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United Nations
Economic Commission for Africa
Economic and Social Policy Division

Working Paper Series
ESPD/WPS/99/2
July 1999

Public-Private Sector Partnership in Trade and Investment Promotion in Africa

This paper is prepared by Mr. Dawit Makonnen, (a consultant and Task Officer), Mr. C.T. Mwalwanda and Mrs. A. Gueye in the context of the Trade and Debt Team of the Economic and Social policy Division.

Table of Contents

		Page
I.	Introduction	1
II.	Development in External Trade and Foreign Direct Investment	2
III.	The Role of Public-Private Sector Partnership In Trade and Investment Promotion	3
IV.	Public-Private Sector Partnership and Institutional Obstacles to doing Business	5
V.	Synthesis of Best Practices in Public-Private Sector Partnership	10
VI.	Conclusions and Recommendations	17
References		23

I. Introduction

1. Promoting Africa's Trade and investment are key to sustained recovery and growth in the continent. The importance of international trade in the process of economic development and its association with economic growth have received increasing attention. A number of factors explain this renewed emphasis on trade. The most obvious is the success of many developing countries that have adopted out-ward oriented development strategies, with major emphasis on public-private efforts in the promotion of trade and investment. This success became increasingly visible by the early 1980's in many fast-growing counties of the Pacific Rim. Strong performance in these countries stood in sharp contrast to earlier, unsuccessful experiences of inward-oriented import-substitution in some of the same countries, and to the relatively poor performance of other developing countries that did not embrace outward-oriented strategies.

2. A dynamic and effective partnership between the public and private sectors is essential in any development strategy for a number of reasons. Firstly, it is now acknowledged that the private sector can be an important **engine of growth,** given the appropriate environment in which it is allowed to operate. Secondly, many actions taken in the public sector often impinge positively or negatively on the private sector, as is usually the case with changes in taxation and public sector borrowing crowding out the private sector. Thirdly, a number of actions taken in the public sector can act as important catalytic elements for the development of the private sector, particularly, those that enhance the environment in which the private sector operates. Examples of such actions include improving education and the infrastructure. Fourthly, activities undertaken by the public sector can be complimentary to those by the private sector, as is the case in many countries in the provision of telecommunication services.

3. There are, therefore, several areas in which an effective partnership between the public and private sectors can play a pivotal role in the development of a country. There is scope for such partnership in trade and investment in Africa. Developing such a partnership requires a clear vision of the roles the two sectors are expected to play in a given development strategy; an appreciation and understanding of the complimentality of the two sectors; the institutional mechanisms for fostering dialogue between the two sectors; and modalities for revising the roles of the two sectors as the economy undergoes transformation

4. In a number of Asian countries, the strengthening of this partnership often heralded a new era and was usually a prelude to a successful programme of trade and investment promotion.[1] The public sector was instrumental in developing the necessary skills among the population needed for take-off. In a number of these countries, development institutes and high-tech colleges emerged, often with the initial support of Government. Furthermore, the Governments were also instrumental in the establishment of private sector organizations, such as chambers of commerce, trade organizations, export and investment promotion agencies. The governments were also active in the promotion of small and medium-scale industries in production and export. In South Korea and Thailand, specialised financial institutions played a critical role in the development of small-and-medium scale enterprises. These institutions were often initially nurtured by Government and were in some cases public enterprises and only privatised later.

5. The objectives of this paper are to review from a selected number of countries, both in Africa and abroad, the parameters necessary for a successful and vibrant partnership between the public and private sectors needed to promote trade and investment. Indeed from the

[1] The potential cost of inward-oriented development strategies in Africa may have been very large; Dollar (1992), for example, estimates that the adoption of Asian-type out-ward oriented policies, coupled with a stable real exchange rate, could have added 2.1 percentage points to annual African growth over the 1976-85 period - Sacks and Warner (1997) 4.0% - Esaterly and Levine (1996) 3.3% - and Elbadawi, Ndulu and Ndungu (1997) 3.88%.

experience of some Asian and Latin American countries, as well as some frontrunner countries in Africa, a dynamic partnership between the public and private sectors is an important element for a country to formulate and implement a successful reform programme. The Asian Miracle derived its success from strengthening this partnership, through both the institutional framework as well as political dialogue.

6. A successful partnership between the public and private sector is often reflected in a number of factors, including clear modalities for consultation between various hierarchies of Government and the private sector; and participation of the private sector in key decisions that have an economic and social bearing on the country. It is essential that the private sector participates in the formulation and implementation of economic, financial and social programmes. The existence of institutional framework, linking the two sectors, is also pivotal for successful partnership, as is the role allowed to be played by non-governmental organizations in trade and investment promotion. Many countries use their embassies to disseminate information on investment opportunities in their countries as well as export products.

7. A survey of economic literature indicates that a meaningful and an in-depth study on public-private partnership in promoting trade and investment in the African context is missing. Therefore, this paper is intended to fill that gap and to review such partnership, with a view to synthesise **best practices** that can be emulated by African countries. Many African countries have been undertaking economic and financial reforms and concerted efforts are being made to develop the private sector. However, in many of these countries the private sector remains weak and so is the relationship between the private sector and the public sector.

8. The main aim of this paper will, therefore, be to synthesis from experiences of selected countries what constitute essential elements of a dynamic and successful partnership between the public and private sectors in promoting trade and investment, with a view to identifying **best practices**. The primary focus will be to:

- Review the modalities adopted by the selected countries in promoting a successful partnership between the public and private sectors in promoting trade and investment;
- determine the institutional framework that exits to enhance this partnership;
- determine the role played by non-governmental organizations in this partnership and in the formulation and implementation of policy reforms; and
- synthesise what constitute important elements in a successful partnership

II. Developments in External Trade and Foreign Direct Investment

9. The structural features of Africa's **balance of trade and services** have remained unchanged for years. The balance of trade swings into surplus or deficit along with the movement of commodity export prices and the pressure on imports; and the service account is consistently in deficit. In 1998 the trade balance registered a deficit of $6.8 billions from a surplus of $8.7 billions in 1997; and the service account was -$12.3 billions in 1998. Thus, in 1998 the current account deficit increased to a record high of $16.5 billions compared to an average of $5.8 billions for the period 1995-97.

10. Africa's share in world trade has declined steadily since 1980. Between 1980 and 1993, when world trade doubled in value, African trade remained at more or less the same level in

absolute terms. In 1980, Africa's share in world trade and in the trade of developing countries was 4.9 and 14.2 per cent respectively. Since then, the share of the continent in global trade has fallen to just about 2 per cent. In 1995, Africa's share in world exports and imports was 2.1 and 2.4 per cent respectively. In the same year, the share of sub-Saharan Africa in world trade was 1.4 per cent and the average annual growth in trade was a mere 0.3 per cent for the period 1990-1995.

11. External trade is the largest source of foreign exchange for Africa. For instance, out of the estimated $140 billions resource requirement of the region for the period 1994-96, exports of goods and services financed about 50 per cent ($70 billions). Africa's dependence on the developed countries as predominant suppliers of imports and the market for the region's exports is an established fact. Developed countries supply about 66 per cent of imports and purchase about 65 per cent of exports. EU countries continue to dominate both imports and exports. In 1995, these countries accounted for 51.2 per cent of the African merchandise exports and provided 57 per cent of imports.

