INSTITUTIONAL REFORM OF TELECOMMUNICATIONS
IN SENEGAL, MALI AND GHANA:
THE INTERPLAY OF STRUCTURAL ADJUSTMENT
AND INTERNATIONAL POLICY DIFFUSION

DISSERTATION

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To the loving memory of Raguiéta Sarata Ly,
my mother who left me inconsolably, exactly 10 years ago.

I still hear clear and loud the unique musicality of your beautiful laughter
which you said was especially designed for me, and for me only.

My love relationship with you is more intense today than ever
as my heart still bleeds and mourns your physical absence.

I love you.
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CHAPTER I
INTRODUCTION

Presentation of the Study

More and more scholars of telecommunication studies are exploring theoretical developments in fields or issue-areas such as the political economy of international relations and organizations, theories of knowledge and of the policy process, theories of the "agency-structure problem," theories of power and of the state, theories of international policy diffusion and coordination, etc. These major theoretical developments are rooted in fields (or disciplines) such as sociology (Giddens), political economy (Robert Cox), political sciences and international relations (Ernst Haas, Peter Haas, G. John Ikenberry) and philosophy (Foucault). Their relevance to the elucidation of major issues of telecommunication and technological innovations is not questionable as this study will, in part, attempt to establish.

The felt need to build a base to their field of study has engaged telecommunication scholars1 in the production of more theoretical essays, dissertations2 and books for, as

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1 It seems appropriate to distinguish between the two major waves of telecommunications scholars. The "pre-reform" wave is composed by the pioneers of telecommunications studies whose merit was to contribute to the autonomy of the new field from mass-communications studies. E. Parker, H. Hudson, B. Wellenius, J. Saunders, N. Jequier, W. Melody, A. Hardy, R. Katz, among others, can be cited among these pioneers. Their focus has mostly been on the role of telecommunications in economic development, telecommunications infrastructure development, ratio of telecommunications investment and GDP, rural telecommunications, and telecommunications policy research. For a useful and critical account of this pioneering effort focused on Parker and Hudson, see Peter Shields, "Telecommunication and Development: Continuities and Discontinuities with the Mass-Communication Research Tradition" Master's thesis, Ohio State University, 1989. The second wave of telecommunication scholars (called here "contemporary scholars" for the purpose of differentiating them from the pioneers), accompanied the dramatic change in
Snow put it: "Much of this [telecommunication] literature . . . is descriptive, anecdotal, journalistic, or otherwise lacking in a fundamental conceptual and explanatory base."³

This study of telecommunication institutional reform in countries of low telephone density, although it may have a merit of its own, is intended to support a broader theoretical interest in international policy diffusion and coordination. Referring to international policy in the study of the "epistemic communities" theory⁴, I will use both concepts of diffusion and coordination. I share with Peter Haas the emphasis on both aspects. In my view, diffusion alone not only is a historically loaded concept, associated with the name of Everett Rogers, but it may imply a passive dynamics of the two polarsof the paradigm: the sending end and the receiving end. Coordination, on the contrary stresses the active relationship of exchange, negotiation, give and take without ignoring the primary concern

scholars" for the purpose of differentiating them from the pioneers), accompanied the dramatic change in the telecommunication sector and its institutional reorganization. A first group among them has mainly concerned itself with the unfolding reform and the new challenges of privatization, competition and deregulation: Noam (1987, 1992, 1994), Horwitz (1989, 1992), Melody (1987, 1993a, 1993b), Akwule (1991, 1992, 1993), Sussman and Lent (1991), and some World Bank telecommunications experts among whom Bjorn Wellenius (1989, 1993) is the most prominent, etc. A second group, although interested in the rapid and dramatic changes in the sector, is most noticeable for its efforts to contribute to the building of explanatory and theoretical base for the current development and transformation in the telecommunication industry and systems. Samarajiva and Shields (1990, 1992, 1993), Vincent Mosco (1988) have been committed to this task, especially with their important effort to "import" different theories of the state and major theorists such as Foucault, Gramsci, Giddens and Cox in the study of various issues of telecommunication policy. It must be noted that this "periodization" of the two waves of telecommunications scholars cannot be seen as an attempt to establish a rigid line of separation, for policy analysts such as Hudson, Wellenius, Samarajiva and Shields belong to both research traditions.


⁴ The "epistemic communities" theory developed by Peter Haas, Ernst Haas and other important policy analysts such as Ikenberry or Adler, has been selected as the theoretical framework of my study because of its contribution to the understanding of mechanisms of diffusion, coordination, and communication of new knowledge and new policies between different institutions. See chapter 4 of this dissertation mainly devoted to the "epistemic communities' approach.
for influence and control. Policy diffusion involves several important issues dealing with the processes, techniques, methods of dissemination and communication of new knowledge, new policies and new (or "recycled") ideas.

While analyzing the existing literature and discourse on institutional reform of telecommunication, this study will also try to establish that there is a historical coincidence that has bound together two interdependent and yet different processes which began in the late 1970s, covered the whole decade of the 1980s, and is being pursued in the 1990s. These two processes pressed Africa for both global reform and sectoral reform.

The 1980s in Africa are known as the historical context for structural adjustment (global economic reform), and several sectoral reforms including telecommunication institutional reform. The comprehensive reform agenda therefore encompasses the sectoral reform process of telecommunication without being, however, able to account for all its specific underlying causes and all its far reaching consequences.

To fully understand its real historical significance, the institutional reform of telecommunications in Africa, therefore, needs to be linked to two different processes. One process, specific to the African context, is about the comprehensive reform of its economic structures, and particularly its Public Enterprises (PEs), following the adoption of Structural Adjustment Programs by most of the African states. This perspective will situate the telecommunication reform process in Africa within the general framework of institutional, economic and political reform conducted with the guidance and recommendations of international funding agencies such as the IMF and the World Bank. The other process, external to Africa, is about the reform (liberalization, deregulation, and privatization) of the telecommunication industry initiated in the USA and Great Britain and now spread throughout the globe.
This study seeks to establish that, on one hand, the packaging of the Structural Adjustment Program applied in Africa explicitly included telecommunication entities as an important component of a group of public enterprises set to be reformed, but on the other hand, the African process of telecommunication reform reveals some common patterns and is part of an international reforming wave which stretched itself from the US and Great Britain to Japan, Nigeria, Singapore and to the rest of the world.

Rationale of the Study

Most African countries have undergone some form of institutional change in telecommunications. Appendix I documents these changes, timid in most of the cases, but significant in some others. This Appendix also gives a depressing picture of the stagnation or lack of progress made in the development of telecommunication infrastructure in most African countries, after more than three decades of independence and nation building efforts.⁵

Overall, the situation of African telecommunication infrastructure is problematic. As Heather Hudson explains:

Africa's telecommunications problems are daunting, if not overwhelming. For a population of about 570 million, there are only 3.5 million exchange lines. The poorest countries have less than one telephone per 2000 inhabitants, and virtually no reliable communications in rural and isolated areas. Of the approximately 151,000 villages in Africa, 121,000 or 80% have no telephone service, although the population of the continent is at least 70% rural. To meet the very modest goal of one telephone line per hundred population by the end of the century, it will be necessary to [add] 4 million lines, requiring an investment estimated at $6 billion.⁶

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⁵ Selected countries in the appendix have been classified from the highest to the lowest telephone penetration and the sample which managed to include both advanced and least developed countries is of 27 countries out of a total of 53 African states.

Another device often used to depict the seriousness of the situation of telecommunications in Africa is to remind the reader that the city of Tokyo alone has more telephone lines than the whole continent of Africa with its 53 countries. Also, if one compares the figures derived from the 1981 Maitland investigation, with those of the 1988 World Bank’s report, the future seems quite gloomy for African telecommunications. In 1981, Tanzania had 41,000 telephone lines and 29,000 people in the waiting list; seven years later, in 1988, the country acquired a total of 66,000 telephone lines, but the waiting list had grown to 76,000. Among the 18 countries which hold the worst records of waiting lists, six African states are listed: Tunisia (5 years waiting period), Zimbabwe (5.3 years), Algeria (8.5 years), Tanzania (10.9), Egypt (27.1), and last Ghana -- though hard to believe -- (30 years).\(^7\)

To provide a comprehensive picture of the telecommunication reform in Africa, one part of this study will be aimed at setting up the contextual framework (Africa under Structural Adjustment) and the analytical framework (channels of international policy diffusion and coordination) of the reform process. A second part will apply the contextual and analytical framework to the experience of three African countries, interesting in many regards but also different in institutions, size, economic systems and current social and political problems. Mali, is in the throes of the painful birth of a new society, committed to promoting democracy, participatory development and economic growth, whereas Ghana is increasingly displayed as a model of courage and of sacrifices in redressing the errors of the past by its tough ten year economic recovery program enthusiastically sponsored by the Bretton Woods institutions. Senegal is often cited as a pioneer of democratic institutions

and media pluralism in black Africa (especially francophone) and also for its performances in telecommunications and its position as a provider of services (tourism).

This study explores the institutional reform of telecommunications in these three west African countries which are experiencing however three different historical sequences. Indeed, not only do these countries experience different periods in their institutional, political an economic evolution, but their approaches to the reform of the telecommunications sector show also some interesting disparities. One should, however, be careful to preserve each country's richness and originality. This being said, lessons of universal value could be derived from this study by those who have the power to decide the future of African telecommunication.

One goal of this study is indeed to help increase the awareness of African political and economic decision-makers, investors and researchers, that telecommunication has established itself as a significant catalyst of development vis-à-vis all the other strategic sectors (industry, commerce, education, health, agriculture, equipment and services). This role as a catalyst and as a multiplier of effects is best described in the following observation by the World Bank: "telecommunications constitutes the core of, and provides the infrastructure for, the information economy as a whole. Telecommunications facilitates market entry, improves customer service, reduces costs and increases productivity."\(^8\)

The idea of this study stems from four hard facts. The first is the absence of literature in Africa -- mainly francophone -- on the subject of telecommunications often perceived by researchers and social theorists as an exclusive domain of the state for essentially reasons of national security.\(^9\) This lack of interest in telecommunications

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policies is also a legacy of the French intellectual tradition which, unlike its Anglo-Saxon counterpart, does not perceive public utilities as a great subject for intellectual probing. As summed up by the World Bank "scale economies, military and political sensitivity and consequential effects, caused telecommunications to be a typical public service that is accepted as a natural monopoly." 10

Second, telecommunications in Africa is perceived as a field of high technology naturally reserved to those who know how to speak and decode the language of the waves, fibers, earth stations, satellites and computers. The fact that telecommunication is a technical field is not questioned. Nonetheless it is also clear that men and women with diverse qualifications exert in the field (besides some level of expertise) strategies, will, options, orientations, desires, wishes and ideals, all these being the ingredients or components of the concept of "policy." For that reason policies of telecommunication, of radio and television, print media, data banks and other instruments of information collecting, processing, and circulating are and must be a legitimate target of investigation by researchers and specialists of the social sciences, particularly those devoted to policy research.

On the other hand, in developed countries, mainly of Anglo-Saxon traditions, ordinary citizens, lawyers, economists, engineers, developers, managers, social scientists, specialists of public policy, telecommunications specialists and other interested parties often

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9 Abdou Diouf, president of Senegal, clearly exemplified such a perception with this often quoted statement "More than any other communication infrastructure, telecommunication is essentially a state responsibility. Consequently, all problems relating to them are examined from the triple standpoint of security, strategy and sovereignty..." Strange enough, such a statist view did not prevent Diouf from promoting the first systematic attempt in francophone Sub-Saharan Africa to reorganize and give more autonomy to the telecommunication sector. Quoted in Samarajiwa and Shields, "Value Issues in Telecommunications Resource Allocation in the Third World," in S. B. Lundstedt (ed.), Telecommunications, Values and the Public Interest (Norwood NJ: Ablex, 1990).

meet in legislative hearings, or public interest commissions, to discuss any question pertaining to the development or the future of telecommunications.

Third, the poverty of information or documentation on African telecommunication is hardly believable. Because perhaps of their oral traditions and also because of a serious lack of an administrative culture of documenting in a written form and organizing it in a working system of archives, important facts and sequences of their evolution are very often lost or poorly presented from memory. This may in part explain why the important changes in African telecommunications have not been abundantly documented as it is the case for most of the rest of the world. This fact can justify my interest in contributing to the end of the drought.

Fourth, the worldwide reorganization of the telecommunication industry, particularly in the industrial world, has been to some extent documented. Concerning the developing world, the real challenge however is first to explain why the reform process

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11 Despite important efforts by the ITU which tried to direct the focus on Africa through several large meetings such as its "World Telecommunication Forum" series (Harare, Zimbabwe 1990 and Cairo, Egypt 1994) and also efforts by the World Bank, the UNDP and UNESCO to encourage meetings and reflections on the situation of African telecommunications, scholarly studies of the telecommunication reform process in Africa are few. One can only mention a handful such as Robert B. Horwitz, (1992); Raymond U. Akwule, (1991, 1993), William L. Guttman, (1986), Heather E. Hudson, (1991), Meheroo Jussawalla, (1992, 1993), etc.

happened mainly in the 80s, and secondly to contribute to a better understand of what Samarajiva calls "the process or the underlying causes of the process in Third World countries."13

Research Questions and Proposed Chapters

This study addresses five main research questions.

1. First Research Question: "What are the significant changes that occurred during the process of institutional reform of telecommunications in the three selected countries: Senegal, Mali, and Ghana?"

In dealing with this question, the objective is first to present the outcomes and findings of a 1992-1993 field research on the topic of “Institutional reform of telecommunication in West Africa.” Second, following a world trend of telecommunication reform, important institutional changes are taking place in these three West African nations, but the changes have not been documented, publicized, or analyzed enough. Through case-studies, each country's telecommunications reform process will be studied in some depth.

2. Second Research Question: "What is the interplay between the telecommunications reform in the three countries, the public enterprise reform mandated by the Structural Adjustment Program adopted by all three countries, and the worldwide reform of the telecommunications sector?"

Indeed, one major research hypothesis underlying the field research and data gathering was that the reform in the three countries had to do, on the one hand with

Structural Adjustment Program based reform policies, and on the other hand with the international agenda of reforming the telecommunication sector.

3. Third Research Question: "Why did the changes in the telecommunications sector of these three countries occur during the 1980s, and what are the dialectics of domestic and external factors in setting the reform agenda?"

This question allows a series of derivations which all deal with international policy diffusion and coordination. Instead of only describing the “how” of these changes, it seems important to take on the bigger challenge of the “why, and why then?” question. The open involvement of external institutions such as the World Bank and the IMF in the shaping of the reform process in Africa, both financially and intellectually, should be part of the analysis of the interplay between domestic and external factors. The role of policy diffusion and coordination in the decision, planning and execution of the institutional reform of telecommunications in Africa is viewed as the other component of external influence.

4. Fourth Research Question: "Can the study of the "epistemic communities approach" and its theorization of international policy diffusion and coordination shed light in the channels used to spread the worldwide reform of telecommunications in the three countries?"

This question will serve the purpose of proving the need to use more the international policy diffusion literature, especially its "epistemic communities" approach, in telecommunication policy research.

5. Fifth Research Question: "What lessons can be drawn by Sub-Saharan African countries from the study of the international experience of telecommunications reform?"
Indeed, despite the original features of each of the reform experience selected and presented throughout this study, there are some universal lessons of general interest for the three selected countries and the rest of Sub-Saharan Africa.

Through these questions, it is hoped that the telecommunication reform process in West Africa will be analyzed from different angles and some light shed on its achievements and shortcomings. Before dealing more centrally with these research-questions, let us present the proposed chapters of this study.

Proposed chapters

Chapter II proposes an entry point to the reform of telecommunication via the general reform of African countries' economic structures. One claim of this study is that an explanation of the reform process in Africa only in terms of its linkage to the worldwide universal reform of the telecommunication industry will be one-sided and necessarily flawed. The new economic framework and environment built by the Structural Adjustment Programs is among the primary -if not the primary- factors of the reform of African telecommunication. Since this point has not been the focus of past research on the subject, it is important that this study provide an informative and systematic picture of the African general crisis which includes the failure of the African state and the collapse of its economic structures under the combined effect of its: 1) persistent mismanagement practices, 2) huge international debt; and 3) the deterioration of the terms of trade devastating for agricultural products-export based economies.

