

Department of Economic and Social Affairs
Division for Public Economics and Public Administration

Capacity-Building in Selected Least Developed Countries: *The African Lusophone Countries*

Community of Lusophone Countries (CPLP)

Brazilian Agency for Cooperation/
Ministry of Foreign Affairs (ABC)



United Nations • New York, 1999

Notes

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The designations “developed” and “developing” economies are intended for statistical convenience and do not necessarily imply a judgement about the stage reached by a particular country or area in the development process.

The term “country” as used in the text of this publication also refers, as appropriate, to territories or areas.

The term “dollar” normally refers to the United States dollar (\$).

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Foreword

As part of its regular budget activities, the Division for Public Economics and Public Administration (DPEPA) of the United Nations Department of Economic and Social Affairs (UNDESA) has undertaken jointly with the Community of Lusophone Countries (CPLP) and the Brazilian Agency for Cooperation (ABC), an activity aimed at strengthening the institutional capacities of the African Lusophone Countries (ALCs).

A seminar was held in Salvador da Bahia, Brazil, from 23 to 27 November 1998, to undertake a needs assessment of these countries and identify perspectives of programmes/projects to be formulated and supported by the international community.

This seminar was the outcome of fruitful cooperation over the last two years between the Community of Portuguese-Speaking Countries, the World Bank and the United Nations Department of Economic and Social Affairs to promote capacity-building in the five Portuguese-speaking countries of Africa: Angola, Cape Verde, Guinea-Bissau, Mozambique and Sao Tome and Principe.

Indeed, right from the moment they achieved independence, which came relatively late when compared to their English- and French-speaking neighbours, these five African countries have had a number of governance-related problems stemming from a variety of factors:

- Firstly, insufficient investment in human resources development during the colonial period;
- Secondly, armed conflicts or civil wars and the ensuing political instability, which triggered the “brain drain” and an increasing shortage of human resources;
- Thirdly, the ideological orientation, types of political systems and development models that had been selected by the then leaders, which seriously hampered the chances of achieving good governance;
- Lastly, the long time it took for these countries to join the international community and establish relations with the multilateral devel-

opment support organizations and institutions.

That is why the governments of these countries made an early commitment to carrying out much-needed and thorough reforms of their civil service. For several years now, the United Nations has been supporting them in their efforts to modernize their public sector and strengthen their management capacities with a view to achieving economic and social development.

Many activities have been carried out in support of the reforms undertaken in the above-mentioned countries, including advisory services, the formulation and execution of development projects and the preparation and implementation of targeted training activities.

However, despite some noteworthy achievements here and there, much still remains to be done with respect to public sector reform, the professionalization of the civil service and policy formulation, including economic policy formulation.

Indeed, in the new context of globalization, official development assistance is not only dwindling steadily but it is being made at least conditional on the needs of donor country markets. Therefore, new models of cooperation need to be designed to strengthen ties, first within the regions of the South, then among these different regions, and lastly, between these regions and those of the North.

Obviously, these new models of cooperation should be based on the identification and evaluation of common problems in the South, as well as on the exchange and/or transfer of knowledge, experience and know-how with respect to successful methods and programmes, in order to resolve such problems.

The overall objective of this publication is to present case study analyses of these selected least developed countries that are confronted with institutional and administrative weaknesses and thus need to achieve reforms in order to achieve sustained economic growth and social equity.

Professor J. Michael Turner, consultant, assisted the Division for Public Economics and Public Administration in the basic analysis of the first draft of the study. The publication was finalized by Mr. Mohamed Sall Sao and Mr. Stephen A. Ronaghan.

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List of acronyms

ABC	Brazilian Agency for Cooperation
ALC	African Lusophone Country
CPLP	Community of Lusophone Countries
DPEPA	Division for Public Economics and Public Administration
ILO	International Labor Organization
LDC	Least Developed Country
MSME	Micro, Small and Medium-sized Enterprise
NGO	Non-governmental organization
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme

Introduction

It is common knowledge that the public sector of the Portuguese-speaking African countries is beset by a variety of shortcomings that impair its capacity to design, manage, monitor and exercise oversight over the development tasks assigned to it.

The following were the main weaknesses and shortcomings identified in the five countries:

- A plethora of administrative structures without any regard for administrative streamlining;
- A vague, if not incoherent definition of the responsibilities of these structures due to a lack of a rational analysis of objectives and means;
- A sharp imbalance between the size of the civil service and the human resources available;
- A mismatch between staff and requirements;
- Personnel regulations that are ill-suited to the socio-economic context and/or are contrary to development policy objectives;
- A lack of motivation on the part of government officials contributing to apathy because of the unsound promotion and salary policies implemented in the civil service;
- Cumbersome and overly complicated administrative procedures and formalities, causing users to lose interest in public services.

The situation in all these countries is compounded by a salary structure that far exceeds budget resources, against a backdrop of economic and financial crisis; matters are further complicated in some countries that are implementing structural adjustment programmes.

The countries concerned thus tackled the different problems they were facing, sometimes with UNDP assistance and DESA technical support in some areas, sometimes with the support of the developed lusophone countries, namely Portugal and Brazil.

