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**Economic Commission for Africa**  
**Commission économique pour l'Afrique**

**Lecture by a Guest Speaker**

**Promoting Public/Private Sector Partnership for Enhanced and Sustained Economic, Social and Human Development in Africa**

**Address given by Takalign Gedamu, Chairman and Chief Executive Officer of the Bank of Abyssinia, to ECA Special Plenary Session organized concurrently with the First Meeting of the Committee of Human Development and Civil Society**

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## **I. Background and Introduction**

As part of ECA's reform measures, the Development Management Division focuses on the promotion of efficiencies and a conducive environment to enable both the public and the private sectors to play their roles.

Under the Structural Adjustment Programme (SAP), African governments decided to disengage progressively from productive activities and to place more responsibility on the private sector which is considered as the engine of growth and development process. However, despite efforts made by African governments to create an enabling environment and by the private sector to play its primary role in the development process of the continent, the African socio-economic situation is still disappointing. Incentive policy measures and mechanisms formulated and adopted by African governments and institutions at national, subregional and regional levels never reached the level of implementation or were not provided with adequate support to meet their objectives.

This situation is due, among other things, to the fact that decisions of this nature are generally taken without prior consultation or negotiation among concerned parties. Governments, despite political declarations to assist the private sector to play an active role in the development process of the continent, continue to dictate and formulate policies which are not always conducive to private sector development. Instead of being partners in development, civil servants and African businessmen are suspicious about the behavior of each other. There is also a notion that the civil servants try, most of the time, to show that the businessmen are smugglers while the businessmen believe that they need to avoid asking favours to public service employees to corrupt the civil servants for services rendered to them.

This situation was exacerbated by the new world economic order which put emphasis on competition at the international level. The African private sector which receives almost no support from governments could hardly produce goods which could be marketed inside and outside their frontiers if nothing is done to improve the quality and or provide entrepreneurs with needed business information and enabling environment.

African economies stand to gain from well-defined public/private sector partnerships. Such partnerships are particularly necessary for promoting and sustaining accelerated economic growth and development.

The experience of other countries in Asia and Latin America in the partnership between government and private sector has been very decisive in the success achieved. So there is a need to involve the private sector in policies having bearing on development through the setting up of joint councils, government created enabling environment for their effective functioning and undertaking joint endeavours in infrastructure development.

Some examples of such partnership are beginning to take root in some African countries. These experiences could be useful in promoting a healthy environment in which public and private sector partnership could be enhanced.

In order to alleviate such suspicious climate and create an enabling environment where both private and public sector could dialogue and collaborate with a view to participating in the development process of Africa, ECA has programmed a lecture by a guest speaker on enhancing dialogue between public and private sectors on development management issues.

The guest speaker will capture these new developments and provide his thoughts or innovate strategies for enhancing dialogue and collaboration between public and private sector, specifically in addressing poverty issues and cross-countries cooperation in the framework of integration.

## **II. Objectives of the lecture**

The main objective of the lecture is to provide an opportunity to all individuals, private and public institutions dealing with the private sector development to discuss and share their experiences on how private and public sectors can come together to formulate implementable policies and strategies geared towards the development of a dynamic and aggressive private sector in Africa.



**Promoting Public/Private Sector Partnership  
for Enhanced and Sustained Economic, Social and  
Human Development in Africa.  
Special Event organized concurrently with  
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**Good Afternoon Ladies and Gentlemen,**

Let me start this talk by commending the Economic Commission for Africa for its recent initiatives in involving the private sector in the dialogue on Africa's economic and social development. The important role of the private sector has become increasingly obvious in our continent, and, of course, throughout the world. As you know that which is obvious is not necessarily always acted upon, and if acted upon is often not done so in good time. The timely efforts of Mr. K. Y. Amoako, the Executive Secretary of the Commission, and his colleagues in what seems to be the beginnings of a mainstreaming of the role of the private sector into their work programme consequently deserves our appreciation and support.