Following this contextualization of the reform process in Africa, a survey of the issues and literature of African Public Enterprises (PEs) is offered. This survey is crucial in order to better characterize the disastrous situation of African PEs blamed for most of the inefficiency of the economic system which made the state the number one job and income
provider. Everywhere in Africa, telecommunication operating entities are constituted as public enterprises, therefore the reform agenda of the public enterprises and the progressive introduction of liberalization, deregulation, and privatization in the general institutional and economic setting is also important to the analysis of the institutional reform of telecommunication in Africa.

Chapter III will be devoted to a review of the telecommunication reform literature. A general account of the most recent publications on the subject is provided before a greater emphasis is put on the reform experience of the World Bank and the contributions of Akwule and Horwitz on the African reform experience. Informed by its strategic position and the quality of the first hand information provided by funds seekers (states and telecommunication organizations), the World Bank can claim today a rich and unique experience about the problems of telecommunications reform in the developing world. In addition, the World Bank is a major player in telecommunications reform in Mali and Ghana, and an important partner in Senegal. I end the literature review by analyzing two scholarly approaches to the reform of telecommunications in Africa by Raymond Akwule and Robert B. Horwitz. This will bring back and keep the focus on the African reform process and its specificity.

In Chapter IV, I present the theoretical framework of international policy diffusion and the "epistemic communities" approach. Ernst Haas, Peter Haas, and G. John Ikenberry are introduced as the main proponents of that approach.

Following this theoretical segment, I briefly give an account of my field research in Mali, Senegal and Ghana, the methods I used and the methodological problems which I was confronted with. Finally, the rationale behind my interest in comparative analysis and case-study methods is presented along with a summary of the main tenets of these two methodological approaches.
Chapters V, VI, VII follow the same format since they present the institutional reform of the telecommunications systems in the three selected countries. Each country is briefly introduced. Then follows a history of telecommunications aimed at putting in perspective the selected countries' telecommunications infrastructure and performance before the reform, and at describing the concrete steps taken to implement the institutional reform. The third section presents the interplay between domestic and external factors in the push for telecommunications reform. The role of the World Bank and of the international epistemic community of "telecommunications reformers" in the policy diffusion and coordination process will be given a special attention.

Finally, Chapter VIII presents the concluding remarks and the general discussion of issues raised in the course of this study such as liberalization and privatization of telecommunications systems in Africa. A reflection on possible developments between telecommunication policy and international policy diffusion and coordination via epistemic communities precedes some final remarks.
CHAPTER II
CONTEXTUAL FRAMEWORK OF THE STUDY

INTRODUCTION

As stated above, this section is intended to provide a review of Africa’s general crisis in order to contextualize different responses to this crisis among which the reform of public enterprises and telecommunication organizations is of particular interest for this study.

It is easy to make the assumption that there is a strict equivalence between the poverty of the African continent and the poverty of theory about the political economy of Africa. Such an assumption was also mine, until I realized that the political and economic marginalization of Africa is not symmetrically matched by a theoretical marginalization. Some prolific writers have abundantly documented the case of Africa to the point where their intellectual interest has turned into a passion and a constant advocacy for the least developed continent of the contemporary world.¹

Structural Adjustment and the General Reform of African Economics

Indeed, as shown above, the African situation is truly poignant because it is a showcase of how ill-advised policies can turn one of the potentially wealthiest continents

¹ From David Apter's 1955 pioneering study: The Gold Coast in Transition (Princeton, 1955), to Jeffrey Herbst's The Politics of Reform in Ghana, 1982-1991 (Berkeley, CA: University of California Press, 1993), there has been a long list of both critical and administrative scholars who showed a real interest in Africa's future. Among this wide group of western scholars, one can quote: René Dumont, Jean Copans, Jean Claude Meillasoux, Jean-François Bayart, Peter Gibbon, Yusuf Bangura, Arve Ofstad, C. S. Whitaker, David Luke, John R. Nellis, etc. (see Bibliography).
on earth into the poorest underdeveloped area of the planet. For this reason, many researchers studying African societies or the "African state" end up being involved in the diagnosis of the wrong policies which have dislocated and are still holding back the continent and the people who invented the pyramids several thousand years ago. As Jeffrey Herbst observed: "The current attempts at economic and political reform in Africa will determine whether the next generation of citizens in the countries south of the Sahara live in even greater impoverishment than before or if they can at least glimpse a brighter future."  

Yusuf Bangura, trying to briefly portray the depth of the African crisis, writes:

African societies entered a stage of profound crisis in the late 1970s/early 1980s as a result of the recession in the world market and the structural problems of the state capitalist model of development.

Whereas only 10 out of 34 Sub-Saharan African (SSA) countries experienced negative per capita GDP growth rates between 1965 and 1980, only nine registered any positive per capita GDP growth rate between 1980 and 1987. Agriculture, industry and services registered marked declines in rates of growth, with industry falling from 13.5 per cent in 1965-73 to 0.7 per cent 1980-89. The total debt of SSA countries jumped from US $21.1 billion in 1976 to US $137.8 billion in 1987.  

These gloomy figures led Bangura and Gibbon to underline the existing consensus on the characterization of the crisis:

This crisis has had exogenous and endogenous aspects and causes. While its origins are subject to fundamental dispute, there is broad agreement that its most important result has been African governments' increasing balance of payments and budgetary management difficulties, arising from diminishing export earning, an increasing burden of debt servicing and inappropriate domestic policies.

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But there is even a greater consensus among analysts of the African economic and general crisis. This consensus is about the central responsibility (or role) of the "African state" in the emergence and worsening of the crisis. The concept of the "African state" refers to the form, shape and behavior characteristic of the management of the state apparatus by most of the African rulers.

According to David F. Luke, "the complication which recent studies of African post colonial states have identified is this: these states are in almost all cases a legacy of colonial rule and not a result of step-by-step state/society transformation." This birth defect of the African state seems to explain, without legitimizing it, the uncharacteristic behavior of the African leadership, since:

The incongruity in state formation, as one formulation has it, inhibits the emergence of popular consent; undermines the creation and maintenance of political order, territorial integrity, administrative and institutional capacity; obstructs the generation and allocation of public resources for public purposes; and impedes a regularized exchange of, or succession to, power...The most common mode of governance that has emerged from this configuration is some variant of personal rule".

This point seems to be well taken, for personal rule must be structurally attached to the state form Africa has inherited from the colonial legacy. Indeed, almost all African leaders, from the most famous and respected (Nkrumah, Selassie, Sékou Touré, Houphouet, Mugabe) to

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5 See David Luke, "African Development Management Reform: Political and Socio-Cultural Constraints Versus the Neo-Classical Imperative," in Adebayo Adedeji, et. al., The Challenge of African Economic Recovery and Development. (Frank Cass: 1991). The essay by Luke is particularly impressive because of his concept of "over-developed state". Such concept accounts very much of the disparities between African traditional societies and the modern and transplanted machinery of the state. I, however, acknowledge the disagreement expressed by Whitaker (ibid., p.336) about the concept of "overdeveloped state". He believes that the "difficulty has been, rather, the instrumentally legitimated content of the state". A legacy of colonialism, authoritarian by nature and by purpose, was to indicate to the its successors, the new African leaders, that "authoritarianism was an appropriate mode of rule". More generally, Whitaker's paradigmatic approach which holds an internal cohesion inscribed the evolution of the African state in a certain historical process. Such approach cannot accommodate a structuralist critique which led to the conclusion that the African state is "overdeveloped" because its institutions are structurally far ahead from the "step by step" natural progress of the society its administers. Both approaches, nonetheless, have merit.

6 Ibid., p.377.
the less historically significant (Habré, Traoré, Doe), have been charged of this to some
degree.

But personal rule has a more damaging effect when it is applied in the management
of the lives of millions of citizens. Luke explains:

As a mode of governance, personal rule constrains the effectiveness of
governmental processes of development management - policy development,
planning, organizational design, programming, budgeting, scheduling,
processing, staffing, training, personnel and financial management. From
the political culture of shared beliefs in the appropriateness of clientelist
networks and preferment [are] derived ambivalent attitudes towards the
propriety of bureaucratic processes and institutions.\textsuperscript{7}

Because of its conditions of emergence, within the political-economy of African colonies in
which there was no genuine process of accumulation of endogenous resources, "the state
[in Africa] became a central organ in private accumulation and class formation. It is in this
sense that Ake talks about the over-politicization of African economies. The state is
subjected to non-Weberian values of irrationality, inefficiency and disorder.
Constitutionalism and the rule of the law, central to democratic politics, fails to take root in
the body politic."\textsuperscript{8}

Among different attempts of theorizing the African state and its historical
significance for the analysis of the current difficulties of the continent, one must emphasize
the profound and sophisticated "periodization" of its emergence and consolidation in five
major stages by C. S. Whitaker.

To introduce the five different "iterations" of the African state corresponding to five
historical sequences, he explains first that, "In each of these eras of reflection and policy,
the position of the state has been considered to be a key to economic development. . . .
Implicitly, a prescription concerning the role of the state has accompanied each iteration."\textsuperscript{9}

\textsuperscript{7} Ibid.

\textsuperscript{8} Bangura, p.43.
The first iteration is designated by Whitaker as: "The Terminal Colonialism (1945-1960): Model the State". Describing the mode of emergence of the African state, Whitaker explains:

The European framers of the African constitutions (and to a great extent their African negotiating partners as well) subsumed in their minds the form and the content of statehood, a fallacy that ever since bedeviled the course of African economic and political development. ... The national state-society bond that evolved in Europe contained ... norms of both instrumentality and sentiment. These states were sustained, to be sure, by taxes and labor acquired on the implicit threat of coercion; but they were also reinforced by voluntary, affective, and even irrational sources of allegiance. In this context, Thomas Hobbes also contributed the critical insight that moral understanding within society concerning the need for a national *modus vivendi* must conceptually precede the elevation into national statehood of an effective autonomous territorial state. ... Yet, as Weber saw with great clarity, a state conceived on a purely instrumental basis, that is, without other sustaining sources of societal legitimacy, is only tentatively formed and is, perforce, unstable.¹⁰

It is somewhat easy to approve this parallel between the historical base and process of emergence of the state in Europe and the sudden surge of the African state in the last decade preceding the independence era. Modern African states, it is true, did not show any sense of historical continuity by drawing from the experience of the stronger and more secular imperial states of their own past, such as the ancient empires of Ghana, Mali, Songhai, Kanem Burnu, and the forms of state in ancient Egypt and ancient Ethiopia. Instead, they often chose to build an exact replica of the European state; often a copy of its defects more than of its merits. The osmosis between a state and the society it organizes, controls and leads is not observable in almost all the African states: there is not really a statist culture historically and culturally forged by the process described above. This is so real that most

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of the African people, as noticed by Whitaker, identify and limit the state to "the institutions of national government." 11

Because the colonial power was truly an external power, Whitaker adds: "the stipulation for the transfer of external power represented the full extent and content of the independence 'contract'. An historical process of voluntary social identification with the state as a source and agency of transcendent values had not previously unfolded, at least not to any cogent degree." 12

The second iteration is termed by Whitaker as the "Early Post Colonial Period (the 1960s): Buttress the State." This sequence, based on "the faith in the developmentalist vision of African leadership," tried to remedy the observed lack of social and political legitimacy of the state by supporting its effort to strengthen itself. Whitaker explains:

[A] prominent trend was to herald the "tutelary" function of governing elites, whose performance was made possible by the elimination of political competition and the introduction of single-party states. In this respect, theory was essentially keeping pace with practice.

The message to development agencies at the time was to buttress the state. . . . 13

Such an attitude helped ignore and therefore consolidate the tendency to authoritarianism of the African leadership for the focus was on the successful implementation of dominant theories of "balanced growth" . . . outlined by Rostow and Lewis." 14 Also, an assumption which later proved devastating was then made: "Public accountability and economic probity were just presumed to be among the inherent competencies of the state." 15

11 Ibid., p.335.
12 Ibid., p.338.
13 Ibid.
14 Ibid., p.339.
The third iteration is "The Praetorian Vision (the 1970s): Cleanse the State." By the 1970s, more and more development advocates were disillusioned about any probability of genuine development in Africa. Instead, the non-orthodox behavior of the leadership and their accumulation and concentration of state power "put to the self-interested uses of its economic managers" left no doubt that the impasse was either permanent or a long term problem.

The reaction to this situation within African countries led to the emergence of two patterns which formed, according to Whitaker:

...a third, or praetorian, iteration. In the first [pattern], a military figure or coalition swept aside the post-independence leadership on the grounds that the action was justified by the need to purify a political process sullied by the predatory betrayal of the national welfare. In a second version, increasingly threatened national leaders defended their position on the basis of doctrines proclaiming the actual or potential subversion of the state by external agency; in this instance, the cleansing act involved expulsion of external actors (particularly those with sizable assets).\(^{16}\)

Indeed, most Africans remember the decade of the 70s not only as the decade of the oil crisis and the problem of the debt crisis, but also a decade of doubts about Africa's political and economic future in the face of an epidemic of *coups d'état*, and of a "blame the foreigner" policy, worsened by extreme cases of perversion of state power.\(^{17}\) Dr. Cheikh Anta Diop,\(^{18}\) the Senegalese Pan-Africanist leader and renown Egyptologist, heralded the then famous concept of "Latin-Americanization" of the African state. This was his way of predicting the beginning in Africa to an era of "instability, destabilization, and successive *coups d'état*," all pretending to cleanse and extract the corrupt elements from the state-

\(^{15}\) *Ibid.*

\(^{16}\) *Ibid.* p.241. Whitaker certainly refers here to the massive expulsion from Uganda of British nationals and Indians or people from Indian descent. This virus of massive expulsion and seizing of the immigrants' assets also victimized African immigrants expelled from Zaire or Nigeria in the decade of the 80s.

\(^{17}\) Cf. the transformation of the Central African Republic into an empire by Bokassa who strongly believed he was a reincarnation of Napoleon.

\(^{18}\) See articles and interviews in Journal Taxaw of 1976-1978.
power. For Dr. Diop, the continuation of the coups and the "personalization of power," were inevitable as long as the very existence of the "balkanized,"\textsuperscript{19} politically and economically non-viable post-colonial states and their lack of legitimacy was not addressed.

Whitaker, however, from the perspective of an outsider, seems to have correctly captured the attempts to operate cosmetic changes by the African power-structure. The two patterns he described above were for him "variations on the concept of praetorianism: the defense of the integrity of the state against the state by self-anointed heroes acting on behalf of the state against the state itself."\textsuperscript{20}

Another trend of the 70s was the challenge to the "postwar Keynesian consensus" put forth by the reality of the strained economies of the industrialized world and which "cast doubt on the economic managerial capacity of governments." Yet, theorists of development, namely the "growth with equity" school, developed their aspirations through "the 'Basic Needs' approach, later adopted by development agencies." They still did not think "the state was ... a culprit. On the contrary, it potentially represented the solution: it was the only agent available to dispense aid to the deprived 'target groups'."\textsuperscript{21}

The fourth iteration is "The Berg Report-Lagos Plan 'Debate' (1980s): Circumvent the State or Further Extend It?" The Berg-Report vs. Lagos Plan of Action controversy is of central importance in the course of African history and politics of reform of the 80s and 90s, and deserves in itself an extensive discussion. For now, the focus of this review of Whitaker's paradigm -- being the metamorphosis of the African State through different

\textsuperscript{19} This concept was coined by some African intellectuals (among them the scholar and former president of Senegal, Leopold Sedar Senghor) to deplore the break-up of Africa in small, non-viable nations which resemble the numerous tiny states of the "Balkans" in Europe.

\textsuperscript{20} Whitaker, p.340.

