Presidential Investors' Advisory Councils in

AFRICA

IMPACT ASSESSMENT STUDY

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Foreword

The World Bank and IMF have assisted the African presidents of Ghana, Mali, Senegal, Tanzania, and Uganda in establishing small, high-level Investor Councils to assist in improving the investment climate for business in their countries, with the objective of achieving sustained economic growth and reduction of poverty. The councils are comprised of prominent business leaders and are chaired by each country's President. They were established in response to requests from government leaders to provide a direct channel of dialogue between investors and political leaders at the highest level, to bring to bear the perspective of international investors together with the knowledge of local business and government leaders. The councils were structured to prioritize and focus on a limited number of issues, identify investment obstacles, and generate concrete recommendations for action and further analysis, in order to best ensure that tangible policy reforms are enacted to benefit all investors. By virtue of such specific initiatives, it was expected that the councils would also strengthen existing structures and capacities with respect to public-private consultations mechanisms and provide increased international visibility for the country's progress.

This study comes three years after the establishment of the three original pilot councils in Ghana, Senegal and Tanzania. It is intended to evaluate and report on the impact of the work of these councils, and the initial outcomes of the two newer councils in Mali and Uganda, by assessing their experiences to date in the context of other public-private consultative mechanisms. It is also intended to capture lessons learned to date on the best practices, problems experienced, and the implications of continued support. The study has been commissioned by the Private Sector Department in the World Bank's Africa Region, and conducted by an independent consultant with previous experience in this field.

The report provides a number of useful recommendations to improve the efficacy of these investor councils, including suggestions on monitoring mechanisms, role of secretariats and working groups, and linkages with local private sectors. Effective Investor Councils can enhance the sharing of information between government and business, facilitate agreement on reform strategies, and increase the transparency of government decisions and thereby the accountability of government decision makers. The challenge is to ensure the commitment of all actors to the process of consultation, and to empower them to find solutions through innovative ideas to the problems arising from market and policy failures.

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Executive Summary

Scope of Study

The objective of this study is to evaluate and report on the impact of the work of the three pilot Presidential Investors' Advisory Councils in Ghana, Senegal and Tanzania, and the initial outcomes of the two new councils in Mali and Uganda. The study was conducted by a consultant through field interviews with council stakeholders. It assesses the council experiences to date, identifies lessons learned, relates them to other public-private mechanisms, and provides guidance on the future of the councils.

Situation Assessment

Concrete reforms have been achieved but input into growth policy is limited

Presidential Investors' Advisory Councils, a form of private-public dialogue, were launched at the request of the Presidents in Ghana, Tanzania and Senegal in 2002 and extended to Mali and Uganda in 2004. They are supported by the World Bank and IMF and coordinated by the World Bank's Africa Private Sector Development unit in Washington, DC.

The main purpose behind the establishment of the councils was to enable presidents and governments to dialogue with experienced business leaders to identify obstacles to investment, generate recommendations for concrete action, and reinforce and accelerate ongoing policy reforms to improve the overall investment climate.

The assessment carried out by this study concludes that these councils have had a positive impact on private sector development. The main purpose is being met, as evidenced by concrete reforms on many existing investment climate issues. The study concludes that governments and the private sector recognize the councils as the most effective, credible and high profile public-private dialogue mechanism in these countries. They reflect a public-private dialogue engagement and shared ownership at the highest level, and have filled a vacuum in providing political leaders with private-sector development policy experience and advice.

Examples of successes include:

1. Council efforts helped reduce the customs clearing average in Ghana from 1-2 weeks down to 3-5 days.
2. The council in Tanzania succeeded in getting legislation enacted to improve land and labor markets and ease the process of establishing a new business.
3. By one estimate, 70% of the laws passed by the Parliament in Senegal in the last two years, including an anti-corruption law, were driven by the efforts of Senegal's advisory council.
4. Councils in Mali and Uganda, while established only late in 2004, have begun to prioritize reforms and established working groups to support them.

However, progress on more complex strategic priorities, such as identifying and promoting sources of growth, has been relatively uncertain. Where attempted, such work has been constrained by limitations in technical knowledge, data and funding. Also, while it was not possible to obtain hard evidence one way or the other linking council achievements to incremental private investments, government advisors expressed frustration over what they felt were poor investment responses.

Success has proved heavily dependent on the motivation and ability of participants

The impact and outcomes of the councils have varied by country and over time, depending on how well they related to critical success factors. All councils enjoyed presidential commitment and leadership, which is vital. Other success factors included drive by government champions, the composition of the council and working groups and the competencies and leadership skills of their members, and the organizational and coordination skills of the secretariats. Many working groups have failed to deliver results due to a lack of leadership of resident members. There have also been problems with attendance and the scheduling of meetings. In the wider local private sector, there has been only limited awareness and little appreciation of the councils' structure and work. Such shortcomings have diluted council effectiveness and success.

Nevertheless, government and private sector leaders recognize the councils as overall the best public-private dialogue mechanism in their countries to date. The councils have leveraged their high profile status, support of key government champions and the commitment and drive of a few business champions to develop action plans and obtain implementation.

Councils are expediting reforms and increasing trust; they should be continued

This report concludes that the World Bank and other donors should continue to support the advisory councils in the five countries under study for as long as the councils remain in demand and productive. The establishment of similar councils is encouraged in other countries which have public sector commitment, a private sector reform agenda underway and where the World Bank has a substantive private sector development program. Some of the key reasons for continuing support to the councils are as follows:

- They are having a positive impact in terms of fast-tracking existing reform proposals and initiating new reforms.
- They provide an experience-based private-public dialogue model that generates many intangible benefits such as mutual understanding, confidence and trust.
- They create an atmosphere of discipline and pressure for action in the face of government inertia that no other local mechanism for private sector development has so far come close to doing.
- They can complement as well as challenge existing government policy apparatus.
- They complement, rather than compete with existing local policy advocacy mechanisms.
- They have the scope to be adapted and strengthened to enable them to contribute to policy-making to promote growth and competitiveness, helping to bridge the gaps that currently exist between government policy apparatus and the private sector think tanks.
- They can help donors—including the World Bank—to identify needs and refine their private sector development strategies and resource allocation.
- They can encourage a higher level of investment in private sector activities.
- The vast majority of government, private sector and foreign investor participants in the five countries value the councils and think they should be continued, with improvements.
- They can be made more effective by changing their structure, composition and processes.

Council Structures and Mechanisms

Working groups arranged by topic or industry are coordinated by a secretariat

Council structures and mechanisms are in need of many improvements. But they have nonetheless complemented existing private sector association advocacy and provided new impetus for enacting and implementing investment climate reforms. Council composition includes resident and non-resident and national and non-national business leaders, and in some cases local private sector association representatives. Senior government ministers, civil servants and government change agents participate actively, while representatives of the World Bank/IMF attend as observers and provide technical assistance. The President's commitment and interest is a critical pre-condition. The commitment and competencies of the business leaders and government representatives are the key determinants of a council's impact and achievements.

The councils have set up working groups, which focus on priority business climate reforms and/or strategic economic sectors. The wider fragmented local private sector, including small and medium size enterprises, are sometimes represented in the membership of working groups or consulted by working groups, but linkages are mainly by proxy through industry association and chamber of commerce representatives. The Action Plan Matrix is the primary instrument used to record, follow-up, monitor and report on council recommendations.

There is little evidence of "capture" by the many large corporations in the councils. Council members represent diverse industries and experiences, and the reforms driven by the councils have had a wide and generally positive effect on the whole private sector.

The councils are supported by secretariats which serve as a focal point for orchestrating all of their activities. All the secretariats are hosted by bodies that are closely aligned with the office of the national president; in Senegal and Uganda it is the investment promotion agency, in Ghana it is the Ministry of Private Sector Development in the President's Office, in Mali the secretariat is in the Office of the President itself, and in Tanzania it is the national business council. The World Bank's continuing support consists of funding secretariat expenses and providing operating advice and technical guidance to the secretariats and working groups.

Much of the impact and achievements of the Councils have been so far in the area of business climate and business operating conditions, including so-called "low hanging fruits" of private sector reforms.

Reforms have been passed but there is no evidence yet of investment increases

The councils have generally adopted the sensible approach of aiming first for "low-hanging fruit", that is business climate reforms which are relatively easily achievable: many of the achievements attributed to the Councils are reforms that were already a "work in progress" or in the "advocacy list" of local private sector groups. It is clear that the pace of these reforms accelerated after systematic prioritization, follow up and pressure by the Councils. There is also some evidence of reforms and policy amendments based on new initiatives from the councils. Work and progress on more complex and challenging economic sector priorities have, however, been relatively small and unimpressive.

It was not possible to obtain hard evidence linking council achievements to incremental private capital inflows and investment, based on field interviews with council participants. Indeed, some government advisors expressed frustration over what they felt were poor investment responses to the achievements of the councils. However, in all the countries, business executives represented on the councils as well as entrepreneurs in the local private sector expressed extreme distress over deep-seated corruption, including in the judiciary, and ineffectual or counter-productive government administration. They contend that these factors and increased the cost of doing business have therefore continued to inhibit investment.

The Way Forward – Guiding Principles

Councils need a mission statement and clear objectives

Each of the councils needs to develop a mission statement and objectives agreed by the members. Council membership, working groups and the secretariat's organization and resources should be changed, if necessary, to align with this mission and objectives. Care needs to be taken to not overestimate or over promise what a council can achieve. Participants emphasized the importance of a clear and achievable action plan with reliable follow-up and monitoring mechanisms, and the council in Senegal received strong evaluations in this regard. A small steering committee can be helpful, including an equal number of private and public sector participants and a World Bank executive.

Regular reviews should weed out uncommitted members and ensure balance

Council composition needs to be reviewed and realigned regularly. It is recommended that once every two years, the president should review the list of companies and individuals who have participated in the council and revise it to reflect the level of their contributions and any changes in council priorities. Continued membership must depend on the individual's demonstrated commitment and competence, and not on the size of the company or strength of the sector.

Council composition also needs constant review to ensure an appropriate balance between domestic and foreign representation Participants across the countries strongly agreed that some non-resident and non-invested members should be included to obtain an outside perspective, as was done during the development of Mali's privatization strategy for the utilities sector. But it is critically important that a significant number of local champions should be sought for appointment to the council as they are best placed to lead or assist the working groups.

Expansions should be considered carefully; termination is always an option

The two-yearly review should also encompass the role and overall effectiveness of the council. Some councils may have a limited shelf-life: after high-profile initial improvements in the investment climate, it may be determined that a council has run its natural course and private-public dialogue would be better continued through other credible local mechanisms. In other countries, councils may be able to persist and even expand their role into growth strategy. Such expansions of a council's role should be attempted only after careful evaluation of their capacity and the potential risk of duplication with existing government policy apparatus. Judging by the trials and strains of the councils to date, it will probably not be easy for the busy senior executives involved to sustain a significantly expanded workload. It is therefore recommended that any expansion of a council's role should be specific, limited and clearly defined, and should also be supported through any necessary reforms and increased donor resources. In addition, efforts need to be carried out to try introducing some of the good practices piloted in the councils in the institutions of the governments.

Working groups need champions from the local private sector

Working groups should be chaired by individuals who can act as champions in the local private sector—it is crucial, therefore, that the chairs should be resident private sector council members rather than non-residents or government representatives. Working group chairs should be personally committed and enthusiastic, and when they prove to be lacking in these regards then replacements should be found. To ensure that meetings are held regularly and the pace of progress is maintained, alternative chairs should be designated to lead meetings when the chair is absent.

