be effective, full community participation is of the essence. Although there may be broad agreement with this principle, there is no clarity on what exactly one means by participation. Governments, donors, NGOs and academics pay lip service to it, but it is often the **appearance** of participation that is taken for its **essence**.

To begin with, if popular participation is to be more than a hollow phrase, it must be truly democratic. In other words, development cannot be something that is benevolently handed down, whether by the state, or donors, or NGOs. It would be wrong to assume that there is clarity on what is meant by "democratic participation" in the African context. This is therefore an important area of research and, as indicated earlier, both NGOs and research institutions should bring unique contributions to this task.

Once it is recognized that development has to be participatory and genuinely democratic, one has then to address the question of how to enhance such development. Given the repressive nature of the state in virtually every African country, this is bound to be a rather complicated task. It requires a critical examination of all actors in the development field: governments, donors, NGOs, grassroots organizations and, of course, the people. Both research institutions and NGOs can bring different - and mutually enriching - perspectives to this enterprise.

Another priority issue is how to make development sustainable. Again as pointed out earlier, the problem with most NGO-assisted projects is that they collapse as soon as assistance is withdrawn. As is well-known the litmus test of all aid is the extent to which it makes further aid superfluous¹⁶. If a society is to escape the fate of being perpetually dependent on aid, then it must ultimately reach a stage where it becomes capable of generating the resources requisite for its development. However, we have only limited understanding of the process by which development becomes sustainable and the factors that contribute to it. Collaboration between research institutions and NGOs could play an important role in charting out the modalities for attaining sustainable development.

It may be objected that this is taking too naive a view of NGOs, for the simple reason that they are inherently not in the business of delivering sustainable development. For instance, one author makes a call for setting up "People's Organizations" (POs) as opposed to NGOs:

*POs have to be based on a different conceptualization than NGOs. They are not simply funnels for channeling funds; rather they are a process of summing up the experience of people's struggles; vehicles for defending their interests; based on the needs and wants of the people as perceived by them and sharpened in the course of fighting for those needs and wants.*¹⁷

It is precisely this kind of challenge that cooperation between research institutions and NGOs has to meet.

Another area of concern is the relationship between the state, NGOs and grassroots organizations. In many African countries, this relationship is characterized by a visible tension. Where democratic rights are minimal or non-existent, the contradictions between the state and society are considerable and manifest themselves in so many different ways. Nor can it be said that governments and NGOs always have amicable relationships. In this connection, there is need for a closer investigation of what is happening to the role of the state, given the widespread recognition of its failure to deliver development. Related to this there is a growing but unexamined assumption that, at least in some respects, NGOs can substitute for the state. This is an important area for research. Also, NGOs and local communities do not always see eye to eye. In such circumstances, it is important to work out modalities for a harmonious relationship among all the actors concerned, and this represents a useful area of cooperation between NGOs and research institutions.

In the final analysis, therefore, the ultimate target of cooperation between research institutions and NGOs is to contribute to development that is participatory, democratic and sustainable.

V. Mechanisms for Collaboration

Mechanisms for collaboration can be worked out at country, sub-regional and continental levels. Whatever level is envisaged, and it seems that all three are indispensable, the central idea is to work out a structure that will facilitate the processing of inputs from both research institutions and NGOs.

At the country level, it would be fruitful to set up a country-wide joint consultative body made up of representatives of both parties. In countries where there are umbrella organizations for NGOs and research institutions, the task is simple, because it is one of forming a joint body out of the umbrella organizations. Since most countries have a forum at which NGOs are represented, this can easily be taken advantage of, and it would not be a difficult task to create a mechanism for the representation of research institutions. Such a joint forum would be an appropriate place for clearing ideas, formulating policies, working out programmes, and monitoring developments.