\textsuperscript{21} \textit{Ibid.}
historical sequences -- will concentrate on the search of fragments of theory or theorization of the African state. Whitaker argues:

The largely undetected disagreement at the root of these documents, however, was divergence over the future of the state. The authors of the Berg Report embraced the "neoclassical" position that the state's economic role should be confined to assuring the proper functioning of markets as the operative mechanism of resource allocation. In direct opposition to that view, the Lagos Plan extolled the virtues of enhanced participation of the state in the African economies. . . . Clearly both courses could not be followed without self-contradiction and self-defeat.22

Both plans received severe blows during the intellectual controversies they prompted; the Berg Report, however, perpetuated its major themes since it "served as a preliminary manifesto of sorts for the economic policy of structural adjustment. . . ." Whitaker concludes this point by stating that:

The importance of these two documents to debates about African development cannot be overemphasized. They served to rationalize the agenda of current public debate in Africa and provided a backdrop to scores of academic works exploring the character of state-society relations.23

Iteration Number 5: "From Crisis to Sustainable Growth in the 1990s: Achieve Viable State-Society Relations." This last sequence, according to Whitaker, witnessed an attempt by the World Bank to "straddle these two positions . . . reflected in the Berg Report [and] the Lagos Plan of Action."24

To the delight of analysts such as Whitaker, who tried to direct the thinking about the global crisis of Africa towards the crisis of the African state itself, the World Bank's

22 Ibid., p.341. The controversy seems to bear more complexities than exposed here. For instance, the centrality of the issue of "African integration" was ignored by most of the critics of the Lagos-Plan. Also, the fact well known in Africa, that the issue has never been really the blue-print of any collective effort put before the African populations. The real problem has always been the consistent lack of consistency, i.e. proper application of decisions and follow-up.

23 Ibid., p.342.

24 Ibid., p.343.
1989 report and framework of action *Sub-Saharan Africa: From Crisis to Sustainable Growth* states:

While unyielding on the ground of its previous championships of market-base structural remedies... has explicitly recognized in this latest document that Africa's crisis of governance is a critical factor undermining efforts at development.

... By the same token, it has encouraged the aspirations of African states to be stronger, particularly at the international level, while giving sanction to the call for viable economic performance and decent government at home.\(^{25}\)

The World Bank, seemingly, has come to terms with what observers of the African scene have been arguing for a decade, namely, as Whitaker summarizes it, "the paradox [which] is the incongruity of excessive state centralization and weak legitimacy." He goes on to observe that:

... the Bank reconfirms à la Berg that the state should unbundle some of its authority and relegate to private and non governmental agencies and community-level authorities sufficient power to perform developmental tasks. But to a far greater extent than the Berg Report, the latest report also implies that economic progress cannot be decoupled from the prospects for better, as opposed to less, government.\(^{26}\)

Before he closes his attempt of a periodization of the African state, Whitaker points a finger to the Achilles' heel of most of the reform programs or prescriptions which is the request made to states (handicapped by flaws such as personal rule, lack of legitimacy), to conduct themselves the reforms of the ills of their systems. The validity or not of the popular belief that one has to be part of the problem or part of the solution, but not of both, is absolutely at stake in the general reform agenda.

What is interesting in Whitaker's effort, however, is the strong will to push the crucial issue of the state to the center stage of the African crisis. There is indeed a growing concern that the state is one of the most studied but perhaps least understood phenomena of modern societies. When inverting the powerful statement of Marx in his famous "11th


Thesis" on Feurbach, maybe one should say "Social scientists have advocated in different ways the need to change the state; the point is to better understand and interpret it first."

What is the state? This question has been on the floor for centuries and particularly during the birth of social sciences in the 19th century. Despite sophisticated attempts by Marx, Gramsci, Poulantzas and Foucault, the state as a concept and as the nucleus of modern power-structures is still an enigma. Such an opacity of the concept in its historicity did not intimidate David F. Luke, who came up with the following definition:

If the modern state is also understood to be a community organized for the purpose of government within a prescribed jurisdiction, it develops specialized institutions (collectively referred to as the public sector) for mediating and regulating its economy and society, the competing claims of different groups of individuals as well as its external relations. These institutions or agencies operate through impersonal rules to uphold a consciousness of some concept of 'public purpose'. It is from this consciousness and concept that the state derives its legitimacy.

Such a definition has, of course, its merit in the way it describes the ideal institutional arrangement of modern capitalist or liberal societies. Unfortunately, the African state did not, in general, import the qualities of the modern states as described by Luke. Instead, a statist culture of rent-seekers has developed in Africa precisely, as Bangura puts it, because:

. . . the rigid distinction between state and non-state, public and private, rent-seeking and market-oriented is misplaced in the African context. A fundamental feature of African economies is in fact the predominance of "gray" economic activity in which these sectors become not only blurred but blended. Even before the independence era, it was a characteristic of some locally dominant social classes in Africa that they "straddled" state employment and a series of private sector activities... It should not be surprising therefore, that when such forces gain state power, one should find them using state resources both in their own right and as a means of promoting their private sector concerns. . . . As a result "rent-seeking

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groups" are in an ideal position to utilize their accumulated economic resources and political links with the state to manipulate the operation of markets.\textsuperscript{29}

With such a culture, the state in Africa was condemned in the medium-term to a permanent crisis, since the public sector is used and manipulated as a means to satisfy, or a channel to carry, private interests. The lack of financial and administrative accountability and the illegal use of public means to access both public and private credits created the deep fiscal crisis Africa has been tackling for the last two decades. Bangura, indeed, confirms: "Rent-seeking activities may compound the fiscal crisis of the state, and may threaten the jobs, incomes and working conditions of the groups that owe their livelihood to the public sector. Such groups are likely to become critical, in the long run, of corruption, inefficiency and mismanagement." \textsuperscript{30}

While in Africa a wrong perception of the role of the state was diverting the colossal efforts of the working people from their developmental objectives, international development agencies such as the World Bank were trying to better comprehend the depth of the African crisis and its remedies. An early systematic diagnosis by the World Bank identified the major areas of deficiencies:

Three are critical, first, trade and exchange rate policies have overprotected industry, held back agriculture and absorbed much administrative capacity. Second, too little attention has been paid to administrative constraints in mobilizing and managing resources for development; given the widespread weakness of planning, decision making and management capacities, public sectors frequently become overextended. Thirdly, there has been a consistent bias against agriculture in price, tax and exchange-rate policies. . . .\textsuperscript{31}

\textsuperscript{29} Bangura, p.16.

\textsuperscript{30} \textit{Ibid.}, p.43.

\textsuperscript{31} World Bank, quoted in Peter Gibbon, "\textit{Structural Adjustment and Multipartyism}" in Gibbon, Bangura & Ofstad, p.136.
The latter point about the anti-rural bias, which will be explored later in this chapter, was in fact crucial in the emergence of today's most international economic program termed "Structural Adjustment Policy" (SAP). As Gibbon and Bangura point out:

The political case for structural adjustment in Africa was originally developed by writers working on the agrarian crisis and using a neo-liberal/public choice theory political economy framework of analysis. They were concerned to show how the distribution of power in post-colonial Africa affected agricultural growth and rural incomes.

In another essay, Gibbon goes further to contextualize the move towards structural adjustment as a phenomenon rooted in the dynamics of international relations. He selected four characteristics for the historical background of SAP among which three can be underlined:

1) A contraction of US economic power (relatively to Japan and the main European powers) which was not however coupled with a decrease of political hegemony;

2) A heavy soviet military involvement in Africa which somewhat contributed to rendering their African allies highly susceptible to economic destabilization; and

3) The rise of "new right" governments (in the US and Great Britain), whose agenda was "a popularized version of supply-side economics particularly emphasizing the improvement of financial incentives and deregulation...", and the political promotion of the "individual", "national self interest, national security and anti-communism.

Peter Gibbon, despite his emphasis on the importance of the international background, did not attribute the emergence of SAP solely to the dynamics of international relations. He perceived also the influential role of other factors such as the similarity of the economic policy content of adjustment with the agenda put forth by "the new right in the English-speaking countries" on one hand, and on the other "the foreign policy changes associated with the rise of globalism in the U.S. This agenda created a perceived need on

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the part of multilateral agencies, especially multilateral aid agencies, to take on board the new agenda if they were to maintain their existing level of influence."\textsuperscript{33}

Stephen Weissman of the U.S. House of Representatives' Subcommittee on Africa does not seem to disagree much with Gibbon's analysis of the major shift in international development agencies' general orientation. Weissman writes:

The movement toward structural adjustment is inseparable from the changing policies of the major international donors. In their view, quickly disbursing cash and commodity assistance to encourage difficult economic reforms, and cushion the short-term impacts of economic deflation and political instability, has become a leading priority.\textsuperscript{34}

Beyond the analysis of the SAP's political and ideological context, the move to a global reform of African institutional frames is also based on a specific economic and theoretical approach. As Whitaker explains: "With respect to Africa in particular, the keystone of this approach, resurgent classicism, in fact, was belief in the allocative efficiency of the market. In this view the state was the principal source rather than the solution to African economic malaise. The World Bank's \textit{Accelerated Development in Sub-Saharan Africa} represented the major statement of this tradition in application to Africa."\textsuperscript{35}

Luke shares the view of the state embedded in neoclassical theories:

The redefinition of the role of the state, the provision of appropriate incentives for increased agricultural and industrial productivity, cutting the fat off the public sector, the re-alignment of exchange rates and, more generally, the application of appropriate strategies reflecting the dynamism of linkages between domestic productive forces and international trade are measures that will - the proverbial all things being equal must be inserted here - provide increased economic activity and growth in the medium term.\textsuperscript{36}

\textsuperscript{33} \textit{Ibid.}, p.131.


\textsuperscript{35} Whitaker, p.341.

\textsuperscript{36} Luke, p.383.
However, another economic justification of the push for reform lies in the need of a distinction from the theory of market failure. According to Herbst, "It has long been recognized that certain market failures require government intervention: externalities and public goods, increasing returns (which lead to natural monopolies), market imperfections (e.g., too high transaction costs), and, at a normative level, distributional inequality."\(^{37}\) The problem, however, is that sometimes the cost of state intervention to correct market failure is far more expensive than the cost of its inaction. To illustrate such a concern, Herbst uses the well-taken formula of Clive Crook who states, "the question is whether to rely on imperfect markets or imperfect government."\(^{38}\)

Among the "four major types of failure when states try to solve market failures" summarized by Herbst, one can emphasize just two because of their particular relevance to the African context. One failure refers to inflated prices imposed on the consumer by public agencies simply because of imperatives to "increase budget, reward certain constituencies" by overstaffing with more workers than needed. Another failure refers to the excessive power given to the bureaucrats or military officials, in charge of state regulations, which often allow them to "become richer by taking side-payments for those who want access to government-regulated goods or services."\(^{39}\)

It is interesting to note that when the World Bank initially engaged in the colossal project of reforming African economies and correct the observable deficiencies, it only "anticipated that structural adjustment lending would continue for three to five years;"\(^{40}\) this was in 1979 after the second oil price shock. As Weissman observes:


\(^{38}\) Clive Crook quoted in Herbst, p.104.

\(^{39}\) Herbst, The Politics of Reform in Ghana, p.105.

\(^{40}\) Weissman, p.1623.
Now, a decade later, donors and recipients are elaborating “medium-term policy frameworks” and believe that adjustment assistance will continue for the foreseeable future. [From] a limited number of “macro-level” policy reforms, epitomized by the phrase “getting the price right,” . . . today, structural adjustment encompasses a broad range of “macro” and “sectoral” reforms with detailed schedules for implementation. 41

Let us briefly summarize what Weissman calls the general thrust of structural adjustment policies: 42

- To reduce global deficit by -- among others -- implementing a real currency devaluation, rehabilitating export infrastructure. . . . ;
- Achieve a more efficient allocation of resources to productive sectors by removing import quotas and high tariffs that shelter uncompetitive firms. . . by permitting the private sector to run markets previously exploited by inefficient state agencies and to acquire potentially viable state-owned enterprises; and
- Lift the burden of the state on the economy by ... holding state-owned enterprises accountable to economic criteria, by introducing “user fees” in health, education, and other services, and improving institutional management. 43

As stated earlier, the World Bank had to finally give up on its "don't care, don't ask policy" concerning the political situation. On the contrary, "according to the Bank, the realignment of the roles of market and state can best be achieved through political reforms. These reforms . . . are two-fold: political and institutional." 44

To illustrate the two forms of reform, Uyangoda proposes two important excerpts from The World Development Report 1991 (published by the World Bank):

Democracies . . . could make reform more feasible in several ways: political checks and balances, a free press, an open debate on the costs and benefits of government policy can give a wider public stake in reform.

41 Ibid.

42 This summary is based on Weissman, Herbst and a short but interesting article by Jayadeva Uyangoda, "The Bank, the Fund and the Rest of Us," Pravada, 1, No. 2, (January 1992), pp.7-11.

43 Weissman, p.1623.

44Uyangoda, p.10.
Reform must look at institutions. The establishment of a well functioning legal system and judiciary, and of secure property rights, is an essential complement to economic reforms. Reform of the public sector is a priority in many countries. That includes civil service reform, rationalizing public expenditure, reforming state-owned enterprises, and privatization. [The process] will increase the quality of governance and the capacity of the state to implement development policy and enable society to establish checks and balances.\textsuperscript{45}

By acknowledging that the state (designated here by "system of governance") is at the center of the African crisis, the World Bank seems to have undergone some decisive adjustments. In the reform literature, a great number of policy researchers seem to insist that "until recently, the World Bank saw little contradiction between SAPs and authoritarianism, an extension of traditional modernization logic. It was not until its 1989 report \textit{Sub-Saharan Africa: From Crisis to Sustainable Growth} that governance as an overriding concern became an issue in the development process . . . where development can genuinely be people-oriented as opposed to being state-centered."\textsuperscript{46}

The following is the way the World Bank conceptualized its new approach:

Underlying the litany of Africa's development problems is a crisis of governance. Because countervailing power has been lacking, state officials in many countries have served their own interests without fear of being called to account. . . . Politics becomes personalized and patronage becomes essential to maintain power. The leadership assumes broad discretionary authority and loses its legitimacy. Information is controlled and voluntary associations are co-opted or disbanded. This environment cannot . . . support a dynamic economy. . . .

The rule of law needs to be established . . . this implies rehabilitation of the judicial system, independence for the judiciary, scrupulous respect for the law and human rights. . . . transparent accounting of public monies. . . . Independent institutions are necessary to ensure public accountability.\textsuperscript{47}

\textsuperscript{45} World Bank, quoted in Uyangoda, pp.10-11.


This critical reformulation of the framework for reform is indeed a remarkable departure from the 1983 bold statement by "the leading World Bank researcher" Deepak Lal who advocated then that "[A] courageous, ruthless and perhaps undemocratic government is required to ride roughshod over these newly-created special interests."48

Throughout and before the end of the eighties, in many Sub-Saharan African countries (see Table 1 below), the couple, IMF-World Bank has become an important player -- if not a central player -- in economic recovery programs.

TABLE: 1

AFRICAN COUNTRIES WITH ONGOING OR PLANNED MAJOR STRUCTURAL REFORM PROGRAMS IN LEAST DEVELOPED* SUB-SAHARAN AFRICA

<table>
<thead>
<tr>
<th>Burundi</th>
<th>Mali</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central African Republic</td>
<td>Mauritania</td>
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<tr>
<td>Chad</td>
<td>Niger</td>
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<tr>
<td>Equatorial Guinea</td>
<td>Rwanda</td>
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<tr>
<td>The Gambia</td>
<td>Senegal</td>
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<tr>
<td>Ghana</td>
<td>Sierra Leone</td>
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<tr>
<td>Guinea</td>
<td>Somalia</td>
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<tr>
<td>Guinea-Bissau</td>
<td>Tanzania</td>
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<tr>
<td>Kenya</td>
<td>Togo</td>
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<tr>
<td>Madagascar</td>
<td>Zaire</td>
</tr>
<tr>
<td>Malawi</td>
<td>Zambia</td>
</tr>
</tbody>
</table>

* As of March 1987, IDA-eligible African countries.


Peter Gibbon gives the following account of that process:

The period of the growth of structural adjustment reform was mainly in 1982-87. In these years at least two thirds of Sub-Saharan African countries implemented varieties of structural adjustment programmes. . . . Of the IMF-supported reformers 21 Sub-Saharan African countries raised

48 Deepak Lal, quoted in Gibbon, p.137.
agricultural producer prices, 16 devalued and/or realigned their exchange rates, 14 undertook some form of privatisation of state enterprises, 14 eliminated or reduced subsidies for agricultural inputs, 13 eliminated parastatal marketing agencies or encouraged private sector competition, 10 deregulated country-wide producer prices, 8 reduced or eliminated food subsidies, 7 adopted floating market rates for foreign exchange and 7 privatised the import of agricultural inputs.49

Despite this impressive list of strong moves made to implement reform programs (see summary in Table 2), the 1980s has been simply a disastrous decade for the Third World in general, Sub-Saharan Africa in particular.