The South-South model emphasizes the importance of institutional cooperation and regional strategic planning for development among governments and institutions of the South, based upon their common problems and development needs. African Lusophone Countries share a commonality of interests based upon history, culture, language and current levels of economic performance. Traditional links to

Portugal and to Brazil made the choice of Brazil for an international seminar on capacity-building for the ALCs logical and appropriate. This meeting was convened in Salvador da Bahia, Brazil in November 1998. It was organized by the Division for Public Economics and Public Administration (DPEPA) of the United Nations Department of Economic and Social Affairs (UNDESA), the Community of Portuguese Language Speaking Countries (CPLP) and the Brazilian Agency for Cooperation of the Ministry of Foreign Affairs (ABC).

The seminar's objective was to rationalize offers of technical assistance from the international donor community to African Lusophone Country recipients through a system to be based more upon perceived country needs and development decisions achieved through a collaborative iterative process between potential donors and potential recipients. As the majority of ALCs continue to face major problems of basic infrastructure inadequacies, structural educational deficiencies, a top-heavy and often undereducated public sector, as well as very fragile private sector entities, grouping the Portuguese-speaking African nations for the Bahia seminar represented a logical operational decision.

Given the limited resources usually available to the ALCs and their ongoing institutional needs and requirements, consolidation of training and capacity-building activities, where possible, makes good fiscal sense and can be seen to be operationally logical. A case in point would be centralization of training through agreed upon regional centers, which can reduce or eliminate needless duplication of institutions and efforts. An overarching goal for the Bahia seminar from the perspective of the event's organizers and the ALC-participants was to view technical assistance and cooperation from the perspective of sustainable end products, i.e., a technical assistance experience which, when completed, would leave the beneficiary institution or population more autonomous and independent, with skills and knowledge in place to continue as a truly independent and autonomous body.

A primary consideration was that to be effective, reform activities must not only be understood by the society and/or the institution undergoing the process of reform, but also subsequently carried on by the institution under transformation. Once an institution

becomes sufficiently independent and autonomous to carry on programmes on its own, technical assistance has achieved its major goals. However, if at the end of a technical assistance programme the institution or society continues to require additional assistance and cooperation, then the process cannot be considered a true success, as the necessary skills have not been completely transferred to the beneficiary institution.

The international community cannot ignore the necessity of technical assistance as a catalyst in transforming public and private sector institutions within the ALCs. Technical assistance which results in the absorption of skills by the beneficiary institution is the most efficacious and desirable form of technical assistance; the goal to which all technical assistance needs to aspire. Priority was given in the seminar to integrated actions which envisioned the real transformation of the ALCs' current reality and situation. An important means to this desired end, was the intention of the seminar to advise and sensitize the participating ALCs representatives to the current funding interests of the participating international organizations, donor agencies and bilateral governments working in these sectors, as well as sensitizing the funding agencies and donors as to the pressing needs and priorities of the ALCs in their search to strengthen public and private sector institutional capacity.

The exchanges promoted by the Bahia seminar resulted in a Preliminary Proposal for Technical Cooperation to Strengthen Institutional Capacity among the ALCs. This document articulates the prioritized needs for technical cooperation, as seen by the beneficiary ALCs, as well as priority needs of common interest to all of the countries. It also presents those offers of technical assistance coming from the cooperation agencies and services represented by the Brazilian and Portuguese governments, donor countries and international financing institutions.

As a part of this effort to prioritize needs with the aim of maximizing technical assistance and its resulting effects, joint technical assistance programmes ideally should involve a *minimum of three ALCs*. The possibilities of synergy to be derived from the technical assistance experience are

improved, while the process of mutual reinforcement through the joint action is enhanced. The attempt to link ALCs within a particular technical assistance experience was seen as part of a major seminar objective: that of maximizing the effects of technical assistance for the beneficiary country, with the expectation of greater autonomy and institutional self-sufficiency.

The seminar examined both the common development interests and needs of the public sector and the private sector within the ALCs and the different existing constraints which in the past have hindered the provision and delivery of public sector services and growth of the region's private sector. Technical cooperation for the ALCs was amply discussed and debated from the perspectives of: (a) the potential beneficiaries; (b) those agencies normally providing the technical assistance, often entities located either in Brazil or Portugal; and (c) multilateral and bilateral financing agencies.

Consensus has to be achieved that technical assistance agencies working in the ALCs would collaborate closely with these partners to develop technically proficient proposals for training and institutional capacity-building. Through the technical assistance paradigms developed during the seminar, it is anticipated that the proposals and project documents derived from this targeted provision of technical assistance will prove successful in achieving funding from such multilateral or regional agencies as the World Bank, the United Nations Development Programme, the African Development Bank and bilateral donors such as the European Union.

The present publication provides the reader with the major findings and conclusions on capacity-building for the ALCs. It examines and highlights the major constraints facing African Lusophone Countries as determined by the seminar participants representing national beneficiaries, financing agencies, donors and technical assistance providers. These constraints are analyzed from the perspective of the different institutional needs of the public sector and from the private sector.

International and regional coordination strategies for support of the ALCs are presented as a conclusion.

