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Review of FY 1992
Africa ABS
Privatization Narratives

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REVIEW OF FY 1992 AFRICA ABS PRIVATIZATION NARRATIVES

At the request of AFR/MDI, LABAT-ANDERSON Incorporated (LAI) reviewed the privatization narratives contained in the FY 1992 Africa Bureau ABSs. The research and first draft of the report was prepared by LAI consultant Homa Sabet-Shargi; it was revised into this final form to suit Africa Bureau requirements by Raymond C. Malley.

Key points are as follows:

- The narratives overall were more complete than in the two previous years. Those from Category I countries were especially informative.

- The narratives from some Missions were concerned only with privatization of parastatals, while others discussed their whole private sector programs including privatization. This makes comparison of the narratives difficult. We must rectify this in the ABS Guidance for next year.

- The Bureau ABS Wrap-Up Memorandum provides the following monetary figures:

	FY 1990	FY 1991 (in $ millions)	FY 1992
Resources Devoted to Private Sector Development	119.7	85.7	108.1
Of Which Privatization	23.3	16.4	10.2

  Surprisingly, the privatization figures decline significantly each year. But this does not reflect decreasing interest in privatization. Instead, it reflects sharp downward adjustments in a few programs: e.g., drop in AEPRP funding in Senegal, decrease in the Fertilizer Pricing and Marketing Reform program in Kenya, etc. Actually, Missions in their narratives usually talk about doing more activities in privatization in the future rather than less. But frequently this can be accomplished through the policy dialogue rather than with funded projects.

- The largest donor parastatal divestiture/restructuring program in Africa is by the World Bank. The ABSs indicate that Missions more and more work in concert with the World Bank in this area.

- More and more African countries talk about pursuing large-scale privatization programs. This is encouraging, although usually there has been much more rhetoric than action to date.

- Positive enabling environments are of course very important to successful privatization programs. The MAPS exercises address the enabling environment.

- Privatization discussions and activities in Africa generally are moving beyond the traditional industrial divestiture to include other areas such as health (e.g., private distribution of ORS treatments and contraceptives), other public services (e.g., waste disposal and road construction), and agriculture (e.g., fertilizer and grains marketing).

- Factors against privatization include: opposed by those with vested interests and jobs in parastatals; possible concentration of wealth in small private groups (especially important in smaller economies like Uganda and Malawi); sales to non-Africans, e.g., Asians, Portuguese; thin capital markets; fear of large scale unemployment; shortage of management and technical skills by private investors; and reduced opportunities for pay-offs and corruption.

- A.I.D.'s Privatization Policy Determination (PD-14) is being revised and will soon be released.

I. INTRODUCTION

The following report reviews and analyses privatization plan narratives from the USAID Annual Budget Submissions (ABSs) for Fiscal Year (FY) 1992, as recently submitted by Africa Bureau Missions and Offices. This is the third year in a row that the Africa Market Development and Investment Division of A.I.D. (AFR/MDI) has assessed privatization narratives based on the Annual Budget Submissions. This report discusses the general trends, activities, successes, constraints, etc. that Missions in the Africa Bureau are facing with respect to the issue of privatization, and provides an inventory, in spreadsheet form, of each Mission's or Office's privatization efforts.

There is an important point that must be kept in mind when reading this narrative and the attached summary table. This is that the ABSs take two different approaches in their privatization narratives. Some discuss it only in terms of divestiture of parastatals (as was intended by A.I.D.'s guidance on this subject), but the majority discuss the Missions' total private sector program (including but not limited to privatization) under this heading. Because of these different approaches, the ABSs are not always directly comparable one with the other.

As discussed in the ABS guidance, "the purpose of the FY 1992 ABS is to present, in tabular form, a proposed program based on the planning levels to carry out the approved CDSS strategy. The ABS provides the link between the strategy, Action Plan and the specific activities through which it is implemented" (Guidance 1990, p. 11). The privatization narrative represents one of the Special Interest issues as delineated by Congress to be included in each ABS as an annex. The official Agency privatization policy will be described in the next section.

After discussing the background of the Agency privatization objective, the report is divided into sections which cover host country Governments' actions and commitment to privatization, the current and future programs of A.I.D. Missions throughout the Africa Bureau, and the quality of the ABS Privatization write-ups. Some brief recommendations will also be included at the end. The sections on Government and Mission activities attempt to present an overview and comparison of the diverse privatization activities being conducted in Africa. Individual Mission or Government programs and not be discussed in isolation, but in the context of more general trends occurring in the region. Descriptions of specific country characteristics are left for the spreadsheet which is attached at the end of this text.

The privatization spreadsheet/country table is divided into six different issues: the host country governments' commitment to privatization, their problems, and their actions, A.I.D.'s current program, its future plans, and miscellaneous comments. Last year's analysis also included a column asking if the ABS included a section on privatization; but this year it will be assumed that the country ABS does have a privatization narrative, unless it is explicitly stated beside the country heading that none has been included (e.g., in Guinea Bissau, Zimbabwe, South Africa, etc.).

Countries reviewed fall under four categories, based on A.I.D. "Country Programming Principles For Implementation over Next Three Years." A.I.D.'s Category IA includes countries in which the U.S. maintains a development interest, where there is a "large" population, and in which there is "good" macroeconomic performance. Category IB members have the same characteristics as IA countries; however, their populations are "small to medium." In Category II countries, the United States is simply "supportive of [their] development efforts" and in Category III, the program rationale is based on "humanitarian and/or political" reasons. The table summarizing all the Africa Region's ABS privatization narratives is grouped according to the same categorization, with the highest priority nations, Category IA, at the top of the list and lowest priority, Category III, at the end.

Highlights: As is apparent from reports of individual Missions' experiences, A.I.D. often has taken an important role in the privatization of state-owned enterprises (SOEs) and public services throughout Africa. Some highlights are:

- Politics and the status of the "enabling environment" in a country are determining factors for a successful privatization strategy.

- There is a direct correlation between the host Governments' attitude towards private sector-led economic growth and the size and quality of the A.I.D. privatization program in that country.

- Especially over the past year, the trend among African Governments seems to be in favor of privatization. Some regimes, in countries where capitalism has been more dominant, make rhetorical commitment to privatization, but have taken little action to back their words.

- Due to limited Agency resources, it is now more important than ever that close donor coordination take place, especially with the World Bank, which supports the largest parastatal restructuring/divestiture program in Africa. Despite some policy differences with the Bank, the past three years' ABSs show that coordination with the IBRD's strategy increasingly has become a cornerstone of many Missions' programs.