Uyangoda explains:

By the late 1980s, debt-to-export ratios in Latin America has reached nearly 300% while in Africa it was as high as 500%. The collapse of commodity prices since the world recession of 1981-82 had led to a severe debt-cum-economic crisis in many Third World countries. In Sub-Saharan Africa, export earnings declined by 50%. Meanwhile, the accumulated Third World debt stood at 1.3 trillion dollars in 1990. This represented approximately 44 percent of the combined gross national product of all developing countries.50

It seems difficult under these circumstances to reasonably expect any form of growth if the debt burden continually goes up while export continually goes down. Based on the same observation of the aggravation of the African crisis, the World Bank-IMF came up with a standard package described as Macro Economic Stabilisation. As Uyangoda put it:

It is a fixed menu which has four main ingredients:

(i) Devaluation and unification of the exchange rate, and the elimination of exchange controls and multiple exchanges rates.

(ii) Curtailment of government expenditure in order to reduce the budget deficit. Contraction of public sector employment and social programmes are the usual mechanisms for deficit reduction.

(iii) Market liberalization within the national economy, implying the elimination of subsidies and prices controls.

49 Gibbon, p.125.
50 Uyangoda, p.8.
**TABLE: 2**

**TRENDS IN POLICY AND INSTITUTIONAL REFORM AMONG AFRICAN COUNTRIES**

<table>
<thead>
<tr>
<th>Type of policy action or reform measures taken</th>
<th>No. of countries involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Countries that have decontrolled producer prices</td>
<td>10</td>
</tr>
<tr>
<td>Countries that have frozen hiring or reduced public section employment</td>
<td>20</td>
</tr>
<tr>
<td>Countries that have eliminated public agricultural marketing agencies or permitted private sector competition</td>
<td>13</td>
</tr>
<tr>
<td>Countries that have given import of agricultural inputs to private sector</td>
<td>7</td>
</tr>
<tr>
<td>Countries that have privatized some State enterprises</td>
<td>14</td>
</tr>
<tr>
<td>Countries that have substantially increased produced prices</td>
<td>21</td>
</tr>
<tr>
<td>Countries that have reduced or eliminated agricultural input subsidies</td>
<td>14</td>
</tr>
<tr>
<td>Countries that have reduced or eliminated food subsidies</td>
<td>8</td>
</tr>
<tr>
<td>Countries that have realigned exchange rates to more closely reflect the real cost of foreign exchange</td>
<td>16</td>
</tr>
<tr>
<td>Of the above, countries that have adopted floating market rates</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: *West Africa*, 30 March 1987 p.625
(iv) Compression of real earnings of workers through the deindexation of wages and the liberalization of the labor market.\textsuperscript{51}

This "menu" was served to Tanzania along the lines summarized by Uyangoda. Due to the charismatic figure of Julius Nyerere and his vocal opposition to the approach of the two major institutions,\textsuperscript{52} the Tanzanian case bears more interest because "in the early 1980s [in Africa] resisting IMF conditionalities was seen to be part of a continuing struggle against forces of neocolonialism... Resisting the IMF became an essential ingredient in the continuing quest for internal legitimacy."\textsuperscript{53}

But as Uyangoda argues, developmental aid has always been overtly conditional. To Uyangoda, the real question is to know why Third World governments "would have us to believe otherwise." The real novelty for Uyangoda is the addition of political conditionality to the traditional economic conditionality. His summary of the four shapes of existing conditionalities is thorough and provides a complete and simplified overview of the often complicated packaging of aid conditionality. He writes:

(i) Demand conditionality: The focus is on the reduction of government spending, currency devaluation, raising of interest rates and trade liberalisation. The demand conditionality was pioneered by the IMF through its monetarist approach to balance of payment problems.

(ii) Supply conditionality: Initiated by the World Bank, it focused on project formulation and implementation. After the introduction of Structural Adjustment Loans, the supply conditionality has been extended to the whole economy. Its center of attention is the

\textsuperscript{51} \textit{Ibid.}, pp.7-8.

\textsuperscript{52} Nyerere once asked the question: "When did the IMF become an International Ministry of Finance? When did nations agree to surrender to it their power of decision making?" See Herbst, \textit{The Politics of Reform in Ghana}, p.121. Nyerere also said that "the IMF has virtually ceased to concern itself with the economic problems of the rich countries for which it was originally conceived. It has become largely an instrument for economic and ideological control of poor countries by the rich ones." Speech given at the Royal Commonwealth Society in London in March, 1985. Quoted in Nyang'oro, "The Evolving Role of The African State Under Structural Adjustment," in Julius E. Nyang'oro and Timothy M. Shaw, eds, \textit{Beyond Structural Adjustment: The Political Economy of Sustainable and Democratic Development}, (New York: Praeger, 1992), p.15.

\textsuperscript{53} Nyang'oro, p.15.
investment program, system of investor incentives, pricing, financial liberalisation and trade liberalisation.

(iii) Growth conditionality: The idea here is to strengthen, by means of incentives, the private sector of the economy. The growth project involves privatisation of government-owned enterprises, the promotion of direct foreign investment and trade liberalisation.

(iv) Cross conditionality: With this focus, the acceptance by the borrowing country of the conditionality of one financial agency is made a pre-condition for financial support by the others. Informal cross-conditionality exists particularly between the World Bank and the IMF.54

It is worth noting here that one central element of "demand conditionality," namely, the "currency devaluation," became a reality in the 14 francophone African countries (including Senegal and Mali) only last January, after more than a decade of SAP in almost all of these states. This currency devaluation has been one the most debated and disputed elements of the package. As reported by Herbst, the "Alternative Framework"55 by the Economic Commission for Africa (ECA) contains an uncompromising critique of the devaluation philosophy:

The ECA first noted that because of "entrenched technological structures," devaluation will not have the intended effect of changing the orientation of African Economies. It also noted that because many African nations are primarily producers of raw material, devaluation will not foster exports because prices for these goods are determined outside the country. Finally, it claimed that devaluation caused inflation because imports become more expensive.56

The other controversial element is the liberalization-privatization issue. The ECA, for instance, "argued that the kind of 'wholesale, indiscriminate, and doctrinaire privatization programs' recommended in many structural adjustment programs were harmful because

54 Uyangoda refers to D. Avramovic, "Conditionality: Facts, Theory and Practice," (Helsinki: Wider), as the source of his summary.


56 Herbst, The Politics of Reform in Ghana, p.141.
African private sectors were not strong enough to take over public enterprises."\textsuperscript{57} Such a perspective prompted a rough counter-attack by Herbst, in defense of the World Bank:

The ECA's analysis is profoundly flawed. At the empirical level, some of its criticisms are simply not true. For instance, concerning structural adjustment policies, it is incorrect to say that the World Bank and the IMF have been forcing wholesale privatization policies on African countries...[T]he World Bank has spent far more money helping African countries reform state-owned enterprises ... than it has promoting privatization."\textsuperscript{58}

Although Herbst seems generally favorable to the World Bank approach, he also shows some independence. As noted in the conclusion of his study, Herbst expresses the hope that "Africans and others concerned with the political economy of development will soon formulate ideas that can constructively challenge the current intellectual dominance of the World Bank and the IMF."\textsuperscript{59}

Structural Adjustment Programs have some other important problems to face and overcome if they are meant to contribute to African development. For instance, financing institutions have not been able to address the dilemma of governments making promises that are broken as soon as their plan of action was approved and the money released. As Toye explains:

Machiavelli's paradox of reform\textsuperscript{60} helped to answer an important question about structural adjustment, namely why should fresh foreign credits be released to the reforming government before reform takes place rather than

\textsuperscript{57} Ibid., p.142.

\textsuperscript{58} Ibid.

\textsuperscript{59} Ibid., p.151.

after? It provided a political argument for a course of action that was not, on the face of it, congruent with economic prudence. The arrival of fresh credits could, after all, reduce rather than increase the urgency of economic policy reform in the government's mind.61 (Emphasis in original)

Overall, the Structural Adjustment Program and the general reform agenda had to deal with several obstacles, among which one might select the two most salient, namely:

- A legitimacy issue related to its nature as an externally conceived and imposed phenomenon; and

- An explanatory and theoretical base issue related to the adoption by the World Bank of the "urban bias theory."

Let us review quickly these two points before the conclusion of this section.

Analysts such as Bangura and Gibbons have developed a sharp critique of SAP as an imposed process of reform, conceived and imposed from outside. They write:

The great majority of countries in Sub-Saharan Africa have adopted - more or less involuntarily - programmes of economic reform designed by the International financial institutions. . . . Structural adjustment has been devised by the international financial institutions on the assumption that economic growth in Sub-Saharan Africa will only be resumed through a contraction of state activity and the development of liberalised markets.62

Jeffrey Herbst, in an essay,63 espouses the same line of thought in his attempt to explain the emergence of the issues of privatization and divestiture in the African reform agenda. Herbst states:

The real motivation for divestiture in Africa is not change in ideology of re-evaluation of the commercial benefits of public enterprises but the political power exercised by the World Bank, the IMF, and donor agencies, especially the U.S. Agency for International Development (AID), in convincing African leaders to adjust their economies structurally.

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62 Bangura and Gibbon, p.7. In his essay, "Authoritarian Rule and Democracy in Africa: A Theoretical Discourse," Bangura talks also about "Radical reform programmes, influenced or initiated by the IMF and the World Bank..." p.64.

While Weissman, of the U.S. House of Representatives, prefers to emphasize the fact that "programs are almost always jointly designed by international donors and recipient governments," he nonetheless acknowledges that "the local government role has been 'weakest' in Sub-Saharan Africa." 64

A more attractive perspective about the understanding of external influence is provided by Miles Kahler, quoted and presented by Toye as follows:

Miles Kahler . . . makes a much stronger contrast . . . between external influence over Less Developed Countries' domestic policies exercised by conditionality and bargaining, and external influence exercised by social learning and the growth of consensual knowledge. The latter, 'developed primarily as an explanation for international cooperation and the evolution of international institutions . . . focuses . . . on the tacit and explicit alliances across the negotiating table that are created by policy dialogue, technical assistance and other avenues of influence in the policy process' apart from the leverage of conditionality. 65

What is interesting in this approach is the perception of the two forms (financial and intellectual) of external influence. As will be explored in the study of the policy diffusion process, later in this chapter, it is important to grasp the complexity of the channels of influence or imposition which are not always overt. It is also worth noting the concept of "policy dialogue," adopted and favored by the World Bank (which will be discussed later). Because its packaging was done outside, SAP was not able to comprehend all the internal factors explaining the fundamental lack of legitimacy of its main actor, the African state. It was even expected that the arrival of fresh credits and the expertise and solid machinery of the World Bank and IMF will constitute an asset which will help the recipient state gain momentum. Instead, argues Beckman, "SAP accelerates problems of political capacity of the state. SAP faces critical problems of political legitimacy that threaten to block reforms. The organized interest groups that oppose SAP, while representing 'narrow interests', also

64 Both quotes of Weissman are from p.1623.
65 Miles Kahler quoted in Toye, "Interest Group Politics," p.112.
articulate wider popular aspirations. The reforming capacity of the state depends on its ability to accommodate them. The legitimacy crisis of SAP is reinforced by its dependence on foreign support."66 As Herbst suggests, the World Bank does not ignore its critiques. The financial institution acknowledges in its crucial 1989 document, "The fundamental weakness in these programs is the lack of local capacity, both private and public, in their design and execution."67

Among the various obstacles to the reform process outlined by the literature, I have chosen to present the urban bias theory because of its general relevance to the global African crisis and to my perception of its potential in helping understand the fundamental weakness of rural telecommunications in the Third World in general. In addition, authors such as Toye seem to give a great deal of credit to Michael Lipton, the father of the "urban bias theory," whose research seems to have been a direct inspiration to the whole reorganization of Third World economies initiated and financially supported by the World Bank. Toye explains:

The most powerful and comprehensive analysis of the political economy of development available to influence thinking about structural adjustment at the end of the 1970s was Why Poor People Stay Poor by Michael Lipton, which was published in 1977. This influential book codified and rationalised the concept of urban bias, and eloquently denounced its malign effects on the policies designed to promote development. Many others had, from the 1960s, onwards, examined parts of the urban bias story -- excessive industrialisation, distorting trade regimes, the failure of redistributive taxation strategies, the neglect of agricultural investment or the virtues of primary health care compared with modern curative medicine. Lipton's book68 tied all these things (and more) together and created a


67 World Bank, Sub-Saharan Africa: From Crisis to Sustainable Growth

powerful polemic against the "urban coalition" which was undermining
development and efforts to alleviate poverty.69

Lipton's book is truly an admirable effort to pinpoint the central "mistake" of
developmental policies aimed at overcoming poverty and putting newly independent Third
World countries on the launching pad of fast economic growth (i.e., development). A first
merit of Lipton is to insist that it is a misconception to equate growth and development. In
his vision, "In the last thirty years, almost all the hundred-odd LDCs have enjoyed growth
and even 'development' at unprecedented rates. Yet -- with a few exceptions, such as
China, Malaysia and Taiwan -- the proportion of their population below a fixed acceptable
minimum standard of feeding, housing, clothing, and freedom from chronic illness has not
fallen much."70

The second merit of Lipton is that his book is a detailed review of world theorists
who dealt with the relationships between the rural and urban areas in the process of
development and change. His critique of Marx, Lenin, and more importantly, Trotsky, for
not only having carried the urban bias theory but also for having theoretically attempted to
make it legitimate by over-emphasizing the proletariat (an urban component) as the driving
force of change and progress, contrary to an inert and often conservative mass of rural
working people, is audacious (cf. his section "Marxism and the Rural-Urban Relationship"
pp. 107 and following). Another merit of Lipton is his critique, but also valorization, of
the Fanonian theory of which traditional marxists do not approve. Indeed Fanon's defiance
toward the so-called proletariat in the third-world made him the target of the usual critique
of being a romantic "petty bourgeois." Lipton, on the contrary, rightly perceives an
original approach in Fanon. He writes:

attempts to explain why the awareness of that sub-group's existence in rural project financing did not yet bring significant improvement in the lives of those people.

69 Toye, p.106.

70 Michael Lipton, Why Poor People Stay Poor, p.27.
Fanon's insights into urban-rural relations in poor countries centre upon the pro-urban impetus of the colonial power... "In the colonial territories the [urban] proletariat is the nucleus of the colonised population which has been most pampered by the colonial regime," because it is "that fraction of the colonised nation which is irreplaceable if the colonial machine is to run smoothly." Nationalist movements mistakenly recruit in the politically obvious places - from among urban "skilled workers and civil servants, ... a tiny proportion of the population..." 71

As one may see, Lipton's theory of "urban bias" stems from a tradition of theorists (from Mao, to Fanon, to Rene Dumont, among others), suspicious of the unilateral emphasis on the urban minority of underdeveloped countries, etc. According to Peter Gibbon, Lipton's theory was the framework of the World Bank's analysis of policy deficiencies in the developing world. He argues:

The origins of the deficiencies were analysed on the basis of the concept of "urban coalitions" developed [by] Michael Lipton... Governments dominated by urban coalitions followed policies designed to transfer resources from rural to urban areas. These policies were designed to, or at any rate resulted in "the politicisation of (economic) objectives to include increasing employment, delivery of output at low prices to key-groups and non-economic shaping of investment decisions" (World Bank, 1981:38), and were made possible by the extraction of 'rent' from peasant producers by state-controlled marketing monopolies.72

Based on this observation, the World Bank, through the "Berg Report," identified persistent anti-agriculture bias as the African governments' chief policy error.73 As a result, argues Toye:

The politics of structural adjustment were interpreted with the concept of urban bias in mind. The need for structural adjustment has arisen because governments in developing countries had been 'captured' by workers and industrialists to form an urban coalition... Captive governments had legislated their economic policies to advance urban interests at the expense of rural interests. The whole dirigistic apparatus of trade and exchange control, state-owned banks and industries, trading corporations with monopolies of agricultural export crops, food procurement agencies and so

71 Ibid., p.139.
72 See Peter Gibbon, p.136.
73 See Toye, p.107.
on was seen as a single great scheme to exploit the rural hinterland and
grow rich on a variety of artificially created rents in the cities and
towns...74

Although in favor of some of the tenets of the urban bias theory, Toye nonetheless thinks
that its non-critical espousal by the World Bank may explain partly "the problems and
paradoxes of the politics of structural adjustment." This is why, according to Toye:

The urban bias theme itself, though capturing something important about the
exploitation of rural exporters, especially in Africa, ran into much criticism.
Two problems relevant here are the loose and fluctuating definition that is
given to the "urban coalition," and the absence of clear evidence of the ways
in which urban people operate politically as an interest group... This was
unsatisfactory in itself, but especially worrying for those intending to
intervene to counter-balance the urban coalition's influence.75

More importantly, it seems to me that a serious problem is the globalization of political and
economic processes unfolding in different countries. Those states evidently have different
dynamics, and are at different stages of the formation of social groups and the development
of interest groups and alliances. Such a totalization over-emphasizes the similarities to the
detriment of the differences. From a dialectical perspective, the latter are, of course, the
key to the understanding of the specificity and the appropriate remedies of any given
country. To see a package of reform based on the same diagnosis, the same theoretical
framework, and the same package of prescriptions, being deployed regardless of countries' differents processes, is worrisome for the very reason that different political regimes in
Africa have different power-bases. Such a claim is not disputing the general relevance of
"the urban bias theory." For instance, Senegal, under president Senghor, developed a
complex system of alliances between fractions of the ruling class, the peanut producers and
the rural aristocracy against some fractions of the rural population growing non-export
crops (millet, rice) and against the most rebellious groups of the "urban coalition," the

74 Ibid.

75 Ibid., p.109.
students and teachers, principal recruiting ground and membership-base of the clandestine political opposition groups. In Guinea today, while the urban coalition has espoused the theme of change against the ruling military aristocracy, this latter group has developed a strong alliance with the rural population which composes more than 70% of the total population. Despite the severe economic crisis in rural areas and the counter-performances of the military regime, the rural population has lately re-elected the same leadership to the presidency. These two cases prove that even a solid theoretical framework (such as Lipton's "urban bias") cannot be uniformly applied to different nations without running into some sharp differences which may neutralize its general relevance. The "totalizing" approach to the need for a comprehensive reform agenda in Africa may be the central problem.