Constraints of the ALCs

From the moment they achieved independence, which came relatively late compared to their English and French-speaking neighbours, the five African lusophone countries have had a number of governance-related problems stemming from a variety of factors:

- Insufficient investment in human resources development during the colonial period;
- Armed conflicts or civil wars and ensuing political instability, which triggered “brain drain” and an increasing shortage of human resources;
- The ideological orientation, the types of political systems and developments selected by the then leaders, which seriously hampered the chances of achieving good governance;
- The time it took for these countries to join the international community and establish relations with the multilateral development support organizations and institutions.

At the public sector level

The majority of African Lusophone Countries’ public sector entities are typified by heavily bureaucratic organizational hierarchies that in reality are overly dependent on the decision-making and work of a small number of key civil servants. While these agencies may employ large staffs, the small number of actual key decision-makers makes them fragile institutions, usually with weak productivity, given the size of their formal civil service staff.

The majority of these countries’ public sector institutions can be characterized as having a high number of non-qualified staff. Too often this imbalance is manifested by an illogical or ineffective distribution of the existing qualified technical staff, contributing to the public sector’s overall chronically weak productivity and output.

For the civil societies of these ALCs, there is little comprehension of clear public policies or goals in the public sector. The negative public perception concerning the absence of sectoral public policies is compounded by the sector’s weak capacity to develop, analyze and evaluate policies. The public’s lack of confidence is further compounded by their experience of receiving either an inadequate or

indifferent reception when requesting assistance or service from any public sector agency. The experience of the populace with public sector administration is routinely characterized by overly formalistic procedures and excessive bureaucracy, which discourages the individual seeking assistance from the public sector agency.

Locating necessary services or information often is made difficult in public sector agencies within the ALCs because of a persistent lack of uniformity in their information management and computer hardware systems. This is a result of a number of factors, the most obviously being disparate donor contributions and lack of strategic planning between public sector institutions. The existing structural problems within the public sector can also be the result of inadequate or infrequent training programmes in human resources. Personnel and staff are seldom provided with updated training in appropriate, modernized information systems which could benefit the general public.

The problems mentioned above are compounded on a macro-level, when the national governments attempt to devolve authority from the national or central level to the provincial, municipal or local levels. Experience in attempting decentralization or devolution of authority within the ALCs has been typified by an extreme lack of communication and coordination between the different levels of government, i.e. central and local. Given the historical and political antecedents of the ALCs, very often there are inadequate local government organizational structures in place for successful decentralization efforts to occur.

The lack of coordination within the ALCs’ public sector is often the result of institutional conflicts, exacerbated by limited financial resources allocated to the public sector. The number of qualified personnel in the areas of financial systems management and tax collection is found to be seriously insufficient for the tasks required of the public sector. Tax collection also is hindered because tax payers are poorly informed about their fiscal and taxpaying obligations. Governments within the ALCs historically have not performed especially well in monitoring tax payments from citizens, which often results in significant tax evasion and tax fraud.

There are also serious problems in an overly bureaucratized conceptualization and elaboration of the State budget. Structural human resources problems exist within the ALCs in that there seem to be very few administrators who are highly trained and qualified in the area of public finance. Other serious structural constraints in the ALCs' budgetary process include insufficient banking systems for the important operations surrounding payments to the national Ministry of the Treasury and weak coordination between the national budgetary process and the administration of the public assistance system.

Often publicly characterized as lacking 'charisma' or individual personality, ALCs' civil servants are provided with little incentive to provide the public with efficient or attentive service delivery. Often these public sector institutions are typified by the non-existence of basic social security or pension benefits for public civil servants. Such a lack of basic entitlements naturally affects the general performance of the civil servant. In national political terms these weaknesses have resulted in a general absence of communication between the public sector and civil society.

At the private sector level

The majority of the African lusophone countries have private sectors which are in a transitional stage, moving from what were essentially socialist models in the past to the current market economies. All of them are being directly influenced by the current process of globalization. Exigencies of the market economy model are strong encouragement for the ALCs to privatize costly state enterprises and parastatals in a timely manner.

Furthermore, those manufacturing and productive initiatives which do exist within the private sectors of the ALCs are characterized by informality and a general absence of strategic planning or competent, efficient market surveys. Given their recent economic and political histories, the ALCs have only limited experience in liberalizing their economies and effectively and efficiently promoting free initiative among their industries.

The structural problem of a severely limited qualified human resource pool, which is characteristic of the ALCs' public sectors, has a similar constraining effect on ALCs' private sector entities.

Throughout the region there is a lack of easy and direct access to appropriate national training institutions for the private sector. This problem is compounded by the extreme difficulty of finding readily available credit mechanisms for private sector initiatives.

ALCs' private sector entities must traditionally deal with the excessive bureaucracy of those government agencies authorized to monitor all private sector development and activities. The structural problems already discussed and analyzed surrounding general public sector performance also have an adverse impact on the public sector's relationship with the private sector. Agencies that in theory are designed and developed to assist the private sector frequently impede the growth and development of the private sector.

The ALCs' private sector entities normally find that they have only limited access to the technologies needed for private sector initiatives to become competitive in the current globalized economy. Despite the general public discourse concerning the importance of the private sector's role in stimulating the national economy and assisting in the creation of the necessary conditions for more sustained national growth and development, the official attitude towards that sector appears to be more obstructionist than supportive.