All the countries have a mix of working groups on the business climate (e.g. land reforms, labor reforms, administrative barriers) and on strategic sectors (e.g. agriculture, agri-business, infrastructure, ICT). It has proved effective to pursue initially clear and achievable "quick wins", which help to establish a sense of momentum and mutual respect between the private and public participants. Later, the working groups may choose to face more complex and challenging business climate and strategic policies, including sources of growth and competitiveness, with more confidence and credibility. The council in Senegal is a good example of this evolution: after achieving a number of successful reforms in the first two to three years, it is now working on a broader agenda to develop a "Strategy for Accelerated Growth".

Greater transparency is needed to reach out to the local private sector

Local private sector associations have been very important in identifying and diagnosing many investment climate issues that the councils took up in their agenda and action plans. However, participants agreed that local dialogue mechanisms do not come close to matching the impact and achievements of the councils. Their advocacy has been often seen as just "complaining or seeking tax breaks". The local private sectors are fragmented and their associations generally suffer from membership apathy and resource problems. They are generally distrustful of governments and suspicious of foreign investors. This key constituency remains a difficult one for the councils and their working groups to adequately engage with.

It is therefore important that the councils' participants, working groups and activities are not shrouded in secrecy. Both private and government participants need to be good ambassadors for the council. The working groups must look at ways to consult the relevant local business associations. The World Bank and council participants should look at ways to support parallel and complementary private sector development advocacy by the local associations and dialogue mechanisms which would enable the fragmented local SME sector to feel more involved in the work of the councils.

Secretariats need credibility and dynamic, professional staff

The secretariats should be anchored in an effective synergistic body that has clout, including close access to the president and credibility with key government ministries, and is respected by the private sector. The investment agencies that host the council secretariats in Senegal and Uganda seem to be the best models as they provide private sector access and confidence, while knowing how to get things done in government. Lon term anchoring of the secretariat in a ministry (or in the president's office) is not recommended, as it risks the council being perceived to be too close to government and too easily diverted by political considerations.

These secretariats are responsible for organizing council meetings, keeping them on track and assisting with follow up. Secretariats provide essential support to the working groups not only with coordination and logistics, but also in writing terms of reference for experts and consultants and liaising with the government and donors.

Each secretariat needs to be staffed by experienced and dynamic professionals who have a combination of economic, business and management skills. Additional staffing is often needed at the council meetings, especially when there are breakout sessions for the working groups. Local consulting firms may be considered for any capacity building needs of the secretariats.

World Bank Role and Support

Technical support is valued; councils need integrating into other Bank activities

It is recommended that the World Bank continue to provide adequate operational support to the councils. In addition, it is suggested that the Bank participate more directly and actively in the working groups and do so consistently across all the countries. Increased guidance and technical advice can play an important role in aiding the quality and effectiveness of the councils, especially the working groups.

Investment Climate Assessments (ICAs) and other relevant World Bank surveys and reports, such as Doing Business and the World Development Report, should be discussed and leveraged by the councils. The support of the council could be streamlined into normal Bank operational activities and considered among the country performance benchmarks. Such support of the councils is likely to yield strong economic returns. Reforms to improve the performance of personnel in the public sector, coupled with capacity building in private sector research and policy analysis, is also recommended.

Further assistance in the form of research and consultancy expertise, training for council secretariats and additional funding should also be considered. Country Assistance Strategies and subsequent work programs should be transparently shared, especially electronically. Bank expertise can help to develop standard instruments to improve small business input to the councils, such as survey instruments, focus groups, mechanisms and formats for suggesting reforms. It can also help to communicate "lessons learned" and encourage the use of the internet to make the working of councils more transparent.

Introduction

Study Objectives

The objective of this study is to evaluate and report on the impact of the work of the three pilot Presidential Advisory Investor Councils in Ghana, Senegal and Tanzania, and the initial outcomes of two new councils in Mali and Uganda. The study assesses the council experiences to date, relates them to other public private mechanisms and processes of dialogue, identifies lessons learned, and provides guidance on how the World Bank should keep supporting the councils in the future.

Methodology

The study was commissioned by the African department of the World Bank, and independently conducted through field research by Natwar Gotecha, consultant (former CEO and member of the Tanzania's Investor Round Table), and administered by Benjamin Herzberg of the Investment Climate department of the World Bank. The consultant based his research on the following:

- The original Scoping Study developed by the World Bank when setting up the councils.
- Council meeting minutes and other documentation.
- Interviews with the President's Offices in the five countries (Annex III at the end of this report details meeting information).
- Meetings with key ministers involved in the Councils.
- Meetings with Council business leaders located in the five countries, as well as some resident in South Africa and Europe.
- Conversations and email exchanges with other non-resident Council business leaders.
- Meetings with some World Bank, IMF and other donor resident country representatives, relevant IMF staff in Washington, and World Bank Africa private sector development staff resident in Washington and in the countries and references to written assessments by the Private Investors for Africa Group.
- Members surveys from the Ghana and Tanzania council launch meetings.

Assessment

Purpose and Scope

Councils not only propose reforms but keep up pressure for implementation

The purpose of the Councils has been viewed variously as a means to attract FDI, a sounding board for the president on his private sector development policy orientations, an attempt to secure fast-track removal of roadblocks to investment, a mechanism for effective design and implementation of new private sector policy reforms, and an important tool for strategic economic sector initiatives and transformation.

The Councils provide reform recommendations to the government on private sector development, as well as pressure to deliver on implementation. Pressure on the ministers and key officials is created by the high status level of the council which in turn gives weight to the recommendations, combined with a sense of pride and a desire to maintain credibility. The councils were not however, intended to serve solely as a policy review forum.

Design and Structure

Large corporations dominate, but there is little evidence of capture

Council composition is dominated by business executives of large corporations with country or multi-country responsibilities, with a varying mix of resident and non-residents and nationals and non-nationals. Ghana has the most residents while Tanzania has the fewest. All the councils have representatives of local private sector associations, such as industries and chambers of commerce, as a link to local investors and SMEs.

There is little evidence of "capture" by the mainly large corporates in the councils. Council members represent diverse industries and personal backgrounds. The scope and activities of the councils have been in line with the main thrust of government policy and the specifics are implemented ultimately by the ministries and through parliament. Indeed, the business climate and sector reforms driven by the councils are considered to have had a wide and generally positive effect on the whole private sector rather than benefit specific companies.

Commitment and Competencies

President's personal commitment and local "champions" are the key drivers

All the presidents have shown a high level of competence and personal commitment in leading and leveraging the councils. This is a fundamental factor that motivates many council participants to continue their commitment and strive to perform.

The councils have been supported by a core group of change agents and champions, often key ministers and advisers, who have a high level of knowledge and drive for faster reforms and strategic policy making. These champions, who often lead and push the process along within the institutions of the government, play a crucial role in translating, problem solving and implementing council proposals. The areas that report least progress are those where ministers did not fully embrace and push for reforms, either because of lack of political will or because of lack of sufficient political influence within the administration (often the case for political appointees).

Non-resident business members lack commitment, as do some civil servants

It is crucial for private sector participants to be committed, competent and creative. Only a few of the non-residents are able to devote the time and commitment needed to effec-

Summary data on councils

	Ghana	Tanzania	Senegal	Mali	Uganda
Council Name	Ghana Investor Advisory Investors' Council (GIAC)	International Investors' Investors' Roundtable (IRT)	Presidential Investor Council (CPI)	Presidential Council (CPI)	Presidential Roundtable (PIRT)
Start Date	May 2002 July 2002	Nov. 2002 Sept. 2004	Sept. 2004		
# Meetings	5	4	4	1	1
Council Members					
The President	1	1	1	1	1
Res.					
• **Nationals**	11	4	7	5	9
• **Non-Nat'l**	3	1	1	0	0
Non-Res.					
• **Invested**	13	17	10	6	11
• **Non-invest**	4	6	7	7	4
Donor (observers)	3	5	2	2	3
Total	35	34	28	21	28
Working Groups					
–1	Finance Sector	Finance Taxes	Good Governance	Regulatory Environment	
–2	Customs/Civil Service	Technology	Admin Barriers	Access to Finance	Infrastructure
–3	Land Reforms	Manufacturing	Infrastructure	Infrastructure	Agribusiness
–4	Labor Reforms	Agriculture Incentives	Other/Human Capital	Education ICT & Education	
–5	Agriculture & Agro	Human Capital, Image & Tourism	Target Markets/ agribusiness		
Working Group chairs	• Private Res.	Govt (4) Private Res. (2)	Private Res. Non-Res (2)	Private Res (2), plus alternatives	Private Res. (4)
Working Group Representation	• Only Council Members			Non-Council members	Non-Council members
Secretariat host Sector Ministry	Govt. Private Business Council	Indep. National Agency	Govt. Investment Office	Govt. President's Agency	Govt. Investment
Other	Council Oversight Committee				

tively contribute to the working groups. The major achievements of the councils have often required leadership and drive from one or more of the resident council members to ensure implementation, while the non-residents provide advisory capacity at the council meetings.

The secretariats in all the countries are believed to be working hard to support the councils. Staff capacity, turnover, resources and local service infrastructure remain areas of constant challenge and improvement.

The commitment and competence of the civil service is said to be one of the key constraints to implementation of councils' action plan matrices in all the countries. In some countries, the political system entails a high rate of turnover in senior staff that makes matters worse in terms of much-needed experience and continuity.

Process and Dynamics

Working groups achieve most with strong leadership and close government links

Councils provide advice to the president at half-yearly council meetings but also drive change through partnerships between the working groups and government. The Action Plan Matrix has been one of the key instruments used to instill discipline, ensure follow-up with the ministers responsible and generally exert pressure for action. In most countries, the Action Plan has been used as input into the country strategic plan for further economic reforms and private sector development.

As the councils have revised their priorities over time, the working groups have been reconstituted. Many working groups lack the leadership of resident members. Moreover, limitations in terms of data, analysis, technical expertise and funding have meant that the more complex and strategic priorities have not adequately progressed.

However, there have been many working groups that have worked very effectively. They have spearheaded issue analysis, worked closely with government representatives and experts, consulted stakeholders including local private sector representatives, developed solutions and got involved in drafting laws and regulations. Examples of such successful working groups include the finance group in Ghana and the taxation group in Senegal. Success factors were the leadership of these working groups and close cooperation between the private sector members and ministry staff supported by the minister.

Stakeholder Linkages

Local private sector remain cynical; bilateral donors also desire more input

In all the countries, the local private sector generally is not thoroughly informed of the activities of the council. While representatives of the main private sector associations are often council participants, better communication and more transparency of the work of the Councils among the broader local private sector is in demand.

Some are cynical of the ability of the councils to know the real problems on the ground or change the system. Some are cautious have a wait-and-see attitude. Others, including those who participate in the working groups but are not council members, are optimistic that the high level status of the council, combined with pressure from World Bank, will compel the government to take action.

Bilateral donors were generally not satisfied about their involvement with the councils. While they do get briefed formally and get more information informally, they have limited access to council and working group deliberations, and there is no mechanism for them to comment or give input.

Implementation

Lack of transparency holds back effective implementation

In all the countries, business executives in the council as well as in the local private sector expressed extreme distress over deep seated corruption, including in the judiciary, and adverse and poor government administration. They contend that these factors continued to inhibit legitimate investment and increased the cost of doing business.

Council members expressed frustration about implementation difficulties due to the mindset and in many countries the competence of the civil servants.

Impacts and Outcomes

Despite problems, councils are generally meeting criteria for success

The main purpose of the councils established in 2002 was to enable the presidents to access the views of experienced and successful international business leaders to identify obstacles to investment, generate recommendations for concrete action, and reinforce and accelerate ongoing policy reforms. A structure was proposed including bi-annual council meetings, working groups and a secretariat (see background on council establishment in Annex I).