As it was shown in this section, the reform agenda encompasses a series of important issues going from a central question in political economy such as the question of the "state" to the importance of a theoretical framework.

To conclude, let us evoke the future of global reform in Africa. As boldly stated by Jeffrey Herbst:

> The fate of literally tens of millions rests on the success of economic and political reform programs in Africa. Question of state ability, regime type, and the relationship between political and economic reform are not merely academic but critical to the fate of a continent.\(^6\)

Indeed the time has come for African policymakers and their partners of international financing organizations to set some working standards and grounds which will send the signal to the African population that the reform process is not a package of quickly devised and improvised recipes, but instead a deep and genuine concern about the worsening situation of the poorest continent of our planet.

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Commenting on the negative effects of frequent changes of direction in the political economy of development, Whitaker observes, "shifts of thinking in the economic sphere are associated historically with alterations of viewpoints in the political domain, usually following an accumulation of evidence that a particular approach to economic development problems has failed. In this regard, Africa frequently has served, consciously or not, as a principal proving ground of changing visions."77 (Emphasis added). This is precisely what needs to be ended in order to pave the way to a new "contract" of confidence between partners of African development for, as Herbst emphasizes:

Ideas to help promote economic development in Africa tend to burst onto the continent with great brilliance and then quickly fade as the initial enthusiasm for the panacea is replaced by disillusionment in the harsh light of reality. . . . Typically, once disillusionment sets in, the search for an entirely new solution begins, with the result that the potentially helpful aspects of the previous approach are lost.78

The World Bank being the major partner in African development financing, the evolution of its thinking toward the reform process, becomes an object of particular interest. Although recognizing the progress made by the World Bank’s 1989 report (Sub-Saharan Africa: From Crisis to Sustainable Growth), in identifying the central nexus of Africa’s torments which is the crisis of the African state,79 or the severe crisis of its leadership, or in more diplomatic terms, its crisis of governance,80 Whitaker argues:

77 Whitaker, p.333.


79 This is acknowledged by Whitaker in these terms: “The latest report of the World Bank has correctly stated that reform of the central state in Africa is critical for purposes of structural adjustment, whereas in the past withdrawal of the state from economic activity was its principal concern. What remains unadvocated, however, is a central state that is strongly legitimated and highly accountable,” p.349.

80 In a thorough and focused study, Mamadou Dia, "A Governance Approach to Civil Service Reform in Sub-Saharan African" (Washington DC: World Bank, 1993), has come up with a fine analysis. His central point to me is that "In most African countries with single-party (even several with multiparty) systems, the role of the state generally emphasizes the exercise of power and control rather than service to civil society. Three institutions that could provide checks and balance and enhance accountability - legislature, interests groups and the mass-media - are also significantly weak." p.1.
The achievement of the latest report, over and above its predecessors, is that it recognizes that the crisis of African governance is a primary source rather than just a consequence of underdevelopment. Its principal failing, however, is the persistence of the illusion that the crisis can be resolved through technical policies. . . . The report has gone no further than to propose to displace one form of instrumentally derived legitimation (state-centered) in favor of another version (market-centered). New horns of a dilemma have replaced old ones.81

This observation is shared by Gibbon who believes that, despite the new turn taken in the reformulation of its policies contained in the above mentioned document, the World Bank has asserted:

. . . the continuing validity of the specific economic policy recommendations of Berg (devaluation, wage restraint, fiscal discipline and "rolling back the state" from productive activity) . . . plus an agenda for reconstructing the donor-recipient relation via a complex process involving "policy dialogue," political concessions on the part of the IFIs and "consensus forming" behind a programme which combines the main IFI objectives with one or two espoused by African states themselves. This in turn is supposed to give rise to these states "owning" (taking real as well as formal responsibility for) the theory and practice of structural adjustment.82

This new framework of the reform agenda was better systematized, as Gibbon reports in a 1990 World Bank evaluation of the difficulties encountered in Tanzania:

The failure of the Bank to get Tanzania to undertake prompt reforms, even when the Bank's ability to use leverage must have been at its maximum, was due partly to the absence of a political consensus in favour of reform within Tanzania and partly to the fact that Tanzania was lacking in the ability to design and undertake policy reform. The Bank's appreciation of the delicacy of the political situation and its effort to help Tanzania improve its policy reform capability have been the hallmarks of the phase of maturity in recent relations.83

This statement expresses the general dilemma of the reform agenda. An obvious need of reform plus a committed financing institution are necessary, but not sufficient, since a

81 Whitaker, pp.345-346. It seems interesting to note that despite its very critical tone, this piece by Whitaker was prepared for the World Bank Project on Governance and Economic Development in Africa, and presented at a conference of the World Bank on may 3-4, 1990, in Washington, D.C

82 Gibbon, p.141.

83 Ibid.
favorable and consensual political environment and policy reform capability of the recipient country itself are still required to get the process moving in the right direction.

As Whitaker observes the World Bank is "a power to be reckoned with, not only financially, but also in conceptual and policy marketplaces." Despite the improvement of its general policy orientation expressed in the 1989 report, he believes the Bank can do better. His following set of questions are intended to help the financial institution move in that direction:

Unfortunately ... this document [the 1989 Report] is utterly opaque, as is generally characteristic of neoclassical pronouncements, when it comes to examining the climate of government that makes possible a bona fide developmental role. Does the night-watchman-state patrol the entire plant or just the back door? Does it permit integrity of both the guardians and the guarded? Is there scope for allegiance based on principles beyond personal self-interest? Insulated from such considerations, can economic development be expected to occur?84

In this section, I have provided a broad framework of the reform process unfolding in Africa in order to better contextualize the sectoral reform of telecommunication which has no independent existence if detached from the general move to structurally adjust and institutionally reform the African productive system. One major, if not the major, target of the general reform agenda, has been and still is the reform of public enterprises (PEs), also called State-Owned-Enterprises (SOEs). The reform of this sector is of a double interest for this study:

1) It encompasses all the issues related to the African state’s newly redefined role in productive and economic activities such as disengagement, liberalization, competition, privatization and also testifies to the achievements and malpractice of politicians turned managers; and

2) Telecommunication operating entities in Africa, the ultimate target of this study, are public enterprises, still owned and tightly controlled by the state (Cf. Appendix 1).

84 Whitaker, p.350.
Structural Adjustment and the Reform of Public Enterprises

The literature on Public Enterprises (PEs) reform is also abundant and rich with implications for this study of the institutional reform of telecommunication in selected African countries. The World Bank, in particular, has put a significant effort of research assessment and agenda setting in analyzing the reform of PEs throughout the world and particularly in Africa (see Table 3). Publications by the World Bank staffs and analysts, among others, have provided both the Bank decision-makers and the general public a significant number of studies on the reform of PEs.85 Luckily, the issue of PEs also encompasses other major issues of the decades of the 80s and 90s such as liberalization, privatization, competition, deregulation, etc., alternative and complementary analyses and approaches to the World Bank also exist in a great number.86

The 1980s can unquestionably be designated as the decade of institutional reform, liberalization, deregulation and privatization of PEs in both industrial and developing


Table 3:  
NUMBER OF PEs IN SUBSAHARAN AFRICA

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>YEAR</th>
<th>NUMBER OF PEs</th>
<th>OF WHICH 100% STATE OWNED</th>
<th>% WHOLLY STATE OWNED</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENIN</td>
<td>1982</td>
<td>60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BOTSWANA</td>
<td>1978</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BURUNDI</td>
<td>1984</td>
<td>51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAMEROON</td>
<td>1980</td>
<td>50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMOROS</td>
<td>1982</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONGO</td>
<td>1982</td>
<td>75 a/</td>
<td>70</td>
<td>93.3%</td>
</tr>
<tr>
<td>ETHIOPIA</td>
<td>1984</td>
<td>180</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GHANA</td>
<td>1984</td>
<td>130</td>
<td>100</td>
<td>76.9%</td>
</tr>
<tr>
<td>GUINEA</td>
<td>1980</td>
<td>181</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IVORY C.</td>
<td>1978</td>
<td>147</td>
<td>23</td>
<td>15.6%</td>
</tr>
<tr>
<td>KENYA</td>
<td>1982</td>
<td>176</td>
<td>47</td>
<td>26.7%</td>
</tr>
<tr>
<td>LESOTHO</td>
<td>1978</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIBERIA</td>
<td>1980</td>
<td>22 a/</td>
<td>20</td>
<td>90.9%</td>
</tr>
<tr>
<td>MADAGAS</td>
<td>1979</td>
<td>136</td>
<td>45</td>
<td>33.1%</td>
</tr>
<tr>
<td>MALAWI</td>
<td>1977</td>
<td>101</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MALI</td>
<td>1984</td>
<td>52</td>
<td>40</td>
<td>76.9%</td>
</tr>
<tr>
<td>MAURITAN</td>
<td>1983</td>
<td>112</td>
<td>81</td>
<td>72.3%</td>
</tr>
<tr>
<td>NIGER</td>
<td>1984</td>
<td>54</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NIGERIA</td>
<td>1981</td>
<td>107</td>
<td>36</td>
<td>33.6%</td>
</tr>
<tr>
<td>RWANDA</td>
<td>1981</td>
<td>38</td>
<td>16</td>
<td>42.1%</td>
</tr>
<tr>
<td>SENEGAL</td>
<td>1983</td>
<td>188</td>
<td></td>
<td></td>
</tr>
<tr>
<td>S. LEONE</td>
<td>1984</td>
<td>26</td>
<td>12</td>
<td>46.2%</td>
</tr>
<tr>
<td>SOMALIA</td>
<td>1979</td>
<td>44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUDAN</td>
<td>1984</td>
<td>138 a/</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SWAZILAN</td>
<td>1978</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TANZANIA</td>
<td>1981</td>
<td>400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOGO</td>
<td>1984</td>
<td>73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UGANDA</td>
<td>1985</td>
<td>130</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ZAIRE</td>
<td>1981</td>
<td>138</td>
<td>54</td>
<td>39.1%</td>
</tr>
<tr>
<td>ZAMBIA</td>
<td>1980</td>
<td>114</td>
<td>65</td>
<td>57.0%</td>
</tr>
</tbody>
</table>

a/ Excludes financial enterprises
Source: John Nellis, Public Enterprises in Sub-Saharan Africa
countries (Beesley, 1992; Suleiman and Waterbury, 1990; Galal 1991). For several reasons which I will explore in this section, "the operations of the state-owned companies did not become contributors to government coffers. In fact these enterprises continually requested state subsidies to maintain operations. . . . In their attempts to deal with their mounting problems, the African nations appealed to the IMF and the World Bank, as well as to official lending agencies for the rescheduling of interest and principal debt payments. These efforts were successful, but relief came with strong remedial recommendations as the IMF imposed strict stabilization policies and the World Bank required structural economic adjustments, particularly with respect to public enterprises."87

In fact, this formulation by Katz has put in simple terms the complex process that led to the huge reform program of African PEs. As Galal observes:

Many countries around the world have attempted to reform their PEs in the 1980s, often with the support of the World Bank. . . . Most of these reforms were concentrated in Africa. The widespread and apparent incidence of market and bureaucratic failures in African countries in comparison with others, and the excessive size of the PE sector in this region largely account for the concentrated effort.88

Although the main target has been Africa, the move toward institutional reform was worldwide in its scope and objectives. As Shirley and Nellis put it, "[t]he world is witnessing a historic shift from rigid, formulaic approaches to economic organization. In developing countries, the era of reliance on the public enterprise sector to drive the economy to prosperity has largely come to an end. . . ."89

Galal presents in his study a striking summary of the scope of the reform in the developing world:


88 Galal, Public Enterprise Reform....

89 Shirley and Nellis, Public Enterprise Reform, p. 67.
For example, the Philippines has sold almost 25% of its 1985 portfolio. As of March 1989, Mexico has sold 180 PEs, liquidated 260, merged 70, and transferred 25 PEs to local governments. Tunisia has sold some 25 holdings. Jamaica divested J$500 million worth of assets. Togo and Guinea have sold, put under management contracts, or leased a significant portion of their industrial PEs. Guinea closed some 70 PE units. Togo, Mali, Madagascar and Benin have each liquidated 12-15 firms.90

This impressive list of concrete moves toward reforming or divesting PEs, is the direct outcome of the strong winds of privatization originating, in particular, from Great Britain.

As Dr. Persaud of the Commonwealth Secretariat explains:

Made fashionable by Britain in the 1980s, privatization is now in vogue around the world. It has become an important policy ingredient in the swing to reliance on markets which characterizes economic reforms now under way in the second and Third Worlds. In part this is because greater emphasis on free markets, and on privatization . . . , both occupy a central place in the thinking of the international donor community and feature prominently in its financial support for structural adjustment.91

Before elaborating further, it is important to agree on a consensual definition of PEs. Nellis, in his important 1986 study of PEs in Sub-Saharan Africa, offers a standard definition:92 "Public enterprises are defined as government owned or controlled entities which are supposed to earn the bulk of their revenues from sales, have a distinct legal identity, and are self-accounting."93 Galal, whose study shares the findings and theoretical base of Nellis, suggests however a more recent and less extensive definition. He refers to public enterprises as "productive entities, owned and/or controlled by the state, and the bulk of their output is sold in the marketplace."94

90 Galal, Public Enterprise Reform... , p.17.

91 Bishnudat Persaud, forward to Adam, Cavendish and Mistry, Adjusting Privatization: Case Studies from Developing Countries. (Portsmouth, NH: Heinemann, 1992), p.ix.