The imposition of various taxes and duties discourages industrial expansion. It has fallen to the private sector to sensitize and educate not only their governments, but also national society about the importance of fostering and nurturing an entrepreneurial culture which often finds itself at odds with past socialist economic and political models. Another historical consequence of the past models has been a reluctance on the part of ALC governments traditionally to encourage private sector entities to engage in the formation of representative commercial associations and cooperatives. The absence of communication and coordination between the public sector and civil society has a direct influence on the private sector's limited ability to advocate its own representative commercial associations.

Responsibility for industrial modernization and competitive practices was also found by the seminar to rest within the private sector. Very often general manufacturing output, as well as exportation

activities within the sector can be characterized as incipient and informal, demonstrating often serious problems of quality control, manufacturing consistency and attention to quantities agreed upon and promised in contractual documents. These production problems in part can be understood by the fact that ALCs' private sector entities for the most part are located traditionally in the informal economic sector of these countries.

The diverse and varied nature of the ALCs' informal sector can be seen to have direct and too often negative financial implications for the national tax collection process. Potential income destined for critical government expenditures is never collected, as too many private sector entities within the informal sector often engage either in tax evasion

and/or underpayment for commercial licenses and other official services, thus representing a serious financial loss to national governments, who are continuously confronting severely limited and eroding tax bases.

One consequence of the underpayment or evasion by private sector entities of taxes and fees to ALC governments has been the inability of the governments to finance adequately modern training programmes to address the current needs and problems of the sector. Training programmes that are offered rarely employ modern technologies such as long distance learning, which have the potential to provide appropriate training on a 'regional' basis to the different private sector entities within the ALCs.

Needs Assessment for ALCs' Capacity-Building

The aforementioned constraints show that the public sector of the ALCs is beset by a variety of shortcomings that impair its capacity to design, manage, monitor and oversee the development tasks assigned to it. These inadequacies, which are structural, are basically caused by:

- Lack of a policy framework that is conducive to change;
- Ill-defined goals;
- Poor management;
- Inefficient allocation of human, financial and economic resources;
- Lack of judicial and financial oversight.

These structural shortcomings virtually paralyze the ability of government authorities to take action, leaving them with very little room to address the situation created by a difficult and adverse economic environment. This persistent trend prolongs or even exacerbates the economic and financial crisis that these countries are going through.

In the area of strengthening institutional capacity within the public sector, several areas of common interest and need are evident:

- Improved and effective coordination of development efforts and strategic planning were emphasized at the seminar. While the participants agreed with, and welcomed, theoretical and general discussions concerning the desirability and the need for better institutional coordination among ALC beneficiaries, donors and technical assistance agencies currently working among the ALCs, there is concern that discussion must lead quickly to concrete actions and plans, which often represent difficult logistical issues and problems for implementation.
- Serious negotiation is needed on the level of the CPLP, potential donors and technical assistance providers to decide which national institutions among the ALCs will receive diminished financial and technical assistance in order to give priority resources to soon-to-be selected new and expanded 'regional' training centers, to be located in those countries deemed to have the best conditions and logistics to house a regional

center.

- Linked to this problem of regionalization of technical assistance efforts and resources is the issue of long-term public sector civil servants, many without proper academic qualifications. Often these public sector civil servants do possess political and family ties to the established national governing elites, however it is necessary to convince this veteran group to graciously and in a non-obstructive way cede their positions to younger, better trained and more qualified technocrats. The younger civil service staff have a professional and national vision that is less political and more results-oriented.
- The seminar found that adequate provision of the mode of technical assistance debated in Bahia requires a firm timetable and benchmark indications to arrive at a clear definition of preliminary studies and activities to be undertaken by Brazilian and Portuguese agencies. The probable sources of funding for these preliminary activities and a better definition of the ALC-members and national agencies to receive the proffered technical assistance to stimulate development projects for subsequent submission to multilateral and bilateral funding sources represent a priority follow-up activity for all seminar participants.
- General agreement has been expressed for better coordination and ongoing communication between prospective donors, technical assistance agencies and ALCs recipients; the need to decide upon firm dates for initiation of these activities; a clear indication as to when project proposal research, feasibility studies and proposal writing would be concluded so that finished proposals could be submitted to potential donor institutions. Also important is the coordination of travel schedules of the professional staff of the funding agencies, to coincide with missions from the Brazilian and Portuguese technical assistance providers in order to better monitor and evaluate these efforts and "troubleshoot" where necessary. The objective is that agreed upon schedules and calendars for submission of project proposals to the different funding agencies remain on track

and on schedule.