12. On the investment front, Africa's share in the global total of inflows of **foreign direct investment (FDI)** has remained at an average of 2 per cent since 1986. Flows of FDI to Africa as a whole amounted to $6.4 billion (1.6 per cent of world total) in 1997, about the same level as in 1996 (1.4 per cent) but over twice as high as at the beginning of the decade. Nevertheless, flows into the region remain low, and the share of Africa in total FDI flows into developing countries remained a mere 4.3 per cent in 1998. As in the past several years, the largest recipients in 1997 were Nigeria, Egypt, Morocco, Tunisia and Angola accounting all together for two-thirds of FDI flows to Africa.

13. FDI flows to sub-Saharan Africa were an estimated $2.9 billion in 1997, down from $3.3 billion in 1996. The decline of investment flows to Nigeria, mainly in the petroleum industry played a significant role in this decrease. During 1998, FDI flows continued to be driven by privatisation.

14. FDI from developing Asia has increased in Africa in recent years (UNCTAD 1997). The principal Asian developing economies, from which FDI flows originated have been the Republic of Korea and Malaysia, followed by Taiwan province of China and Mainland China. Thus far, however, these investments have been confined to limited numbers of countries in the region, such as Ghana, Guinea, Mauritius, Seychelles, Uganda, Tanzania, Zimbabwe and South Africa. Several factors have contributed to sustaining and increasing FDI inflows into a number of African countries during the past few years. These include changes in the economic conditions determining inflows of FDI to African economies as well as changes in the policy environment influencing FDI to Africa. The latter include measures at the national level in host countries, especially privatisation, increased liberalisation of markets, and more open FDI and trade frameworks as well as business facilitation measures. The other factor is international initiatives to encourage FDI to Africa.

III. The Role of Public-Private Sector Partnership in Trade and Investment Promotion

15. The role of the public sector (Government) in the promotion of trade and investment is to act as a catalyst and provide the necessary environment in which the private sector operates efficiently. The private sector (individuals and businesses) being driven by its own profit ***maximization motives plays a key role, though indirect, in the promotion of trade and investment. Thus, a dynamic and effective public-private partnership is essential in the economic development and growth of a nation.***

16. The emphasis in this study is on the deliberate role the government plays through public policies and institutions in promoting the private sector and in guiding markets aimed at strategic trade and investment advantages. Thus, the policy making sphere and institutions in the context of public-private partnership will be the core of this study. This is somewhat different from the role the government plays for economic growth. A good example of these public policies is the East Asian-type selective industrial policies – which are deliberate attempts to change a country's industrial structure, usually to encourage the growth of capital-intensive industries aimed at a strategic trade advantage, with the ultimate goal of penetrating world markets. The most forceful examples of industrial policies are Japan and Korea. In these countries, consistent and long-term public policies in education, in trade and investment promotion, and in promoting the private sector may have changed some cultural parameters over the long haul.

17. It is somewhat customary to view more government as an obstacle and less government as desirable; without even considering the quality of public-private sector partnership. What matters in the relationship between the government and the private sector is whether the private sector perceives the government as a **helping hand** or an **opponent.** Thus, the quality of public-private sector partnership may be measured by the efficiency of government activities in promoting the private sector aimed at a strategic developmental goals. *Contrary to the currently fashionable views, one of the key ingredients in East Asia's success was active government. But it was not more government, which had a positive effect – it was better government.* (See Leipziger and Thomas 1993.)

18. There is a lot to be learned from East Asian's style of policy making that translates policies on paper into practice. Many of the features associated with such effective public-private partnership – consensus building, policy flexibility, and pragmatism can be replicable in African countries.

19. Many of the institutions (**see Box III**) for promoting trade and investment in the **best practice** countries also exist in several other African countries in one form or another. The difference between the two groups is that one is **functionally efficient**, while the latter is relatively just **symbolic**. In the case of East Asia, the culturalist approach argues that Confucian traditions may have had a large impact on the economic behaviour among agents, and on social organizations, institutions and methods of governance. Specifically, Confucian traditions may have given rise to strong publicly motivated bureaucracies by ***creating mutual obligations between government and the governed***, yielding publicly motivated institutions for policy making. In summary, it is the **quality** of public-private partnership that can promote trade and investment.

20. In recent years, economic performance in many sub-Saharan Africa has improved. Growth has picked up, resulting in an increase in per capita output in a number of countries, inflation has decreased markedly, and the fiscal deficits have been reduced. In large part, the economic recovery can be attributed to improved macroeconomic and structural policies rather than to favorable external developments, such as terms of trade gains. Indeed, these positive developments have been achieved at a time when official development assistance has been declining.

21. The above favourable developments can be explained, in most part, by the major efforts African governments have made to improve their national policy frameworks to attract FDI and to promote trade. Key structural reforms have been implemented in many African countries, including curtailing of price controls, dismantling of some inefficient public monopolies, privatization, elimination of non-tariff barriers and reduction in import duties. On the investment front, according to a recent UNCTAD survey of least developed countries, only six of the 29 least developed countries in Africa, for which data were available, still had a

restrictive regime for the repatriation of dividends and capital (UNCTAD, 1997, table T.A1 and T.A2). Most countries have also enlarged the number of industries open to foreign investment and many now produce lists of the few restricted industries rather than lists of the many open to investment. Also, many of the African countries included in the survey received good evaluations of their dividend-remittance and investment-protection policies.

22. The effort by African host countries to improve their investment climate has also been increasingly complemented by interregional initiatives to promote investment and trade:

- The steps towards better access to foreign markets for least developed countries which were announced at a high-level meeting hosted by the WTO in October 1997 improved the access of 33 least developed countries in Africa to the United States market subject to certain conditions, and provided long-term guarantees of their present access to the European Union under the Lome Convention; and
- The United States House of Representatives approved in March 1998 the African Growth and Opportunity Act, designed to promote private sector initiative in Africa and FDI in particular.

23. In addition, the Overseas Private Investment Corporation (OPIC) has been asked to play a lead role in the initiative by establishing a $ 150 million fund for investment in particular infrastructure projects, with the expectation that the fund will induce private investors to participate.

24. Although some progress has been made in public-private partnership in trade and investment promotion, Africa still remains a very small player in global trade and investment (**see Table 1**); thus, this partnership has to be reinforced in a very systematic and meaningful way in order for the continent to attain its appropriate share of world trade and investment given the region's rich resources. This present study explores what can be learned from (**a**) the frontrunner countries in Africa (**b**) and selected Asian countries about the dynamic and effective role of public-private partnership in promoting trade and investment.

IV. Public-Private Sector Partnership and Institutional Obstacles to Doing Business

25. It is by now well known that *uncertainty* about laws, policies and regulations is a major deterrent to private sector development in many developing countries. If entrepreneurs or private firms can not be sure which regulations apply in the near future, whether private contracts are unarbitrarily enforced and whether their property will be protected, private firms typically react by cutting back on long-term investment and trade contracts. If the firm operates in uncertain environment, the considerable sunk costs of most investments create large disincentive against binding any resources to long-term investment. This *uncertainty phenomenon*[1] of the inability of the public sector (government) to act as a catalyst and provide the necessary institutional environment for the private sector to operate efficiently works against the promotion of trade and investment. An efficient public-private sector partnership is essential in reducing the uncertain trade and investment environment. Therefore, the reliability of government activity and the efficiency of public-private partnership should be at the forefront of analysis of the sources of differences in economic development.