- Privatization activities in Africa are moving beyond traditional industrial divestiture to include agriculture (e.g., fertilizer and maize production and marketing), health care (e.g., private distribution of ORS treatments and contraceptives) and other social services (e.g., solid waste disposal and private firm contracting for road construction), as well as policy and legislative reform.

- As reported in the FY 92 ABSs, Missions have generally moved beyond the analysis phase (which was their primary activity for the past two years) of their privatization programs. The most prevalent instruments through which they promote privatization are: policy reform (NPA), training and technical assistance, foreign trade and investment promotion activities, analyses and studies, and social services delivery (in descending order). Missions are also more involved in a variety of capital markets' development activities.

- Although privatization funding obligations have declined over the FY 90–FY 92 planning period, virtually every Mission/OAR with a privatization program expressed an interest to expand activity in this area.

- Many Missions are conducting activities which they consider to fall under the privatization category (i.e., they discuss them in the privatization narrative); however, they have not

obligated any funds to privatization. A.I.D. statistics show that only 11 countries represented in Africa actually allocated funds to privatization, while 26 Missions and Offices included a Privatization Plan in the ABS annex.

II. BACKGROUND OF A.I.D. PRIVATIZATION OBJECTIVE AND REPORTING REQUIREMENTS[1]

A.I.D.'s formal policy on privatization was first announced in February 1986 at the International Conference on Privatization. Details of this new Agency objective were enunciated four months later as Policy Determination (PD-14), entitled "Implementing A.I.D. Privatization Objectives."[1] In this document, which is described in the paper "Trends and Benefits of A.I.D.'s Privatization Program" (Dudek & Company, April 1990) as "one of the best and most concise explanations of privatization and the major techniques that can be used to implement it," the goal of Mission involvement in an average of at least two privatization activities by the end of FY 1987 was established.

In PD-14, privatization is defined as the "transfer of a function, activity, or organization from the public to the private sector." The authors make it clear that "privatization" is not synonymous with private enterprise; although privatization is an important aspect of the private sector program. The privatization objective is based upon the Agency principal that the entrepreneur and the private sector are the most appropriate mechanisms for economic growth. Politically, a thriving private sector, it is believed, serves as a strong base from which to ensure that democratic institutions may exist and may remain independent of centralized political control. PD-14 sets down the Agency policy that Mission assistance, unlike that of other donors (e.g., the World Bank, UNDP), may not be provided for restructuring public enterprises. It is available only to entities that have committed to eventual privatization.

The PD and its targets apply to 40 A.I.D. Missions around the world, 18 of which are in Africa.[2] Each of the Missions is directed to engage in policy dialogue with its host country, with the objective of conducting at least two privatization activities in each Mission every year. Of the 18 Missions subject to guidance in 1986, 16 have begun privatization programs. Although adherence to the guidance is not mandatory for non-Mission field operations, these Offices are encouraged to attempt to implement a program. In Togo, for example, fulfillment of the privatization targets from PD-14 were not required, but an active privatization program is being carried out with little funding. Of the 45 countries with any form of A.I.D. representation, 26 Missions or Offices report some sort of privatization activity as planned or underway.

Missions have been directed to encourage the public and private sectors (indigenous and other) to undertake the entire range of activities related to privatization without A.I.D. assistance. Where this is not possible, A.I.D. can employ such instruments as technical assistance to prepare a SOE for divestiture and financial assistance in the form of loans and grants. The full range of Missions' activities will be discussed later in this report.

Once the policy was instituted, the Agency anticipated that privatization would become an integral part of each Mission's programming. For this reason, both short- and long-term reporting requirements were established. Initially, Missions were asked to submit an overview of their plans

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[1]A.I.D. is now in the final stages of revising its Privatization Policy Determination (PD-14); when published it will change and supersede some of the objectives and requirements discussed in this section.

[2]See Annex B, "African Missions Subject to Guidance."

in the 1987-88 ABS. Following submission of the initial privatization plan in the 1988 ABS, Missions were required to integrate their privatization plans into the regular reporting systems for ABSs, Country Development Strategy Statements (CDSS) and Action Plans.

For the latest ABS report, the FY 92 ABS Guidance directs all Missions to submit their privatization narratives as an Annex of the Annual Budget Submission. Each privatization plan should identify:

> "(a) progress made in implementing the privatization activities now underway (as well as those identified in last year's privatization plan); (b) short-term and long-term targets of opportunity for FY 1991/FY 1992; (c) the mission's proposed strategy for addressing privatization; and (d) the projected timeframe and financial resources for achieving its privatization goals" (Guidance, 1990 p. 84).

In addition to these four sections, each Mission was asked to include information on specific privatization successes in their programs, with such details as the number and types of firms divested, as well as some specific benefits like improvements in the quality or cost of service delivery. The information in the subsequent sections of this report is derived primarily from individual country ABS reports, which never exceeded three to four pages in length.

III. GOVERNMENT ACTIONS AND COMMITMENT TO PRIVATIZATION

Governments of Category I countries, where there is relatively good macroeconomic performance and the U.S. maintains a strong development interest, exhibit the greatest commitment to privatization and are also the most pro-active of the African nations in implementing policies and programs which favor the private sector. Within this group, the Governments in some of the less populated countries (e.g., Togo, Swaziland, Botswana, the Gambia) maintain the most liberal economic practices. As PD-14 alludes, much of the accomplishment of A.I.D. privatization efforts will depend upon the political climate prevailing in a country. In fact, it is also in these countries that Missions have been most actively and successfully implementing privatization strategies, as reported in the FY 90, 91 and 92 ABSs.

The general trend among African Governments, as reported in this year's ABSs, is toward privatization of their economies. Since last year, Africa, following the example of Eastern Europe, has experienced major economic and political changes toward market-based, liberalized economies and more democratic political regimes. In Benin, for example, the Marxist-Leninist regime was transformed in February 1990 to a civilian-led, democratically elected regime; and in Zambia, a totally new policy environment was created which facilitated the Government's renewed interest in conducting dialogue on economic reforms and structural adjustment. Naturally, the outlook for privatization in these countries has also improved.