It can be said that the councils are a success when the following conditions are satisfied:

1. The president dialogues with and listens to his council advisers.
2. International business leaders join, attend and participate in the councils.

3. Working groups are formed in priority areas.
4. Working groups are well constituted in terms of leadership and participation.
5. Working groups output is credible and actionable.
6. Council dialogue is constructive and adds value.
7. The secretariat administers and effectively monitors council activities efficiently.
8. Council activities complement existing dialogue mechanisms.
9. The council generates valid and important private sector development reform recommendations.
10. Council recommendations are seriously considered and acted upon by members of the administration.

Assessment of the councils to date shows that overall the above conditions are being achieved in all the five countries. The Presidents have not only personally led the councils, but also used the Action Plan Matrix to follow-up on progress and implementation. Council composition has been changed to incorporate more resident business leaders for local relevance. Non-resident attendance has been frequently delegated down from an executive with global responsibility to one with Africa or sub-regional responsibility. There have also been problems with working groups in terms of leadership, executive time and commitment, and thus output generally has not been of high quality. Nevertheless, several resident business leader "champions" and a few committed non-residents executives have put in extra time and used their organizations to develop reform proposals with support from and in coordination with key government change agents. Council dialogue, including the use of break-out groups, has been informal, frank and incisive, though at times it has suffered due to lack of briefing and preparations.

There is more progress in accelerating existing proposals than in new initiatives

There is general agreement that the councils have filled a vacuum in terms of relevant private sector development policy experience and advice in these countries. The councils have leveraged and complemented reform proposals that were already "works-in-progress", that were on the "advocacy list" of local private sector groups, or that were proposed in the Investment Climate Assessment surveys and comparisons presented to the councils World Bank Private Sector Development staff. It is clear that the pace of these reforms accelerated after systematic following through and pressure by the Councils. In Senegal, for example, the Investment Code that had been long under development was made a priority focus by the council and thereby got enacted and put into operation.

There is evidence of some reforms and policy amendments being implemented based on new initiatives and work by the councils. At the same time, however, some key recommendations of the councils remain not implemented due to lack of capacity and will on part of the bureaucracy.

Progress is lacking in growth or investment, but public-private trust is growing

Much of the impact and achievements of the councils have been so far in the area of business climate and business operating conditions. Councils have generally adopted the sensible strategy of targeting relatively achievable reforms on which a wide consensus already exists—so-called "low hanging fruits". Work and progress on more complex and challenging economic sector priorities have, however, been relatively small and unimpressive.

Participants were unaware of any sizeable investment projects or decisions that could be attributed to council achievements. Some government advisors expressed frustration over what they felt were poor investment responses to the achievements of the councils. Some business leaders expressed concern over lack of more bold and comprehensive reforms.

Another outcome of the councils is that they have been a positive learning example for all concerned. Governments and the private sector feel they have gained valuable experience in working together for policy and legislative action on important economic and private sector development issues. Overall, most government and private sector participants found value in the councils and wanted to continue them and improve them by widening their focus into priority sub-sector growth strategies.

The Way Forward – Guiding principles

Councils fill a gap as governments and business groups both lack capacity

The option of a purely advisory council was evaluated and is not recommended. Such a council would advise the president on broad concepts and leave the government to refine the details of its policies, close to the South African model of seeking advice from foreign investors. The capacity and maturity of the private sector and government in the countries in the study, however, suggest that a more action-oriented approach is more appropriate in furthering private sector development reforms. Involvement of the councils compensates for fundamental weaknesses in government understanding of private sector issues and in policy-drafting apparatus, and a relative lack of capacity in private sector think tanks and advocacy associations. That the councils have had significant impacts and are looking to improve their capacity and effectiveness underscores how they are filling a gap. .

The way forward is to strengthen the councils by increasing links between the working groups and donors, government and private policy think tanks. Such support of the councils is likely to yield strong economic returns. Concurrently, public sector reforms to improve performance and attract more talented personnel are recommended, along with capacity building in private sector research and policy analysis. A key area of development for administrations is one which is (not perfectly but nonetheless) attempted by some of the councils in term of measurement of regulatory impact. Techniques such as Regulatory Impact Assessments are good practices that once piloted through the councils, should be incorporated into the work program of Ministries.

Council

Monitoring mechanism should keep goals and membership under review

Each of the councils need to develop a statement of mission and objectives agreed by the members. Council membership, working groups and secretarial organization and resources should be aligned with this mission and objectives and regularly reviewed to reflect any change in priorities. Participants emphasized the importance of a clear and achievable action plan with reliable follow-up and monitoring mechanisms, and the council in Senegal received strong evaluations in this regard. A small steering group, with an equal number of public and private sector council participants and a World Bank executive, can be helpful.

Council composition needs to be reviewed at least once every two years. Country presidents should set up a mechanism to review the list of companies and individuals and revise it to reflect not only future council priorities but the contributions the members have made. Members should be chosen on the basis of the commitment and competence of individual CEOs, together with a strong regard for corporate social responsibility and interest in Africa. The global size of a company and the strength of the sector in which it operates are insufficient to merit representation.

Membership also needs to be reviewed in many countries to ensure the appropriate mix of domestic and foreign representation, as well as representation from different sectors. A balance between resident and non-resident, and national and non-national members should be targeted. Participants across the countries strongly agreed that non-resident and non-invested members should be included to obtain outside advice, as was done during the development of Mali's privatization strategy for the utilities sector. It is critically important however that more local "champions" with the ability to lead or assist the working groups should be sought for appointment to the councils.

The scope – and existence – of the councils should also be regularly questioned

The role and the future of the council should also be reviewed every two years. Sometimes public-private dialogue mechanisms have a limited shelf-life, and after initial high-profile accomplishments there comes a sense that they have run their natural course. In such cases it makes little sense to persist with the council for its own sake if more effective alternative means of furthering reform exist, and it may be best determined to disband the council and continue private-public dialogue through other credible local mechanisms. It must be remembered that councils are a means to an end, not an end in themselves.

In other countries, the councils may persist for longer and attempt to expand into considering growth strategies and policies. However, any such expansion of the role of the councils should be carefully evaluated in terms of their capacity and any risk of potential duplication with existing government policy apparatus. Based on the trials and strains of the councils to date, it will probably not be easy for a presidential council composed of busy senior executives to fulfill and sustain such a role. It is therefore recommended that any such role expansion be specific, clearly-defined and limited, and supported with any necessary improvements to the council and increased donor resources.

Diffusion of knowledge and good practices from the councils should also be integrated into regulatory improvement exercises to be undertaken by the respective governments. Councils are not forever indispensable: they fill a (hopefully temporary) gap in the current capacity of the political and administrative apparatus. Indeed several functions of the councils are meant to be integral parts of the administration, such as production of policy notes, reform prioritization, assessment of regulatory impacts of existing or new regulations, monitoring and evaluation of reform outcomes.

Working Groups

Successful working groups have committed "champions" and local members

Working groups are most effective when they are chaired by a resident, that is a local member of the private sector—ideally one who is highly regarded by their peers and is able to act as a champion of the council process. When working group chairs are not committed, they should be replaced. Further, appointment of alternative chairs for working groups may enable meetings to take place more regularly and the pace of progress to be maintained. Working group members should be chosen from the best of the resident private sector. Working groups succeed most where they focus on concrete issues, are led by committed private sector champions, are persistent, and are able to obtain relevant ministry assistance and goodwill.

All the countries have a mix of working groups which focus on topics related to the business climate (such as land reforms, labor reforms and administrative barriers) and/or on selected strategic sectors (such as agriculture, agri-business, infrastructure or ICT). It has proved an effective strategy to pursue initially clear and achievable 'quick win' areas for reform and change. Later, having established mutually respected private-public teamwork, the working groups can face more complex and challenging areas, such as sources of growth and competitiveness, with more confidence and credibility. The council in Senegal is a good example of this evolution: fter achieving a number of successful reforms in the past two to three years, it is now working on a broader challenge to develop a "Strategy for Accelerated Growth".

Local Private Sector Linkage

Transparency is key to winning the trust of fragmented local private sectors

Local private sector associations have been very important in diagnosing and rehearsing many investment climate issues that the councils took up in their agendas and action plans. However, participants agreed that local dialogue mechanisms do not come close to matching the impact and achievements of the councils. Local private sectors are fragmented and their associations generally suffer from membership apathy and resource problems. This key constituency remains a difficult one for the council and its working groups to adequately engage with.

It is therefore important that the council's participants, working groups and activities are not shrouded in secrecy. Both private and government participants need to become good ambassadors for the councils. The working groups must look at ways to have two-way consultations with the relevant local business associations.

The Action Plan Matrix approved by the council should be effectively communicated and easily accessible on the council's website.

Outreach to entrepreneurs must be combined with building stronger associations

There should be "suggestion box" channels and mechanisms for local entrepreneurs to suggest new reforms. Councils can also create survey instruments to identify shared problems and priorities among businesses. In particular, small businesses are potentially the best source of information on the honesty or corruption and competence or incompetence of government organizations and individuals. Surveys can play a vital role here in "naming and shaming" to add impetus to anti-corruption efforts and civil service reforms. Consulting the local private sector can also be helpful in suggesting structural reforms that remove incentives for corruption.

Care needs to be taken to not overestimate or over promise what a council can achieve. Cynicism from the private sector is likely to quickly emerge otherwise. Parallel and complementary mechanisms for dialogue and private sector development advocacy should be fostered by building the capacity of local private sector associations. Efforts in this direction from the World Bank and all the council participants will not only make the councils more effective by helping to engage the local private sector, they strengthen backup alternative mechanisms for continuing dialogue should the council mechanism outlives its usefulness.

Secretariat

Secretariats have a crucial organization role; locating them wisely builds credibility

Council secretariats should be anchored in an effective synergistic body that has clout, including close access to the president and credibility with key government ministries, and is respected by the private sector. The investment agencies that host the council secretariats in Senegal and Uganda seem to be the best models to follow as they provide private sector access and confidence, while knowing how to get things done in government. Anchoring the secretariat in a ministry or in the president's office is not recommended as it risks the council being perceived to be too close to government and too easily diverted by inevitable political considerations.

Secretariats are responsible for organizing council meetings, keeping them on track and assisting with the follow up. Secretariats provide essential support to the working groups not only with coordination and logistics, but also in writing terms of reference for experts and consultants and liaising with the government and donors. Secretariats must be staffed by experienced and dynamic professionals who have a combination of economic, business and management skills. Additional staffing is often needed at the council meetings, especially when there are breakout sessions for the working groups. Local consulting firms may be considered for any capacity building needs of the secretariats.

World Bank Role and Support

Technical support is valued; councils need integrating into Bank country activities

It is recommended that the World Bank continue to provide adequate operational support to the councils. In addition, it is suggested that the Bank participate more actively and directly in the working groups and do so consistently across all the countries. Increased guidance and technical advice can play an important role in aiding the quality and effectiveness of the councils, especially the working groups.

Investment Climate Assessments (ICAs) and other relevant World Bank surveys, such as Doing Business and the World Development Report, should be discussed and leveraged by the councils. The support of the council may be incorporated into ongoing or future Bank operational activities and considered among the country performance benchmarks.

Further assistance in the form of research, consultancy expertise, training of council secretariats, and funding should also be considered. The Country Assistance Strategy and relevant work programs should be transparently shared using electronic technology. Bank expertise can help to develop standard instruments to improve small business input to the council such as survey instruments, focus groups, mechanisms and formats for suggesting reforms. It can also help to transmit "lessons learned" and encourage the use of the internet to make the working of councils more transparent.