[1] The theory of irreversible investments (e.g. Dixit and Pindyck 1994) has reenforced the argument that such uncertainities are costly in terms of aggregate investment.

26. Given the above, this study uses a World Bank private sector survey[2] as a background and synthesises the findings that have major relevance to public-private sector partnership in promoting trade and investment in Africa as compared to other regions of the world in general and South and South East Asia (SSEA) in particular. From all over the world, 3,685 (69 countries) entrepreneurs responded to the survey questionnaire – out of which 254 (11 countries) were from developed countries and 3,431 (93 percent) from 58 developing countries. 1,288 (33 percent) were entrepreneurs from 22 Sub-Saharan African (SSA) countries and 139 (4 percent) from 3 SSEA countries.

27. The 22 SSA countries include: Benin, Cameroon, Chad, Congo, Côte d' Ivoire, Ghana, Guinea, Guinea-Bissau, Kenya, Madagascar, Malawi, Mali, Mauritius, Mozambique, Nigeria, Senegal, South Africa, Tanzania, Togo, Uganda, Zambia and Zimbabwe. The SSEA countries are Fiji, India and Malaysia.

28. **Table 1** provides region by region findings on the efficiency of government policy and business related practices. The major results of the survey that have major relevance to public-private sector partnership are described line by line.

Line (1) shows that in Sub-Saharan Africa (SSA) and in developing countries in general, about 60 percent of the entrepreneurs complained that unpredictable changes in rules and policies seriously affected their business. In the developed countries and South and South East Asia (SSEA), only about 30 percent of the respondents indicated fear of **policy surprises**. It is interesting to note that the fear of policy surprises or reversal in SSEA countries is half of that in SSA countries.

(2) The second question evolves around **credibility of government announcements**. This question is closely linked to the concept of credibility as it is used in the macroeconomic literature. In SSA countries, 40 percent of the entrepreneurs responded that they seldom or never expected the government to stick to announced major business related policies. Again, in SSEA countries only 12 percent of the respondents showed lack of trust in government announcements. Entrepreneurs in SSEA countries have the most trust in government announcements – even more than in developed countries.

[2] For a detailed and extensive analysis of the survey, please refer to Brunetti, Kisunko and Weder, Research Paper (1997) No. 1759.

Table 1: Institutional Obstacles to Doing Business Efficiency of Government Policy and Business Related Practices Summary of a World Bank Survey of the Private Sector* (Figures are in Percentages)

Questions regarding:	World	Developed countries	Developing countries	South and South East Asia	Sub-Saharan Africa
(1) Policy surprises	*Answer = Unpredictable or close to unpredictable*				
	58	32	62	28	58
(2) Credibility of government announcements	*Answer = Sometimes, seldom or never*				
	56	30	48	12	40
(3) Information availability on the process of policies	*Answer = Sometimes, seldom or never*				
	68	45	72	42	75
(4) Participation – government taking into account concern voiced	*Answer = Sometimes, seldom or never*				
	78	60	80	47	80
(5) Retroactive changes of regulations	*Answer = Always, mostly or frequently*				
	45	22	58	37	48
(6) Unreliable judiciary	*Answer = Fully agree, mostly agree or tend to agree*				
	67	40	70	50	70
(7) Frequency of corruption (Bribes, etc.)	*Answer = Always, mostly or frequently*				
	43	12	48	30	48
(8) Corruption and blackmailing	*Answer = Always, mostly or frequently*				
	43	8	58	26	50
(9) Public-private sector interface	*Answer = Opponent*				
	28	25	30	5	30

Source: World Bank data.

(3) Results on questions related to **information availability on the process of policies** are as follows. About 75 percent of entrepreneurs in Africa believe that affected businessmen are not informed about upcoming changes in rules and policies affecting their business. For SSEA and the developed countries, the result was around 40 percent.

(4) On the question related to **participation and government taking into account concern voiced,** about 80 percent of the entrepreneurs in Africa felt that government does not take into account their concerns when developing new rules and policies affecting

their business. In SSEA countries, only less than 50 percent of the entrepreneurs felt the same.

(5) **Retroactive changes in regulations** are one source of unpredictability. On this business obstacle, about 50 percent the entrepreneurs in Africa believed that retroactive changes take place frequently or always. The result for all developing countries was about 60 per cent and for SSEA about 40 per cent.

(6) **Unpredictability of the Judiciary** presents a major problem for many business operations around the world. Interestingly, in all the regions of the world entrepreneurs thought their problems with the judiciary have increased in the last ten years. According to the survey findings, 70 percent of the African entrepreneurs felt that the judiciary is unpredictable at present; and only 50 percent felt the judiciary was unpredictable 10 years ago.

(7) **Frequency of corruption** and some other irregular additional payments (bribes, etc.) to get things done affects firms negatively in facilitating their business activities. With regard to this, about 50 percent of the African entrepreneurs felt corruption and other irregular payments occur most frequently. The result for all developing countries was about 50 per cent and for SSEA about 30 per cent.

(8) **Corruption and blackmailing** refers to a situation where even if a firm has to bribe officials to get things done, it always has to fear that it will be asked for more, e.g. by another official. 50 percent of the respondents in Africa felt that uncertainty resulting from this source occur most frequently. The figure for developing countries in general is about 60 percent.