- The well-publicized interest in the G-7 Group to markedly diminish official foreign development assistance to the world's poorest economies and substitute that assistance by increased trade and commerce has made all economies more subject to international competition and the rules of a market economy. The ALCs are now expected to compete and to defend their national economies in this increasingly interconnected globalized financial system. While this globalization represents often a daunting task for the public sector agencies of these countries, it also represents innumerable challenges to the still-fragile private sector within the ALCs. It is within this market economy matrix that technical training and support must be reconceptualized for the private sector actors of the member nations participating in the Bahia seminar.
- How well do each of the ALC's private sectors interact with each other? Where is cooperation possible between member countries' private sectors, and where is competition inevitable in terms of projected national exports? What incentives could be offered the private sector of one nation to cede either training facilities, or a particular area of exports to a more general integrative goal of better private sector regionalization among the ALCs? What would be the political price of such a national 'sacrifice' for the ambiguous goal of better regionalization for the ALCs?
- These proposed changes involving the private sector of the ALCs also would demand a new and different relationship between government and civil society, which implied a more open and liberal relationship between government and non-governmental organizations (NGOs), which is still a contentious issue in many developing countries.
- If it is expected by the developed world and the lending and bilateral financial institutions located within the developed world—and so subjected to their culture—that developing countries must demonstrate better competitiveness and adaptability to the market economy, in essence demonstrate a willingness to engage in neoliberal theories and social

policies, can the ALCs with their structural weaknesses and modifying sociopolitical systems moving still from a socialist model to capitalism effectively compete in the global economy? Can these societies make what will be hard social and political sacrifices and choices, such as effective 'regionalization' of certain institutions and economic policies? Do governments have sufficient political credibility with their citizens to propose institutional regionalization and the resulting social, economic and political consequences which this regionalization eventually may imply?

Needs of the ALCs in public service delivery

The pressing need is for training courses in public administration management. Increased training in decentralization techniques is requested to result in the strengthening of the local government structures (*Autarquias*). Short training courses for public administration officials, technical agents and general civil service staff is strongly recommended. It is necessary that special emphasis in these training courses also be given to the theme 'civic education of the citizens and ethics and conduct for government civil servants. Encouraging the participation of women in public administration is also specifically recommended.

Technical support from consultants is requested, as is an exchange of relevant documentation within the CPLP. Joint activities, internships, seminars, congresses and related activities are also presented as priorities by the ALCs group. Among the major recommendations which can be made also is that the State have a better consciousness and sensitivity to the need of bringing it closer to the citizen.

On a pragmatic level, the five countries recommend the rehabilitation of both infrastructure and equipment of the various public sector training institutions, and as a general final consideration better efficiency of the State. On this same level, there is a general hope that states would follow principles of good governance, through real improvements in their administrative capacity, thereby governing with efficiency, greater transparency, evaluative capacity and control. Ideally, these institutional attributes will result in a more focused global vision concerning priorities, the reform process and ulti-

mately institutional development.

These efforts are envisioned in creating a large scale body of qualified public civil servants all with a new vision of the mission of public service and those who work in the public sector. This would hopefully result in training institutions which are fully equipped for the full exercise of their duties in training, research, monitoring and evaluation. An investigative and research culture would then be created which would reinforce and consolidate the democratic system. The ultimate objective for these public sector institutions would be an informed administration that would guarantee close, positive interaction with the civil society.

Needs of the ALCs for the private sector

Regarding the needs of ALCs' micro, small and medium enterprises (MSMEs), the importance of creating and sustaining an ongoing dialogue between employers' organizations and workers' organizations, as well as between governments and their social partners should be pointed out. One method of promoting this form of dialogue is to seek out the synergies of the training programmes being offered, for example, by the International Labor Organization (ILO) and its International Training Center in Turin, Italy.

The following themes have been selected as relevant to the situations of all the five concerned countries:

Entrepreneurial observatory to support MSME sector

This institution would have as a major purpose the creation of methods to debureaucratize government red-tape for creating and licensing private sector institutions. The observatory would act to sharply reduce the start-up time for new business ventures and the expense a prospective entrepreneur would undergo to start a business. The facility would act to promote the opening of micro and small enterprises and most importantly formalize those micro-enterprises currently in the informal sector.

Strengthening training institutions oriented towards the private sector

The reinforced training institutions would offer techniques in modern administration of MSMEs which would train ALCs private sector staff in advanced technologies. Training institutions could be public sector, private sector and mixed. These

centers would develop flexible methodological systems which would be adaptable to the specific situations of the ALCs micro, small and medium enterprises. These centers would also stimulate and strengthen cooperatives within the ALCs. Centers would be expected to teach trainees strategic planning and up-to-date techniques of national and international market research. These modern business techniques to be provided to the ALCs micro, small and medium enterprises are expected to enable ALCs private sector entities to resist the effects of globalization and global competition through their more modern and appropriate administrative techniques and anticipated implantation of international ideas and standards of quality and efficiency.

Institutions and credit lines for micro, small and medium enterprises

The objective will be to offer at low cost, lines of credit to ALCs micro, small and medium enterprises. The programme will be designed to eliminate the difficulties of these enterprises in having access to lines of credit. The programme will increase the participation and access of these enterprises to the total line of credit being offered to the private sector in each of the ALCs countries. It will make credit lines more viable to these target enterprises, to move them from their current marginality often within the informal sector. This programme seeks to take into account the potential of these enterprises to create employment and their often labor intensive nature, in societies where labor all too often is unemployed, or underemployed. With very small amounts of investment capital, these micro enterprises (often in such service sectors as sanitation and hygiene) can employ significant numbers. It was the understanding of the seminar's participants that such micro and small enterprises have the potential to become dynamic engines of economic growth for these societies, contributing significantly to reducing unemployment and national poverty.