Country Specific Assessments and Recommendations

GHANA-GHANA INVESTORS' ADVISORY COUNCIL (GIAC)

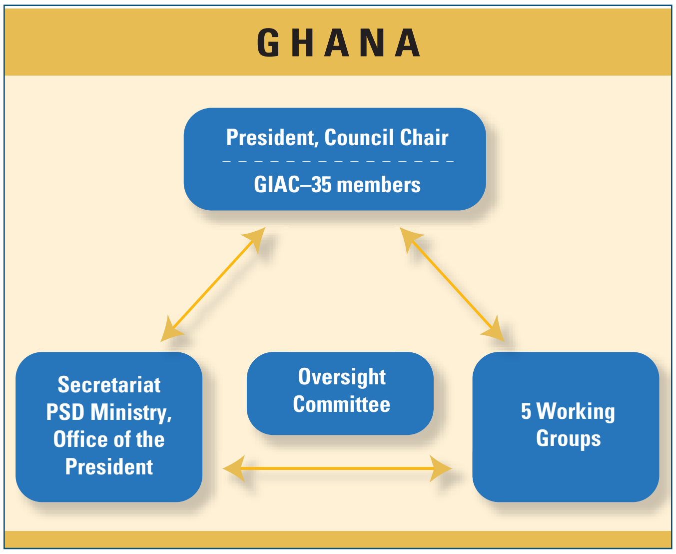
Assessment

After an unsteady start, participants now have a more favorable view

Initially, the members of the council did not have a shared purpose and expectations were misaligned. For example, some private sector members viewed the purpose as expressing and solving their own company's problems. However, as the council and its work have evolved, there is now a better common understanding of its purpose and scope.

Council members now see the GIAC as a timely initiative and an honest dialogue. Comments such as "GIAC is a think-tank that stimulates focus, prioritization and resource allocation for the reform agenda" are widely shared by participants. According to government participants, the council is a "highly respected forum." Ministers feel pressure, are motivated to perform and take a certain pride in reporting success.

There is also a consensus that the council's scope includes both large strategic ideas and issues and short-term operational reforms to support private sector development. The government expects to attract more FDI and capital from the Ghanaian diaspora after implementing reforms recommended by the Council.



Monitoring mechanisms exist but the secretariat could be more effective

President Kufour asked Council members to be "brutally frank" in the launch meeting. Among the ministers who attended as observers were those from the ministries of finance, trade & industry, agriculture, land, manpower and ports. During the first 18 months, the president sought to delegate certain council leadership responsibilities. When the council was established in May 2002, the Ghana Investment Agency was not fully operational to house the secretariat. The secretariat, established under the Ministry of Private Sector Development in the president's office, has an uneven record and has had a high turnover in staffing. The secretariat consists of one professional partially funded by the World Bank.

A Council Oversight Committee was appointed by the President in May 2003, consisting of a resident international investor, a minister, an advisor and the secretariat, to undertake a "reality check" on the council's Action Plan Matrix and conduct an audit of actions reported as implemented. The Oversight Committee and the secretariat do regular (6–8 weekly) follow-ups. The Oversight Committee does not report to or meet with the president in-between the council meetings.

Non-resident business representatives have failed to contribute fully

Council composition was amended after the initial launch to bring in more local African experience. The Private Enterprise Foundation is represented with one observer but there is no other form of SME representation on the council or in the working groups. The same holds true for the mid-size business sector where Lebanese and Indian entrepreneurs have a substantial presence – particularly in consumer imports and light manufacturing. The council's effectiveness depends on competence and commitment of the advisors; the right mix of companies (institutions) and individual leadership quality is required. Some non-residents are perceived to say and contribute very little. The non-residents also make it difficult to have effective working groups. The non-invested non-residents were thought to be least effective. The knowledge, growing contribution and championing of resident members has been critical to the success of the Council.

Working groups vary in effectiveness and desire more access to donors

Working groups were restructured in March 2003 to focus on five priority issues decided at the November 2002 Council. All working groups have champions who are resident private sector council members and are comprised of council members and a key government minister or civil servant. Private sector companies, associations and other government departments are invited for information and discussion as needed for specific topics.

The finance working group has been the most successful in terms of constructive and action-oriented cooperation between the private sector champions and government, largely due to the commitment, competencies and drive of both private sector and Ministry of Finance members. Other working groups are less effective and constrained by insufficient resident business champions and/or overworked, weakly resourced ministries, and irregular meetings. Now the finance working group is looking to develop a strategic plan for the financial sector. This issue of linkage to the ministry's main internal policy making structures would then need to be tackled.

The working groups report difficulties in accessing World Bank and donor private sector development programs – public sector reforms was one such area mentioned. Although the GIAC Secretariat has a seat on the donors' steering committee for private sector development strategy, there is a need, according to DFID, for a real three-way dialogue between government, private sector and donors.

Effectiveness constrained by lack of capacity among ministers, civil service

Other criticisms of the council include the perception that "many ministers are not aggressive enough, they talk but do not act." Reform of the civil service is seen as a key requirement for implementing council recommendations. The reform areas include performance incentives (especially pay), working environment, training and mindset. Some in the private sector felt better cash remuneration, including converting benefits in kind to cash, for the top hierarchy of the civil service was the only way forward. The change of government in 2001 also involved a substantial overhaul in senior government ministers and department heads – this can be positive in some sense, but it also means many are not sufficiently experienced.

To increase effectiveness, meetings design have been modified to last 1.5 days, with break-out sessions by working groups and a closed session by the president with the business leaders without government ministers and observers. Facilitators have been used to avoid domination by few vocal members, but many feel the facilitation creates a wall between the president and the council members and is not in any case effective. Over the last 15 months, greater personal attention by the president including full involvement in council meetings has been useful in dynamizing the Council and driving important policy reforms.

Council recommendations are routed to sector ministries for implementation. Draft Action Plans are developed by working groups and reviewed by the council. Council action plans and working group papers are currently made available to council participants only. Working groups review ministers' reports in advance of council meetings. Information from working groups are often collated through the government representative (Minister, Deputy, PS, Director), supplemented by the secretariat's access to the World Bank. Funding for research has included UNDP support for a regional banking hub. Participants recommend a stronger link between World Bank knowledge and working group work activities.

Achievements are building up but local businesspeople remain suspicious

There is general awareness of the council within the local private sector due to the press conference at the end of council meetings. However, non-council local companies see little communication of substance from the GIAC. Their perception of GIAC is often one of suspicion and some fear. The multinational companies on the GIAC are seen as enclaves by themselves with few linkages to local business - due, for example, to global sourcing and little quantity f local content—or to local society—mostly due to non-Ghanaian expatriate European or African management.

Directly or indirectly aided by council, it is believed that Hewlett Packard is conducting a feasibility study to use Ghana as a sourcing hub for Africa. Customs clearing average has been reduced from 1–2 weeks to 3–5 days. The Council has increased its effectiveness over the past 2.5 years and there has been "more value added from the first to the fifth meeting" according to the Head of Policy Coordination in the President's Office.

The participants rate the council as a success. A rating between 6–8 (out of 10) for actual performance meeting expectations and objectives was common. The private sector, both council and non-Council, said that smuggling and corruption had reduced but the levels remained significant and important problems. EPAC, the venture capital fund, was established 6 years ago, but most of the $20 million of funds has been invested in the past 2 years, in part due to the GIAC. The $29 million IPO of a merchant bank CAL was recently oversubscribed as investor confidence has grown.

Recommendations

- The challenge is to come up with ideas to accelerate growth through a mix of operational and strategic reforms. Also, the five priority issues need to be revisited to decide on specific sub-areas for focus.
- The effectiveness of the council and working groups in terms of strategic work and implementation can be increased with more targeted support to key ministries through re-organization, a better performance monitoring system, and new and more skilled manpower.
- Some feel the council's size needs to be reduced to make it more manageable.

Investors' Advisory Councils in Africa—Ghana (Since 05/2002)[1]

Areas of reform/action identified by the IAC [2]	Specific recommendations adopted by the IAC	Implementation of policy reform/action
Financial Sector	Make the central bank autonomous.	Law passed in Nov. 2003.
	Modernize sector through more transparency in banking, the set-up of a credit reference bureau, a venture capital fund, a long-term savings scheme, insurance schemes, and making Ghana a Regional Financial Center.	Revised Banking Law adopted in 2004. All other actions are at the stages of drafting of legislation or conceptual preparation.
Customs procedures and Civil Service	Simplify customs clearing procedures at the air and sea ports.	Major reduction in clearing time at airports achieved. Port reforms not yet completed.
	Revise Civil Service Law.	Committee set up. Code of Conduct revised in 2004.
Land (ownership, acquisition, and use)	Update land registry.	Five new offices opened.
Agriculture / Agribusiness	Develop a strategic plan for the Ministry of Agriculture.	Done. Implementation started in 2004.
Labor regulations	Revise labor law.	New law adopted in March 2004.

[1] This and subsequent Section 5 tables incorporate sources from L. Schmitz, IMF Nov. 30, 2004

[2] Next Council meeting: to be scheduled in 2005.

- Participants recommended increasing and strengthening the expertise available to the secretariat and the working groups, especially by donors.
- There should be consideration of adding some resident local members and resident representatives of non-resident council companies to the working groups, as well as regional resident companies.
- Composition needs to be revisited to increase resident business champions both in the council and working groups. The PEF needs to be consulted, especially in terms of SME issues.
- Regular PEF Company Surveys (annual and six months) on business environment may be leveraged by the council and its working groups For example, questions related to council proposals and actions could be added to the surveys.
- There is a need to reconfirm the usefulness of the oversight committee and detail its mandate and functioning.
- The anchoring of the secretariat may be reevaluated to consider alternative locations currently available outside of the ministry.

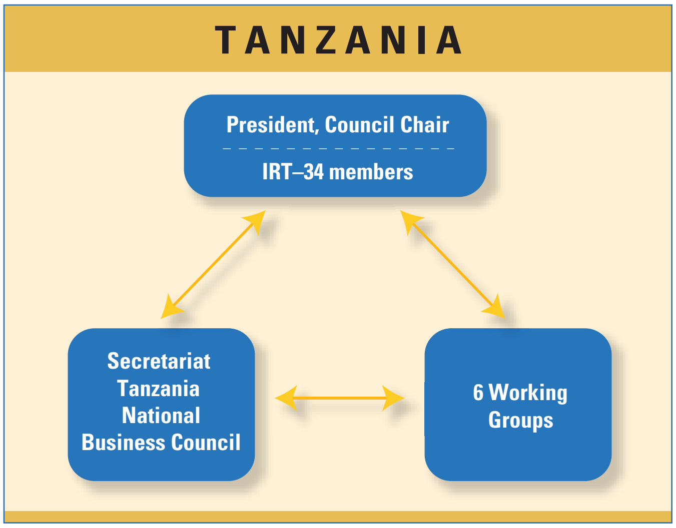
TANZANIA- INVESTORS' ROUND TABLE (IRT)

Assessment

Participants have positive expectations but progress is relatively slow

The government sees the IRT principally as a means to attract investment and accelerate economic growth. It expects council advice on policies and actions required to make target sectors more attractive and overall to improve Tanzania's image as an investment destination. The IRT is the most active dialogue mechanism under the institutionalized Tanzania National Business Council's umbrella for public-private dialogue.

The mission of the TNBC is "to promote a healthy and robust economy where the guiding hand of government, enlightened legislation and transparent governance enhances the development of private initiatives, encourages local and foreign investments and generally provides an enabling environment for economic growth." The president has had a solid commitment to the council. He has taken personal interest in understanding private sector issues.