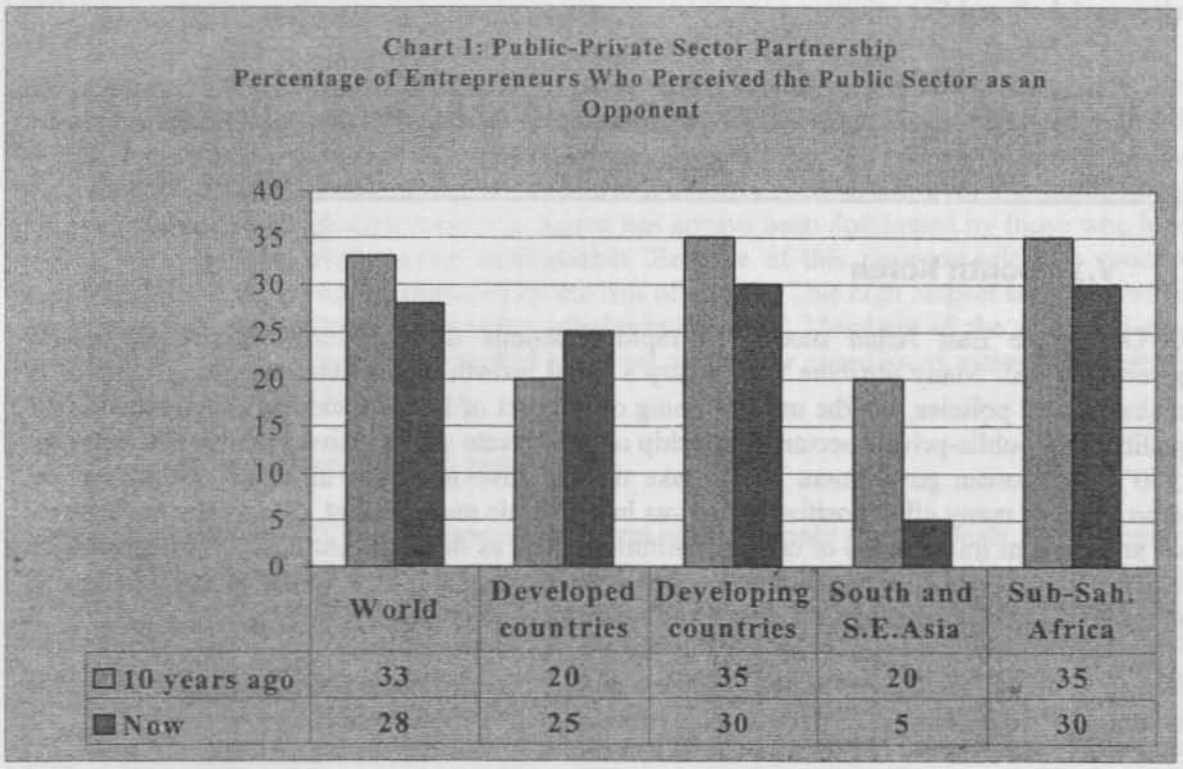
The quality of public-private sector partnership is measured by the degree of government activity in acting as a ***catalyst*** for the private sector to operate efficiently. Thus, the less the institutional obstacle to doing business, the better the quality of public-private sector partnership for trade and investment activity.

The above survey findings as an aggregate measure the quality of public-private sector partnership. The firm (entrepreneurs) evaluates whether it fears constant surprises in business-related legislations and whether it can reduce its exposure to such surprises by obtaining information in advance. Moreover, in relation to law enforcement and bureaucratic red tape, the firm evaluates the degree of corruption and whether such corruption is a predictable transaction cost or a source of uncertainty. The firm's overall perception is a guiding light for its activity. What matters for private investment and trade decisions is not objective instability as such but ***subjectively perceived uncertainty***.

The decisions of foreign investors and entrepreneurs for trade and foreign direct investment in Africa is highly influenced by the quality of public-private sector partnership in the continent at large. Foreign investors view African countries as having very low conducive investment environment. Creating a conducive investment climate through improving the quality public-private partnership requires significant institutional reforms that guarantee property rights, effective legal systems to ensure the rule of law and bureaucracies that foster rather obstruct private sector activities.

(9) The question on **public-private interface** asks entrepreneurs on their overall perception of the government/public sector and the bureaucracy. 'Is the state an ***opponent***, a ***neutral agent***, or ***a helping hand*** for the private sector now and ten years ago?' This question summarises line 1-8 and basically measures the quality of the role the public sector (government) plays in promoting the private sector in general. In this study, it is used as an appropriate proxy for the quality of public-private sector partnership in

promoting trade and investment. The findings of the survey are illustrated in **Chart 1**. In the SSEA countries, only 5 percent of entrepreneurs felt the state is an opponent. In SSA countries 30 percent felt this way. According to the survey findings, 40 percent of Latin American entrepreneurs (not shown in the table) felt the same.



Source: **World Bank data.**

29. When asked to rate their relationship with the government 10 years ago, 20 percent of the entrepreneurs in SSEA countries perceived their government as an opponent as compared to only 5 percent at the present. In the SSA countries and in developing countries in general 35 percent of the entrepreneurs perceived their government as an opponent 10 years ago as compared to 30 percent at the present. According to these survey results, it is interesting to note that in the developed countries the relationship between the government and the private sector seems to have worsened in the past ten years. This worsening of relationship between the government and the private sector in the developed countries between 10 years ago and now may partly be explained by the fact that in the latter part of the 1980's, while the private sector was anxious to invest and trade with Mainland China and Eastern Europe, the governments of the developed world were lagging behind in setting up the necessary trade and investment agreements and regulations.

30. The apparent slight improvement in public-private sector partnership in the SSA countries seems to be directly related to the trade liberalization and financial sector reforms that several African countries under went in the last 10 years.

31. The survey findings of the overall perception of entrepreneurs in the efficiency of government in providing major business related services is shown in **Appendix Table 1**. These questions concentrate on whether the government delivers some basic infrastructure. The area of interest includes efficiency of customs, general conditions of roads, efficiency of mail delivery, quality of public health and frequency of power outages. The survey findings clearly

indicates that the inefficiency of SSA governments in providing the above business related services is a major institutional obstacle to doing business.

32. The African entrepreneurs were also asked to rank each business obstacle indicating between 1 for no obstacle to 6 for very strong obstacle (not shown in the table). According to their response, corruption and tax regulations or high taxes were the most important obstacles to doing business. These major obstacles are followed by inadequate infrastructure, inflation, crime and theft and financing.

V. Synthesis of Best Practices in Public-Private Sector Partnership

V.1 South Korea

33. Of all the East Asian success in rapid economic development, Korea's was highly government-led. Many attribute the country's rapid growth to market-confronting policies or market guided policies, but the under-pinning or the root of Korea's success is embodied in the quality of its public-private sector partnership or pro-private sector active government. Since the 1960's, the Korean government had to take the initiative in almost all areas of development effort. Among many other positive initiatives in economic management, the Korean government has an excellent track record of crating institutions such as development banks, trade promotion agencies, and general trading companies (**see Box III**); and a unique ability to make pragmatic policy decisions aimed at strategic trade and investment advantages.

34. Many of the ingredients in this efficient public-private sector partnership and institution building for the promotion of trade and investment are briefly covered below.[2]

A. Government/Public sector

35. Korea was highly successful in the 1960's and agian in the 1980's.Much of the countries success revolves around Korea's bureaucracy and planning apparatus, led by the **Economic Planning Board (EPB)**; the unique relationship between business and the government; and the unique quality of policy making.

36. In 1961, President Park made a strong commitment to achieve rapid economic development and national security. He saw the need for an organization that would not only formulate consistent economic policies but also coordinate their implementation.Thus, the EPB was set up in 1961. The EPB had two main functions: (i) it planned and formulated economic policy programs; and (ii) it coordinated and evaluated economic policies and policy programs implemented by individual Ministries on a continuing basis. Since effective coordination of policies among Ministries required both power and prestige, the EPB was made a 'Super Ministry'.

37. At the same time, a number of major new government agencies were launched, and several existing ones were restructured to advance the goals of rapid economic development. First, the need for efficient tax collection to achieve an overall budgetary balance was met by reorganizing the internal tax office into the **Office of National Tax Administration (ONTA)** closely supervised by the President himself. Second, in order to ensure peace on the labor front and be attentive to the needs of ordinary workers, the **Office of Labor Affairs (OLA)** was established. The Office was established not only to enforce new labor standards, but also to

[2] For a detailed and comprehensive account refer to Km and Leipziger (1993), Petri (1993), Leipziger and Thomas (1993) and Stephens and Thomas (1993).

protect workers' rights in such cases as industrial disablement. Furthermore, the Office organized vocational training programs to help workers acquire the new skills needed for rapid industrial development. The third notable change was the establishment of the **Ministry of Science and Technologies (MOST)**. Given the rapid economic development agenda, there was an urgent need for Korea to increase the inflow of foreign technologies and develop its own technologies.