The theme which I have been asked to address is the promotion of public/private sector partnership for enhanced and sustained economic, social, and human development in Africa. It is noteworthy that the theme is presented in this way, highlighting as it does not just economic & social development, but more importantly human development. And what I propose to do this afternoon is to examine the theme of this address from that special perspective. For the ultimate objective of development is to improve the human condition, and more specifically, to rescue to the extent possible, millions of our fellow citizens from the humiliation, despair, and the sense of being of little consequence to themselves or anybody else, a feeling which poverty imposes upon them. The city of Addis Ababa

has become a sad incarnation of this evil. Every day of the year, you are confronted by teams of mothers breast feeding their children, people disfigured by leprosy, old and blind persons, men, women and children soliciting passers-by, or approaching passengers at traffic intersections for ten or twenty five Ethiopian cents (between 1 and 3 US cents), the less physically able just sitting or lying on the sidewalks, or crowding church gates, stretching out their hands for help to secure their next meal, or more ominously, teenagers, and those in their early twenties, roaming streets and neighborhoods in search of something with which to occupy themselves.

Imagine for a moment a situation where these people, being told that a meeting is taking place in this hall to discuss how the public and private sectors should work together to bring some measure of relief to their daily ordeals, come to listen to our deliberations, take their seats, stay long enough to make sense of what is going on, and leave the hall in frustration for not finding any concrete idea to help them get out of their predicament.

### **Mr. Chairman, Ladies & Gentlemen,**

I put this improbable picture before you not because I think that our deliberations will not produce helpful ideas, nor to ridicule the theme of this address or our efforts in this regard, but to remind ourselves what the final objective of this type of discussion is, and, having understood that, to urge leaders in business and government to work together with the view to alleviating (not immediately perhaps, but certainly in the long-run) the daily burden which these desperate people carry. That is the yardstick against which the efforts of the private & public sectors should be judged. Reminding ourselves of this powerful reality might, bring a greater degree of commitment and urgency to a subject which at first glance may look unexciting or even too remote from the preoccupations of the victims of poverty.

Having given what I hope will serve as a backdrop for our discussion, let me now get down to the business of the afternoon and indicate what I propose to do in the following few minutes. I would basically do two things; first, consider the key obstacles which stand in the way of a closer public/private sector partnership, and, second, what concrete steps might be taken by the principal actors in these two sectors, to strengthen their joint efforts in promoting economic, social, and human development.

## **The Obstacles to Closer Public/Private Sectors Partnership**

Among the key obstacles are three which could form the basis of our discussion this afternoon. First is, of course, the widespread social and political de-stabilization of large parts of this continent. Of the 51 African countries, just under 50% have been in varying degrees of social and political turmoil over the last decade<sup>4</sup>; turmoil serious enough to disrupt socio-economic development, and consequently, an orderly process of partnership between the public and private sectors. We all know the root causes of these conflicts, often echoed and re-echoed in these very halls. The solutions are also well known, at least in their basic outline-namely the willingness of groups in conflict to approach the problems which divide them in a spirit of live and let live, of compromise, and in a spirit of democracy - a spirit democracy which, if it is to govern the behavior of groups, must in the first instance govern individual, personal conduct. Alas, this is a sermon which all of us deliver whenever we get the opportunity to mount the pulpit, but which we otherwise do not bother too much to put into practice. I have little to add except to say that political wisdom and foresight will hopefully prevail in the end.

The second key obstacle is perhaps the lack of adequate appreciation of the tremendous transformation which has taken place within the private sector since the early days of independence in Africa. At independence, the private sector was small, and not of much consequence. It was the public sector which was the principal mover of growth. The public sector was the major employer, the major investor, and the major force in promoting development. Those of us from that period will remember what a powerful magnet the public sector was for young, motivated, high school, college and university graduates. The public sector was where the action was. Few, very few went to the private sector.