The IRT has more than anything, served to fill a critical gap in government policy process. Participants see the council's scope to be promoting strategic ideas and concrete proposals for reform. After 2.5 years and completion of most of the first stage and several second stage private sector development reforms, the government hopes—and maybe expects—to see a large flow of private sector investments and projects. Meanwhile, the private sector continues to believe that there remain critical problems inhibiting investment. Many of these, such as infrastructure and human capital, have only long term solutions.

The change agents—some ministers, civil servants and advisors—see the council, and especially its Action Plan Matrix, as a tool to overcome bureaucratic inertia and inaction. At the same time, these same implementers often lack the dynamism, leadership and management skills to put implement the action plan effectively.

The council met four times in the past three years. Tanzania, before the Council, already had tackled and implemented most first-stage private sector reforms during the first term of President Mkapa's government (Nov 95 - Oct 2000). The issues discussed by the council reflect more complex second-stage private sector reforms and sector strategy development. Inevitably, progress takes longer. Another factor is Tanzania's traditional consensus approach.

Working groups suffer from lack of commitment and government over-representation

Also, most critically, the working groups have shown only slow progress for a number of reasons. The council composition is predominantly non-resident with 5 resident and 17 non-resident CEOs. The IRT is believed to have inadequate agriculture and agro-processing participation in terms of the private sector members as well as government representatives. There are now six working groups, reduced from eight. Many non-resident council members have had difficulties in giving adequate time and attention to council and working group activities. Many of the business leaders selected to serve on the council in 2001 had global responsibilities and relatively small business interests in Tanzania. Therefore, it is understandable that many would send substitute representatives. Indeed, many non-resident members themselves feel that it is impractical for them to be involved in the working groups due to time, distance and the scope of work that micro-analysis of local factors requires.

Few of the resident Council members have—or are likely to have, if their presence is increased in the Council—deep management organizations in their companies in Tanzania. The private sector CEOs spend most of their time and energy on day-to-day company matters and company-specific challenges. Many face pressures from head office and shareholders to deliver short-term results. They also lack in-house expertise and funds to procure research and consulting. Some council members are said to look primarily at their own narrow interest and not to wish to get involved on contributing to broader Council objectives.

There is a perception that government representation on the working groups is too extensive, reinforced with government officials chairing four out of six working groups. The Image and Tourism working group, chaired by a government official, was recently formed by amalgamating two previous working groups chaired by the private sector. Private sector input and ownership is weak, reinforced by the high non-resident council composition. The result is that many of the working groups are not dynamic and not functioning adequately.

Local dialogue links exist but domestic private sector perceives lack of transparency

The Council's Action Plan Matrix is an effective tool used for follow-up and monitoring of progress and implementation by the President's Office. However, the list may be too technically detailed to actually serve as an effective working tool.

The IRT secretariat is the Tanzania National Business Council (TNBC) that was set up at the same time as a formal public-private dialogue umbrella. The IRT Secretariat reports to the TNBC Execution Committee. There is a strong linkage between the IRT and local dialogue mechanisms. Key players from private sector associations and government provide input and ensure consistency. However, there is no direct visibility, knowledge-sharing or research resources provided by the donors (e.g. World Bank) in the working groups. The IMF's local office attends the finance working group.

The view of some local private sector businessmen who are not members of the council or the working groups is that the IRT is secretive and its composition and action list are not transparent. Participants expressed frustration over very slow implementation of the council's Action Plan Matrix. The key constraints identified were the knowledge, skills, management style and mindset of certain government representatives. In addition, the private sector had not been sufficiently productive and dynamic in the working groups so that adequate analysis and clear strategies were often missing.

IRT has some concrete achievements and has created public-private amicability

The main achievements of the council have been the acceleration of some difficult and complex reforms. These include amendments to the Land Act operationalized in October 2004 (participants however now await the regulations machinery, for land administration and enforcement—the true test will be evidence of a functioning and vibrant market in land). The finance working group has come up with private sector-oriented strategies for housing development finance. A new Labor Act was passed in 2004 that reflects a modern private-sector based market economy. A new Company Act was fast-tracked after several years of inertia in the drafting stage. A comprehensive reform of Act 25 of 1972 to overhaul and streamline business licensing has been prepared and is expected to be presented to Parliament in early 2005.

The IRT was also instrumental in persuading the government and the IMF to reconsider a comprehensive new Income Tax Act that had been fast-tracked to Parliament. The proposed act had ignored strong objections expressed by large sections of the private sector in a number of policy and practicality areas. The amended act is not viewed by both the private sector and the government as acceptable. The Council has created an amicable relationship between private sector and government, increasing mutual understanding and confidence and decreasing suspicious and confrontational attitudes. Despite its shortcomings, the IRT works better than purely local consultative councils as it addresses the power parity gap. And the IRT has evolved into a forum for mutual education, policy advocacy, joint ownership and buying into reforms.

Recommendations

- If the President's successor continues the council, a total expert review of the composition of the IRT needs to be conducted. The new composition should reflect at least half resident members, and individuals and companies in priority sectors (agriculture and agro-processing), companies from Africa (e.g. Kenya, Mauritius, etc.), as well as non-resident members who are committed to development of the country and Africa.
- The six working groups should be reviewed to reduce the number to four priority areas. The chairs of the working groups should be resident private sector council members and not government. There should also be alternate chairmen to ensure meetings are held regularly.
- A stronger presence, knowledge-sharing and research support by donors would be beneficial for the working groups. This involvement could be also used to better equip and train the secretariat.
- Each working group should have a strong critical mass of representation from the private sector (council members and other local private sector).
- The IRT secretariat could be housed within the Tanzania Investment Centre (TIC) which is a semi-autonomous body under the supervision of the Ministry of Economic Planning. The Secretariat can leverage resources of the TIC and the Ministry, which is upgrading its economic planning research and advisory capacity, and also benefit from access to the government machinery. As an investment agency, the TIC is

Investors' Advisory Councils in Africa—Tanzania (Since 07/2002)

Areas of reform/action identified by the IAC	Specific recommendations adopted by the IAC	Implementation of policy reform/action
Image and perception of Tanzania	Framework for branding strategy developed by working group; full-fledged strategy still pending.	Being conducted.
	Regional investment sensitization seminars.	
Human capital development	Establish a CEO Scholarship Program for civil servants' business education.	Pending.
Sector reforms: agribusiness, agriculture, manufacturing, tourism	Address rural infrastructure needs.	Pending.
	Improve the agricultural marketing environment.	Ongoing
	For manufacturing: steps concerning power supply, EPZs, and an SME development policy.	Being implemented as of 2003.
	New tourism strategy.	Being implemented as of late 2004
Information and communication technology (ICT)	Strategy for broadband internet access in Tanzania and phone/net services in rural areas.	Action plan being developed.
Financial sector	Establish long-term specialized financial institutions and credit guarantee schemes.	Under way.
	Facilitate land collateral for credit, and settlement of commercial disputes.	Revised Land Act operational as of 10/2004. Update of land registry. Additional court capacity.

best placed to support and fight for the council and the Secretariat, as in Senegal and Uganda – a complementary role to its main mandate. The TIC is already an active participant in assisting the council and the secretariat.

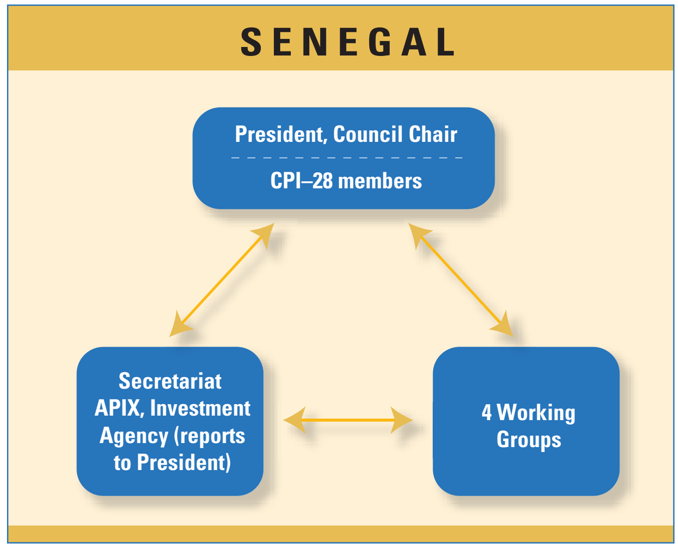
- The frustration over implementation may be a new area for the council to work upon. The council may be able to usefully advise on implementation process and organization and systems instead of just prescriptive policies.
- The council composition needs to be revised and augmented regularly to maintain a critical mass of members with commitment, quality experience and competence. A mechanism for this should be put into place.
- The meeting frequency should be increased to two per year to increase the pace of action. Council meetings should be formatted to adopt break-out groups, focusing on selected topics. Also, the president should pose two or three key questions at each council meeting for discussion and advice, linked to actual policy choices.
- Working groups need to be given technical assistance in terms of experts and studies where appropriate; agriculture may be the first priority.
- The readability of the Action Plan Matrix needs to be improved, with summary highlights, setting priorities, and specific and blunt reporting on progress.
- The multiplicity of dialogues with the President need to be rationalized. It is recommended that more of the CEO round table members should be incorporated into the IRT Council and working committee groups. For the purely local dialogue, the TNBC and LIRT Local IRT may be merged and meet with the President or Vice President or Prime Minister, also twice a year.

SENEGAL – PRESIDENTIAL INVESTORS' COUNCIL (CPI)

Assessment

Secretariat's location in APIX promotes credibility and dynamism

The CPI's purpose and scope is documented formally. This has helped the council to develop common understanding and expectations. The agreed scope is private sector development through both operational investment climate re-



forms and strategic economic policy projects. Government participants view the council as a vehicle for furthering its private sector development strategy and directly showcasing Senegal as a means to increasing FDI.

The council is composed of eight residents and 17 non-residents, including seven who are non-invested. Two main local private sector associations are represented on the council as observers, the heads of Conseil Nationale du Patronat (CNP) and the Confederation Nationales des Employeurs du Senegal. The latter has a large SME membership.

There has been a dynamic and business-like attitude in the activities of the Council and the working groups.The working groups are made up of resident council members, non-council private sector companies, senior government officials and APIX (the secretariat). In the finance working group, in addition, an independent expert is included. Non-resident council members in practice have little involvement with the working groups. Some resident council members felt that only a few non-resident members are committed to the council meetings, although some also believe that the non-resident Council members are not fully utilized.The working groups procure research and consulting services with APIX preparing the terms of reference as directed by the working group and securing the funding, often from the World Bank.

Senegal's investment promotion agency, APIX, acts as the Secretariat of the CPI. APIX is highly regarded by the private sector and respected by the civil service. APIX is perceived as committed, competent and respected entity that helps it to be an effective council secretariat. It is said to enjoy access to the president's office and the president has shown great commitment to the private sector and to the CPI.

Monitoring mechanisms are key and the local private sector feels involved

The council's Action Plan has a dedicated weekly follow-up by an inter-ministerial committee meeting chaired by the Secretary General (Chief Secretary) of the President's Office. The Council's detailed Action Plan, including responsibilities, and a genuine follow-up mechanism rather than one which exists in name only is seen as a key success factor.

Council meetings are held twice a year over a two-day period. The first day is given to the working groups, including non-council members, to report and establish a shared understanding. The second say is for the main council discussions. The non-council working group members appreciate the opportunity to get involved in and influence council work.

The working groups rely on work by resident council members and local private sector. There is generally little input and involvement by the non-resident council members in the working groups. All the four working groups have been quite active. The infrastructure working group has been mandated to develop a strategy to tackle Dakar's traffic—a domestic initiative without donor support. The key finance working group has not functioned well as there have been important areas of impasse between the ministry and the private sector participants. APIX is aware of and uses the "strategy for private sector" produced by the ministry of finance with input from the private sector.