B. Bureaucracy recruitment

38. In connection with recruitment, Korea's professional bureaucracy is a two-tier system. The system allows exceptional individuals to begin at advanced levels and has attracted many well-qualified and ambitious individuals to government services. Although many who have started at the bottom of the bureaucratic hierarchy are allowed to move onto higher level jobs based on the job performance, the high civil service in Korea has always been dominated by those who have passed the high level civil service examination. Because of this rigorous selection process, senior civil servants are highly regarded by the rest of society. This high respect seems to reflect the long Confucian tradition of honoring scholar bureaucrats. Members of the advanced civil service have therefore tended to be looked upon not only as the guardian of national interest but also as elite group of leaders.

C. Rewards and penalties

39. Until the early 1980's, civil servants in Korea were the only professionals in the country who enjoyed the benefits of pensions after retirement. Those pensions together with life-time job security, were significant incentives. But the strongest incentive, particularly for high level civil servants, has been the social respect which increases as they climb the ladder. This comes in the form of special citations, awards of honor, and personal appreciation by the head of state. Furthermore, the social respect is usually shared by members of the entire family. Partly for this reason, a family is often willing to provide financial support to a promising young civil servant for many years.

40. Although achievement is openly recognized, failure is rarely penalized. In the Korean context perhaps the most effective penalty has been the social disgrace of being dismissed from the government for wrongdoing.

D. Achieving policy consensus

41. To achieve national consensus for economic policy and to monitor its implementation, three major mechanisms were put in place. (i) The Monthly Economic Briefing held at the EPB was attended by the President, all Ministers, and other senior figures. In addition, the heads of big business and financial organizations were invited. The briefing covered not only macroeconomic trends but also micro policy issues. (ii) The Quarterly Trade Promotion Conference which is attended by the President, Ministers, other high level government officials and virtually all large trading firms in the country. In this meeting, the Ministry of Trade and Industry would provide reports not only on the progress towards achieving annual exports targets, but also on the problems and difficulties facing industries in meeting their export goals.More importantly, as in the case of the Monthly Economic Briefing, the President made suggestions and gave directions on how the problems might be handled. (iii) During the Annual Meetings, every Ministry reports directly to the President on its plan of activities for the current year as well as its achievements over the previous year. In these annual meetings, the President would give clear suggestions on how to proceed with the plan for the current year's activities.

E. Policy research institutes

42. Korean bureaucrats are seldom kept on one assignment for very long before being shifted to their next assignment or position. Furthermore, like their counterparts elsewhere, Korean bureaucrats have to devote their attention to immediate and short-term problems. In order to compensate for these weaknesses, several policy research institutions have been established to look at long-term issues based on special knowledge and expertise. Thus, the **Korean Development Institute (KDI)** was established in 1971 to help the EPB formulate medium and long-term economic policies.

43. Encouraged by the success of KDI, other Ministries have established research institutes. Examples include: **Korea Educational Development Institute (KEDI)**, the **Korea Rural Economics Institute (KREI)**, and **Korea Institute for Human Settlement (KIHS)**. By the early 1990's, there were at least ten such institutes. Since their establishment, these institutes have greatly enhanced the quality of policy making in Korea.

F. Business/Private Sector

44. The emergence of a business class was by no means complete in the 1960's during Korea's economic take-off. The government soon realized that it would need a larger business class to perform entrepreneurial functions if it were to succeed in its ambitious economic development agenda. To this end, the government (President Park) created a larger business class in various ways. The government offered many financial incentives to those who were deemed capable of doing what the government wanted. In order to enhance the prestige of businessmen in the eyes of the Korean people, the President awarded successful industrialist with special prizes and medals. The government interacted with the private sector with so many incentives as to create a lasting ***helping hand*** perception of its conduct.

45. ***Risk sharing*** with private entrepreneurs was a major vehicle to creating a larger business class. In order for Korean businesses to get access to foreign loans, the government provided the guarantees not only for the repayment of principal, but also for payments of interests. Overtime, this risk sharing between the government and businesses expanded to cover Korean overseas entrepreneurial activities. For example, in order for Korean construction companies to win contracts in oil producing countries in the Middle East, the government directed commercial banks to provide guarantees and subsidized loans based on performance.

G. The Korean Firm

46. Most Korean firms were created as recently as the 1960's and early 1970's and are therefore still owned and operated by their founders; and rely heavily on family members or close relatives for management. Because of heavy family ties that basically excludes outsiders, business decisions are taken rather quickly and the entrepreneurs very often care about business expansion rather than profit. Furthermore, they feel they are responsible for the welfare of their emolyees.Because many Korean businessmen owe their success to government support and encouragement, virtually all businessmen are highly co-operative to the extent of being subservient in their relationship with government.

H. The Chaebul

47. The average size of the Korean firm is quite large by design. The Korean government felt that Korean firms could compete in international trade only if they were of a certain minimum size. This view was reinforced when the government encouraged the development of **Heavy and Chemical Industries (HCI)** in the 1970's to upgrade its export structure which involved capital-intensive scale economy. The Korean government also felt that it was more convenient

to deal with a smaller number of firms. Thus, the result was the emergence of a handful of large conglomerates known as the Chaebul. Two other factors also promoted the emergence and growth of the Chaebul. Because demand for loans exceeded supply, it was therefore necessary for the government to ration loans by non-price mechanisms. This led to a *concentration of commercial and economic power* in a limited number of firms favored by the government as strategic industries. (ii) When projects did badly, the government had little choice but to get heavily involved in certain investment decisions. It did so either by an outright bail-out or by asking another group with a sound financial base to take over the unsuccessful venture.

V. 2 Thailand

48. Although not as spectacular as Korea and Japan, Thailand is another East Asian economy that has achieved excellent steady economic growth. Public-private sector partnership in Thailand has improved dramatically since 1960 that they are now more of equal partners involved in policy based consultations. Mush of this change in government-business relations has occurred because of the way the private sector organized its self.

A. Private sector's initiatives

49. First, the private sector formed business association such as the **Board of Trade**, the **Thai Bankers Association**, and the **Federation of Thai Industries**, which by the late 1960 were regularly consulted by ministry officials and other macroeconomic technocrats. Sectoral trade associations have also proliferated in numbers from very few in the 1960's to about two hundred fifty in the late 1980's. All these government-business exercises reached their peak in the 1980 with the opening of the **Joint Public-Private Consultative Committee (JPPCC)** created by the **National Economic and Social Development Board (NESDB)**.[3] The JPPCC regularly gathers heads of the leading business associations to talk to leading technocrats and economic ministers dealing mainly with issues involving overall development strategy.

50. Second, the private sector formed large integrated business group consisting of entrepreneurs of large-scale firms that invest and produce several products. The groups mobilize capital from wealthy people and they often possess their own banks and other financial intermediaries. These banks were very instrumental in increasing private sector flexibility by financing exports and attracting savings.