Unfortunately, more prevalent than political economic transformations in Africa has been rhetorical commitments by governments to policy reform. The governments of Zaire, Kenya, Cape Verde, Liberia and Rwanda are all examples in which "priority" has been given to privatization and private sector growth, but in which little action has been taken to date to prove their seriousness in divesting of their many public holdings. Kenya's ABS specifically mentions some of the constraints to privatization in that country, which may explain the slow progress. These include vested interests in parastatals, concern about the concentration of wealth in relatively few hands in the event of privatization (a subtle reference to ethnic sensitivities) and a thin capital market. Other barriers referred to by Missions include fear of unemployment resulting from the divestment of public holdings, lack of investor confidence in the economy, and a shortage of the technical and managerial skills needed for the private acquisition of state-owned enterprises. With the exception of Kenya's

allusion to "vested interests", none of the reports cited corruption as an impediment; although this, along with ethnic tensions, actually may constitute the predominant obstacles to privatization in Africa.

Another noted trend was the fact that Governments' commitments to privatization were linked to their relationship with the World Bank/IMF, since Structural Adjustment programs usually contain privatization and/or SOE restructuring conditionalities. Thus, donor coordination may be crucial for A.I.D. policy dialogue efforts—especially where Mission funds are limited. Ultimately, effective coordination could determine the success of a Mission's privatization strategy.

IV. USAID MISSIONS' CURRENT ACTIONS AND FUTURE PLANS

Despite the limited funding, staff time, and technical skills and resources directed to privatization activities, most A.I.D. Missions and Offices have been surpassing the privatization targets set for them. As reported in the Africa Bureau's FY 92 Annual Budget Wrap-Up Memorandum, aggregate resources earmarked for the Private Sector Development Special Interest (SI) Code fluctuated from $119,742,000 for FY90, $85,681,000 for FY91 and then back up to $108,139,000 for FY92. Funds set aside for Privatization (SI code "PVZ") are not only a fraction of Private Sector Development, but also show a reduction over the same period: from $23,329,000 to $16,371,000, and then down to $10,168,000 by FY92.

For the FY 90–FY 92 period, only two countries display an increase in PVZ funding allocations—Burkina and Tanzania—and both of these are relatively minor programs. At the same time, Cameroon, due to decreased allocations to the Reform of Health Development Systems Project and Policy Reform in Export Processing; Kenya, because of the major decrease to Fertilizer Pricing and Marketing Reform; Senegal, with a drop in AEPRP funding; and less PD&S funds in the Gambia, help account for the more than halving of PVZ obligations over the three year planning period. Because of the actual drop in resource levels for privatization, one would expect less activity in this sector. However, virtually every Mission narrative discusses more rather than less activity and all plan an even greater level for the future.

As previously noted, the level of Mission involvement in privatization conforms with the degree of Government responsiveness to market-led growth. It also generally correlates with the scope and magnitude of A.I.D.'s overall portfolio in that country. Thus, as the attachment shows, Missions in Category IA countries maintain the most active privatization programs. This year's ABS shows that Missions most often support the following activities:

1. Policy reform. Non-Project Assistance (NPA) is increasingly being used over project aid. It can take many forms, from budget rationalization/reform in Senegal and Kenya, to assistance with divestiture of parastatals in the Gambia, Madagascar, Malawi, Lesotho, and other countries. Policy reform work was among the most prevalent activities in the FY 91 ABSs, and in the FY 92 updates there were even more forms of NPA in more countries.

2. Training and technical assistance to public officials and private entrepreneurs. Virtually every Mission/Office portfolio has a training and TA component. This can take the form of HRDA, hiring a short- or long-term technical advisor to a Ministry or other semi-official Authority, and training in the use of credit or teaching a vocation to indigenous entrepreneurs. Field offices which do not have privatization requirements often will have at minimum some private sector training projects (e.g., Benin, Congo, Sierra Leone).

3. Assistance in foreign trade and investment. Although a relatively new venture for the Bureau, Missions in Cameroon, Senegal, Tanzania, Zambia, Botswana, Togo, Cape Verde, Kenya and Somalia all have or plan to have projects in this sector. The activities range from set-up of Free Trade Zones (FTZs) (or Export Processing Zones (EPZs)) and technical assistance for new exporters, to assistance in writing trade regulations. Kenya, the Gambia and Somalia also discuss joint venture plans in their FY 92 ABSs, an activity which appears to be gaining momentum as an A.I.D.-supported private sector development/privatization option.

4. Analyses and studies of the private sector. Analyses and studies can help Missions direct host Governments toward the most potentially successful privatizations. While approximately the same number of ABS reports mentioned studies as activities in private sector exports/trade, the relative importance of studies and analysis has fallen. In terms of privatization, this could be seen as a positive change, since many Missions already have conducted extensive analyses of the private sector (e.g., through MAPS), and now they are more oriented toward action/execution of study recommendations (e.g., going forward with FTZs/EPZs; providing TA to particular Ministries and public enterprises; and conducting regular policy dialogue). In some Missions (e.g., Rwanda and Senegal), studies still form a key part of the current portfolio and serve as a link with the host Government.

5. Private provision of social services. Although privatization of agricultural production, distribution and marketing is still more prevalent among A.I.D. activities (one means commonly mentioned was through PL480 resources), Missions are increasingly utilizing private mechanisms to deliver traditionally public services, such as maternal and child healthcare, family planning/contraceptive distribution, road construction, solid waste collection and disposal, and irrigation. Due to limited field staff, NGOs/PVOs often execute the projects. In the Mali and Senegal ABSs, Natural Resources Management privatization projects are discussed. Three Missions, Cameroon, Lesotho and Niger, are involved with privatization of credit unions or labor groups.

As these activities indicate, this year's Budget Submissions display more developed privatization programs, based on experience gained over the past two to four years. In addition to the five broad project/program areas highlighted above, progress has been made on several other fronts. Missions, for example, are more involved this year in activities which direct finance to the private sector, recognizing that without more mature, responsive financial markets, the incentive to privatize is low. Credit to entrepreneurs, financing for the take-over of state-owned enterprises, policy dialogue with Governments regarding banking system reform and export financing options, loan guarantees, and assistance with the development of stock markets, are all means by which Missions may assist the public and private sectors to help facilitate or respond to privatizations. Kenya, Tanzania, Togo, Cameroon and Botswana are countries in which A.I.D. is working with the host Government and/or private institutions to initiate financial reforms.

Successive ABS privatization narratives show that, despite some policy differences,[3] more coordination with the World Bank is occurring throughout the region. This should help stretch A.I.D.

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[3]The World Bank has been more active in restructuring state-owned enterprises than in privatizing them. In fact, the Bank's restructuring efforts sometimes do not have any connection with privatization -- some SOEs are regarded as being of such strategic importance that they should remain under government control. A.I.D. policy, on the other hand, is that Mission assistance may not be made available for restructuring without a promise to eventually privatize.

resources and add credibility to Agency efforts. In Rwanda, for example, because funds and staff time dedicated to privatization are so low, the Mission's actual long-term strategy is to support Bank initiatives.