The local private sector has strong links with the council due to the two main local private sector associations that are represented on the council, albeit as observers, as well as membership of and two-way consultations with the all resident working groups. Some local council members believe that the CPI serves as an effective structure for private sector advocacy that did not exist before. Working groups and the issue matrix are valuable ways for all the private sector associations to communicate, cooperate and participate. However, participants stated that there is little visibility and participation of donors in the activities of the council and working groups.

Disconnect with civil service remains problematic

A key obstacle for the CPI, highlighted by the private sector in particular, is the commitment and mindset of the civil service. Some key government ministers and officials are perceived as pro-private sector. However, the civil service does not totally accept that economic progress depends on the private sector and on the investment and activities of entrepreneurs. The private sector claims that there is a disconnect between the top people in the government and the implementers in the civil service.

Many large issues and reform proposals are frustrated by the civil service. They get stuck at the working group level and do not get to the council. Finance reforms are an example of this problem, as weak working relationships with the private sector are said to have led to a new tax code being adopted by the ministry without any prior consultation with the council's finance working group The second major obstacle noted was "endemic corruption," afflicting both the civil service and the judiciary. Some commented that the anti-corruption law proposed by the CPI was watered down before being passed.

Council members as well as leaders of key local business leaders believe that in addition to problems of a too heavy administration, there has been instability from a high turnover rate of ministers and senior civil servants. This has contributed to insufficient experience and continuity in the civil service. Often, appointments driven by political factors and personal goals do not coincide with experience, competence and effectiveness. Since 1999, each government has been free to appoint ministers as well as general secretaries and directors from outside the system.

Though not yet accompanied by more investment, business climate progress is being felt

Participants noted many positive outcomes of the CPI. Many previous policy recommendations related to private sector development had failed to be implemented, and the impact of the CPI has been to prioritize and concretize specific policy action. It is suggested that 70% of the laws passed by Parliament in the past 2 years have been driven by CPI efforts. CPI has been the single critical force behind changes in the regulatory environment. An anti-corruption law and the establishment of an independent commission under the president are mentioned, though many commented that the job is yet not complete and they await credible action and performance by the commission.

Participants commented that the CPI has provided the president and senior government ministers with valuable insights into the workings of the global economy and international business. Even in Senegal, where council-driven new laws have been extensive, participants were reluctant to attribute particular investments to the council. Reasons for this may include lags between policy changes and their impact on businesses. Another possibility is that the reforms have yet to impact on critical concerns such as corruption and high tax on legitimate business. In this view, a transition from high-tax/low-yield to low-tax/high-yield is critical, and requires an enlightened approach to tax policy and an effective tax administration.

The enactment of the Investment Code is another positive example of the impact of the council. The private sector was thoroughly consulted and the code enacted after years of non-implementation, although not all the private sector wanted was granted—some complained about local investors being disadvantaged on BOT.

Concern has been expressed by some participants that foreign companies involved in the council have neither announced any new investment plans nor explained what factors are inhibiting such investments.

Overall, each one of four working groups has been active and impactful; each has clearly been instrumental in advocating legal and regulatory changes that have been implemented.

Recommendations

- Council composition needs to be reviewed at least every 2 years. There should be a mechanism to review the list of companies and individuals and revise it to reflect actual contributions and future priorities. Members should be chosen on the basis of CEOs commitment and competency and company mindset.

Investors' Advisory Councils in Africa—Senegal (Since 11/2002)

Areas of reform/action identified by the IAC	Specific recommendations adopted by the IAC	Implementation of policy reform/action
Taxation	Simplification of business taxation.	Legislation for these recommendations adopted in late 2003/early 2004.
	Streamlining of the investment code.	
	Introduction of a single tax rate for SMEs.	
Administrative barriers for private sector activity	Commission against corruption.	Set up in 2004.
	Thirty measures to streamline procedures.	Meets regularly.
	New mining code.	Implemented in 2003-early 2004. November 2003.
Public infrastructure	Short-term plan to improve urban mobility in the Dakar region.	Implemented in the first half of 2004.
	Public/private infrastructure projects: legal framework.	Law adopted in February 2004.
	Recommendations for longer-term program for improving urban mobility.	
	Study commissioned for the creation of an Infrastructure Fund.	To start with the 2005 budget.
Labor laws (work schedule and piece rate remuneration)	Drafted and consulted social partners on eight new regulatory texts for the application of the labor laws.	Pending.

- After progress on improving the overall investment climate, now the challenge is more complex and CIP must decide on priorities and develop effective strategies for attracting investment and growing key sectors. Mining is mentioned as an example of a sector where a policy is in place; now tourism and other areas need to be targeted.
- Fundamental issues of corruption in the administration and in the judiciary and tax compliance could be areas of further focus of the CPI.
- A non-corrupt, pro-private sector and performance-based civil service is considered an essential complement to CPI work. Real and substantial impact on investment and growth would then be assured.
- Ways should be examined to improve and progress the finance working group, where important areas of impasse persist, by reviewing composition and including more high level independent expertise.
- Technical matters need to be cleared up at working group level and not taken to council.
- Council meetings need to become more strategic, focusing on a select number of topics and sectors or sub-sectors, for which relevant material and data is provided in advance; currently there is no advance memorandum prepared for the council meeting.
- There is a need for the different private sector groups involved in the council and working groups (local and foreign company and association leaders) to understand each others' problems and develop mutual trust and respect. Strengthening internal communication and networking between the different working groups is therefore recommended.
- As demands increase on the secretariat (APIX), there is a need to ensure it continues to have strong leadership, grows its capacity for excellence, is operationally independent and serves as an effective bridge between government and the private sector.
- Linkage to the World Bank, IMF and other substantive donors active on private sector development needs to be ensured. This would underpin the commitment by the government and international business as well as lead to more effective working group output.

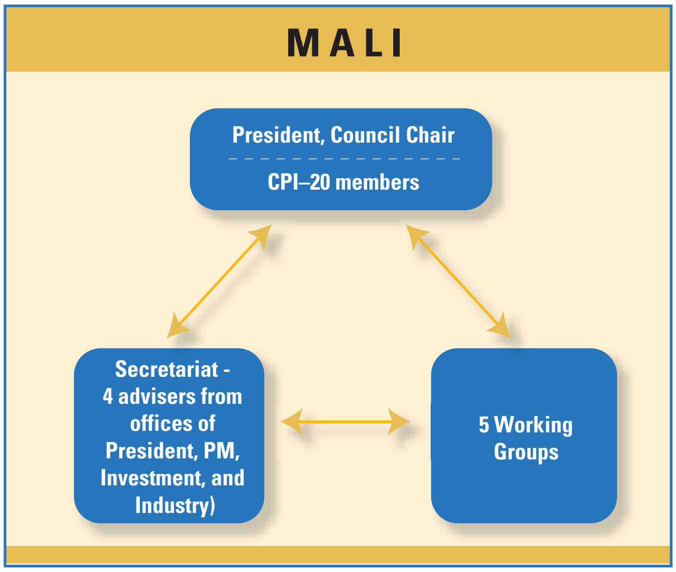
MALI – PRESIDENTIAL INVESTORS' COUNCIL (CPI)

Assessment

CPI has made a promising start but needs more capacity for research

There seems to be a common understanding amongst government on the purpose of the council. Participants view the council as an instrument for the president to improve private sector development. They expect the council, although consultative, to lead to clear priorities and solutions in terms of both strategic ideas and policy implementation. They also believed that the council was a way "to put Mali on the world map", as a showcase for promoting confidence and attracting more foreign investment, especially from some of the non-invested council members. An added benefit is expected to be networking between foreign and local business leaders.

The council consists of the president and 20 private sector members. Key ministers and advisers (the General Secretary in the President's Office and ministers of finance, investment promotion and SME, education, industry and commerce) attend as observers, as well as the World Bank and IMF. There are 13 non-resident (including seven non-invested) and five resident members. Representatives of the employers association and the chamber of commerce who are members of the council provide a link to the local private sector.



There are five working groups, with a mix of issue and sector focus: Good Governance, Access to Finance, Infrastructure and Education/Human Capital and Target Markets (Agribusiness). The working groups are headed by private sector council members and where they are non-resident, an alternative has been identified. The working groups also draw upon the non-council member local private sector. There is a risk that the working groups are dominated by government views, with for example four ministers in the education committee and some non-resident members. This concern, expressed by some council members, is partly mitigated by inclusion of local non-member private sector participants seconded by the groups. One donor suggested that the Ministry of Agriculture should be part of the CPI, given the importance of that sector in the country.

The interim secretariat consists of the chief economic advisors in the offices of the president, prime minister, ministries of investment promotion and industry and commerce. A permanent staff for the secretariat is in the process of being recruited, and they are said to have mainly private sector experience. It has not yet been determined if this secretariat will also support the president's existing forum to meet the local private sector. The effectiveness of the Secretariat depends on the individuals concerned. According to the interim secretariat, new dedicated staff for the permanent secretariat have been recruited who come from the private sector. The secretariat intends to launch a website to post the work of the council along with videoconferencing facilities to support participation by non-resident members in the working councils.

A detailed action plan, with responsibilities given to capable people and follow-through by the General Secretary in the President's Office, is considered effective and is expected to create the pressure needed for implementation by the civil service. Some non-resident participants recommended a need for more preparation and research ahead of council meetings.

In the first launch council meeting, the output of the local dialogue of the president with the private sector and the IFC's Investment Climate Assessment (ICA) was the basic material provided to the members. Mali's dependence on agriculture and how the country can increase value-addition was a major subject of discussion for the council. Members advised that good transport and energy were essential. The working groups are expected to draw on the knowledge and information of the private and public sectors. However, they lack research and analytical expertise, and funding for consulting work. This was expressed by both government and private sector members of the working councils.

Top ministers are committed, though private sector doubts government capacity

The president is personally committed to the CPI. All the key government ministers and advisors involved with the CPI exhibit very strong enthusiasm and commitment to the work of the council. Some ministers hoped that the council will reinforce some of their policy advice in a more compelling way, weakening resistance within the government and the administration and making implementation more likely. The ministry for investment promotion and SMEs feels it is more enabled by the council.

Some donors questioned the commitment of the private sector to the development goals of the country, citing the reluctance of the mostly private banks in the country to build capacity for lending to SMEs despite the potential for profit. Some members of the local private sector question the ability of pro-business ministers to affect change given the perceived fragmentation and instability of the political system coupled with problems of corruption. There has been a high turnover of senior ministers in recent years, and the capacity of ministers to appoint their own choices to head their departments adds to the lack of continuity and consequent limitations in policy-making capacity.

Government ministers believe that the chances of success for private sector reforms in the country, including the recommendations of the CPI, could be improved with appropriate reforms of the administration, assisted by donors such as the World Bank and USAID. That the administration is a critical success factor is echoed by the local private sector. They are concerned that the administration will continue to frustrate implementation of reforms, despite the President's commitment. They feel that the political structure of the country, with over 100 parties and frequent changes in the executive, leaves the administration with excessive bureaucratic power

Foreign involvement viewed positively, but donors desire more transparency

The majority foreign presence in the council was seen to be positive in terms of bringing global experience and frank criticism, opinions and advice. Local private sector members of the council, who include the heads of the employers association and the chamber of commerce, are cautious about the CPI, and take a 'wait and see' attitude. They already do not have a problem of access or open dialogue with the president and the government. The opportunity to network for business was also not considered to be important, although some sharing of experiences across countries and cross fertilization was expected.

Some local private sector non-council members felt the council lacks transparency. Feedback on the work of the council is, however, to be provided by the secretariat formally through the local private sector conference with the president. Some in the local private sector maintain that the major private sector development issues have been identified, are known and have been presented to the government for action. These, which they believe should also be on the CPI agenda, are tax administration (e.g. arbitrary tax assessments on a narrow base and abuse of power), corruption, and the capacity and attitude of civil service.