51. A third notable factor of the private sector and its links with the public sector has been the hugh Japanese foreign direct investment (FDI). The Japanese FDI is concentrated in the textile, metals, electrical machinery, and automobile industries. In general, the effects of Japanese investments and joint ventures on growth and transfer of technology have been specific to these industries. In some industries Japanese organizations have been successful at promoting coordination in industrial upgrading. For example, The Japanese International Cooperation Agency has been the major supporter of the **Metal Working and Machinery Development Institute**. This institute provides technical support for small and medium-sized machinery firms.

52. The Thai private sector have gained valuable strategic direction and development from Japanese FDI and related institutions. The cumulative effects of Japanese FDI have been to facilitate institutional development in the private sector, and to expand and improve public-private sector
partnership.

[3] The NESDB and the Bureau of the Budget (BOB) along with the Ministry of Finance and the Bank of Thailand form the core macroeconomic agencies.

B. Government's investment and export promotion initiatives

53. The Board of Investment (BOI), established in 1960 to implement a new investment promotion act, has been a powerful instrument of industrial policy in Thailand. Although BOI incentives included income tax exemptions for investors, its most important power was over imports. It could exempt particular firms or industries from import duties on machinery and raw materials, as well as imposing bans and surcharges on competing imports.

54. The Promotion of Industrial Investment Act of 1962 gave BOI more flexibility and independence. The act gave BOI the power to issue investment promotion certificates and to add the list of eligible activities. The act also created three basic groups of promoted activities, with different incentives based on their perceived importance to the economy. Thus, full exemption from import duties was granted to a range of mostly heavy industries – including basic metals, machinery and chemicals. A second group, mostly involved in assembly of motor vehicles, agricultural machinery and electrical appliances received half exemption. A third group that includes agricultural processing industries, textiles and pharmaceuticals got one-third exemption. Although, there were various adjustments to the investment promotion laws in the 1970's, the basic thrust remained – to promote capital-intensive industrialization.

In the early 1980's, Thailand started to favor export promotion and the BOI was called upon to play a different role. Some of the specific characteristics the export promotion drive favored – generation of foreign exchange through exporting, employment creation, utilization local raw materials, and industrial decentralization. These characteristics represented a shift in Thailand's industrial policy.

55. The most important change in incentives to export came through efficient management the real exchange rate. Throughout the 1960's and 1970's, the Thai baht had been tied to the U.S. dollar. This exchange rate policy served Thailand well while the Bretton Woods system of fixed exchange rates was in effect. However, in the 1980's, problems arose once the major currencies began to float and linking the baht to the dollar resulted in significant t appreciation of the baht affecting exports negatively. The big change in Thailand's real exchange rate came in 1984, when the Bank of Thailand started tying the currency to a basket of major currencies, and not just the U.S. dollar. This led to an immediate significant devaluation of the real effective exchange rate. These developments resulted in a large increase in the incentive to export; spurring Thai firms to export and also attracting even larger FDI from the economies whose currencies had appreciated.

56. Taking full advantage of this highly favorable real effective exchange rate scenario, the government of Thailand reinforced the export drive by the following major incentives:

- Tax exemptions to export-oriented projects, including duties and business taxes on imported raw materials or re-exported items, business taxes on domestic inputs, export duties, and certain deductions on taxable corporate income;
- Established *Export Processing Zones (EPZs)* and bonded warehouses. Each EPZ had bonded warehouses for storing duty-free inputs destined for export productions;
- Subsidized energy costs;
- *refinancing facilities* to exports sector; and,
- *marketing assistance* by organizing international trade exhibitions, setting up trade missions, establishing commercial and trade offices abroad, quality control and lobbying.

57. In terms of FDI, Thai laws make no major distinctions between domestic and foreign investment. Thus, in connection with the large devaluation of the exchange rate in the mid-

1980's, there was a surge of FDI to Thailand into the manufacturing sector. Furthermore, Japan and Taiwan have moved some production in electronics and footwear to Thailand. In general, FDI has made a major contribution to the overall growth of industry and to diversifying and expanding Thailand's exports.

V.3 Mauritius

58. Partnership between the public and private sectors has played an important role in the transformation of the economy of Mauritius. The new Government of Mauritius is committed to continuing the liberal economic policies of its predecessor administration, while overseeing improvements in productivity necessary to bring the country into the ranks of newly industrialising economies.

59. Mauritius became independent in 1968 and has since been a parliamentary democracy. Ethnic and political diversity has contributed to the country's vitality and entrepreneurial spirit. The country has since independence evolved from a low-income, agriculture-based economy to a middle income diversified economy with a GNP per capita of US$ 3, 280 in 1995.

60. During the 1970s, growth was spurred by sugar production, which provided almost 20 percent of GDP and over half of export earnings. Mauritius embarked on concerted efforts to diversify its economy into manufacturing and tourism. Diversification into manufacturing and tourism reduced the role of the sugar sector to 6 percent of GDP and about 21 percent of export earnings. Industrial output comes from primarily an export processing zone created in 1976, which accounted in 1994 for 10 percent of GDP and about 54 percent of gross export earnings. Tourism was expanded sharply, from less than one percent of GDP and less than 3 percent of the country's export earnings, to about 5 percent of GDP and 19 percent of foreign exchange earnings, respectively in 1994.

61. Economic growth and sound public expenditure policies helped Mauritius improve social indicators over a period of time. With the exception of a relatively short period (1979-1981) of sluggish growth, the country's record is one of solid growth and prudent financial management. Its strong performance has been made possible by liberal economic environment, including an open exchange and trade regime, incentives for foreign private sector, strong resource mobilisation, conservative public expenditure policies, prudent credit expansion, and good governance. Over the years 1968-1993, Mauritius' GDP grew at an average of 5.3 percent and exports grew 6.1 percent a year in real terms.

62. Furthermore, the key ingredients of the country's success have been a stable democracy and the rule of law; ethnic tolerance; macro-economic stability; equitable social progress; and a coherent strategy to compete internationally in labour-intensive activities (including a flexible exchange rate policy, low tax environment, and determined efforts to attract foreign investment).

63. Although performance of the Mauritius economy remains good by international standards, growth has slowed and unemployment is mounting. Mauritius' competitiveness is being tested by the emergence of low-cost textile producers and might further be constrained by the expected erosion of preferential trade arrangements enjoyed under the LOME Convention and GSP as further liberalisation of the international trading system takes place under the World Trade Organization. The country's challenge is to improve the economic growth rate through higher productivity, human resource development, investment in second generation of industries that correspond to the country's evolving comparative advantage; and to reform the welfare system, while protecting social gains.

64. There are varies levels of public-private sector partnership for promotion of trade and investment exist in Mauritius. The main forms of cooperation are at the following levels:

cooperation in economic policy formulation, design and implementation; public-private sector institutional framework in support of private sector development; public sector support to research and technical training; public sector support to financial institutions in support of the private sector.

A. Partnership in Policy Formulation, Design and Implementation

65. Strong cooperation exists between the private sector and Government in the formulation, design and implementation of economic policy reforms. In this respect, various forms of institutional arrangements exist for a "tripartite cooperation" between Government, private sector and trade unions.