Over the past three years, Missions have been providing better technical assistance to host Governments and entrepreneurs and have gained significant experience with policy dialogue. Missions have also diversified their privatization portfolios, so that if one project falls through, the whole strategy does not fail. In Guinea, for example, the GOG failed to close or privatize four agricultural parastatals contained in the AEPRP conditionality. While this did set the program back somewhat, it did not paralyze the Mission's strategy, since other sectors of the economy were already liberalizing, and the Mission's privatization efforts were expanding from discrete divestiture activities to focusing on strengthening the private sector and its ability to deliver services traditionally provided by the Government.

Experience gained from A.I.D.'s broad private sector program underscores the need for close coordination/collaboration with host Governments. Building upon this realization, the most prevalent future objective of Missions is to work with their host country Governments in creating an enabling environment for private investment and privatizations. To allow this, many Missions have adopted broad plans which will be flexible enough to respond to political and economic changes in their countries. Most Missions plan to expand their current private sector development and privatization program. Among Missions with a privatization plan in place, there is little or no talk of dropping current projects.

Stemming from the trend in future Mission privatization plans, several questions arise. First, are Mission portfolios becoming too diffuse (i.e., conducting new activities in many new sectors at the same time; attempting to privatize all services while delivering the same or more services; focusing attention on new beneficiary groups; entering into new sectors in which Missions have very limited or no experience, etc.)? Are future plans realistic (i.e., is Mission staff and funding adequate to accomplish stated objectives)? Will increased privatization activity take place amidst decreased funding levels for privatization? Will increased privatization programs divert attention from ongoing projects? Will Mission privatization policy dialogue maintain its leverage and credibility, despite less funding in the sector? Missions need to examine these issues as they develop their future strategies.

V. QUALITY OF ABS PRIVATIZATION NARRATIVES

In large part, due to the recent CPSP/CDSS process which was completed shortly before this year's ABS submissions, Missions presented more developed and defined privatization strategies as compared with the previous two years. Furthermore, the experience gained over several years of implementing private sector development and privatization plans contributed to the keener understanding of the issues at-hand. When asked about the utility of the narratives, several A.I.D. country desk officers and former Mission staff responded with very positive remarks. They generally felt that the ABS privatization narrative was not only a more appropriate and complete description of privatization developments than the quarterly Project Implementation Reviews (PIR's); but it was also a more concise and timely update, as compared with the country strategy statements which are written only every four to six years.

Overall, Missions generally followed the instructions sent to them by AID/W. Of the 18 Missions subject to guidance, one of them, Mauritania, is now exempt from the Bureau directive. Two of the 18 Missions, Burkina Faso and Zimbabwe, have not included a privatization narrative for any of the past three years, although Burkina is among only eleven countries in Africa which had a funding allocation in the privatization special interest code (through its Family Health and Health Financing

project) and AID/Zimbabwe is planning a LOP $30.0 million Business Development project, with funds obligated for FY 91 and 92.

For the Africa Bureau overall, of the 45 countries represented, 19 did not have a privatization plan/narrative in this year's ABS. This generally is because certain Missions have been exempted from complying with the guidance and/or because Missions are phasing down in some countries. Nonetheless, among a few Missions without privatization narratives, the majority of their activities were related to private sector development (e.g., Sierra Leone and Mauritius). Their projects are likely at least to contribute indirectly to privatization, and therefore, should be included in a brief ABS Privatization Plan annex. Another country, Equatorial Guinea, not on the list of the 18 "Subject to Guidance," was also among the eleven Missions which obligated funds to privatization (through its Cooperative Development II (PVO) Project), but it did not have a privatization annex for FY 90–FY 92. Uganda, Cote d'Ivoire, Guinea Bissau, Mauritania, Mauritius, Sao Tome & Principe, Comoros and the Seychelles had privatization narratives in the FY 91 ABS, but not in FY 92. In the case of Uganda, an introduction to the privatization narrative was included, but it was obvious that text was missing from the report. No one in AID/W could explain this anomaly.

Although 26 out of 45 Missions and Offices did include a privatization narrative in this year's ABS, only 11 Missions have projects with PVZ earmarks[4]. The total Development Fund for Africa (DFA) funds directed to privatization, as shown on the SI printout, were $26,479,000 for FY 90, $17,382,000 for FY 91 and $15,417,000 for FY 92. Including FDAP and ESF resources, these figures increase by an average of $4,800,000 each year. The ABS wrap-up memo, however, reports that resources to PVZ are $23,329,000, $16,371,000 and $10,168,000 for FY 90–FY 92, respectively. There is no explanation for these discrepancies in the documents. But despite them, the statistics show that <u>many Missions are implementing privatization strategies without obligating funds to privatization</u>.

Just as the different Mission programs are distinct, the quality of their narratives also varies substantially, from very general descriptions to informative and concise write-ups. Although all narratives discuss privatization activities, many of the annexes also include aspects of the Missions' broader private sector strategy, since it is difficult to completely separate private sector development issues from privatization. Some Mission reports, like Kenya's, focus more narrowly on privatization and do not discuss the entire private enterprise portfolio. By not including broader private sector activities, potential indirect benefits to privatization are excluded, and the fullness of the Mission's strategy is not conveyed.

Few ABSs actually covered all the issues mandated in the FY 92 Guidance (quoted in Section II of this report). While many narratives did touch upon targets of opportunity, proposed a strategy, and projected a timeframe for achieving privatization goals, few discussed financial resources needed, reported progress made or included success stories. Where success stories were included in the write-up, a much richer profile of the progress and personality of the program was presented. One Mission, Sudan, explicitly stated that there were no privatization successes in the country; even this admission added to the description. If other Missions cannot account for any privatization achievements, then they should also convey this, as AID/Sudan did. Some Missions copied success stories verbatim from the FY 91 ABS to the FY 92 ABS. This is not only unnecessary and inefficient, but also misleading to readers who do not have the time to compare reports.

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[4]These countries are Burkina, Cameroon, Equatorial Guinea, Gambia, Kenya, Mali, Mozambique, Niger, Senegal, Tanzania and Zaire (all DFA).

Most Missions with privatization annexes did update their narratives from previous years. However, there were some Missions which submitted virtually the same reports in FY 91 and FY 92. These include Botswana, Liberia, Madagascar and Senegal. This redundancy may be due simply to the fact that economic progress in these countries is very slow and/or that the Missions have made no progress over the course of the year; therefore there is nothing to report. It could also be a reflection of overextended staff resources (i.e., no time or noone to rewrite the narrative). In the case of Liberia, civil war broke out before the ABSs were submitted to Washington. Surely the new political climate affects the outlook for privatization in that country; however, no mention of the civil strife was made.