The local private sector thought that idea of a foreign investor dominated council is, however, a new experience worth trying. They expect there might be a more serious attempt by the government to implement recommendations so as to safeguard a positive image of the country with international business and with the World Bank. Donors, such as the USAID mission in Mali, felt that the CPI was a great idea but feel excluded from it. They learned about it mostly through the press and after its launch. They suggest more transparency on the objectives and structure of the council and its working groups and more sharing with the aid agencies. The general secretary in the president's office said that he intended to brief donors on the outcome of the council meeting and their participation in the council and support to the working groups could be helpful.

Examples of the first set of recommendations include granting visas at the airport instead of requiring these to be issued by Mali's embassies ahead of travel, and simplifying

Investors' Advisory Councils in Africa—Mali (Since 9/2004)

Areas of reform/action identified by the IAC	Specific recommendations adopted by the IAC	Implementation of policy reform/action
Identification of market opportunities	Cotton, maize, rice, livestock sectors: take stock of the status quo and formulate a development strategy for industrial processing in these sectors.	December 2004.
Good governance	Establish an anti-corruption agency and an investment promotion authority at the Presidency; declaration of assets of politicians and senior civil servants; make English instruction mandatory for basic education; offer information targeting investment also in English; suppress visa requirements for countries exporting capital and technology.	September 2005. No deadlines. December 2004.
Access to Finance	Study (i) the structure of the financial sector and its flows; (ii) the problems of SME funding; and (iii) capital flight, lack of risk capital, and the inability to attract expatriate resources.	No deadlines.
Human capital development	Assess the current systems of basic and professional education with respect to the skills required in the "modern economy" and an efficient public service. Encourage experimental farming.	Late 2004.
Infrastructure	Formulate a infrastructure strategies for priority sectors: agro-industry, cotton, gold, and tourism.	November 2004.

the process for company registration. With the very public launch of the CPI in September 2004, with extensive press and TV coverage, some members of the government and the private sector expressed concern over the inevitability of disappointment of the public as council results cannot match the simplistic expectations of quick and substantial change and investment growth in the country.

Recommendations

- Council size should be reviewed to increase the number of committed and competent resident business executives, including resident non-nationals, who can lead the working groups. This will address the concern of the local private sector about the preponderance of non-invested and non-resident members in the council, who they think cannot know the problems of Mali and will not be able to come up with relevant ideas and solutions. They believe that there should be a majority of members who are either invested or have plans to invest in the country.
- There is need to educate the private sector on the drivers of economic development and the need for a common vision and a better alignment of roles and responsibilities.
- Some observers, including donors, expressed the view that the president was heading too many forums; examples include various sector task forces and the local private sector dialogue conference.
- More needs to be done to inform and involve other donors such as the EU in the CPI. To implement the council's action plans, technical assistance and funding from other donors should be sought. Linking the EU's interest in roads and the council's Infrastructure working group was mentioned as an example.
- Action plans for reforms should not be vague or theoretical, but precise, concrete and practical, with timing and responsibilities.
- There should be follow-up and monitoring of progress with a clear an simple evaluation system put in place, and reporting of such progress to the President between meetings.
- The World Bank should integrate or reflect the council's action plans into its private sector development benchmarks for the country to ensure implementation.

UGANDA – PRESIDENTIAL INVESTORS' ROUND TABLE (PIRT)

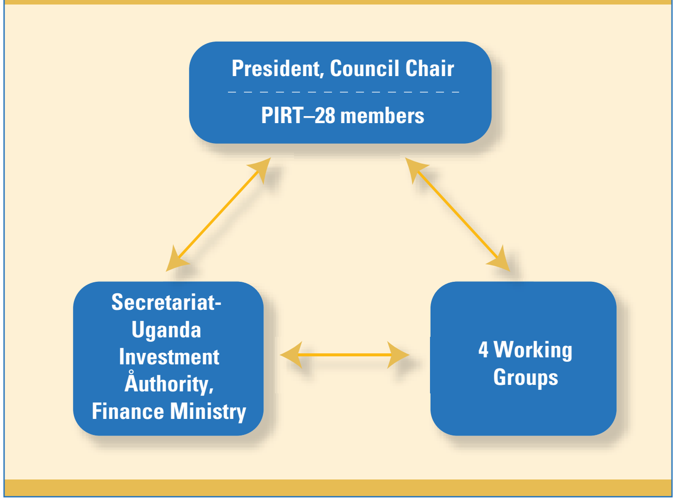
Assessment

Well-considered working groups and strong secretariat leave PIRT well-positioned

The president expects the PIRT to lead to new sizeable investment projects, especially from one or more of the members. The private sector participants expect the Council to lead faster and bolder reforms and better governance. As one participant put it, "we are attracting the president's attention because the system does not work." The purpose of PIRT is to work on second stage of private sector development as basic private sector development reforms have been largely implemented. There are few "low hanging fruit" reforms remaining to be pursued, so the Council's scope is now strategic.

Council composition includes local resident business leaders, non-resident CEOs from priority sectors, and donor observers including the World Bank, IMF and Uganda Investment Authority. There are four working groups, well targeted to the country's strategic sector priorities. Each working group has a chair and vice-chair who are also resident council members. The working group chairmen are committed private sector leaders with good understanding of the priority sector and government machinery. The private sector participants have good business experience and competence in their area, but there are few who can provide

UGANDA



broader economic development strategic planning advice. The composition of the working groups is perceived to be well thought out: they include a relevant senior government person, local private sector and sub-sector representatives. Only residents are in the working groups, although some local counterparts of council members, such as Unilax, are included.

The secretariat, based in the Uganda Investment Agency (UIA), is considered by participants to be well-placed to support the council. It is an autonomous agency, with a public-private board, under the Ministry of Finance. The president is very committed to private sector development and to the council. His objective with the council is to find new ways to increase value-addition in Uganda and attract more FDI. He is looking for sophisticated high level strategic advice from the council members. The first council meeting, over one day, focused on discussing two or three key questions raised by the president including the feasibility of removing obstacles on value-addition. The meeting format also used break-out group sessions.

Private sector research and public sector mindset are key constraints

The working group challenges, as perceived by the participants, include developing solid assessments and strategies on key (sub)-sectors and coming up with clear actionable recommendations. There has been discussion on some donors joining the working groups, for example USAID in the agriculture working group and Japan in infrastructure. The local private sector lacks analytical research capabilities in their organizations and also there are no strong private sector think-tanks they can access locally.

While some ministers and senior civil servants exhibit a high level of commitment and competence, there is a great need to develop a better understanding and knowledge of the private sector and transform the government's mindset into one of a dynamic promoter and facilitator of enterprise and growth.

The key concern by participants is over the quality of implementation of council decisions by ministers and civil servants. Public sector management, including local government, is considered weak. In addition, poor governance and corruption remain major factors adversely affecting proper execution of laws, regulations and policies. The first council meeting and the formation of the working groups took place recently. One large international investor member has offered to evaluate the feasibility for value-addition in the coffee sector, using his company's experts, following the discussion on this initiated by the president at the council meeting.

Investors' Advisory Councils in Africa—Uganda (Since 09/2004)[1]

Areas of reform/action identified by the IAC [3]	Specific recommendations adopted by the IAC	Implementation of policy reform/action
Agribusiness	Develop sector strategies for supply chain info.	
Information Communication Technology (ICT) and Education	General proposals: ICT education from primary level, technology parks, more reliable power supply through solar energy, foster outsourcing services, adopt an ICT policy.	
Infrastructure	Actions proposed concerning power and water supply, air, rail, road, and water transport; partly involving private sector investment, concession and toll arrangements.	Envisaged for 2005–2009.
Regulatory environment	Establish a national data center (on companies/individuals).	End-2005.
	Strengthen the Revenue Authority, land and company registries.	Within 12 months.
	Update commercial law.	Within 12 months.

[3] Next Council meeting: 3/05.

Recommendations

- Review council composition to add high-level strategic business economic advisors and some regional investors to better align competence to the priorities established for the council.
- Maintain strong resident private sector on working groups.
- Work on linking mechanism between working group resident members and non-resident council members.
- The council may wish to target the organization and management of the civil service for fundamental changes.
- Communication and linkage to the local private sector may be ensured by closer working between the UIA and PSF.

Other Local Dialogue Mechanisms – notes by country

In all the five countries, the local private sector dialogues with the government in some organized fashion. Key private sector associations such as the apex private sector foundation, the industries association and the chambers of commerce generally have access to key ministers and the president. While many countries have seen progress in the advocacy capacity of these associations, often supported by donors, these associations suffer from fragmentation, membership apathy and resource problems. The process often lacks good data and analysis and a systematic follow-up. The result is that most local dialogue mechanisms often focus on short term complaints and advocacy for tax reduction. Moreover, where there is a lack of sufficient political commitment and pressure—in contrast to the investor councils—it exacerbates the limited effectiveness of such dialogues. Generally, the impact on policy from local dialogues tends to be uneven and limited. It is therefore crucial for all the councils to better link to and integrate with such advocacy stakeholders.

In Ghana

- The council of the Private Enterprise Foundation (PEF), the apex private sector body, meets with the Minister for the Private Sector every two months.
- PEF meets the president twice a year for a couple of hours. This 30-person meeting includes PEF sub-association member representatives and key government ministers. The format is usually a reading and conveying of a litany of complaints.
- PEF focuses its activities on SME concerns. These, according to PEF, are primarily credit access and cost and management skills and depth.
- The Ghana Industries Association, with many large international investors, and the Ghana Chamber of Commerce, with many SMEs, are key private sector associations.
- PEF is attempting to build its capacity to provide research and consulting services on private sector development, especially SMEs.

In Tanzania

- After several false starts over many years, a formal public-private dialogue mechanism, the Tanzania National Business Council (TNBC), was launched in September 2001. The president chairs this meeting with about 25 private sector representatives selected by key private sector associations. It has met twice in the past three years. In addition, the CEO RoundTable, an informal grouping of about 20 leading company CEOs in the country, has held annual meetings with the president since April 2001.
- At the inception of the IRT in July 2002, a parallel Local Investors RoundTable (LIRT) was set up to allow a broader local group of businessmen to meet with the president.
- The TNBC and LIRT meetings have not had significant impact. These dialogues are said to suffer from inadequate preparation, structure and composition.
- The private sector has been part of the Ministry of Finance's Tax Reform Task Force and meets over two months every year before the national budget. Private sector associations also meet regularly with government ministers. For example, the Confederation of Tanzania Industries, with a membership of about 250,

large, medium and small mainly manufacturing enterprises, meets quarterly with the Minister of Industry and Trade.

In Senegal

- The private sector meets with the Prime Minister annually in a 50-person meeting.
- There is no effective local dialogue mechanism between the government and the local private sector. According to some local businessmen, part of the problem can be attributed to lack of sufficient political will and posturing or excuses by certain ministers and senior civil servants.

In Mali

- The local private sector meets with president in an annual conference forum. This was supposed to be biannual, but has become annual. It is organized by the president's office. The forum is all-inclusive of the private sector and has over 300 attendees. The standing committee made up of private sector and government representatives, headed by a moderator, and the ministry of investment promotion tries to follow through on the conference discussions. The main scope of these meetings tends to be individual concerns rather than well-supported policy advocacy. The eventual achievements of these meetings are considered by many to be rather limited.
- There are sector-focused dialogue meetings between the ministries and the private sector, including SMEs.
- The CPI is seen as complementary to existing local mechanisms of policy dialogue. None of the stakeholders view the CPI as competitive or counterproductive to other dialogue mechanisms.
- The West African Enterprise Network has individual private sector members from 16 Ecowas countries and is seen by some as an important way for the private sector to develop regional contacts and share experiences. At least two current ministers in Mali have been members of this network.

