

Foreword Volume 10 (2004): Private and Public Sectors - Towards a Balance

This Volume 10 of the African Development Perspectives Yearbook is considering in detail the options to balance between privatisation and market development policies on the one side and policies to strengthen public infrastructure and public institutions in Africa on the other side. The role of privatisation for market development in Africa is beyond any doubt, but objectives and measures of privatisation have to conform to established long-term goals of development, and the whole process of privatisation must be kept free from rent-seeking, rent allocation and rent redistribution among governmental powers, bureaucratic interest, and interest group channels.

Volume 10 is complementary to Volume 9 of the African Development Perspectives Yearbook, which deals with "African Entrepreneurship and Private Sector Development". The units and contributions in Volume 10 of the African Development Perspectives Yearbook therefore address firstly, the relevance of private sector development policies for regional integration in southern Africa; secondly, the issues of capacity building, finance and innovation in the private sector; thirdly, major issues of how to balance public and private sectors in Africa; and fourthly, private sector developments in Cameroon. Other two units present book reviews, book notes, and profiles, news and information with relevance to these subjects. The relevance of these issues for African development has increased tremendously in view of the repercussions of the globalisation trend on Africa.

This volume is a joint effort by many contributors and editors who have presented analytical essays on the theme, country case studies, informative reports on policy changes in Africa, and case studies of successful enterprises and entrepreneurs. The issue how to balance in an optimal way private and public sectors was carefully considered by the contributors referring to policy and action levels, such as national economies, sub-regional entities, local communities, and social groups. The implications for required policy changes at the level of

national economies, regions and sub-regions were analysed, and reference was also made to the relevant positions of regional organisations in Africa that have highlighted the perspectives of Africa in the years to come. Volume 10 of the Yearbook comprises six Units in total.

In Unit 1 the relevance of private sector development policies for regional integration in southern Africa is analysed; also, it is investigated how a smooth integration process of the southern African region can promote the private sector in these countries. This interdependent relationship is discussed regarding the "Southern African Development Community" (SADC), which is going to establish a Free Trade Area (FTA) by 2008. The contributions in Unit 1 examine how far the SADC Trade Protocol that leads to the establishment of the FTA has been successfully implemented, and which constraints the private sector is still facing. Options and limitations of SADC's regional integration process in terms of intra-regional trade and investment are discussed, showing that the potential of both dimensions has not been exhausted yet. To do so, improved conditions for the private sector need to be provided. These relate not only to direct support, such as the provision of export assistance, but also to support in terms of much more strengthened regional policies. Up to now, the SADC shows deficiencies in various fields of common trade-related policies, such as competition, investment, and migration policies. The Unit finds out that common regulations in these policy fields are essential for the intra-regional trade and investment performance of the private sector. It is argued that only a prospering private sector in all the SADC countries can help to equalise the conditions by reducing the economic and social disparities within the region, what is also a necessary condition for a much faster proceeding integration process.

In Unit 2 issues of private sector's capacity building, finance and innovation developments are discussed. Capacity building initiatives are also evaluated regarding the new roles of the African state in the development process, as the state affects the formation of human and social capital in these countries fundamentally. The researches in Unit 2 are assuming that a new role of the African state has to be envisaged

for strengthening private sectors and African entrepreneurship. In this context, prospects of capacity building efforts for small and medium enterprises and for micro finance institutions are also analysed. Furthermore, the relevance of national policies directed towards human capital accumulation is discussed. Capacity building initiatives are also increasingly important in order to attract foreign direct investment, to benefit from modern communication technologies, and also from cross-border inter-company cooperation. Various contributions also assess national strategies on education and human capital formation - with orientation towards new policies that may help to improve the position of African enterprises in the international locational competition. Moreover, the respective roles of the state, the private sector, and of non-market actors, like business networks and associations, are discussed, especially in stimulating human and social capital formation for the benefit of small and medium enterprises. Capacity building initiatives are also important for the provision of sustainable micro financial services and for a broader and deeper innovation process to take place in the private sector of African countries. Micro finance institutions obviously lack a sustainable structure so far, although their developmental role is beyond any doubt. Thus, new capacity building efforts in African countries may help to improve the process of financing innovations in the micro and small enterprise sector. As the state in Africa plays a decisive role in rent-seeking, rent distribution and rent allocation, capacity building initiatives have to conform always to the specific configuration of the state towards the private sector. Innovations in African countries always refer to this complex configuration, and cannot be confined to specific dimensions, functions, sectors and issues.