Another point often and conspicuously missing from the FY 92 ABSs was the findings of the Manual for Action in the Private Sector (MAPS) reports. These full-scale surveys of the private sector should facilitate the analysis contained in privatization narratives. Although MAPS has been or will be conducted in ten countries throughout the Africa Region, only Ghana, Kenya and Niger refer to the study in their write-ups. The FY 91 ABSs for Lesotho and Swaziland both cite their anticipation of the MAPS results; but in FY 92, MAPS is not mentioned. Given the considerable investment on each MAPS, this is disappointing.

V. CONCLUSIONS AND SUGGESTIONS

Despite some reporting flaws, taken as a whole, the Africa Bureau FY 92 Annual Budget Submissions' Privatization Plans present a dynamic and ambitious strategy for the continent. Although Missions were bound to experience setbacks due to adverse political and economic conditions in the Region, overall, the narratives convey relative optimism for the future of privatization in their respective countries. Through their experience of implementing this sectoral strategy for several years, the narratives also express a keener understanding with respect to the possibilities and the mechanisms through which greater privatization in the economy may be achieved.

This analysis and description of privatization activities may assist Missions in examining their own plans in the context of different A.I.D. programs; it is hoped that they may also learn from the experiences of others in the Bureau. It would be premature to actually list "lessons learned" after the simple review and comparison of the brief country privatization plans conducted for this study; however, some suggestions can be made:

A. If Missions have no new progress, success stories, etc. to report in the ABS, then they should admit it in the narrative, instead of repeating the same "progress" two or more years in a row.

B. Missions should be more deliberate in including privatization narratives in the ABS. Among several Missions which did not incorporate a narrative, much of their program was directed to private sector development (e.g., Sierra Leone and Mauritius) or explicitly to privatization (Burkina and Equatorial Guinea), and thus a privatization annex would be warranted in their yearly budget submission.

C. Individual Missions and Offices should share their privatization successes, failures and approaches with others in the Bureau. Especially since many Missions are conducting activities with little or no funds, coordinated communication could provide valuable lessons and ideas. It may not be realistic to expect individual Missions to initiate or coordinate information among the Bureau—AID/W should take this role.

D. Some Missions, such as the Gambia and Togo, had very well organized narratives which could be replicated by other Missions. Their use of tables to summarize key information set them apart from other detailed texts which were not as well arranged.

E. In order for reviewers to gain a better sense of Mission activities in the private sector, narratives which cover only privatization per se should include a brief summary of their private sector strategy as a background to the privatization plan. By putting privatization into the context of the overall private sector program, the relevance of the privatization strategy may be clarified and its direct and indirect benefits may also be demonstrated.

F. The increased activity level many Missions describe in their write-ups usually translates into added administrative burden. Missions could include a discussion in the ABS annex on the adequacy of their staff for implementing the privatization strategy, and also reexamine their ability to assume more projects.

G. Mission experience shows that especially in Africa, where political and economic uncertainties abound, privatization strategies should be as flexible and diversified as possible.

H. Because the majority of Missions expressed interest in expanding their privatization activities, they should examine the possibilities for receiving (or increasing) support from AID/W technical offices, such as AFR/MDI and PRE.

ANNEX A

LIST OF ACRONYMS & ABBREVIATIONS

ACRONYMS:

ABS	Annual Budget Submission
ADMARC	Agricultural Development Marketing and Research Corporation (Malawi)
AEPRP	African Economic Policy Reform Program
ATLAS	African Training for Leadership and Skills (Benin)
BDC	Botswana Development Corporation
BEST	Burundi Enterprise Support and Training
CDSS	Country Development Strategy Statement
CED	Community Enterprise Development project (Senegal)
CG	Consultative Group
CMA	Capital Markets Authority (Kenya)
CNCA	National Agricultural Credit Facility of Niger
CPSP	Country Program Strategic Plan
DFI	Development Finance Institution
EPRP	Economic Policy Reform Program (Mali)
EPZ	Export Processing Zone
FFP	Food for Progress
FP	Family Planning
FTZ	Free Trade Zone
FY	Fiscal Year
GCDB	Gambia Commerical and Development Bank
GNIC	Gambia National Insurance Company
GPA	Gambia Ports Authority
GPMB	Gambia Produce Marketing Board
GUC	Gambia Utilities Board
HRDA	Human Resources Development Assistance
IBRD	International Bank for Reconstruction and Development (The World Bank)
IMF	International Monetary Fund
L/C	local currency
LMHP	Livestock Marketing and Health Project (Somalia)
LOP	Life of Project
MAPS	Manual for Action in the Private Sector
NEPRP	Niger Economic Policy Reform Program
NFMB	National Food Marketing Board (Niger)
NGO	Non-Governmental Organization
NIB	National Investment Board (Gambia)
NIC	National Investment Code (Liberia)
NPA	Non-Project Assistance
OAR	Office of the A.I.D. Representative
OPIC	Overseas Private Investment Corporation
ORS	Oral Rehydration Salts
PC	Peace Corps
PD&S	Project Development and Support
PED	Private Enterprise Development
PEU	Public Enterprise Unit (Swaziland)

ANNEX A

LIST OF ACRONYMS & ABBREVIATIONS, cont'd.

PIP	Policy Intiatives and Privatization (Somalia)
PRED	Policy Reform for Economic Development (Mali)
PVO	Private Voluntary Organization
RED	Rural Enterprise Development (Rwanda)
S.A.	Structural Adjustment
SMSE	Small- and Medium-Scale Enterprise
SOE	State-owned Enterprise (parastatal)
SOMALAC	Rice Parastatal of Madagascar
SOMTAD	Somalia Management Training and Development
SPA	Small Project Assistance
SSE	Small-Scale Enterprise
TA	Technical Assistance
ZAMS	Zambia Agri-Business and Management Support Project

ABBREVIATIONS

ag (or agr)	agriculture
coop.	cooperative
Dev.	development
Ec.	Economic
Ent.	Enterprise
estab, estab'd	establish, established
forex	foreign exchange
int'l	international
Mgmt.	management
mkt, mkt'ing	market, marketing
plng	planning
Prj.	Project
prvt	private
prvtzn	privatization
ps	private sector
svc, svc's	service, services
trng	training

ANNEX B

AFRICAN MISSIONS SUBJECT TO PRIVATIZATION GUIDANCE

Botswana
Burkina Faso
Cameroon
Ghana
Kenya
Lesotho
Liberia
Malawi
Mali
Mauritania
Niger
Senegal
Somalia
Sudan
Swaziland
Zaire
Zambia
Zimbabwe

ATTACHMENT 1

SUMMARY OF FY 1992 AFRICA ABS PRIVATIZATION NARRATIVES

NOTE: The ABSs take two different approaches in their privatization narratives. Some discuss it only in terms of divestiture of parastatals (as was intended by A.I.D.'s guidance on this subject), but the majority discuss the Missions' total private sector program (including but not limited to privatization) under this heading. Because of these different approaches, the ABSs are not always directly comparable one with the other. This should be kept in mind when reading this table and the narrative.

