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**UN ECONOMIC COMMISSION FOR AFRICA
PUBLIC ADMINISTRATION, HUMAN RESOURCES
AND SOCIAL DEVELOPMENT DIVISION**

AIDE MEMOIRE OF

**THE SENIOR POLICY WORKSHOP ON THE THEME:
"IMPROVING THE PERFORMANCE OF PUBLIC ENTERPRISE
MANAGEMENT IN AFRICA"
LESSONS FROM COUNTRY EXPERIENCE
14 TO 18 OCTOBER, 1991
DAKAR, SENEGAL**

ORGANIZED BY

**THE SPECIAL ACTION PROGRAMME FOR ADMINISTRATION
AND MANAGEMENT (SAPAM), PUBLIC ADMINISTRATION
HUMAN RESOURCES AND SOCIAL DEVELOPMENT DIVISION
U.N. ECONOMIC COMMISSION FOR AFRICA
IN COLLABORATION WITH THE AFRICAN INSTITUTE**

INTRODUCTION

Reform of public enterprises is a central feature of the economic policy reform programmes being implemented by many African countries. In the context of the austere financial environment of these recovery programmes, the most commonly prescribed public enterprise reform measures have been privatization and commercialization. Each of these policy prescriptions has a range that extends from partial to full privatization and from partial to full commercialization. While it may be argued that commercialization, broadly defined as the pricing policy that enables a public enterprise to recover its costs, is inherent in the very notion of public enterprise; in reality, however, most African public enterprises have failed to attain that ideal. Hence, commercialization is currently urged on African public enterprises, especially those engaged in economic (i.e. non-social) activities.

A common characteristic of both privatization and commercialization is that they reduce the claim on government financial resources by public enterprises. Yet each option points to a different relationship between government and the public enterprises. While privatization divests the government of the public enterprise; commercialization, on the other hand, affirms continuing government ownership, albeit with greater challenges for efficient management.

This recognition that commercialized public enterprises need to be better managed and the knowledge that African governments

will continue to own public enterprises are the main impetus for searching for ways for improving the performance of African public enterprises. The aim of such an effort is to promote the achievement of the objectives for which the public enterprises are established and thus obtain maximum social and economic returns in the investments made on them.

In response to the need to promote better public enterprise management in Africa, the Public Administration, Human Resources and Social Development Division launched under SAPAM, a programme aimed at the improvement of the performance of public enterprise management in Africa. The first activity in this series was a Senior Policy Workshop devoted to examining the conditions for improving public enterprise performance.

The second major activity in this series relates to commissioned case studies of ten public enterprises consisting of five successful and five poor performing public enterprises in various African countries.

SECTOR IN WHICH P.E IS LOCATED	C O U N T R I E S	
Agriculture	Botswana	Uganda
Manufacturing	Tanzania	Benin
Public Utilities	Ghana	Nigeria
Transport	Ethiopia	Sudan
Mining	Niger	Senegal/Morocco

The purpose of these case studies is to examine and identify the conditions, practices and policies that make for good or poor public enterprise performance.

These case studies have a number of key innovations:

- (i) Unlike several other studies that had focussed exclusively either on successful or poor performing cases; the SAPAM case studies take both categories together.
- (ii) The selected public enterprises are paired such that the sample includes one poor performing and one successful from same sector but drawn from two different countries.
- (iii) Again unlike many other studies that assess either the internal management actions or government policy environment, the present case studies will present a total picture of the factors that affect performance of public enterprises by examining both internal management policies and practices as well as external policy environment in which the public enterprises operate.

In deciding to study both cases of success and poor performance, it was felt that important lessons can be learnt. We can learn from the successful public enterprises the factors, strategies and institutional arrangements and characteristics that contribute to success and adapt the lessons to other public enterprises. Equally so, we can learn from the poor performing enterprises the policies, methods and institutional weaknesses to be avoided.

OBJECTIVES OF THE SEMINAR

The broad objective of the seminar will be to examine the findings of the case studies on the ten public enterprises in Africa with a view to drawing appropriate lessons for improved management.

Specifically, the Senior Policy Seminar will:

- (i) review the practices that were adopted in the poor and successful public enterprises in a wide areas of management e.g. personnel, marketing, financing, etc;
- (ii) examine financial performance of both categories of enterprises;
- (iii) assess impact of external environment on public enterprise in both categories;
- (iv) identify a system of indicators to be used in assessing, monitoring and improving the performance of public enterprises;
- (v) develop policies and practices (techniques) for turnaround of poor performing public enterprises; and
- (vi) develop guidelines of cooperation among African public enterprises i.e. facilitating exchange of experience and expertise between successful and poor performing public enterprises.

THEMES OF PAPERS TO BE PRESENTED

As noted already, the seminar will be devoted to examining the ten case studies, to be consolidated in a paper embodying the main findings and recommendations of the ten case studies. The consolidated paper will be organized around sub-themes of the critical factors that accounted for failure or success in the African public enterprises.

In addition, papers focussing on comparative perspectives will be presented to reinforce some of the conclusions that will be drawn from the case studies, namely:

- (i) Revitalizing of poor performing public enterprises: Lessons from the "Strategies for Success" Programme of the Commonwealth Secretariat.
- (ii) Turnaround of sick public enterprises in India: Lessons for African Public enterprises.

PARTICIPANTS

The participants will consist of chief executives, managers of public enterprises, representatives from controlling agencies (holding companies, parent ministries or supervisory organizations) and academics and researchers in the field of public enterprises as well as representatives of international organizations dealing with public enterprises issues.

FINANCING

The cost of the seminar will be borne by ECA which will pay for the per diem and travel costs of participants.

VENUE AND DATE

The seminar will take place at the African Institute for Economic Development and Planning (IDEP), Dakar, Senegal from 14 to 18 October 1991.

Further inquiries on the seminar should be addressed to: Chief, Public Administration, Human Resources and Social Development Division, P. O. Box 3001, telex 21029 or fax (2511) 514416.