Strengthening of entrepreneurial representative entities

It has been found important to reinforce associations and organizations representing the interests of ALCs entrepreneurs, also as members of civil society. This would encourage fora for dialogue and social discourse between governments, entrepreneurs, unions and civil society. Such dialogue would permit the

private sector to influence the elaboration of public policies. With such a programme, the private sector would be stimulated to propose alternative public policies to those already in existence. A strengthened private sector, ideally, could discuss and denounce such problems like corruption in the public sector and the absence of transparency. The desired outcome is to create a dynamic entrepreneurial environment to balance the culture of the public sector.

Until a few years ago, the majority of the ALCs had adopted socialist forms of government which did not favour private sector development nor encourage NGO activity. It was difficult for the private sector or NGOs to express their own needs and interests. The public sector under such systems was privileged, as were its needs and priorities. Now it is not only understood but expected that the private sector become the basis for national economic development, and the government create the necessary enabling environment to stimulate investments (national and international) necessary for economic growth and sustainable development.

Ultimately, it has been proposed to create a Regional Center for Development and Enterprise

Promotion. The proposed center would concentrate on training for micro, small and medium enterprises within the ALCs. Courses at the proposed regional center (most likely to be at an existing center in Cape Verde) would focus upon training for entrepreneurs; elaboration of studies for the creation of lines of credit for micro, small and medium enterprises; conceptualization of commercial promotion activities (trade shows, trade missions); methodology to structure technical assistance to micro, small and medium enterprises (quality, appropriate technology, process structuring); how to structure and develop information systems; support to representative organizations and associations.

It has been envisaged that the Center for Development and Enterprise Promotion would be in a position to channel the technical cooperation received, absorb the different knowledge and experiences transmitted and ultimately transfer this knowledge to the various institutions within the ALCs. The Center would become the focal point for enterprise development, coordinating existing private sector development activities within the five member countries.

Potential Reform Areas

Based on the needs assessment for capacity-building, several common areas of interest have been identified for the ALCs. It has been acknowledged that the poor results achieved so far stem from the lack of a global approach at the national level and of a coordinated approach at the regional or common level, resulting in inadequate responses to the identified problems. Therefore, aware of the insufficient results obtained so far, the ALCs, with the support of the international community, are becoming increasingly committed to drawing up integrated institutional capacity-building programmes in order to ensure sustainable economic and social development. These programmes are focused on public sector development and private sector enhancement.

Public sector

In strengthening institutional capacity within the public sector, there are several areas common among the ALCs like professionalism, management and leadership enhancement, training and greater citizen participation, where appropriate actions should be taken.

Professionalization of the public sector is a priority. Public policies require more studied formulation, analysis and evaluation methodologies. To ensure higher success rates, development projects should be more carefully formulated, monitored and evaluated. Accounting and auditing techniques for projects should receive increased attention. Strengthened legal systems and greater respect for the rule of law are proven tools for strengthening institutional capacity.

Enhancing management capacity and greater emphasis on effective leadership training are important characteristics of a strong public sector. Greater attention should also be paid to financial and tax administration, as they are fundamental tools for developing and strengthening public sector institutional capacity.

A critical factor for the strengthening of the ALCs' private sectors are programmes to revitalize institutions of higher learning. Developing effective regional training centers can play an important role in providing the private sector with needed dynamism, energy and new concepts. Accompanying this process will be greater emphasis and attention

should be placed on information management processes, programmes and technology, which could benefit both the public and private sectors within the ALCs.

Finding ways to strengthen civil society institutions is also linked to these desired institutional changes and modernization of educational and training programmes and facilities. Dialogue between government and civil society is a critical factor in capacity-building and sustaining development and growth. Modernized educational facilities and training activities are needed in Angola, Cape Verde, Guinea-Bissau and Mozambique.

These training objectives are intended to be specifically applied to the problems and issues of decentralization and governmental de-bureaucratization in the country-case studies of Angola, Mozambique and Guinea-Bissau. In Sao Tome and Principe and Cape Verde, technical assistance and better training programmes are considered to be important in developing their tourism sectors. There is also a general agreement that long distance learning, as is being practiced by various Brazilian institutions, could prove to be of significant importance and value in assisting medium and long term development objectives and goals among the ALCs. Long distance learning is a concrete example of new educational technologies which Brazilian institutions believe could be adapted to the specific training and educational needs of the ALCs.

Private sector

The majority of ALCs' private sector institutions are comprised of micro, small and medium-sized enterprises (MSMEs). The potential of these entities to positively affect the growth and development of the ALCs' economies has been emphasized.

The problem has been raised that too often in ALCs national institutions to support MSMEs, when these institutions exist, they are severely ill-equipped to provide support functions. The absence of an institutional infrastructure for training and support of MSMEs unfortunately compromises the sustainability of the great majority of MSMEs in the private sector. This weakness derives in large part from the lack of support from any sources, but most notably in the areas of providing training and credit

for MSMEs.