SUMMARY OF FY 1992 AFRICA ABS PRIVATIZATION NARRATIVES

Country	Government Commitment to Privatization	Government problems	Government actions	Current A.I.D. privatization program	A.I.D. future plans	Comments
CATEGORY IA						
Cameroon	Better than previous years. GRC is progressing well on their S.A. program. GRC established a FTZ.	None mentioned in FY 92 ABS.	FTZ should begin initial production by FY 91. Substantial reduction of fertilizer price subsidies.	Broad program: fertilizer & cocoa reform; successful credit union prj; No. Cameroon Seed Multiplication prj; other agr and health sector reforms; support for FTZ development.	Continue policy reform & prvtzn support work. Ag Ed Curriculum Reform; Expansion of Maternal & Child Healthcare Prj.	In 1989 Mission revised strategy to reflect new challenges in Cameroon and increased ps and NPA support. Successful fertilizer reform & credit union prj.
Ghana	High commitment. Good relations with IBRD & USAID.	SOE's still need to be w/drawn in fertilizer & seeds for some regions. GOG needs TA for prvtzn.	GOG has met condit'nalities in fertilizer & seeds but still needs to develop a ps infrastructure.	Focus on reform in 4 areas: ag inputs, FP/ Health Service delivery; training; analysis of ps problems (MAPS).	Prvtzn ag inputs thru 3-yr. FFP grant. FY 92: Planned Agribus Dev Prj	Wide circulation of MAPS.
Guinea	High commitment.	Prvtzn set back somewhat when GOG failed to close or prvt'ize the 4 SOE's in AEPRP condit'nality	GOG has divested 100/130 SOE's.	Focus on strengthening p.s. svc delivery thru rural credit & training; encourage GOG to contract SMSEs for road construction. Promote training in ps.	Continue HRDA; private mkt'ing thru FFP; ps road construction; reinstitute cond'nalities re: divest of ag mkting SOE's & trade.	Collaborate with IBRD. Mission will reassess progress of prvtzn in Guinea; & refine its goals and objectives in this process.
Kenya	In GOK Dev. Plan strong stated commitment, but action to date very slow. GOK prefers rehabilitating ailing SOE's.	Thin capital market. Level of actual public/private investment in SOE's unknown/undisclosed.	GOK has promised major policy reforms, plans to strengthen then divest a set of SOEs in conjunction with IBRD. Has directed DFIs to restructure & sell pub-shares of 86 industs.	Support CMA dev; TA to support GOK budget rationaliz'n; prvtzn trng for GOK officials; Prvtzn refuse collection/disposal in Nairobi; Assessment of textile SOE's for possible joint ventures.	Continue policy reform activities & provide TA for joint ventures.	A.I.D. plan complements large IBRD program in Kenya. Extensive A.I.D. private sector program.
Madagascar	"Mixed" commitment.	None mentioned in FY 92 ABS.	Expressed interest in studies for prvtzn of agr. sector firms.	Minor program. Support prvtzn initiatives, e.g., SOMALAC (rice parastatal). Some TA & training. Ongoing policy dialogue.	Plans to double resources for ps participant trng, emphasizing women's trng.	A.I.D. talking with Government about revision of National Investment Code.

SUMMARY OF FY 1992 AFRICA ABS PRIVATIZATION NARRATIVES

Country	Government Commitment to Privatization	Government problems	Government actions	Current A.I.D. privatization program	A.I.D. future plans	Comments
Malawi	High commitment.	Malawi has no capital market.	Collaboration in SOE divestiture and innovative financial developments.	Prvtzn not a strategic objective, but AID is supporting a major SOE restructuring & prvt. provision of health, ag, rural and enterprise development services.	Continue ADMARC divestiture; prvtzn FP svc's & commodities; TA to estab a family welfare council & strengthen NGOs.	ADMARC & other prvtized firms' financial positions improved. These improvements have released pressure on banking system, allowing increased credit access to ps.
Mali	Medium-High commitment.	High tax rate & too many taxes. Complex institutional & regulatory infrastructure. No judicial recourse on fiscal & regulatory decisions.	Massive liquidation of public co's & restructured banking sector. New commercial code implemented.	Remove price controls through EPRP; Cereals Mkt. Restructuring prvt'izing all grain mkt functions. PVO Co-Fi; various training programs and studies for ps.	Follow-on EPRP thru PRED; Expansion of SMSE credit prjs & contaceptive mkting. Loan Guarantee fund;training & studies.	Privatization is an important component of AID program. Formal sector limited in its capacity to increase employment; growth will come from very small firms.
Mozambique	Much improved since 1987, when GOM undertook its first Economic Rehabilitation Program with IBRD & IMF; GOM will phase out administrative control of the econ.	None mentioned in FY 92 ABS.	Key new policies are: Budgetary discipline; tight public credit policy; exchnge rate, trade & forex liberalization and prvt sector participation in internal trade.	Support GOM, IBRD, IMF general framework for prvtzn. Other activities all food & ag related: State Farm Divestitures; and Private Property Ownership.	Collaborate with GOM to promote: Divestiture of Ag Enterprises; Prvt Ag Mkt'ing; Prvt Edible Oils Mkt'ing through PL480.	Mission appears to be very active in prvtzn programs.
Senegal	GOS is "committed to encouraging a steadily increasing role for the private sector."	Slow moving prvtzn program due to econ. and political difficulties. No capital markets and a "failed banking system."	Opened ag. mkts to prvt traders; eliminated fertilizer subsidies; dropped some quantitative restrictions on imports.	Minor program, but does include budget support, prj assistance in ag, health, natural resources mgmt, studies on technology transfer; some TA and policy reform (tax & trade). PL480: Self-help & L/C.	Broad plan: Banking reform; AEPRP II; Irrigation & water mgmt. prj; ps family health & population prj; expansion of Community & Enterprise Dev prj.	IBRD, French and Canadians are most actively involved in prvtzn efforts. $15.2m CED prj. has experienced highest repayment rates in Senegal (85%).