In Unit 3 major issues of how to balance public and private sectors in Africa are dealt with. This is done by various country cases, and especially by reviewing the privatisation experiences of selected countries. Privatisation policies regarding the state-owned enterprises are of great importance for the future of private sector development in Africa. Therefore, the analysis of approaches and outcomes related to privatisation is so important for the transfer of best practices to other countries. The unit allows it to make a comparison of such privatisation strategies and policies between Ghana, Nigeria, Zambia,

Mauritius, Namibia, and other southern African countries. The contributions highlight the huge differences that exist between these countries in terms of expectations, approaches, appropriate timing, and the outcomes of privatisation measures. So far, the overall results of balancing public and private sectors in Africa are disappointing, but the process is going further, and some countries already show promising results. The cases presented reveal that some important policy conclusions and guidelines can be drawn from the presented evidence, being of use for further privatisation policies in Africa. The realisation of a balance between privatisation and market development policies on the one side and policies to strengthen public infrastructure and public institutions in Africa on the other side is a difficult task to achieve. One-sided privatisation measures have caused many problems in African countries, especially when disregarding the weak regulatory power of public authorities. Private sector development therefore requires a facilitating environment, concerted action, and deliberate public policies towards promoting African entrepreneurs. The contributions in this Unit highlight the issues, problems, and constraints of privatisation. The presentation of country cases of privatisation in a comparative way allows it to derive conclusions for a better-informed judgement on the type of policies that are required in view of the complexities that are surrounding the task of balancing public and private sectors in African economies. The main message of the contributions is that privatisation processes matter for successful development policies, but only if public policies and public institutions are working in a way that may lead to the expected allocation and welfare effects. Privatisation is thus beneficial for the private sector and for private sector development if the state follows strict policies on market development and market competition, and if the implications for industrial, technological and employment policies are adequately considered. Unit 3 therefore highlights new privatisation strategies that are required for a successful continuation of market development reform policies in Africa.

Unit 4 on private sector development in Cameroon presents various contributions that are country-focused and are dealing with specific policies and sectors of the economy. Different aspects and functions of private sector development in a specific African country

(Cameroon), that is characterised by valuable traditions of entrepreneurial development, are highlighted. The most important economic issues regarding the development of the private sector in Cameroon are the ongoing deregulation and privatisation policies, as well as the necessary reforms that need to be undertaken in the financial system and with regard to the institutional framework for market development. The Unit starts with a contribution giving a general outlook, presenting the historical context of private sector development in Cameroon, and briefing on the basic theoretical aspects regarding these issues. The deregulation policy in Cameroon is analysed by highlighting the processes of deregulation and state disengagement on a sectoral level, and within the context of the ongoing Structural Adjustment Programmes. The relevance of the practised deregulation and privatisation measures is questioned in view of the economic crises in Cameroon; alternative policies, based on a more balanced policy mix, are presented. The process of privatisation in Cameroon is discussed in detail by referring to the theoretical issues of market failure versus state failure. Main causes named for the failure of deregulation and privatisation processes in Cameroon are the basically non-competitive market structure, the severe macroeconomic conditions, and the lack of a capacity to regulate the economy and the markets on the side of the state. As the privatisation process is considered as "highly disappointing", some recommendations are given for avoiding a continuation of the observable de-industrialisation trend in Cameroon. The role of micro-finance institutions for private sector development in Cameroon is also assessed, as the problems of small and medium sized enterprises (SMEs) in getting finance for survival, transformation and innovation are severe. Hereafter, the importance of a functioning institutional framework for private sector development is analysed, highlighting the linkage between market institutions and market competition. Both, institutions and policies on market competition are regarded as important for a sustainable development of the private sector in Cameroon.

In Unit 5 relevant books, magazines and documents dealing with the topic of balancing private and public sectors as well as other most important publications about socio-economic developments in African

countries are considered in book reviews and book notes. It is interesting to see how many research institutes, international organisations and development policy institutions add to the knowledge in this field by presenting new books, seminar reports and discussion papers on various issues. More and more editors, authors and publishers send their publications for review to the Review Editor of the African Development Perspectives Yearbook, and the Yearbook Editors hope that this trend will continue.