(i) National Economic Development Council

66. This is one of the highest organs of cooperation between the public and private sector. It meets regularly to agree on broad aspects of development strategies in Mauritius, including trade and investment. The Council is chaired by a very high ranking Cabinet official of the Government of Mauritius and most plans of the private sector are taken into consideration in drawing up the development plan for Mauritius. Furthermore, the Government undertakes extensive consultations with the private sector in drawing up its annual budgets. Taxation changes and tax reforms are carried out in consultation with the private sector. Furthermore, a "National Remuneration Board "exists in Mauritius to ensure that development strategies are consistent with promoting equitable growth in the country.

(ii) Regional Cooperation Council

67. Mauritius appreciates the importance of regional markets in its future strategies for expanding its exports and investment. In this respect, the country has established Regional Cooperation Council comprising of key ministries of Government and the private sector. The aim is to co-ordinate strategies for enabling the private sector in Mauritius to take advantage of regional markets that are being established through sub-regional and regional trade arrangements, such as COMESA and SADC. The Council examines modalities needed to enable companies in Mauritius to penetrate such markets. The Government of Mauritius is even prepared to participate in equity of companies wishing to invest in regional markets.

(iii) International, Regional and Sub-regional Negotiations

68. The Government of Mauritius makes sure that any delegation from the country participating in negotiations on trade and investment must comprise of competent people from the relevant ministries and more importantly supported by the private sector. This has been the case in negotiations within the WTO, COMESA, SADC and even the African Economic Community. This approach ensures that negotiated agreements are not at the expense of the private sector at home and has the consent of the domestic private sector. Mauritius Government negotiated the involvement of companies from Mauritius in Mozambique. Furthermore, the Government has been involved in negotiations with other Governments on issues of "double taxation" in order to relieve the burden of such taxation on the private sector.

B. Institutional Framework for Support of the Development of the Private Sector

69. The Government of Mauritius, in collaboration with the private sector, has put in place an array of institutional framework in support of private sector development in Mauritius. This

framework includes; public-private sector development and trade agencies; Government support financial institutions in support of the private sector; and research and training institutes.

70. The Government of Mauritius is extensively involved in Mauritius Research Council, the Sugar Industrial Council and the Export Processing Development Authority. Furthermore, The Government is a partner in the Mauritius Export Development and Investment Authority as well as in other agencies in support of the private sector.

71. In recent years, Mauritius has moved towards greater participation of the private sector in the development of the infrastructure. In this respect, the Government is moving towards passing legislation that would allow the private sector participation in the development of infrastructure in the following two types of schemes: "Build-Operate-and-Transfer" or "Build-Operate-and OWN". The first type is one where the private sector is allowed to build the infrastructure, operate it for sometime to recoup the investment and then transfer it to Government. The latter is where the private sector is allowed to own and operate the infrastructure.

VI. Conclusion and Policy Recommendations

72. Many African countries have during the last decade embarked on economic and financial reforms with a view to improve economic growth and incomes. This has involved in many cases liberalisation of trade regimes, exchange rates and prices and a shift towards market-oriented economic structures. The reforms have also aimed at redefining the role of government and a move towards privatisation of public enterprises. The logic behind reforms, as they affect industry, has been that import liberalisation, devaluation, the reduction of protectionism and positive real interest rates will punish inefficient industries and reward the efficient ones which are export oriented, more labour intensive and use more local materials leading the country to exploit its comparative advantage. The belief has been that this will result in a prosperous and growing manufacturing sector, which will greatly contribute to an increase in exports while using fewer imports.

73. However, in many African countries this scenario has not occurred. Adjustment has not worked as anticipated because the real world of manufacturing does not look anything like the imaginary one of the neo-classical mind. In the neo-classical world, perfectly competitive firms, operating with full knowledge and accessibility to all possible technologies, choose the most efficient process, given the market determined prices of inputs and outputs which reflect their relative scarcity. The international technology market is assumed to work efficiently with firms buying the right technology off the shelves without costs and barriers. Furthermore, capital and technology are assumed to flow freely without state interference.

74. These assumptions of perfectly functioning product and labour markets do not apply in many African countries. Management and labour skills are often in limited supply, finance is difficult to secure, information is costly, relations between firms are poorly developed, technology is difficult to obtain and costly to use, transactions costs are high, public goods are poorly developed, property rights are not always clearly defined, products are not standardised.

75. The reforms in many African countries have also aimed at retracting the state in the belief that the private sector would then be free to prosper in reaction to unfettered market signals. If the experience of Asian countries and Mauritius is any indicator, African countries need more, and not less, of Government strategic intervention, but the quality and direction of the

intervention must change.[4] Government expenditures and intervention must not be seen as opposed to markets and the private sector. It must be reconfigured to support the growth of the private sector.

76. Strengthening public-private sector partnership has to be part and parcel of development strategies of African countries. The roles of the public and private sector as well as linkages between the two need to be clearly defined. The public and private sectors need to support each other. In this respect, five key policy areas need to be addressed. Firstly, there has be a strong commitment to public education, with an emphasis not only on basic literacy, but also on science and engineering. Secondly, there has to be a large commitment of public funds to the development of the infrastructure. Thirdly, there has to be heavy levels of spending on health, housing and other important basic needs. Fourthly, a set of institutions are needed to be organised to assist in the acquisition and diffusion of product development and technology along with standardisation of quality of products. Fifthly, the state needs to organise an industrial policy group manned by the best-trained individuals in the country who would be given independence to use technical criteria to support the private sector.

77. A dynamic and effective partnership between the public and private sectors is essential in any development strategy. A number of actions taken in the public sector can act as an important catalyst, or alternatively impediment, to the development of the private sector. The public sector often plays an important role in nurturing the private sector. The case studies of South Korea, Thailand and Mauritius demonstrate that an effective partnership between the public and private sectors is an important element of a dynamic development strategy.

78. The main elements of such a partnership are reflected in the following aspects:

(i) High-Level Policy Co-ordination Machinery

79. For an effective partnership between the public and private sectors, machinery should exist for co-ordination of policy at the highest level of policy decision. In South Korea, the President of the country meets regularly with high top ministers and heads of big business to discuss economic and financial policy issues. Regular briefings are also made by business to the Ministry of trade and industry. Similar consultative fora exist in Thailand and Mauritius.

(ii) Institutional Framework in Support of the Private Sector

80. In these countries, the public sector was instrumental in developing the necessary skills among the population needed to support development. Development institutes and high-tech colleges have emerged, often with the initial support of government. Furthermore, Governments have also been instrumental in the establishment of private sector organisations, such as chambers of commerce, trade organisations, export and investment promotion agencies. The governments have also been active in promoting small and medium scale enterprises. In most of these countries specialised financial institutions have played a critical role in the development of small and medium scale enterprises.

[4] Howard Stein: Globalisation, Adjustment and Structural Transformation of African Economies: The Role of International Financial Institutions, Department of Economics, Roosevelt University, October 1998.

(iii) Creating an Enabling Environment for Private Sector Development

81. It is generally acknowledged that a appropriate Government policies are critical for the development of the private sector and include; appropriate legislative and regulatory framework; the rule of law and enforcement of contracts; an appropriate infrastructure; availability of skilled manpower; and appropriate financial and credit policies. Good governance is also critical for the private sector to thrive. Corruption tends to raise the cost of doing business.