SUMMARY OF FY 1992 AFRICA ABS PRIVATIZATION NARRATIVES

Country	Government Commitment to Privatization	Government problems	Government actions	Current A.I.D. privatization program	A.I.D. future plans	Comments
Tanzania	GOT has shown a marked improvement in their commitment to prvtzn.	None mentioned in FY 92 ABS.	Investment code approved last year. Structural reforms in place emphasize markets.	Expanding program: Support to banking reform; TA for exporting; various ps training programs; transport sector reforms (AID contracts only to ps construction); data for the ps family planning prj.	Continue support to GOT in food aid distribution and mkt'ing. Agribus training; family planning; L/C used for private road work.	USAID major departure from other donors by channeling funds directly to ps. Policy dialogue emphasizes decreased SOE's role, but no action in this area.
Uganda	Incomplete Uganda ABS on file. None could be found in AID/W.					
Zaire	GOZ gives priority to long term reforms, but there is no action to prove this. Commitment appears to have eroded.	Investment climate for 89-90 has worsened; prohibitive interest rates; political uncertainties retard investment & prvtzn.	GOZ provides full range of small bus. dev. svc's to ps. In '89 created CSP to define relationship betw. GOZ & public enterprise; but no evidence to date of its effect.	Few prj's now, but big plans for the future. Ps road maintenance prj is the only prj with a budget outline; ps maize seed operations prj has been terminated due to "serious operational problems."	Ps road maintenance, maize seed & ORS production & distribution; pilot SOE prvtzn with IBRD; school of Public Health & Ag Research Institute support.	Political scene is setting prvtzn work back.
Zambia	GRZ has shown renewed interest in dialogue on econ. reforms & adjustment; totally new policy environment exists.	None mentioned in FY 92 ABS.	GRZ seems to be moving toward fertilizer & maize mkt'ing prvtzn. GRZ also has agreed on macro reforms with IBRD and IMF.	$15m ZAMS prj to strengthen ps through TA & forex for ps imports; FY 91 Prvtzn Seminar to begin more dialogue; TA to ensure success of ag mkt'ing prvtzn.	Future strategy very flexible. Aim: create enhanced environm. via dialogue. Support reforms through AEPRP.	Most donors placed prvtzn of the economy at the top of their agendas at 4/90 CG mtg. in Paris.
CATEGORY IB						
Botswana	Medium/High -- The GOB has always had a ps orientation.	None mentioned in FY 92 ABS.	BDC parastatal asked for an evaluation and accepted most A.I.D. study recommendations.	Major program implementing divestment of BDC. Prvtzn of Gaborone solid waste disposal; funding long-term expert to Regulations Review Committee; work with BDC to increase production & foreign investment.	PED prj for delivery of public services via ps, including ag, health, electricity, housing & solid waste disposal.	Though major SOE's still provide essential public services, Botswana does not have a long history of large parastatals.

SUMMARY OF FY 1992 AFRICA ABS PRIVATIZATION NARRATIVES

Country	Government Commitment to Privatization	Government problems	Government actions	Current A.I.D. privatization program	A.I.D. future plans	Comments
Burundi	Prvtzn program shows definite improvement from last year. GRB has taken definitive steps to attract prvt. investors.	Despite compliance with conditionalities, SOE's remain intact due to weak private sector.	Liberalized coffee & other int'l trade & investment; estab'd loan guarantee fund; experiments with sales to ps of GRB livestock & dairy production firms.	Program redesigned to focus on ps dev.; redesigned ag prj. to assist in prvtzn of commercial seed production. Full-time private enterprise officer recruited.	Policy-based ps assistance accompanied by TA & training (BEST prj). TA for implementation & dev of Nat'l Seed Plan prvtzn.	IBRD has placed major conditionalities on parastatal divestiture for S.A. program -- AID works in concert with this effort.
Chad	Chad is exempt from complying with the privatization guidance.					
Gambia	High-level commitment. Since 1985, GOTG has divested of many holdings.	None mentioned in FY 92 ABS.	In the process of privatizing the GPMB, GNIC, GPA, GUC, and GCDB.	Expanding program: Assist the GOTG to plan strategy for divestment & privatization of GPMB & GCDB.	Ongoing policy dialogue & SOE prvtzn. Joint venture facilitation for sourcing groundnuts.	Prvtzn mentioned as a high priority in Mission program. GCDB & GPMB, the two largest SOE's, should be prvt by 1992.
Guinea Bissau	Although there was a prvtzn section last year, Mission has no prvtzn plan for FY 92, due to limited focus of its program.					
Lesotho	As discussed in FY 91 ABS and again in FY 92, GOL's interest in in prvtzn is growing.	Major reorganization efforts and personnel shifts will temporarily delay some prvtzn efforts. Sensitive to loss of GOL jobs due to prvtzn.	Government has adopted policies to more vigorously support ag. inputs liberalization.	Prvtzn of ag parastatals is highest priority. Mission also emphasizing prvtzn of GOL trade & labor groups.	Continue prvtzn work with feedlot and abbatoire SOE's; GOL policy dialogue. Two new ps prj's: a 15-year effort.	Numerous ps activities sponsored by other donors; thus AID prvtzn must be focused, gradually implemented. AID's prvtzn of village water systems a model for GOL prvtzn work.
Niger	GON commitment to the ps enunciated in 1987-91 Five Year Plan.	Mixed results in sales of SOE's: some are not viable ps entities, others may be dissolved since they are not attractive to the ps.	Allow organization of prvt. coop's. Through NEPRP, GON has agreed that no new ag-pastoral mkt'ing monopolies will be formed.	Assist with increased ps activity in ag trade; ps tech. dev.; study recommending disband of CNCA; provide guarantee funds to rural coops; support agro-pastoral policy and institutional reforms; support restructuring of NFMB.	MAPS; training through HRDA; possible work in skins & hides sector. Support to GON and IBRD prvtzn reform.	AID supports/collaborates with IBRD, the lead donor. Studies conducted over the past year have not yielded any promising new opportunities for prvtzn.
Rwanda	Medium commitment, but very slow moving prvtzn program.	None mentioned in FY 92 ABS.	Emphasis has shifted from SOE prvtzn to SMSE development. GOR prvtzn plan to be based upon results of AID and IBRD audits.	Support to GOR & IBRD prvtzn program. Finance mgmt & financial audits for 4 SOE's. Design of Rural Ent. Dev. (RED) Prj. is underway.	Minor program: Support through HRDA & RED prj's; ps family plng svc's and micro-enterprise.	Minimal prvtzn narrative. Due to limited resources, Mission will primarily back IBRD activities.