The same modality can be followed at the sub-regional and continental levels, although it must be recognized that the higher the level of aggregation, the more difficult coordination becomes. In this case, organizations such as CODESRIA (Council for Economic and Social Research in Africa), OSSREA (Organization for Social Science Research in Eastern Africa) and AAPAM (African Association for Public Administration and Management) can play important coordinating roles. Similar sub-regional and continental NGOs can also play useful roles.

VI. Plan of Action

It is difficult to envision a detailed plan of action in advance of the setting up of coordination mechanisms, but certain tasks suggest themselves. An obvious starting point is setting up the coordinating mechanisms suggested above. This has to be preceded by a series of consultations both within and between research institutions and NGOs. After such consultations, the next step would be to convene a meeting or series of meetings to give shape to the proposed coordination mechanism, and then set it in motion.

In this connection, it would be useful to convene sub-regional meetings of research institutions and NGOs in, say, Nairobi, for Eastern Africa, Harare for Southern and Central Africa, Dakar for West Africa, etc. Such meetings could establish appropriate mechanisms (e.g. steering committees) for planning and follow-up.

The mechanisms, once established, would then have to chart out a detailed plan of action. As a starting point, however, they may have to begin by drawing up directories of research institutions and NGOs, with detailed information on areas of interest, past activities, future plans, etc. A plan of action would have to be accompanied by a determination of resource requirements and how they are to be fulfilled. This has to be followed by a systematic soliciting for funds.

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Science & Technology Specialist. The specialist will provide intellectual and operational support for sector work, policy, dialogue, lending operations, and analytical and policy development work in the Europe and Central Asia and the Middle East and North Africa Regions, serving in an advisory and operational capacity in higher educational and research training and in the national systems of scientific research and development. Requires an advanced degree (PhD preferable) in one of the physical or life sciences, together with professional credibility within the academic and research community, extensive experience that includes senior level responsibility for needs assessment, policy development and program design and evaluation in the areas of higher level, technical and post graduate education, including the life sciences.

Social Security Specialist. The specialist will provide intellectual and operational support for Regional Studies in the Europe and Central Asia and the Middle East and North Africa Regions in the area of social security and cash benefit systems making a substantial contribution to the Division's technical knowledge and skills and to the development of the overall strategy, analyzing related country-specific policies and strategies, and assisting in operations in the Regions. Requires an advanced degree (PhD preferable) and/or extensive related work in the design and implementation of social security, social assistance, benefit and pension systems and good field experience.

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BOOK REVIEW

Gelase Mutahaba and M. Jide Balogun (eds.), Enhancing Policy Management Capacity in Africa. (Connecticut: Kumarian Press, 1992), pp. ix+194.

Effective policy management in African countries is a critical issue in the overall management process. Policies in African countries are formulated often without the aid of supporting information and data, and they tend to be poorly implemented. Critical analysis, review, monitoring and evaluation of such policies are not common in the policy management process in many African countries. Notwithstanding the good intentions and contents of public policy packages, the policy output often falls short of the objectives that were set out initially.

The concept of policy management is aptly explained in Chapter 10 of this volume by Balogun. It is defined to include not only the technical knowledge or techniques in management but also the issues of ethics, values and public morality. While the lack of appropriate management skills can be a developmental constraint, unethical behaviour, for example, the misuse of public funds for private gain, nepotism, moonlighting, bestowing of favours to friends and relatives at public cost and lack of accountability, can have, among others, a negative impact on productivity, performance and development of a public institution. Thus, in the context of socio-economic transformation and self-reliant development, this volume focuses on the need for the effective policy management process in Africa.