In Unit 6 Profiles, News and Information are presented. In this Unit information on new initiatives for Africa, new research projects, and new networks on and for Africa are presented. Referred is also to new research reports on key issues for Africa, to news about African organisations, and to the work for Africa by development co-operation agencies. This is part of the global network that was created already in 1988 by the Research Group on African Development Perspectives in Bremen, a network that is still enlarging, broadening and deepening its interactions.

Important documents and reports from African and international organisations are reprinted in various issues of the African Development Perspectives Yearbook; also in Volume 10 such documents are commented and analysed. These documents are of great importance because they are proof of the collective will and effort of African people to change their situation by determined action. It is also part of the editorial policy of the African Development Perspectives Yearbook to make available to the global public most important documents, reports and researches that give authentic proof of African intentions, plans and objectives for the development of the continent. This Unit with Profiles, News and Information gives evidence of an increasing interest in Africa's development perspectives.

The theme of the current Volume 10 of the African Development Perspectives Yearbook with the title "Private and Public Sectors: Towards a Balance" is of great importance for the future of Africa, as it is now more and more pressing to work out strategies how private and public sectors can be linked and can be organised so as to work

towards a more successful economic development path in African countries. In order to realise this goal a more facilitating international environment is necessary, and NEPAD is so far only partially an answer to this. Much more action and effort is necessary in terms of commitment and support from the international community.

Also, the forthcoming Volume 11 of the African Development Perspectives Yearbook with the title "Africa - Escaping the Primary Commodities Dilemma" will highlight the discussion on how to revitalise and ultimately to transform African economies. This is done by focussing on alternative futures for African economic development in the era of globalisation. The dependence of the vast majority of African countries on raw materials exports, the difficulties to diversify production and exports towards manufactured goods and services, and the uncertain prospects and inherent difficulties for escaping the primary commodities dilemma in Africa are the issues that will be highlighted in seven units of the next volume.

With now 10 volumes the African Development Perspectives Yearbook has become an important source on Africa, and we look back at a highly successful working period of the Research Group on African Development Perspectives in Bremen. The work on Volume 11 with the title "Africa - Escaping the Primary Commodities Dilemma" has already started, and this will be the next important task for the Editors.

In its work so far the Research Group on African Development Perspectives has discussed in 10 volumes of the African Development Perspectives Yearbook such important themes for Africa as the human dimensions of structural adjustment; the role of agriculture for industrialisation; the role of new energy policies; the importance of active labour and employment policies; the role of regional labour and employment strategies; the issue of good governance for African development; economic and social empowerment strategies and policies; the options and problems of Africa's reintegration into the world economy; the issue of African entrepreneurship and private sector development; and, with this new Yearbook, the central issues of how private and public sectors can be successfully balanced in African

countries. With these volumes of the African Development Perspectives Yearbook that were presented over the years to an international readership we have covered central issues of African development and have also formulated innovative strategies how to cope with these relevant problems. This may help to shape in a future-oriented way the fabric of the economies and societies in Africa what is to be achieved during the next decades.

In future we will continue to focus on the necessary changes of economies and societies in Africa and on the new role of Africa in the world economy and the world society, especially in the context of the global informational and technological revolution. Thus, the view of the Research Group in Bremen is focussed on a future vision for Africa that is reflecting the demands and is exploiting the opportunities of the global emerging knowledge society.

In this regard we would like to invite scholars from Africa and elsewhere to join us in this tremendous effort of analysing African futures when preparing for Volume 11 of the African Development Perspectives Yearbook and for successive issues (see the International Call for Papers at the end of this book). We thank all supporters and contributors of the African Development Perspectives Yearbook for their hard work, their steady encouragement and their continuous assistance. Sadly, we need to announce that Prof. Dr. Samuel Ngogang, who had contributed to this volume as an editor and as an author, has passed away. We will remember him as a brilliant scholar, as an important member of the Research Group on African Development Perspectives, and as a good friend. We will not forget his important contributions, his valuable suggestions and his deep commitment.

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