94 Galal, Public Enterprise Reform, p.ix.
Referring to some African governments' non-orthodox usage of the renewed concept of public enterprise, Nellis argues: "In their calculation of public enterprises, some African governments include hospitals, universities, research units and what are called in francophone countries "public establishments of an administrative character." [I] exclude such undertakings and deal more narrowly with those government-controlled enterprises which are supposed to earn most of their revenue from the sales of goods and services. . . ."95

A study of African PEs by a group of African experts (which is not very common) presents a descriptive definition, "A substantial part of the public sector activities is carried out by public enterprises, in many African countries referred to as "parastatal" institutions."96

Public enterprises have played a central role in the political economy of Africa (see Figure 1). In what Nellis calls "a rough but still conservative estimate there are some 3000 financial and non-financial African PEs, fully or partially controlled by governments."97 The extreme case of excessive size of the public sector was Guinea under Sekou Touré, "[In 1981] PEs were responsible for 75 percent of modern sector employment in Guinea, 58 percent in Niger (1981), and 40 percent in Burundi (1980)."98

But why did the African states expand their intervention in the economy to become the main job providers and the main goods and services providers. Herbst explains that, "it was after independence that the number of public enterprises in Africa exploded. For instance, in Tanzania, public enterprises went from 80 in 1967 to 400 in 1981... Similarly,


98 Ibid., p.8.
SHARE IN GDP AT FACTOR COST

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>CODE</th>
<th>YEAR</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sudan</td>
<td>SUD</td>
<td>1975</td>
<td>40.0</td>
</tr>
<tr>
<td>Zambia</td>
<td>ZAM</td>
<td>1979-80</td>
<td>37.8</td>
</tr>
<tr>
<td>Guinea</td>
<td>GUI</td>
<td>1979</td>
<td>25.0 b/</td>
</tr>
<tr>
<td>Mauritania</td>
<td>MAU</td>
<td>1984</td>
<td>25.0</td>
</tr>
<tr>
<td>Senegal</td>
<td>SEN</td>
<td>1974</td>
<td>19.9 b/</td>
</tr>
<tr>
<td>Tanzania</td>
<td>TAN</td>
<td>1974-77</td>
<td>12.3</td>
</tr>
<tr>
<td>Togo</td>
<td>TOG</td>
<td>1980</td>
<td>11.8</td>
</tr>
<tr>
<td>Ivory Coast</td>
<td>I C</td>
<td>1979</td>
<td>10.5</td>
</tr>
<tr>
<td>Niger</td>
<td>NIG</td>
<td>1984</td>
<td>10.0</td>
</tr>
<tr>
<td>Kenya</td>
<td>KEN</td>
<td>1970-73</td>
<td>8.1</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>S L</td>
<td>1979</td>
<td>7.6</td>
</tr>
<tr>
<td>Botswana</td>
<td>BOT</td>
<td>1978-79</td>
<td>7.3 b/</td>
</tr>
<tr>
<td>Liberia</td>
<td>LIB</td>
<td>1977</td>
<td>6.8</td>
</tr>
</tbody>
</table>

a/ Weighted average
b/ GDP at market prices

Figure 1: PE SHARE OF GDP

public enterprises in Kenya increased from 20 at independence to 60 in 1979.\footnote{99}

If colonization\footnote{100} is not to blame, it is then obvious that the nature of the early ideology of the African state is responsible for this turn in the building of independent economies. According to Nellis,\footnote{101} the reason "why ... African states came to rely so heavily on PEs in their development strategies" has several causes, among which the three following seem central:

1) Because colonial governments initiated the tradition of creating "economic planning bodies, agricultural marketing boards ... started industrial parastatal enterprises ... generally never hesitated to interfere in many socio-economic spheres untouched by government in the metropole," the new African states assumed that "extensive government involvement in the economy and society was the natural order of affairs";

2) Because prior to independence, most of "the commercial and agricultural base [that] existed ... was in the hands of aliens, either from the metropole, the Near East or Asia." A post-independence leadership had enough reasons to advocate "controls and nationalization." During the ideological battles and political mobilization against the colonial masters, a leftist, socialist like climate was also created which favored planned and state-driven economies and discredited any project associated with "imperialism, market and the profit motive"; and

3) In another group of African countries, instead of ideological arguments, structural and technical reasons were displayed:

For example, PE sectors have often been viewed as essential to replace a non-existent or alien private sector; or to stimulate and incite a weak or small national private sector; or to attempt to transfer technology absent in the local private sector in fields regarded as 'strategic,' such as communications, transport, or certain branches of heavy industry. Further, PEs were thought to be able to fill an "entrepreneurial gap," and gain access to international concessionary and commercial credit that would be denied to small local entrepreneurs possessing limited assets. A further hope of African


\footnote{100} Herbst observes that actually "only the settler colonies, which needed public enterprises to service the white population and regulate the economy, had a significant number of parastatals." "The Politics of Privatization in Africa," p.235.

\footnote{101} This summary is entirely based on Nellis, \textit{Public Enterprises in Sub-Saharan Africa} , pp.12-15.
planners was that PEs would utilize more appropriate, less capital-intensive technologies.102

There is another justification behind the expansion of PEs in Africa which is so relevant to most states that it cannot be left out. According to Nellis:

Many political leaders have supported PEs, and been most reluctant to accept criticism of their performance, for they provide jobs for loyal supporters, and well-paying management posts for a variety of personalities, from retiring army officers to departing cabinet ministers for whom something suitable must be found. The PE sectors offer African political leaders a key employment mechanism to reward followers and defuse or forestall discontent.103

Beside the political, historical and ideological motives, there is, as presented by Shirley, a more economic rationale for public enterprise:

The economic justification for public enterprises, in the developing world and elsewhere, has been based largely on the notion of market failure, that under certain conditions the market produces suboptimal economic outcomes such as low production extremes of wealth and poverty. For example, so-called 'natural monopolies' providing electricity, communications, transport, water supply, and port facilities, were thought to offer classic cases of market failure that justified government intervention.104

Despite this clear understanding of the rationale behind the eruption and expansion of the PEs, one must add that international donors in their technical assistance to African development took more than twenty years to realize the huge problem posed to the productive system of developing countries by their public sector. In fact, the failure of the PEs as a system was massive and unquestionable in the first and second decades of independence. One excellent summary of all the ills of PEs, echoed by most researchers, is provided by Nellis:

PE earnings are generally low; many run losses; often these losses are of a large magnitude. . . . A good percentage do not cover operating costs.

103 Ibid., p.16.
104 Shirley and Nellis, p. 1
alone. In many instances where PEs are classed as profitable, closer examination reveals distorted prices, direct subsidies, hidden transfers, preferential interest rates and a host of other elements which -- if properly accounted for -- would reduce the paper profit of the PE in question. The conclusion is that African PEs present a depressing picture of inefficiency, losses, budgetary burdens, poor products and services, and minimal accomplishment of the non-commercial objectives so frequently used to excuse their poor economic performance.105

Not only is this picture depressing, but also the status-quo which allowed such a loose strategy to arise and resist pressure for change. Poor performance, poor management and accounting skills, heavy budgetary losses, no pressure to maximize profit or to espouse a commercial instead of a civil service rationale, and no accountability are among the numerous performance measurements put forth by World Bank specialists and scholars such as Herbst, Katz or Suleiman. As convincingly summed up by Nellis:

The cumulative nature of African PE problem should by now be well apparent. Weak basic accounting results in feeble information and evaluation systems. . . . Civil servants . . . are usually good at the meticulous and time-consuming application of regulations, while ministers frequently ignore them with impunity, especially with regard to personnel issues. All of these institutional/managerial difficulties typically take place in a flawed macro-economic policy environment of price distortion, subsidies and over-valued exchange rates. Thus, in African PEs one is dealing not with a weak link in a chain, but rather a chain of weak links.106

This harsh but realistic picture of the intrinsic flaws of the PE system in Africa also constitutes a good argument for the urgency of decisive reform of a failed economic system. Nellis puts it this way "... just about every observer, in and outside Africa, recognizes the need for fundamental reform."107

The Need to Reform the PE System

105 Ibid., p.ix.
106 Ibid., p.41.
107 Ibid., p.42.
Using a report authored by Nellis and Shirley, Kikery summarizes the World Bank’s assessment of ongoing changes in the reforming countries of the developing world:

During the past twenty years virtually all developing countries have adopted reform program -- short of ownership transfer -- to remedy the causes of poor SOE performance. These reforms aimed at: (a) exposing SOEs to domestic and external competition and ending preferential treatment in order to create a level playing field; (b) eliminating easy SOE access to credit from the budget and banking system and instituting a hard budget constraint; (c) increasing the autonomy of SOEs and freeing managers from government interference in day-to-day operational decisionmaking and from non-commercial goals; and (d) developing institutional mechanisms, such as contract plaas and performance evaluation systems, to hold managers accountable for results.  

After twenty years of reform experience, the success stories are still not numerous. In a country like Senegal, which is classified as a pioneer in institutional reforms in Africa, "despite persistent sectorwide SOEs reforms dating back to 1977, overall performance has remained poor." Yet, the World Bank did not use only financial arguments to convince African leaders to engage in the reform of PEs, the Bank, through its researchers and analysts, attempted to build a theoretical foundation to the reform process. Galal gives an account of the theoretical base of "the sectorwide approach to PE reform" summarized in the following quotation of Shirley:

The efficiency of an enterprise -- public or private -- is highest when the enterprise strives to maximize profits in a competitive market, under managers with the autonomy, capacity, and motivation to respond to competition, and when enterprises that cannot compete go bankrupt.

Galal adds that PEs, mainly because of public ownership, "seldom face such conditions," and for that reason:

108 Kikeri et al., pp.16-17.
109 Weissman goes as far as calling Senegal "a hero of Structural Adjustment," p.1624.
110 Kikeri, et al., p.17.
111 Mary Shirley quoted by Galal, Public Enterprise Reform, p.2.
the approach to their reform is focused on providing a more efficiency-inducing set of conditions. This framework finds its origin in extensions to PEs of the arguments developed by property rights, public choice and X-efficiency schools. The basic argument of this literature can be stated as follows: In large private corporations, ownership is divorced from management; thus, a wedge is created between the principals (the owners) and their agents (the managers). Depending on the room for discretion, which increases in sheltered (uncompetitive) markets, managers of these corporations are likely to maximize objectives differing from, and often incompatible, with profit maximization. In PEs, ownership is also divorced from management. Details aside, the basic point of this literature is that PE managers are likely to deviate from profit maximization to a greater extent than their private counterparts.

What follows is a set of obstacles to independent management activities, such as manipulation of PEs by politicians who appoint loyalists as managers who set prices to please some interest groups and potential voters, and who use PEs as employment placement targets. Another obstacle is the lack of clarity of the objectives and the "diffused or poorly allocated" leadership.

Overall, the World Bank has been openly involved in pushing the reform agenda in African countries. It is interesting to note that the Bank does not make any secret of its desire to see African countries engage in serious institutional reforms of their PE sector. For instance, referring to a detailed study by the government of Niger, Nellis explains:

This study placed the government in a position to negotiate with the World Bank a structural adjustment credit -- in which public enterprise policy issues figure prominently -- and a public enterprise reform project -- in which government supervision mechanisms will be strengthened, the PE legal framework clarified, and a select number of enterprises restructured. Similar, though smaller, studies have been carried out in half a dozen other African states including Mali and Senegal, and a number of these essential "stock taking" examinations are being planned or are underway -- in Ghana, Benin, and Mozambique."

Let us note that the three selected countries of this study are all mentioned for their efforts to conduct both macro and micro studies of their PEs, in order to rationalize the

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112 Galal, Public Enterprise Reform, pp.2-3.

113 Nellis, Public Enterprise in Sub-Saharan Africa, pp.53-54.
process of their reform. When Nellis adds, "Many of these studies have been carried out or planned with the assistance of the World Bank..." he not only confirms the high level of the Bank's involvement at the international policy diffusion level, but also in the policy making process at the local level.

When examining steps of reform, Galal identifies three "prerequisites for better implementation." First, an appropriate and friendly macroeconomics/framework is a top priority. With "an overvalued exchange rate, a negative real interest rate, excessive protection, and widespread price control," chances are that the expected positive outcomes of PEs reform will be neutralized and made invisible.

Second, Galal underlines the importance of a "strong political will." As he rightly observes:

PE reforms are politically sensitive. They entail the liquidation of some PEs and the sale of assets to the private sector. They diminish or eliminate the room for rent-seeking activities. They often involve staff reductions and reallocation of power. And they frequently include price increases and/or subsidy reductions. Therefore, they are resisted by a variety of different interest groups. . . .

Prerequisite number 3 is evidently the "proper design of PE reform programs." With PE reform being programs with multi-faceted policy components, it is recommended that each of its major aspects such as sector size, policy environment, institutional framework, restructuring of individual PEs be methodologically and meticulously dealt with.116

Nellis offers a methodical and comprehensive two phase-approach to the reform process117 (See Table 4 for complete description). Each phase is made up of three stages.
TABLE 4

REHABILITATION PROCESS OF PEs

<table>
<thead>
<tr>
<th>PHASE ONE - PREPARATION</th>
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<tbody>
<tr>
<td>Stage 1</td>
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<td>Stage 2</td>
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<tr>
<td>Stage 3</td>
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</tbody>
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<table>
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<tr>
<th>PHASE TWO - EXECUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1</td>
</tr>
<tr>
<td>Stage 2</td>
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<tr>
<td>Stage 3</td>
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</tbody>
</table>

This approach is derived from the World Bank-supported effort in Senegal.

As one may notice, the innovation in this approach might be the publicity for the concept of "contract plan." According to the literature, credit for introducing and clarifying the concept to the anglophone world belongs to Nellis, who thoroughly studied its origin and its differences from the traditional "corporate plan." He explains:

The term comes from the French contrat-plan. The French invented the concept and have used it extensively in their own PEs... "Program contract" is another term meaning much the same thing... The contract-plan defines the reciprocal commitments of government and enterprises, for several years in advance. It is a contract... though clearly a firm cannot sue its parent government in case of non-compliance. The contract-plan spells out the goals of the PEs, and establishes as possible performance criteria against which results can be measured. It fixes the government responsibilities and commitment in an equally precise way...

Describing the responsibilities of the government, Nellis insists on four major components dealing with:
- The legal and institutional changes required to improve the workings of a PE;
- Prices or tariff schedules;
- Allowable or target number of employees; and
- Physical, human and financial resources to be accorded to the PE during the contract-plan period, including capital increases, loans and loan guarantees.

Nellis is correct in emphasizing the need of a formal and mutual commitment between the state and the PE through a "contract," precisely because the previous "laissez-faire" so damaging to the quality of PEs' performance, was also convenient for both parties in terms of accountability. Nellis insists that "all PEs need a clear and binding statement of the objectives of the firm and of the support to be given by the government. The appeal of the contract-plan is that it specifies the actions both parties are committed to undertake. It

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118 Ibid., pp.58-59. In his Public Enterprise Reform, co-authored with Shirley, Nellis is more precise: "Contracts between the enterprise and the government have been used in France since the late 1960s... In 1980 their use spread from France to Senegal and thereafter to most of the rest of Francophone Africa," p.22.

provides a series of quantified performance objectives... a schedule... procedures for performance evaluation, and defines the rewards and sanctions..."120

The contract plan seems to have another advantage, it is not a statement of good intention and is taken seriously by the two parties. Nellis mentions the case of one contract-plan in Senegal which went through nine different drafts before all parties could agree. He also refers to the case of rehabilitated PEs (again in Senegal) which "submit twice a year execution reports to their Boards, which discuss them and then pass them on to the proper supervising ministry, and eventually to central PE sector control and regulating bodies. These reports reveal how the PE is doing in terms of the goals set in the contract-plan."121

Referring to the concrete components of the reform agenda, Galal suggests a short list of priorities, namely, "Price deregulation and liberalization, measures to increase competition, measures to reduce the budgetary burden of PEs, and valuation of enterprises for divestiture."

At a macro-level of analysis, Shirley indicates five levels which need reform and change. But she insists first that "efforts to introduce institutional changes without an adequate framework for macroeconomics policy reform run the risk of being self-defeating, undermining the very improvements they are meant to achieve..."122 Then she proposes her five indicators of positive institutional change aimed at fostering efficiency:

1. Fostering efficiency through competition. In this section, she advocates the exposure of state enterprises to competitive pressures, for she is convinced that "any enterprise, public or private, operates more efficiently with a competitive

120 Ibid.

121 Ibid., p.61.

122 Shirley and Nellis, Public Enterprise Reform, p.6.
market. The spur of competition pushes firms to develop their marketing skills, pay close attention to service, keep up technologically, and control costs."123 Beesley, a central personality in the British reform debate, seems to strongly share this statement: "Competition is the most important mechanism for maximizing consumer benefits, and for limiting monopoly power. Its essence is rivalry and freedom to enter. What counts is the existence of competitive threats, from potential as well as existing competitors."124

2. Market-oriented financing. The reform of financial policy calls primarily for a policy change in the banking sector operating with the rules of market-determined rates of interests and independent credit policy. This point is important in the developing world since most of the time PEs have recourse to borrowings from the Banks to cover their shortfalls in part due to the low prices imposed by the governments. Another major financial hurdle is that "public-sector firms have often ignored the debts they owe each other, thereby creating interlocking arrears within the sector and the firms." Last, but not least, the propensity of the state to fund PEs deficit or to take on their debt, ends up in a "misallocation of resources, selection of excessively-capital projects, growing indebtedness of state-owned enterprises, crowding out of private borrowers in local capital markets, and a general tendency to expand the scope of public operations."125

3. Pricing for efficiency. PEs tend to practice low and non-reasonable prices for all the reasons (mainly political) mentioned above. These prices sometimes defy

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123 Ibid., p.7.