While the major cause of the ineffective policy management process in Africa may be the lack of appropriate technical and managerial skills and competence among the policy makers and policy implementors, some of the other constraints and weaknesses in this regard (as explained in Chapter 5 by Sai) are: the lack of a clear cut policy in certain critical areas of the economy, weak policy management process, i.e. the lack of appropriate data collection systems, data analysis and review; monitoring; and the evaluation of policies. Consequently, changes or shifts in the economic and political environment are not captured in the policies formulated, thereby the policy outcome does not always have a positive impact on socio-economic development. Some of the critical constraints to effective policy management have been discussed in a number of chapters in this volume. These include the absence of, or weak, policy review mechanisms, lack of coordination between policy formulating and implementing institutions, low level of policy implementation capacity due to

the staffing and other related inadequacies; and more importantly the lack of work ethics. Adebayo Adedeji's focus on the institutional dimension in the policy process is highly illuminating. Excellent case studies in policy and programme analysis are also provided in part II by Mutahaba, Olanrewaju and Ogunbadejo, among others.

Africa's training institutions have a challenge in this regard to create an effective policy management capacity among African managers, policy makers and administrators. Part III of the volume is devoted to the role of national training institutions in management capacity-building. Chapter 10 by Balogun observes that while the existing national public administration and management training institutions provide the skills training in management areas, they address only one element of management capacity building, i.e. the technical knowledge. The other elements, i.e. ethical behaviour and accountability aspects, are not incorporated as part of the training package.

Furthermore, the training institutions have not made significant impact on policy management through applied research and providing services to public institutions in the form of consultancies. Their narrow orientation both in terms of the curricula design as well as the target population for the training further limit the impact of the training institutions in the policy management and development administration capacity in the wider economy, i.e. public and private sectors.

In view of the fact that policy management and development administration are important factors in Africa's efforts at economic recovery and self-reliant development, how to build and sustain the capacity in this area is an important development issue. Part III of the Volume discusses the role of the national and regional training institutions in this regard. Chapter 15 by Yahaya, suggests a number of ways of strengthening and building the policy management capacity in the region, for example through national universities and research institutions; networking and the exchange of information among the training institutions for greater self-reliance as well as cost-effectiveness; creative forms of interventions to transform the attitude of public officers; creating a new work ethic, etc. Moreover, regional orientation in management training and strengthening the capacity of the existing regional training and research institutions, such as WAMDEVIN, AMTIESTA, CAFRAD, ESAMI, IDM, etc. are effective and pragmatic mechanisms for increasing and building the policy management capacity in Africa.

Finally, systematic measures will need to be adopted to enhance the interface between the research and training institutions; individual consultants

and indigenous consultancy companies on the one hand, and the policy makers and policy implementors on the other hand. The use of the indigenous 'think tanks' should be encouraged in building policy management capacity.

The policy management process in Africa can be further strengthened by introducing courses in this area in tertiary level institutions. Such development and policy management courses should form part of the substantive programmes of study. This will provide some sort of theoretical training in development management. Chapter 11 by Bwalya suggests a three-pronged strategy for building policy and management capability and capacity in African countries through:

- (i) general and theoretical education in public policy at the university level,
- (ii) professional training in policy and strategic studies in the national public administration training institutions, and
- (iii) practical on-the-job training in ministries and government departments.

In order to strengthen the policy management capacity at the national level, the focus of the training needs to move away from the civil service to cover the wider economy, including the private sector. This shift is necessary in view of the structural adjustment programmes which emphasise the role of the private sector in development. The challenge to Africa's training and research institutions in building management capacity is even greater now than before. This volume has brilliantly put together the chapters whose content revolves around the important area of enhancing and building policy management capacity in Africa.

Management culture is generally developed and nurtured over a long period of time. It will not be a bad idea if certain courses in development management and policy management process (in the broader sense) are also introduced at the secondary school level in African countries. In this regard, properly designed curricula and appropriate teaching methods will need to be devised to inculcate among the students the positive attitudes and ethical behaviour in work situations and in the broader development context.

The main message of the book that institutionalised capacity for policy development and implementation is just as important as getting the contents of policy right is to be welcomed. This is a lesson that should be heeded as African governments continue their efforts at adjustment and policy reform. The

book is highly recommended to students and practitioners – particularly, those interested in development policy analysis, programme analysis, and institutional capacity building.

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Economic Affairs Officer
UNECA)

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