Moreover, the private sector was largely in the hands of expatriates, accused as they often were of not making adequate investments in productive enterprises, preferring investments in domestic and foreign trade where the returns were higher. The agenda for economic development was largely in the hands of the public authorities. Most qualified people were, as I have said, in that sector, and civil servants at almost all levels were euphoric about their newly found role to modernize their countries, and were eager to show what they could do to outdo their colonial predecessors in getting the economy and the contrary going.

Corruption, and inefficiency doubtless were present, but perhaps not as pervasively as today.

Over the last four decades, the private sector has expanded in both senses. In the sense that today, talent & expertise, is no longer the near monopoly of the public sector which it was thirty odd years ago. Today, doctors, engineers, lawyers, economists, accountants work in the private sector in numbers perhaps larger than in the public sector. Many are those who have left the public for the private sector. Waves and waves of young and talented people have established themselves in a variety of occupations. The private sector has also changed in the second sense; it is no longer as dominated by the expatriate community as it was in the early years of independence.

All this is of course impressionistic, and should naturally be subjected to empirical evidence. But it is a fairly reasonable observation to make, I think. The inference is that the private sector is today a strong actor and promoter of development. It is incumbent upon leaders in the public sector to appreciate this fundamental change in the size and character of the private sector and take it seriously as a key partner in development. To this should be added the relatively recent role NGOs is playing in promoting development. No comparable role existed in the immediate post-independence years. Partly in response to successive nature and man made disasters in Africa, partly in response to the fact that development was not making adequate headway, and partly to supplement the gradual deterioration in the scope and quality of public services, the role of NGOs in development has grown significantly. Here, too, there is potential for stronger public/private sector partnership.

The third and perhaps the most serious obstacle to public/sector partnership is the mutual suspicion between the two. "Instead of being partners in development " says the brief prepared by ECA staff for the theme of this address "civil servants and African businessmen are suspicious about the behavior of each other".

This mutual suspicion can be examined at two levels: first at the leadership level, that is to say, at the level of political and business leaders; and second at the level of the daily interactions which take place between businessmen and civil servants.

Overtures made to political leaders by businessmen to solicit cooperation to resolve some issue or other may be resented for not coming through the "proper channels" (if the proper channel worked effectively, business people would probably not waste their time approaching leaders in this way). Political leaders, especially of the more incorruptible category (don't be surprised, the species may be endangered but is not yet extinct!), politicians of this category may perceive business leaders who do not come through the "proper channels" as self-promoting individuals intent on cultivating familiarity and friendship for some future occasion, and may be more amenable, but they too may harbor suspicions about their relationships being exposed to the public some day leading to their temporary or permanent (usually temporary) political demise. In neither case is public/private partnership for development well served.

Political leaders may often exhibit the sentiment that business leaders should not meddle in business which is not their business, whenever they try to play a role as partners in development. After all, it is no great surprise if political leaders harbor the feeling that they came to power in order to guide the nation's affairs according to their political programmes. From this, it is not too long a leap in imagination to say, "economic policy is our affair, not that of the private sector". Nothing explicit of this nature would ever be aired, of course, but we are talking of underlying sentiments which give rise to suspicions.

Another reason why politicians may be suspicious of the private sector is the notion that the private sector's principal occupation and preoccupation is the accumulation of wealth, through means legal and not so legal, and for that reason the sector is never to be trusted. Not that politicians themselves are above this type of suspicion. But we all know from Biblical times that some find it easier to spot the speck in the eye of another person, than to look into their own eyes for something similar.

A final point in this respect is the mutual suspicion between politicians turned businessmen and their successors in government. Suspicions and sensibilities are aroused whenever the two meet to try to address some practical issue of public policy. And such suspicions and sensibilities naturally do not promote partnership.

Suspicion also exists at the level of bureaucrats and ordinary businessmen. Here it is not only suspicion that inhibits partnership, but a variety of other attitudinal problems as well. The following are a few illustrations.