125 Shirley and Nellis, Public Enterprise Reform, p.9.
common sense. Referring to the existing body of theoretical work aimed at devising "rules for setting monopoly tariffs at the equivalent of efficiency prices (prices equal to the economic cost of the last unit sold plus a markup to clear the market)." Shirley observes that these rules are seldom applied on the one hand, and on the other hand "a study in West Africa suggests that improving revenue collection and a simpler approach to pricing is preferable to lengthy and costly long-run marginal cost studies, particularly in the data-scarce countries in that region."126

4. & 5. Labor policies to foster efficiency deal with the need to create the necessary legal structures to accompany the reform agenda. Shirley indicates that despite its inability to be a major source of employment, PEs tend "to dominate the non-agricultural labor market and . . . to attract lower-ranked workers, raise the wage expectations of such workers in both public and private firms, threaten external competitiveness, and slow job creation."127

When confronted overall with the pressure to reform their PEs, African states dispose of a classification of these PEs in four major categories according to Nellis, "those to be retained, those to be rehabilitated, those to be sold, and those to be closed."128 This classification testifies to the complexity of the decision making process of the fate of any PE between the two polars of rehabilitation or privatization.

It seems difficult to fully understand the scope and the depth of the PEs' reform agenda without paying a specific attention to the issue of privatization. All the alternative

126 Ibid., p.11.
127 Ibid., p.13.
options and intermediate stages given to countries which are dragging their feet,129 were devised relative to the central issue of privatization. Liberalization, introduction of competition, deregulation, are all elements of a general rehearsal before the coming on the central stage of the "real thing" which is the privatization, divestiture, liquidation of incurable PEs or selling of even profitable ones. Let us then briefly examine the issue of privatization as presented in the literature.

**The Issue of Privatization and the Reform Process**

The introduction in the reform policy debate of privatization resulted from a change of heart of the World Bank. The financial institution first provided financial assistance and technical expertise to countries interested in improving the performance of their SOEs without bringing in the discussion the ownership issue as a possible reason of the malfunctioning of the public sector. But as Kikeri and others state:

> . . . changing perceptions and attitudes in member governments, combined with difficulties in sustaining SOEs reforms and the growing body of evidence on the benefits of privatization, have created opportunities for the World Bank Group to support privatization.130

Since the Bank has reached such a conclusion, it has been more aggressively promoting privatization as Kikeri and others explain:

> Between fiscal 1981 and the first half of fiscal 1992, 182 Bank operations supported privatization in sixty-seven countries, half of them in Sub-Saharan Africa. . . . Privatization has become an important part of adjustment programs: about 70 percent of all structural adjustment loans (SALs) and 40 percent of all sectoral adjustment loans (SECALs) support privatization by helping governments to develop strategies, classify

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129 It is worth noting that resistance to privatization is not a specialty of African states; Dieter Bös, after recognizing the pioneering initiatives of Great Britain and France in the moves toward privatization, indicates, however that "other [European] countries have been more hesitant to follow suit. [In] West Germany, Italy, and the Netherlands nobody seriously considers privatizing large public utilities like telecommunications and postal services... Some other European, such as Belgium, the Scandinavian countries, and Austria, even lag behind Germany, Italy, or the Netherlands in privatization...." p.1.

130 Kikeri et al., p.32.
candidates for sale, establish timetables for implementation, and develop an appropriate supervisory and institutional framework.\textsuperscript{131}

Overall, in the decade of the 80s, privatization has not been a phenomenon specific to developing countries. A World Bank figure counted in industrial countries 70\% of the 6,800-plus sales, "66 percent of them over the past eighteen months in the former German Democratic Republic alone" (Kikeri, p.22). Another source in the World Bank, reported by Uyangoda, indicates that "between 1980 and 1987, a period in which privatisation became the economic norm in the first and the Third Worlds alike, fewer than 1,000 firms were privatised throughout the world. In 1991, Romania alone offered to private capital 40,000 firms."\textsuperscript{132} See also the summary of "Components of World Bank support for privatization" in Figure 2.

Latin America has shown more responsiveness to the appeal for privatization than Sub-Saharan Africa. Today Mexico and Chile are able to display the following impressive figures:

Starting in 1984 Mexico sold or liquidated more than 400 of its 1,155 SOEs in a wide range of sectors, including telecommunications, airlines, sugar, mining, manufacturing, and services (hotels and, more recently, banking); in addition 400 SOEs have been merged or have been transferred to municipalities. . . . Chile has privatized all but 23 of its 524 SOEs since 1973, reducing ownership of producing assets from 39 percent of GDP in 1973 to 12 percent in 1989. . . .\textsuperscript{133}

Before attempting to respond to the central question of privatization which is simply: "Why privatize?" let us select a few -- among many -- definitions of privatization.

\textsuperscript{131} \textit{Ibid.}

\textsuperscript{132} Uyangoda, p.8.

\textsuperscript{133} Kikeri \textit{et al.}, p.23.
Figure 2:

COMPONENTS OF WORLD BANK SUPPORT FOR PRIVATIZATION (Fiscal 1981 through December 1991)


\textsuperscript{a/} Excludes support for social safety nets under adjustment loans that is not explicitly linked to privatization programs.
Definition of Privatization

L. Gray Cowan provides a definition of the concept put in a historical perspective:

Privatization may be defined as the transfer of a function, activity, or organization from the public to the private sector. The concept is not new; it can be found in the writing of Adam Smith as early as 1762. The great trading companies . . . such as the British Africa Company and the Dutch East Indies Companies, were in private hands until they were taken over by governments as part of the rise of global foreign policy interests in the imperialism of the nineteenth century.134

Although the concept is deeply rooted in the history and traditions of western political economy, the coining of the term "privatization" itself seems much more recent. In fact, Cowan affirms that "its first appearance in a dictionary came in 1983. With increased usage, its meaning has broadened to include the economic setting in which privatization occurs. . . ."135

Dieter Böse also proposes an interesting definition of privatization which is more a delimitation and a description since he quotes Thiemeyer, who has come up with "fifteen concepts of 'privatization'."136 As Böse explains, "The word 'privatization' has many different meanings. [Here] we concentrate on one particular concept only: the sale of public assets. Other forms of privatization, like contracting out, debureaucratization, promotion of competition by market processes, 'cold privatization', etc. are not considered."137

Another original approach to privatization is developed by Adam, et al., who argue that privatization must be taken as "a means not an end". Privatization for them is only a process . . . "which covers the transfer from the public to the private sector of the

135 Cowan, p.6.
136 See Böse, p.2.
137 Ibid.
ownership and/or control of productive assets, their allocations and pricing, and the entitlement to the residual profit flows generated by them."\textsuperscript{138}

The World Bank also has a few more conventional definitions of privatization which state, for instance, that "privatization can be defined as the transfer of ownership of SOEs to the private sector by the sale -- full or partial -- of ongoing concerns or by the sale of assets following liquidation. Sale of the business or of its assets has been the most widely employed and debated form of privatization."\textsuperscript{139}

To the important question, "Does privatization necessarily mean transferring ownership from the public to the private sector?", a World Bank analyst, Mamadou Dia, replies, "the simple answer is no."\textsuperscript{140} Dia goes on to explain that a transfer from the public to the private sector of assets, or a divestiture of ownership, are only two forms of privatization among several others. For instance, "in many cases [privatization] may entail the privatization of management of a state enterprise whose ownership remains in government hands."\textsuperscript{141}

As an illustration, Dia presents the two traditional forms of privatization of management. One is "management contracts" which is the most common form (used in the hotel and tourism sector). In this arrangement, "the government pays for the services of private sector specialists to manage the enterprise [and to assume] entire responsibility for the management of the enterprise on behalf of government, which retains ownership."\textsuperscript{142}

The second form of privatization of management ("less widely used") is leasing. In this

\textsuperscript{138} Christopher Adam, et al., Adjusting Privatization, p.6.


\textsuperscript{141} Ibid.

\textsuperscript{142} Ibid., p.9.
mechanism, because of difficulties in operating the business itself, the government "leases the enterprise and its assets to a private operator who exploits them for his personal gain. In return, he pays rent and accepts the obligation to return the leased assets in their initial state when the lease expires. . . . The private operator . . . must bear all risks and losses, and retains all profits." ¹⁴³ One noticeable advantage of this arrangement is that the government is assured of "steady income (rents) for non-performing assets."

In what he calls "classes of privatization," Dia makes also the distinction between: (i) "the reprivatization of nationalized enterprises;" (ii) "privatization of profitable and financially viable enterprises;" and (iii) "withdrawal from loss-making non-strategic/non public-services." ¹⁴⁴

To these three forms of privatization, one may add a fourth one known as "BOT" (Build-Operate-Transfer). The principle here is to allow private contractors to invest in the building of some important capital assets with a high rate of return, such as private highways for instance, and to operate and manage the business for a certain number of years before returning it to the public service. "In this sense," say Adams, et al., "the BOT can be seen as a variant of the standard practice of public works contracting in the face of financial resource constraints, by which the remuneration system for the contractor is switched from a certain lump-sum payment to a risk-bearing payment scheme spread out over time." ¹⁴⁵

Adam, et al., also raise a very original, but difficult question regarding a new form of delivering -- to communities -- services "ranging from infrastructure construction to

¹⁴³ Dia, p.9, presents in this example what he calls "the celebrated case [of] the Togo Steel Mill leased to an American businessman." Dia uses this case to detail the advantages of such an arrangement and its risks which seem numerous.

¹⁴⁴ Ibid., p.2.

¹⁴⁵ Adams, et al., p.8.
primary health care and education" generated by Non Governmental Organizations (NGOs) and "other welfare or religious organizations." Since the supply of these important services has been progressively left to the private initiative of private hands and funds, Adam, et al., regret that these activities "are generally not embraced by the common usage of the term [privatization]."146

Another neglected aspect of privatization policies is the importance of liquidation, pure and simple of some PEs as a decisive step in -- and commitment to -- the reform process. As Nellis observes:

While privatization receives the bulk of attention and is the subject of intense debate, pro and con, within Africa, closures and liquidations of PEs appear to have been -- up till now -- far more frequent. In a 1985 sample of fifteen Sub-Saharan countries . . . about 88 closures and liquidations of PEs took place in the period 1979-1984. In roughly the same period there were about 243 sales of assets or equity; mainly the former . . . (There have also been at least 20 management contracts concluded in African PEs, 13 leasing arrangements and 7 joint ventures; all of which can be subsumed under the general divestiture heading.)147

As previously stated, the whole debate about privatization evolves around one central question, "Why privatize an enterprise?" Are the motives simply economic and financial (divest loss-making activities), or ideological and political (switch in the fundamentals of the belief systems and economic policies of a given state)? The next section will allow a quick review of the rationale(s) behind the international wave of privatization.

**Why Privatization?**

Although there is an obvious need to divest some of the great number of operations involved in the African once again one must acknowledge that in Africa the recourse to privatization is not mainly the result of an internal process. The financial and political

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arguments of international partners of African development unquestionably outweigh the probable desire of any African state to profoundly reshape its economic and productive infrastructure. As Herbst states:

Much of the current interest in privatization in Africa can, in fact, be traced directly to the demands of foreign actors that the Third World countries rationalize their public sectors. For instance, the United States increasingly conditions balance of payment assistance to African countries . . . and project assistance . . . on the achievement of structural reforms, including privatization. . . . In fact, AID now requires many of its African missions to be involved in at least two privatization projects per year.148

Herbst does not leave out of the entities exerting pressure for privatization the two main players of Third World economic reform: the IMF and the World Bank. According to Herbst, the IMF's SAF (Structural Adjustment Facility) encouraged either liquidation or privatization in "fourteen developing countries, most of them in Africa." In discussing the World Bank's dealing with countries "suffering the most from economic crisis [and] most susceptible to external influence," Herbst refers to Don Babai's 1988 statement, "the ability of international institutions to push privatization increases directly with the borrower's level of desperation."149

In response to such a critique, Adam, et al., offer a different perspective.150 They first identify two reasons why "Developing countries have embraced privatization as a central plank of policy reform." In a similar approach to the "epistemic community" framework, they argue that policymakers in the developing world were attentive to the role that "privatization has played in improving the performance of sclerotic industrial economies with large, undynamic and inefficient public enterprises (notably the UK)." Witnessing all of the opportunities offered by an increased private sector, these

150 The following quotes and references are in Adams, et. al. p.ix.
policymakers played a certain role in pushing the issue in their own countries. Secondly, Adam et al., acknowledge what they call "a considerable effort [of industrial countries] in inducing Second and Third World countries to liberalize and privatize their economies, through bilateral exhortation and their dominant influence over the lending policies and adjustment prescriptions of multilateral financial institutions." Despite their awareness of the external pressure as a factor in the privatization debate, Adam et al., however, want to give some weight to internal factor in developing countries. They observe:

Critics in the developing world have often portrayed these two types of persuasion as political and ideological pressure improperly exercised through multilateral conditionality, especially in the heavily indebted countries. But developing countries have not embraced privatization simply because of such pressure. Extremely distressed economic circumstances in many of these countries have exerted their own imperatives in forcing them to improve fiscal, micro- and macroeconomic performance and to access external finance through all possible means including privatization.151

It is indeed important to realize that developing countries did not jump on the bandwagon of reforms and privatization simply because of external pressure. The global and recognized failure of their economic system surely contributed to the general dynamics of the reform debate in Third World countries and revealed some pre-dispositions to outside intervention in terms of both diagnosis and capital injection. This issue will be explored more systematically later in this study.

As mentioned by Dia, privatization, whether in Africa or somewhere else, has often been associated with efficiency improvement and ownership transfer. Adams, et al., believe that efficiency improvement is the key objective of privatization from an economic perspective:

Doing so links privatization clearly into the theory of ownership transfer, which provides a coherent framework for analysing the actual design and implementation of privatization sales in terms of this objective. It is, after all, for this reason that privatization has become an integral feature of structural adjustment, namely as one part of a programme which aims at an

151 Ibid.
economic restructuring in order to improve dramatically the efficiency of resource allocation.\textsuperscript{152} Based on some positive indicators in their different studies of the issue, some World Bank analysts strongly defend the superiority of the private enterprise\textsuperscript{153} in terms of "economic-financial performance spectrum." As they put it, "this is true under all market and country conditions. The decision concerning what to privatize and what to reform thus tends toward privatization as the outcome most likely to produce positive gains. At the very least, the burden of proof is on those who espouse the creation or maintenance of SOEs. The evidence in this book repeatedly points to the conclusion that ownership itself matters."\textsuperscript{154}

Among other reasons to privatize, Beesley, another fervent advocate of privatization, enumerates the intent to:

- Maximize net consumer benefits, measured primarily by lower prices and improved quality of service; . . . ;
- Promote "competition - by removing artificial restrictions on entry, making resources equally available to potential entrants, and restructuring the existing industries - [this] is the most effective means of maximizing consumer benefits and curbing monopoly power";
- Encourage "stricter competition policy" instead of "rate-of-return regulation, efficiency audits and related forms of government 'nannying'"; and
- Provide "clear ground rules . . . concerning the criteria for providing uneconomic services and the sources of finance for these.\textsuperscript{155}

\textsuperscript{152} Ibid., p.3.

\textsuperscript{153} Nellis writes: "In India, for example, the PE sector on average yields rates of return on capital of between 2.5-3%, while private sector rates of return generally exceed 10%." See his Public Enterprises in Sub-Saharan Africa. p.43.

\textsuperscript{154} Kikeri, \textit{et al.}, pp.20-21.

\textsuperscript{155} Beesley, pp.37-38.
However, one concern often raised in the privatization debate has to do with the issue of national sovereignty as it is affected by the massive injection of foreign capital, the arrival of foreign experts, and control by foreign interests of important sectors of the national economy.