Hopefully, there is considerable interest in the positive experiences of a number of Brazilian institutions. These experiences in a Lusophone country with the diversity of Brazil could prove relevant for the strengthening of the MSMEs in the ALCs. Training programmes, to be successful in ALCs, should emphasize some of the following goals:

1. Formation of an entrepreneurial culture within the ALC countries;
2. Creation of 'on the job training' for these MSMEs;
3. Establishment of lines of credit specific to

MSMEs, especially *funds of warranty* and simplified tax system;

4. Debureaucratization of those public services to which the private sector must refer;
5. Provision of easily accessible information and services to the private sector MSMEs, such as studies of the internal and external market, technological innovations and locations of centers of professional training;
6. Reinforcement of traditions of association and cooperation.

Conclusion: International and Regional Coordination Strategies for Support to the ALCs

Despite the varied constraints that often impede ALCs attempts to coordinate development efforts, favorable conditions do exist which encourage greater cooperation of strategic planning of the different economies. For the beneficiary countries, technical assistance agencies and donor assistance agencies, the task is to identify how to best to utilize existing synergistic conditions to promote a coordinated and sustained socioeconomic development of the ALCs economies. Creating an enabling environment for private sector development and stimulation should be an integral part of any strategy of coordinated technical cooperation and regional institutional capacity-building.

Any immediate results from such a strategy, however, will be limited as a number of inherent difficulties still need to be effectively addressed. For example, the manufacturing sector in the majority of ALCs remains inchoate. Privatization of former state manufacturing companies is a protracted and inconsistent exercise. Modernization of the agriculture sector in each country has been slow in evolving and effective programmes are high priority. Commonly perceived reasons for these problems center on excessive government bureaucracy and red tape frustrating the development of a dynamic entrepreneurial (or parastatal) sector; an absence in the ALCs of a non-obtrusive business environment favorable to private sector investing; and the lack of existing available credit sources for investing in micro, small and medium enterprise development.

The difficulty of finding technical support for entrepreneurial development is a result of the limited entrepreneurial tradition and culture among the ALCs. It has been seen to be important to create a regional center with courses on conceptualization of commercial promotion, appropriate information management systems and computer software, incentives for creating more national commercial associations and support services for merchants and the development of other private sector groups such as cooperatives. The entrepreneurial center would also have the important function of channeling current technical assistance being received by the five ALCs nations for entrepreneurial development,

as well as negotiating with prospective donors providing assistance for the promotion of micro, small and medium-scale entrepreneurial activities.

An important priority recognized by all participants of the Bahia seminar was the need for basic human resource training for both public and private sectors. It was decided that a Cape Verdian institution has the potential to become a Regional Center for Excellence for training high level personnel for both important sectors. This center, once rehabilitated and modernized, could train Lusophone professionals in the conceptualization, formulation and methodological requirements of international technical cooperation programmes for socioeconomic development. One of the methodologies to be utilized at the regional center would be training in the implementation of long distance education facilities for both the public and private sectors.

The existence of a regional center would be a factor which could facilitate the ALCs' negotiation of technical assistance programmes for human resource training with the region's traditional donors, i.e., the European Union, Portugal, Brazil, UNDP etc.

The concept of a regional center was considered to redress another commonly perceived problem, i.e., the need for entrepreneurial development and promotion among the ALCs, particularly regarding micro, small and medium enterprises. A regional center is seen as being desirable, to the extent that such a center would be able to integrate and harmonize its activities with local and national efforts for enterprise promotion. Training for entrepreneurs is seen to be a key factor and rationale for such a center, whose courses would increase knowledge and skills of business administration, market studies and the correct methodology and conceptualization for participation in trade fairs and trade missions. Common problems of economies and societies still within the transition from a socialist economic model to a market economy all point to the desirability of this regional entrepreneurial training facility.

One desired effect of these efforts at regional training and a more collaborative approach to

development solutions for the public and private sectors of the five ALCs would be enhanced motivation and greater incentive for those working in both the public sector and the private sector. With more transparent career paths, remuneration and promotion standards the incentive to work and to accomplish specific tasks becomes greater.

Creating an enabling environment which would seek to simplify unnecessary bureaucratic procedures for those initiating private sector activities and which rewarded education and skills obtained by the public sector employee, or by the micro or small-scale enterprise owner would provide motivation and

energy to both sectors to stimulate national economic growth. The ultimate objective of such programmes would be to move the nation positively in the direction of sustainable socioeconomic development.

Creating a better and more sustained dialogue between government and civil society, through these measures and as well as through greater transparency within government should be seen as leading to increased democratization of national institutions (including the judicial system and general prospects for the rule of law within these nations) and better governance.

Recommendations

The following activities are recommended:

1. Institutional Development of the ALCs

- Leadership capacity must be reinforced, while the national institutional reform process should be more effectively coordinated.
- The State should rethink its traditional governance role in order to more efficiently and rationally use public resources. Improvement in its capacity to formulate, analyze and evaluate public policies is strongly suggested.

2. Modernization of the Public Administration of the ALCs

- Improved quality of public administration institutions in order to enhance their capacity for action should be at the top of the ALCs' reform agendas.
- Public administration as a practice should be more proactive vis-à-vis the civil society and not perceived as an abstract entity.
- The delivery and quality of services provided to the community should be improved to reflect the basic needs of the civil societies in each ALC.