SUMMARY OF FY 1992 AFRICA ABS PRIVATIZATION NARRATIVES

Country	Government Commitment to Privatization	Government problems	Government actions	Current A.I.D. privatization program	A.I.D. future plans	Comments
Swaziland	High commitment: GOS is already ps oriented; however, about 25 SOE's still exist in which the ps could function as well or better than public.	During its first 8 months, the Public Enterprise Unit met with considerable resistance from parastatals.	Set up PEU to monitor SOE efficiency & to seek possible candidates for prvtzn.	Work with GOS on prvtzn of various public svc's and on the PEU. Assist in analysis of 25 SOE's.	GOS & AID interested in prj's based on prvtzn of social svc's in urban areas.	GOS 91/92 Dev Plan includes AID abbatoire and other svc. prvtzn prj's, but these were not selected for Sec. 416 funds' use.
Togo	High GOT commitment.	None mentioned in FY 92 ABS.	1980 S.A. program contained one of the most ambitious & successful prvtzn plans in Africa.	OAR's strategy is to continue reinforcing IBRD food crops' trade liberalization. Other assistance to prvt. credit unions, CARE ag prvtzn work; health & family plng; HRDA and encourage prvt capital	Continue activities in health, population and ag. policy reform. Support to OPIC-sponsored FTZ. Support prvtzn of lumber	Many activities in portfolio, but total support to Togo only $4mn annually. FTZ an example of GOT's commitment to the ps.
CATEGORY II						
Benin	Politics totally transformed in 2/90 from Marxist to Civilian, democratically-elected regime.	None mentioned in FY 92 ABS.	GOB commited to implementing IBRD/ IMF SA Program.	Minimal AID program: $1mn for FY 92. Mgmt. training through HRDA; ATLAS; PD&S and AID/PC SPA through OAR/Lome.	10 ATLAS fellowships planned. Analysis of ps dev constraints. More AID/PC collaboration.	OAR/Lome beieves funding levels should be increased to support prvtzn activities in the health sector; so far plans for this prj have been suspended.
Burkina Faso	No prvtzn narrative was included, but a Private Health Sector Support Project does exist.					
Cape Verde	GOCV has shown medium commitment, but movement to date is very slow.	GOCV officials are aware of the major transport, communications and financial system constraints, which cause investors to go elsewhere.	Constitution to be amended to allow multi-party system and GOCV is beginning to dialogue with local ps on policies and legislation affecting the ps.	Although no formal program developed, Mission is "alert for opportunities in coordination with other donors to encourage prvtzn." Work through "persuasion" not leverage of funds.	Export Development Project to begin in 1990.	This is the first year that a more detailed prvtzn plan was written for Cape Verde Mission.
Central African Republic (CAR)	No prvtzn narrative was included, but DA funds have been set aside for Small Farm, Micro- and SSE TA and Training.					
Comoros	No prvtzn narrative was included for the FY 92 ABS.					
Congo	No formal program or prvtzn narrative included; however, approx. 1/3 of short term training projects ps-related.					

SUMMARY OF FY 1992 AFRICA ABS PRIVATIZATION NARRATIVES

Country	Government Commitment to Privatization	Government problems	Government actions	Current A.I.D. privatization program	A.I.D. future plans	Comments
Cote d'Ivoire	No prvtzn narrative was included for the FY 92 ABS.					
Equatorial Guinea	No prvtzn narrative was included for the FY 92 ABS.					
Mauritania	No prvtzn programs will be undertaken for FY 92, as AID/Mauritania is phasing down.					
Mauritius	No prvtzn narrative was included, although AID projects include Industrial Diversification & Advanced Technology Transfer.					
Namibia	No prvtzn narrative was included for the FY 92 ABS.					
Nigeria	Nothing mentioned in FY 92 ABS.	None mentioned in FY 92 ABS.	None mentioned in FY 92 ABS.	Major activity is under the $67mn LOP Family Health Services (FHS) Project.	Continue to expand the FHS Project.	
Sao Tome & Principe	No prvtzn narrative was included for the FY 92 ABS.					
Sierra Leone	No prvtzn narrative; but Mission's only projects are Small Enterprise Development and Training and SPA with AID/PC.					
Zimbabwe	No prvtzn narrative; but Mission is planning a LOP $30mn Zimbabwe Business Dev. Prj.					
CATEGORY III						
Djibouti	No prvtzn narrative was included for the FY 92 ABS.					
Ethiopia	No prvtzn narrative was included for the FY 92 ABS.					
Liberia	Many possessed firms given back to original ps owners. Other SOE's, however, have been slow to divest. GOL recognizes a problem, but has failed to take action.	None mentioned in FY 92 ABS.	Has stated officially that Government will do everything to privatize.	Encouraging the GOL to meet its own prvtzn objectives and conducting studies to support policy dialogue.	Minor program: Extent of AID involvement will depend on GOL commitment. Prvtzn of public utlities.	Mission talking to GOL about revision of NIC. ABS makes no mention of civil strife's effect on prvtzn & the ps.
Seychelles	No prvtzn narrative was included for the FY 92 ABS.					

SUMMARY OF FY 1992 AFRICA ABS PRIVATIZATION NARRATIVES

Country	Government Commitment to Privatization	Government problems	Government actions	Current A.I.D. privatization program	A.I.D. future plans	Comments
Somalia	Some commitment to prvtzn initiated in 1988-89	Ec. policy reforms encountered serious setbacks in 1989. The GSDR has no IMF program for first time since 6/88.	2/89: Legislation opened banking, shipping and insurance to the ps and liberalized much domestic trade.	TA through PIP and SOMTAD. LMHP is facilitating private exports for regional trade. AID helped form the only private Somali business group. Assist GSDR with land reform policy and legislation.	Plans to aid negotiations for joint ventures. Mission has proposed that 90% of PL480 go to ps.	Program is very positive, optimistic.
South Africa	No prvtzn narrative was included for the FY 92 ABS; although a major Black Enterprise Project is underway.					
Sudan	None-low commitment.	6/30/89 coup disrupted almost all donor development plans.	None mentioned in FY 92 ABS.	No prvtzn program; Mission staff time is devoted to emergency relief efforts.	No future plans given, as Sudan is subject to Section 513 sanctions.	Change to food aid emphasis is causing less AID pressure for large ps rôle in composite flour

end