In Uganda

- There are no structured regular meetings between the private sector and the president. The Economic Council, which includes the institutional heads of the private sector food chamber of commerce, is not viewed as effective enough, despite the fact that the president and key ministers are highly accessible and open to views and blunt criticism.
- A previous national dialogue mechanism (1994–97) was not sustained due to cessation of donor funding.
- A range of initiatives, from those ran by the Private Sector Foundation on private sector development to other such as the women entrepreneurship empowerment ran by diverse gender-conscious networks do exist in the county, and the council would enefit to integrate their findings more closely.
- However, some observers perceive the local private sector associations as lacking enough depth and diversity to engage in effective private-public strategic private sector development dialogue with high-level government officials.

Annexes

Annex 1: Background on Council Establishment

Original purpose of the Councils

The Councils were set up by the country presidents on the advice of the president of the World Bank and the MD of the International Monetary Fund. They were conceptualized as high-level advisory councils to the country presidents. The councils were to be composed of "corporate champions" in the form of experienced and successful international business leaders. The key aim of the councils was to enable each president, through dialogue, consultation and advice, to improve the country's investment climate, attract investment and further private sector development.

According to the IMF (Africa IAC Status Report - L. Schmitz, April 2003), "the councils are meant to identify obstacles to investment and focus on a limited number of issues, to generate concrete recommendations for action and/or further analysis. It is hoped that the councils will reinforce implementation of ongoing policy reforms, by providing feedback and an international investors' perspective on a country's efforts to become a sought-after location for investment."

Concept of the Councils

The concepts underlying the setting up of the first three Councils in Ghana, Tanzania and Senegal in 2002, and more recently in Mali and Uganda in 2004, were as follows[4]:

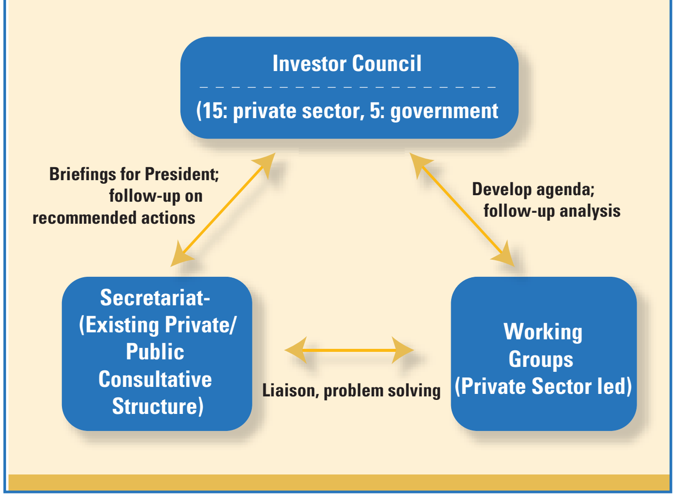
- Be a direct channel of dialogue between investors and a country's political leaders, at the highest possible level on both sides;
- Proactively seek to identify obstacles to investment and propose solutions that benefit investors collectively through a working group structure;
- Have a fairly limited remit to ensure tangible policy reforms;
- Be relatively small, with not more than 15 private sector members and 5 government representatives and potentially an IFI representative for effective dialogue;
- Comprise both local and foreign chief executives, current and future investors, and with small and large industry interests represented (the breakdown for the 15 was to be one-third local, one-third foreign invested, and one-third foreign non-invested);
- Build on existing local institutional structures and capacities;
- Pilot cases to have useful models for different investment climates and if successful to develop other country councils and potentially regional councils.

Funding for the councils was to be essentially on the basis of each side paying its own costs, with no fees or allowances, and contributions to overhead costs through a small secretariat. The World Bank was to assist with the costs of council meetings and secretariat staff. Technical support to the working groups, using internal World Bank resources, as well as funding of appropriate research and consulting, was to be on a case-by-case basis.

The concept for the model council was represented as:

Source: Melissa Bennett, Investor Councils in Africa: Scoping Study Results, August 30, 2001, Business Partnership & Outreach Group, World Bank).

INVESTOR COUNCIL STRUCTURE



It was envisaged that the World Bank would establish linkages between the council's work and its existing private sector development and investment climate programs. In addition, it was envisaged that the work of the councils should be used as input into the World Bank's and IMF's main mode of engagement in the countries, namely the CAS and the PRSP.

Political and Economic Context

All the five countries achieved independence 42–47 years ago from the British and French, and this past is reflected in terms of international trade, business and education links, laws and regulations, and civil service administrative structures.

Except for Senegal, all the countries have a very low income per capita, ranging from $250 for Uganda to $320 for Ghana. Senegal, with a per capita of $550, has the smallest agriculture sector at 16.8%. It ranges from 32% to 45% for the others.

All the countries have been implementing World bank and IMF assisted structural adjustment programs and have achieved HIPC completion point status.

GDP growth has averaged 5% per annum in the last ten years, significantly faster than the rest of sub-Sahara Africa. However, all the countries are targeting an acceleration in this pace of growth, feel it is possible, and recognize that more needs to be done by the government to encourage and sustain private sector development. Most critically, all these countries have presidents who show powerful commitment and drive for reforms and change.

The priorities vary by country, but all face the challenges of governance and corruption, civil service performance, strategic sector development, education and infrastructure, FDI attraction, and operational barriers.

	Ghana	Tanzania	Senegal	Mali	Uganda
Independence	1957	1961	1960	1960	1962
Population (mio)	20.4	36.0	10.0	11.7	25.5
GDP ($ bn)	$7.7	$10.1	$6.5	$4.3	$6.3
GNI per capita	$320	$290	$550	$290	$250
Growth (%) (1993–2003)	4.3%	4.5%	4.9%	5.8%	6.7%
Total Debt Service/Exports	23.1%	5.2%	9.9%	7.3%	1.1%
Agriculture (% GDP)	35.2%	45.0%	16.8%	38.4%	32.4%
Industry (% GDP)	24.8%	16.4%	21.2%	26.1%	21.2%
Doing Business in 2004 *Starting Business*					
No. of Procedures	10	13	9	13	17
Time (days)	84	35	58	61	36
Enforcing a Contract					
No. of Procedures	21	14	30	27	16
Time (days)	90	127	335	150	99
HIPC Completion Point	Jul–04	Dec–01	Apr–04	Mar–03	May–00
President - Name	John Kufour	Benjamin Mkapa	Abdoulaye Wade	Amadou Toumani Toure	Y.K. Museveni
President - Elected	Jan–01	Nov–95	—	—	Mar–96
President - Elected recent	Jan–05	Nov–00	Apr–00	May–02	Mar–01
Next Election	Dec–08	Oct–05	Feb–05	May–07	Mar–06
CAS (World Bank)	2004–2007	2000–2003	2003–2005	2004–2006	2001–2004
Country's Strategy Paper	GPRS	PRSP	PRSP	PRSP	PRSP
WB & IMF Approved PRSP	No	Yes	Yes	Yes	Yes

Note: All figures are for 2003 unless stated otherwise.

Source: www.worldbank.org and www.cia.org

Annex II: References

Related Research & Assessments

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- Assessment by Observers & Participants: Tanzania IRT, World Bank summary, July 2002.
- Investor Council Internal Review, World Bank, Melissa Bennett, June 2004.

Annex III: Meetings conducted in the context of this study

Africa

Name	Institution	Residence
Charles van der Straten	PIA Secretariat	Brussels
Jane Goodyear	PIA Secretariat	Brussels
Tony Hadley	La Farge	Paris
Dr. Lelde Schmitz	IMF	Washington, D.C.

Ghana

Name	Institution	Residence
Mats Karlsson	WB	Accra
Pape Thiam	WB	US
Seth Amofa	GIAC	Accra
Hon. Kwamena Bartels	Ministry PSD, President's Office	Accra
S.S. Saaka	Ministry, PSD	Accra
Ebenezer Essoka	Standard Chartered Bank	Accra
Ishmael Yamson	Unilever	Accra
Dr. Sam Jonah	Anglogold Ashanti	Johannesburg
Prof Kwaku Appiah-Adu	Office of the President	Accra
Dr. O. Boey-Ocansey	Private Enterprise Foundation	Accra
Moses Henry Agyemang	Private Enterprise Foundation	Accra
Saied Fakhry	Interplas	Accra
Catherine Martin	DFIF	Accra
Hon. Angela Lamensdorf Ofori-Atta	Manpower Ministry	Accra
Sam Poku	West Africa Business Association	Accra
S.S. Saaka	Ministry, PSD	Accra

Tanzania

Name	Institution	Residence
Dr. Kimaro	President's Office	Dar-es-Salaam
Emmanuel Ole Naiko	Tanzania Investment Centre (TIC)	Dar-es-Salaam
Ali I. Abdu	IMF	Dar-es-Salaam
Dan Mrutu	IRT, TNBC	Dar-es-Salaam
Ali Mufuruki	Infotech	Dar-es-Salaam
Jeyesh Shah	Sumaria Group, CTI	Dar-es-Salaam
Arnold Kilewo	SAB-Miller, TNBC & Saami Holdings Ltd.	Dar-es-Salaam
Raman Dhawan also Uganda & Ghana)	Tata	South Africa/India (Tata
Kobus Lindque	Monsanto	South Africa (also Mali)
Bjom Neumann	Monsanto	South Africa (also Mali)
Ron Schipper	KLM	South Africa
Reginald Menghi	IPS Group	Dar-es-Salaam
Michael S. Owen	US Embassy	Dar-es-Salaam
Dr. Andrew Pocock	British High Commission	Dar-es-Salaam
Ami Mpungwe	Tanzanite One Group	Dar-es-Salaam
Rupin Rajani	Rajani Industries	Dar-es-Salaam
Dr. Daudi T.S. Ballali	Bank of Tanzania	Dar-es-Salaam

Senegal

Name	Institution	Residence
Iradj Alikhani	World Bank	US
Aliou Faye	Centre d'Etudes de Politiques pour le Developpement (CEPOD)	Dakar
Moustaphe Cisse	Apix, CPI	Dakar
Abdoul Mbaye	Banque Senegalo-Tunisienne	Dakar
Papa Nalle Fall	Conseil Natinal do Patronat (CNP)	Dakar
Baidy Agne	CNP	Dakar
Bara Tall	Jean Lefebvre	Dakar
Mor Talla Kane	Conféderation Nationales des Employeurs du Senegal	Dakar
Abd El Kader Ndiaye	Syndicat Nationale du Bâtiment des Traveaux Publics	Dakar
Michel Theron	Compagnie Textile de L'Ouest Africain & (CNP)	Dakar

Mali Council

Name	Institution	Residence
David Craig	WB	US/Bamako
Francois Nankobogo	WB	US/Bamako
Madani Touré	PM's Office	Bamako
Dianme Youssouf Thiam	WB	Bamako
SEM Modibo Sidibé	President's Office	Bamako
SEM Choguel Maiga	Industry & Commerce Ministry	Bamako
SEM Ousmane Thiam	Investment Promotion & SME Ministry	Bamako
Florian Raffatin	AFD (Agence Francaise de Developpement	Bamako
Pamela White	USAID	Bamako
Warren S. Chase	USAID	Bamako
Sidibe	Somapil Manuf.	Bamako
Djib ril Tabouré	Fitina-SA	Bamako
Alain Jabot	CFAO	Paris (CFA) also in Senegal & Ghana Councils)

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Ratan Dhawan	Tata	South Africa/India
Ron Shipper	KLM	South Africa