3. Decentralization and Local Development in the ALCs

- A new model of governmental administration should be introduced that will result in the strengthening of the competencies of local authorities. This could include the transference of local resources and the promotion of greater participation of the Communities in the administrative process. Such actions would result in greater efficiency and effectiveness in the provision of public services.

4. Planning and Financial Management for the ALCs

- Creative strategic planning initiatives should be developed and a restructuring of the management of economic and financial policies and mechanisms for project monitoring and evaluation based upon principles of integrated financial management should be undertaken.

5. Training and Development of Human

Resources in the ALCs

- The value of human resources within public administration should be recognized. Appropriate training programmes should include as a goal overcoming constraining factors which have led to chronic low efficiency (specifically: excessive numbers of unqualified and underpaid civil servants). These conditions would be addressed through implementation of integrated coherent programmes, specifically employing long distance education as one resource.

6. Regional Center for Public Administration

- The CENFA of Cape Verde should be developed into a Regional Center for Excellence in order to train high-level civil servants in the most current management practices.

7. Training in Conceptualization and Formulation of Technical Cooperation Projects for Development

- Methodologies related to the identification and formulation of projects in general (with emphasis on international technical cooperation), concepts and techniques of analysis and setting up of proposals and projects as well as the monitoring and evaluation of projects should be reinforced with the ultimate goal of eventual transfer of such practices to the ALCs.

8. Center for Business Development and Entrepreneurial Promotion of MSMEs of the ALCs

- The creation of an enabling environment for development of MSMEs in the ALCs is paramount.
- Therefore, a Regional Center for the Development of MSMEs, should be established, along with a network of similar institutions in each ALC.
- Such an institution should focus on small business practices and entrepreneurial capacity-building skills; promote the exchange of information concerning business transactions, market studies for selected products, participation in trade fairs, missions, etc.

9. Long Distance Learning in the ALCs

- Encourage the utilization of current methodologies and international programmes for long distance education in the ALCs.
- A national center for the dissemination of long distance continuing education in each ALC should be developed, along with a network of similar institutions within the ALCs, as soon as possible and, if necessary, with the assistance of international organizations..
- Nurture the training of instructors and their technical capacity, develop necessary (software) programmes and materials and exchange programme with other countries.

10. Entrepreneurial “Window”

- An administrative support system to develop the private sector in a non-bureaucratic manner should be created.
- Debureaucratize government administration as a first measure of action.
- Organizations and firms described as being part of the informal sector should register to gain access to credit and other benefits, such as sending their employees for training courses in official institutions. With this approach, it is expected that it will be easier for MSMEs to have access to other public services. Apart from these benefits, duly registered and regularized organizations and firms, once officially registered should be able to have access to special lines of credit.

It should also be taken into consideration that with the regularization of agencies within the informal sector, fiscal tax collection should increase substantially, with a decline in tax evasion activities, all theoretically resulting in larger resources for training. It should be possible to create a unified and simplified tax for the MSMEs (for example: SIMPLES in Brazil).

11. Credit Policies and Programmes for MSMEs

- Accessible lines of credit should be offered without difficulty to credible micro, small and medium enterprises (MSMEs).
- By promoting a policy of “debureaucratization”, difficulties in accessing lines of credit for MSMEs should be greatly reduced.

- Promotion of the participation of MSMEs in the totality of credit being offered to the private sector should be increased.
- Offer lines of credit to the private sector at low cost in order to stimulate MSME growth.
- The viability of funds and lines of credit that are easily available to the MSMEs should be continuously reinforced.

12. Professional Representative Class Associations and Groups

- Representative entrepreneurial associations (commerce, industry and services) capable of expressing the needs and expectations of the private sector should be supported and their creation encouraged.
- Representative associations of the private sector should be developed, strengthened and promoted in an effort to enhance the exchange of information and knowledge.
- Fora for dialogue and better social relations between governments, entrepreneurs, unions and civil society are essential to the development and capacity-building process, and therefore should be strongly encouraged.
- The private sector should be allowed to participate in the development of public policies for the private sector.
- The representative class associations and groups within the private sector should be encouraged to propose alternative public policies, when the situation warrants.

13. Training Institutions

- Private sector training institutions of the ALCs should be developed and strengthened, so that these institutions will be able to offer techniques of modern management and be able to train employees within the sector in advanced technologies.
- The institutional capacities of the agencies in training and skills upgrading (private and mixed enterprises) should be reinforced, so that entrepreneurs will have the capacity to run administration and management courses, in order for their employees to receive professional training.

- Flexible training methodologies, adapted to the specific situation and conditions of MSMEs, should be developed.
 - Cooperative associations within the ALCs should be strengthened.
 - Technical assistance should be provided to the MSMEs for strategic planning purposes and to support the search for new markets.
 - Businesses of the ALCs should understand modern techniques of administration, including questions related to sustainable development and ecological management, in order to stimulate growth.
- Enabling conditions should be created to ensure that ALCs' factories are capable of efficiently participating in global competition.
 - The awareness of ALCs' entrepreneurs to adopt international standards of quality should be raised.
 - Future ALCs' entrepreneurs should be offered basic management training.