A businessman (or woman) who goes to see a civil servant in a regulatory or some other service-rendering agency goes with some such mind-set. "I am probably not going to succeed putting my case across, but let me try". The civil servant awaits him with his own mind-set, which may run thus: "There comes another nuisance to get me to do this or that, now, rather than later. We will see what he can get away with". That kind of confrontational posture could persist, usually to the detriment of the businessmen. So he (the businessmen) offers what is expected of him and gets the service rendered. Corruption solves many problems, of course, or as businessmen often say greases the wheels of government. But an atmosphere poisoned by corruption, is obviously not best calculated to promote public/private sector partnership.

Civil servants often want to manifest their power. First by being totally arbitrary-which is to say by giving decisions which have no basis in law, rules, or regulations. And they often have the temerity to say that even if it is not put down in black & white in any law, or directive, they have the discretion to do as they please. Power also extends to interpreting laws or regulations in a manner totally at variance with common sense or precedent. Does this promote private/public sector partnership? Hardly.

Moreover, in the application of some government decision, or even in the course of executing the routine chore of collecting charges for services rendered by parastatal bodies, to take two simple illustrations, outrageous acts of commission or omission are regularly committed by civil servants. An example which many Ethiopians are not only familiar with but have suffered from during the Derg regime is the infamous government circular which set a ceiling on the floor area of a home (one home) which was allowed by a previous law which has at least gone through the proper legislative formality of being passed by the Military Council as a proclamation with the appropriate date, serial number, in the official gazette. This proclamation put no ceiling on the floor area of individual homes. The circular did, in blatant disregard of the more formal act of legislation. Power & arbitrariness writ large! A minor, but characteristic practice by electricity, or water supply authorities in this country is to descend upon you any time of day with a first bill which is conspicuously presented as the last bill, threatening

cessation of service if payment is not made by a particular deadline. The relevance of this practice is not that it is, in and of itself, of significance to public/private sector partnership. But it does illustrate the mind-set of actors in the public sector - a mind-set totally free from any notion of accountability, or responsibility. Once again, a mind-set hardly conducive to a good public/private sector partnership.

### **What is To Be Done?**

Should we give up? I would hardly have come here to face you if that were a real option. Giving up is certainly not an option. Nor is public posturing aimed at assuring everyone concerned that all is well, and those who worry about the absence of effective partnership between the private & public sectors have nothing better to do. So what should we do, given that fact that private/public sector partnership could be one more instrument to fight poverty.

That precisely should be our point of departure in trying to answer this question. We should always remind ourselves that public/private partnership is one of the many ways of combating deprivation in Africa. Economic development in much of Africa today is about containing poverty in the short run, and progressively reducing the absolute number of victims gripped by this malady. Only if we keep this in mind will we, those in the private and public sectors, see things in their proper perspective. This realization, this heightened consciousness of our respective responsibilities should be translated into concrete programmes of public education, of debate, of the search for new ways & mechanisms to jointly fight poverty. Only in this way can the mind-set I have earlier described be changed.

Here are a list of concrete actions which the public and private sectors could take to enhance their partnership in promoting growth. I will list these actions without any particular order of priority.

First, on corruption, allusion to which was made a moment ago, and whose negative impact on development is now widely appreciated. The World Bank has recently published a document on how countries could combat corruption and how it can be of help. I am sure government officials and civil servants are aware of this document. My purpose is not to go over ideas with which you are

already familiar, but to highlight how a partnership could be established and strengthened between the two sectors in this particular regard. Corruption (the abuse of public office for private gain) obviously involves two parties - a public service. The public and private sectors could pool their resources to devise such measures. Ways could be explored, for example, to recognize meritorious public servants whose lives and experiences could serve as role models. The private and public sectors could take on that task jointly and take some bold initiatives. For instance, a prize for exemplary conduct in promoting a high standard of ethics in public service could be established in the name of an African leader whose own record of public service in this respect is exemplary. As you probably know, President Nyerere's long record as leader of Tanzania is a shining example of the highest level of integrity in public service. A Nyerere Prize for meritorious ethical conduct in public service would be a major initiative for the public and private sectors. How should one go about establishing such an award? At first, individual countries can establish national awards. And may be later, the same thing can be done at the continental level; a kind of Nobel Prize for Africa for ethics in public service. Civil society organizations like Transparency International, of which you are probably aware, could also be another focal point for public/private sector partnership. Second is the need for the two sectors to have a continuous and systematic dialogue on major problems for private sector growth or key issues of development policy in general. Public sector bodies (particularly regulatory agencies) should solicit comments and ideas from private sector agencies on draft laws or regulations. But more important is the need for a common meeting point where leaders of the two sectors could come together, if only occasionally as a start, to go over questions of common concern. Where no formal mechanism exists, Chambers of Commerce are a good starting point to meet with ad hoc inter-ministerial committees. As you know, the French speaking countries have a Conseil Economique et Sociale where the two sectors meet formally and on a regular basis.