Box I
Best practices from East Asia

Overview

The major factors for East Asia's success were policies for macroeconomic stability, human resource investments, and outward orientation – quite different from most other developing regions. In the area of human resources, strong public policies were often augmented with household investments in education. In many areas, including export promotion, it was not just the design and selection of public policies; it was also implementation that made the difference. By any standard, implementation of public policies was a major factor behind East Asia's success.

At the core of the development success in East Asia has been pragmatic policy making – meaning most importantly, the relative lack of ideology and the willingness to repudiate failed policies. Policies have been reversed swiftly if experience showed them to be ineffective.

These newly industrialized East Asian economies seem to have turned weak initial conditions into advantages in one generation to an extent seldom seen elsewhere.

The common salient features for East Asia's success was the efficient partnership between the public and private sector in promoting trade and investment; and the existence of institutional framework linking the two sectors for the implementation of public policies. Contrary to fashionable views, one of the key ingredients in East Asia's success was active government. But, it was not more government which had a positive effect – it was better and efficient government.

Best practices

The performance criteria adopted in this project for selecting best practices'case studies countries are:

(i) The effectiveness of public-private partnership in the promotion of trade and investment with clear policy evidence; and

(ii) The level of development in the institutional framework linking the public and the private sectors.

Based on the above performance criteria, among the first generation of newly idustrialized economies (NIEs), South Korea, Singapore, Taiwan and Hong Kong, ***South Korea*** *is on the top of the list. Among the second generation of NIEs, Thailand, Malaysia and Indonesia,* ***Thailand*** *is selected.*

Box II
Best practices from Africa

Overview

In recent years, economic performance in many sub-Saharan Africa has improved. Growth has picked up, resulting in an increase in per capita output in a number of countries. Export growth is similarly increasing. After a decade of decline between mid-1970 and mid-1980, the average export growth rate reached 8% for 1995 to 1996; with half of this expansion attributable to increased volume of exports rather than favorable external developments. However, SSA's share in world trade currently stands at only 1%; and regional distribution of FDI flows stands at a low 1.2%.

Although the economic situation remains difficult, most recent development suggest, that Africa may have reached a turning point.

Best practices

***Mauritius** is one of Africa's most dynamic examples of economic growth. In the last three decades, the country has successfully restructured itself from a predominantly mono-crop economy to an export-oriented manufacturing economy. It has now reached the status of a middle-income country with a per capita income that exceeds by far that of most African countries. Following the establishment of an export processing zone, and the implementation of an export-oriented development strategy in the 1970's, FDI to Mauritius peaked in the early 1990s – the same time that flows to the East Asian economies were growing rapidly. In later years, however, flows to Mauritius slowed, partly because of the emergence of other viable low-cost host countries in Africa.*

In response to the decline in FDI in recent years, the Government of Mauritius has started a number of initiatives in public policies and institution building to insure competitiveness in the future. These initiatives include: skill-building policies, technological-upgrading policies, the establishment of a National Productivity and Competitiveness Council and the establishment of a Board of Investment.

***Tunisia,** a middle income country with more diversified economy, has received significant FDI in non-primary sector in recent years. As regards to trade policies, there is a general trend towards more open trade regimes in Africa. However, Tunisia has managed to attract efficiency-seeking FDI in such industries as textiles and apparel, among other things with the help of appropriate trade policies.*

According to a recent UNCTAD survey on FDI frontrunners, Tunisia received the highest positive evaluation with respect to national policy frameworks and efficiency-seeking FDI. With respect to business facilitation in reducing bureaucratic red-tape, Tunisia and Botswana received particularly high marks.

*Therefore, using the same performance criteria as for East Asian countries (**Box I**), Mauritius and Tunisia are selected for best practices case studies among African countries.*

Box III

Major Institutional Framework for Public-Private Partnership in Trade and Investment Promotion Institutions

Korea		
Korea Chamber of Commerce and Industry	-	over 1m. members; 58 local chambers; promotes dev. of the econ. and int. econ. co-operation
Association of Foreign Trading Agents of Korea	-	850 members
Korea Consumer Goods Exporters Association	-	230 corporate members
Korea Export Association of Textiles	-	455 corporate members
Korea Export Industrial Corp.	-	encourages indus. exports; provides assistance and operating capital; conducts market surveys.
Korea Foreign Traders Association	-	19,284 corporate members;private; representing all licensed traders in South Korea; provides foreign businesses with trade information and contacts.
Korea Trade Promotion Corp.	-	78 overseas branches.
Thailand		
Thai Chamber of Commerce	-	over 2000 members.
Board of Investment	-	publicize invest. Potentials; encourage beneficial invest.
Board of Trade of Thailand	-	members: chambers of commerce, trade asscns, state enterprises and co-operatives societies; large and mid. size companies have associate membership.
The Exporters Association of Thailand	-	exchange of informations.
Mauritius		
Mauritius Chamber of Commerce and Industry	-	dev. of the private sector and industrial exports
Chinese Chamber of Commerce	-	trading organization
Mauritius Chamber of Merchants	-	trading organization
State Trading Corp.	-	almost 100% state-owned; manage imports
Mauritius Export Develop. and Investment Auth.	-	encourages export-oriented investments.
Mauritius Freeport Authority	-	promotes free port activities.
Mauritius Offshore Business activities Auth.	-	regulates and supervises offshore comm. activities.
State Investment Corp.	-	provides support for new invest. and transfer technology in agriculture, industry and tourism.
Tunisia		
Agence de Promotion de L' Industrie	-	co-ordinates idustrial policy; undertakes feasibility studies; organizes training; and establishes industrial zones. Overseas offices in Belgium, France, Germany, Italy and the U.K.
Centre de Promotion des Exportations	-	State export promotion org.
Foreign Investment Promotion Agency	-	provides foreign businesses with invs. information.
Office du Commerce de Tunisie	-	functions as chamber of commerce.
Societe Foire Internationale de Tunis (...trade fair)	-	organizes trade fairs promoting invest.and exports.

Source: The Europa World Year Book, Vol. II, 1997.

Appendix Table 1: Institutional Obstacles to Doing Business Efficiency of Government in Provding Major Business Related Services Summary of a World Bank Survey of the Private Sector*
(Figures are in Percentages)

Questions regarding:	World	Developed countries	Developing countries	South and South East Asia	Sub-Saharan Africa
(1) Efficency of customs	*Answer = Sufficient or close to sufficient*				
	33	70	25	38	21
(2) General condition of roads used for business	*Answer = Sufficient or close to sufficient*				
	35	70	28	30	25
(3) Efficiency of mail delivery	*Answer = Sufficient or close to sufficient*				
	48	70	45	62	35
(4) Quality of public health	*Answer = Sufficient or close to sufficient*				
	28	68	19	25	14
(5) Frequency of power outages affecting business	*Answer = Once a week or close to once a week*				
	24	1	28	23	45

Source: World Bank data.

*For a detailed and extensive analysis of the survey, please refer to the World Bank Policy Research Working Paper (1997) No. 1759 and the World Bank Discussion Paper (1997) No. 1324.

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