Third, private/public partnership can be given further impetus through the establishment of institutions which require the support of both sectors. There is a recent initiative to establish a stock exchange for Addis Ababa for example - an ideal meeting ground for the two sectors. Informal discussions have taken place, but there isn't yet a joint effort to work towards the establishment of the exchange.

Fourth, poverty programmes are another ideal for partnership. The private sector, particularly NGOs, have a lot to offer both materially and in terms of their experience in promoting poverty reduction strategic and policies. Poverty is too pervasive a problem to be effectively dealt with through public programmes alone. Without detracting from the principal role of governments, NGOs can and should be mobilized to reinforce the campaign against poverty. Governments could usefully explore how best their anti-poverty strategies and programmes could best be delivered, and how best private sector and civil society organizations can be brought on board.

Fifth, governments need to encourage the widest possible participation of the public in debating major issues of economic policy. Private sector and civil society organizations have a constructive role to play. Think tanks are a good example of these. A beginning has been made in a number of African countries in this regard. These have been established through multilateral aid programmes. Though direct material support by public authorities might compromise their independence, their establishment could be encouraged in other ways, and they could periodically be commissioned to prepare independent surveys and studies. It is through these and similar private sector efforts that public authorities could increase their understanding of the functioning of the private sector, and often of weaknesses in public sector policies and practices. A literal public, however small, is also an asset in propagating a better understanding of macro-economic policies, especially when these require the public to make painful adjustments in their income and consumption levels.

Let me sum up by underlining certain confidence building measures which private establishments should take in order to prepare the ground for greater collaboration with the public sector. As indicated a few moments ago, there is the perception among public sector authorities that the private sector often falls short of the requisite level of civic responsibility, be it in regard to the payment of taxes, or in desisting from questionable or patently illegal business activities. Leaders in business and industry need to dispel the notion that this is standard practice in the private sector. It is damaging that private sector leaders are routinely perceived in this manner. Ethical codes of conduct (perhaps initiated by Chambers of Commerce) would go some way to respond to this challenge in countries where no such codes exist. Governance is another issue for private sector establishments. Here also, Chambers of Commerce have an important

responsibility to improve standards of governance, as a recent joint initiative by the Addis Ababa Chamber of Commerce and the USAID clearly demonstrates.

Promoting public/private partnership is not some public relations exercise designed to improve the public's perception of the relationship between the two sectors, nor an attempt to bring two parties becoming genuine partners for a common agenda, nor yet some face lifting exercise to enhance appeal to multilateral institutions like the ECA or the donor community at large. No stone should be left unturned in the war against poverty, which, I repeat, should be the ultimate *raison d'être* for the two sectors to come together. And that goes for all stones in the of public as well as the private sectors.

I thank you for your kind attention.

## Resume of Mr. Tekalign Gedamu

Mr. Tekalign Gedamu did his graduate education in Economics and Public Administration at Illinois and Harvard Universities respectively.

Mr. Tekalign Gedamu served, among other things, as Minister of Planning and Development and Transport and Communications in the Government of Ethiopia.

He has in addition served in International Organizations including the Economic Commission for Africa (ECA) and as Vice-President of the African Development Bank (ADB) and President of the Transnational Development Associates.

He is currently the Chairman and Chief Executive Officer of the Bank of Abyssinia, Ethiopia.