**Foreign Investors in the Privatization Debate**

This question is particularly important to this study since telecommunications is often viewed as a sensitive sector in most countries in the world. Also, because of high rates of return, many governments are reluctant to allow foreign investors to control the capital of the telecommunications operating entity. It is highly significant to realize that fear of a foreign take-over during the privatization process is nothing particular to developing countries. Even Great Britain which played an important role in heralding the worldwide wave of privatization, entertains some reservations concerning the issue of foreign investors. Bös observes, "both the UK and France have taken explicit precautions to prevent unwanted international take-overs of privatized firms, for instance by withholding a 'golden share'."\(^{156}\)

Dia sees this issue as being central in explaining "why privatization is proceeding so slowly in several African countries." He argues that one goal of privatization is, in some countries, to widen the ownership of shares to local individuals. That is why "African countries have set limits to participation by particular groups of shareholders to foreigners and non-resident nationals, as well as certain ethnic or social groups."\(^{157}\) Dia, who does not subscribe to these restrictions which he believes "have been a major impediment to privatization," points out, however, that the policies of restricting foreign participation "are

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156 Bös, p.25, footnote 15.

not exclusive to developing countries. For example, Japan is not allowing foreign purchases of NTT . . . shares, and the French privatization program places restrictions on foreign ownership, initially 20 percent. . . . "158

But the real answer to this problem is to increase the capacity of the African private sector to participate in the privatization process. As Dia points out, however, the major constraints on local participation is the fact that "the financial absorptive capacity of the local private sector is limited. This difficulty is also compounded by the fact that many African countries do not have a stock market, and even those that do exist are often very small (Ivory Coast)."159

Another obstacle encountered by the move to privatization in Africa, as observed by Dia and Nellis, is the reluctance of the public authorities to divest profitable enterprises.160 Once most African governments realize that privatization is inevitable, they rarely envision giving up on some healthy and profitable PEs. They generally put on the list of SOEs to privatize enterprises which should be destined, according to Dia, to a "liquidation pure and simple."

Overall, the literature of the reform of PEs in Africa, especially in the 1980s, is a lively testimony of the African experience and struggle with economic hardship and general failure of a productive system which crosses over ideological lines of liberal and socialist economic models. The truth is that the "over-developed" public sector is a "mal africain" to be related to the other ills of the African state as previously analyzed. The reform of the telecommunication sector being part of the African public sector reform,161 it was useful to

158 Ibid.
159 Ibid.

161 Identifying a group of enterprises which need rehabilitation since they are probably going "to remain in the state sector for some time," Shirley states: 'Most countries have no more than 10 or 15 enterprises in
review the complex dialectics of reform and privatization before focusing on the literature about the international experience of the reform of telecommunications systems and industries.

[Text continues on the next page]
CHAPTER III
THE TELECOMMUNICATION REFORM LITERATURE

The worldwide reform of telecommunications is more and more being documented and analyzed. Not surprisingly, telecommunications reform in the industrialized world has been the target of most of the recent studies (Noam, 1992, 1994; Steinfield, 1994; Davies, 1994; Wellenius et al., 1989, 1993; Melody, 1987, 1993; Takano, 1992; The European Bank for Reconstruction and Development, 1992; Palmer and Tunstall, 1990; Horwitz 1989; Murphy, 1989; Ward, 1989; Beesley, 1981, 1989, 1992; Faulhaber, 1987; Hills, 1986; Snow, 1986; etc.). However, a growing body of literature is concerning itself with issues specific to the reform and problems of telecommunications in the developing world (Hudson, 1984, 1991, 1993; Horwitz, 1992; Samarajiva, 1991, 1993; Akwule, 1991, 1993; Jussawala, 1992, 1993; Ambrose et al., 1990; Wellenius, 1989, 1993; Beca, 1993; Sussman, 1991; Lent, 1991; Samarajiva and Shields, 1989, 1990a, 1990b; Guttman, 1986, etc.). A significant difference between these two kinds of studies, as Samarajiva points out, is that there is a noticeable effort of building an explanatory framework to the causes of telecommunications reform in the industrialized nations, while little has been done so far to document the reform process itself and to analyze its underlying causes in the developing countries.\(^1\) As stated earlier, this dissertation is an attempt to move in that direction and to address this important issue.

In the following section, I provide a general review of the literature on telecommunication reform as an international process unfolding in both developed and developing countries. By doing so, it is hoped that the rich reform experience of the United States, Europe, Japan, etc., will shed some light on the ongoing and often timid effort of reforming telecommunications systems in the developing world in general, and Africa in particular.

In the second part of this section, special attention is devoted to the reform experience of the World Bank. There are at least two reasons for this interest in the World Bank's contribution to the building of an explanatory base for the reform of telecommunications. First, the World Bank is not only heavily involved in the financing of telecommunications development in Africa, but its experts are also significant contributors to the debate on the role of telecommunications in macro-policies of economic development, and on the importance of the current reform of the telecommunications industry and systems. Second, the World Bank is somewhat at the center stage of my arguments on the causes of telecommunications reform in Senegal, Mali and Ghana. It earns this status because of its sponsorship of the Structural Adjustment Program (SAP) which is at work in these three countries and which clearly mandates the reform of the Public Entreprises (PEs) system, which includes the telecommunications operating entity. The World Bank is also a major player in international policy coordination, termed by its experts, "policy dialogue."

In a third and final part of this literature review, a greater emphasis is put on the contributions of Raymond Akwule and Robert Horwitz on the African reform experience. These two authors not only are among the handful of researchers who documented the institutional reform of telecommunications in Africa, but they also attempt to provide insight on the causes of the process itself, which is of particular interest for this study.

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2 See Robert Horwitz, "Telecommunications Reform in South Africa," and Raymond Akwule "Telecommunications in Nigeria" and "Telecommunications in Africa..."
Finally, in reviewing different contributions to the telecommunications reform literature, I identify in each selected contribution, the implicit or explicit presence of any of the following four elements:

1) What, according to the author(s), are the causes or underlying causes of the telecommunications reform?

2) Does the author (or do the authors) have a preference for any particular form of reform strategy?

3) What role (if any), is assigned by the author(s) to international policy diffusion or coordination via external pressure groups or epistemic communities?

4) Does the author (or do the authors) have a manifest or underlying approach to the causes of the telecommunications reform inspired by "structuralism," "economic-determinism," "technological-determinism," a "legal environment-deterministic approach," a "political economy approach," or a combination of any of the above?3

International Experience in Telecommunications Reforms

Among scholars of telecommunications reform policies, Eli Noam (1992, 1994) is to be given credit for a persistent effort of documenting and analyzing the reform of the telecommunication industry. In his "Telecommunications in Europe,"4 Noam provides a good picture of the metamorphosis undergone by the telecommunication industry. He writes:

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3 It seems relevant to mention the existence of a pattern, implicit or explicit, in the catalog of arguments made in explaining the causes of the telecommunications reform. Some researchers (rather structuralist and deterministic) appear more interested in the reconfiguration and re-deployment of the world economic structures as a causal base of the "restructuring of the telecommunication industry", they do not often factor in the role of human agency. Others (more inspired by the public enterprise attempt to put in perspective the changes in the telecommunications sector as new institutional arrangements derived from a bigger reconfiguration of the international political and economic power structure, issues of agents and structures via both structural constraints and epistemic communities as agents are reconciled in this approach to the reform. Other analysts chose to emphasize the technological and scientific progress as the driven force for expansion and change in the telecommunications sector. Finally, certain observers derive the new opportunities, development and change in the telecommunications industry from the advent of a new and enabling legal environment made of liberalized markets and deregulated traditional strongholds and monopolies.

A number of far reaching changes in telecommunications policy originated from the United States. Because many were passed under a conservative political regime, they were usually viewed in Europe as the product of American business interests, wrapped in a Chicago free market economic ideology. But more recently, Japan and several European countries have begun to adopt similar policies, or at least to discuss changes that previously seemed unthinkable. This indicates that the changes in telecommunications ... reflect a more fundamental transition.5

This concept of "transition" is central in Noam's explanatory framework of the reform. Indeed, for him, it is the old organizational structure of the old PTT system that is being fundamentally challenged by the current mutations of the sector. He believes that the process is still unfolding, and for that reason he prefers to remain cautious as shown in the following statement: "these changes do not prove that a major reorientation had taken place, and that the problem of state monopoly had been resolved in most countries."6 To put it in a historical perspective, Noam's argument, go back as far as the year 1505, when "the Hapsburg emperor, Maximilian, granted exclusive mail-carrying rights to what one would call today a multinational company, the Taxis family of Italy. Although this concession proved to be an unexpectedly rich source of revenue to the Hapsburgs, who shared in the profits, it also required vigilant protection from the incursion of mail systems, of which there was a multitude.... Neighboring Prussia went one step further and in 1614 established a state-run postal monopoly. Thus, the PTT system was born as a creation by the absolutist state for the absolutist state."7

Although private, argues Noam, the structure of U.S. telecommunications was not much different because: "it was a near monopoly, with a full integration of network operation and equipment manufacturing. Its corporate ideology was shaped by AT&T's

5 Ibid., p.3.
6 Ibid., p.5.
7 Ibid.
patron saint, Theodore Vail, a former postal man as head of the U.S. Railway Mail Service.\textsuperscript{8}

The principle of a natural monopoly itself was accepted as a \textit{fait accompli} which gained:

[a] broad public approval from the constituent groups of the postal-industrial coalition. The monopoly followed concepts of public service: universal, accessible, affordable, and redistributive. As a public service, telephony was outside the mechanism of the market, even in otherwise free-economy countries. Any change in that status was bound to be controversial; an expansion of the realm of the market into the realm of rights and politics has always been a painful transition.\textsuperscript{9}

According to Noam, such a rationale was the reason why even a "partial relocation of telecommunications from the public domain into the economic one was objectionable to many." He argues, against a popular belief, that the single most powerful argument in favor of the old centralized system was not the often heard "scientific" belief that "a monopoly is necessary for engineering and economic reasons," but instead "a value preference for the principle of state ownership in infrastructure."\textsuperscript{10}

Noam, who I will characterize as a "skeptic," does not share the dominant enthusiastic discourse about the changes in the telecommunications sector qualified as "deep," "comprehensive," "dramatic," "unprecedented," and did not really speculate about the fundamental causes of the current changes. This is perhaps that he does not believe the very foundations of the ideological base of the system at its inception has been truly shaken by the ongoing reforms. He simply observes that after all the PTTs were not "entirely frozen in their institutional development." Noam adds to this notion that:

After many decades of stability, some of them [PTTs] were transformed in the late 1980s into "PTOs," public telecommunications organizations. The

\textsuperscript{8} \textit{Ibid.}, p.4.

\textsuperscript{9} \textit{Ibid.}, p.5.

\textsuperscript{10} \textit{Ibid.}
new designation connotes a separation from postal services, and change from a governemntal administration into a state-owned, semi-independent organization. Furthermore, some new types of activities such as value-added services and mobile telephony were permitted to be offered by private firms.\footnote{Ibid.}

It is interesting to note that the three institutional changes described by Noam, namely a separation from postal services, managerial autonomy instead of direct government administration and licensing private firms for the provision of non-traditional basic services, are common steps taken by telecommunications reformers around the world. There must be a significance (political, economic, or otherwise) attached to this similarity in undertaking institutional reform that Noam did not seem willing to centrally address. This is somewhat apparent as he limited himself to the following statement:

\begin{quote}
This is not to say that no change has taken place. The traditional PTT system was stable for a century. But in the 1980s, pressures emerged, just as they did in the television sector, that could no longer be contained. This was accompanied by harsh political disputes. By the end of the decade, change was in the air everywhere.
\end{quote}

This statement could not be more accurate in terms of reporting the objective reality of the telecommunications sector. The problem, however, is that the "pressures" are not identified and their weight in triggering or accelerating the change is not assessed. In addition, the internal dynamics of the sector, created at a particular point in history a favorable environment in which the "pressures [for change] . . . could no longer be contained," is also not analyzed or referred to. Once again, this is most likely due to Noam's attitude of skepticism concerning the level of commitment to reform states around the world. This point is better argued when he explains the lip service and weak commitment to reform by state officials. He illustrated this by the comic example of the Danish Ministry of communications, which stated during the creation of TeleDenmark, that "As a consequence of a decision made at the EC level, there will be competition within all
spheres of telecommunications in the next few years, apart from telex, ordinary telephones, radio-based mobile services, satellite services, the infrastructure and the use of telecommunications network for broadcasting...." Following such a statement, Noam's makes this explicit comment:

In other worlds, "everything" will be competitive, except for the remaining 95%. In almost every country there still exists a tight monopoly over transmission infrastructure, switched services, and voice service - the vast majority of telecommunications activities. The liberalized exceptions are minor in comparison, and, in the case of value-added services, consists of sophisticated computer-based activities in which the PTTs had only a limited participation.12

This is, most likely, the base of Noam's reservation toward an overly enthusiastic presentation of the scope of the current changes. His conclusion is even less equivocal when he states that "the actual extent of the change should not be exaggerated, given the inertia of the past; but once the process is set in motion, further transformation is inevitable."

In a more recent piece (1994), Noam and his co-author, Richard A. Kramer, reformulate the underlying skepticism mentioned above from the onset by entitling their article: "Telecommunications Strategies in the Developed World: A Hundred Flowers Blooming or Old Wine in New Bottles." The central claim of this paper challenges the dominant belief that traditional telecommunications organizations are an endangered species. On the contrary they argue:

for all of the diversity of institutional arrangement the new PTOs [Public Telecommunications Operators] have emerged from a turbulent decade with greater power than before. However, this condition is temporary. In time, corrective forces will emerge. What we are witnessing today, therefore, is the golden age of traditional telecommunications organizations.13

12 ibid., p.6.

Another methodological contribution of this article is the meticulous treatment of several policy options put in motion by the general reform. Noam and Kramer took on the difficult challenge of putting some order and clarity in the emerging new policies with their load of new concepts. They write:

In this policy Tower of Babel, can one distinguish some basic structures and strategies? We will identify 11 fundamental building blocks of rational strategies for telecommunications. The first 4 strategies pertain to the structure and form of telecommunications markets. They are liberalization, devolution, consolidation, and deregulation. In various combinations, they provide the materials for the new structures that were built in the 1980s. They are concerned with the status of a single unified monopoly. Two other strategies, corporatization and privatization, deal with the question of ownership and control and do not require a challenge to monopoly. A third set of strategies are those of international collaboration: transnationalization, international alliances, and harmonization. A final set of strategies are those of high technological development: vertical integration and industrial policy. 14 (Emphasis in original)

One can admit that this is a good effort to build a systematic approach to the inflation of new concepts applied to the worldwide reform of telecommunications. This effort of clarification of the playing field is pushed even further when Noam and Kramer came up with a series of operational definitions to these important concepts. For instance, liberalization, a magic word for institutional reformers, seldom defined but often descriptively presented, is equated to:

the introduction of competition into monopolized markets. For equipment, it may involve adoption of standards that do not favor any group of suppliers, simple procedures for type approvals, nondiscriminatory rules for public procurement, and the absence of protective quotas. On the services side, liberalization may involve licensing entrants to provide a particular service, such as cellular telephony or long distance.15

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European Community. (London: Sage Publications, 1994), p. 273. Let us note that in concluding this article, Noam and Kramer did insist that even if the PTOs are the winners in the current stage of the reform process, this golden age "will not last" (see p.286).

14 Ibid., pp.274-275.

15 Ibid.
The two authors also warn that "Liberalization should not be confused with deregulation," since deregulation "is a reduction in government-imposed constraints on the behavior of PTOs."

"Devolution," as an opposite strategy to "consolidation," is "a policy of dismantling a single monopolistic structure into several units. . . . The prime example of devolution is the divestiture of AT&T in America into local and long-distance operations. So far, no other country has pursued devolution, but it is under consideration in Japan and Britain." 16

Consolidation, on the other hand, is a strategy of merging different segments of the telecommunications systems traditionally performing different tasks. In Denmark, Noam and Kramer explain, "the country's four regional service providers were merged with the national PTT that provided long distance service to create a single operator."

Consolidation, as defined here, has occurred in most African countries where long distance and national telephony, traditionally operated by different entities, were merged in a new "consolidated" single telecommunications organization.

Pursuing their effort of defining the central concepts of the reform culture, Noam and Kramer propose to define corporatization as:

the transformation of the PTT into a structure semi-autonomous from government, which may still be state-owned but controls its own managerial and administrative functions. The monopoly status is not touched by corporatization as such, though once the close link to the government is severed, a process is set in motion that makes further changes more likely. Sometimes the corporatized entity is described as a "private" firm, in the sense that it may be organized under private law provisions, which determines its status in, for example, contract and labor law. But that description confuses legal detail with the reality of control, which is still very much governmental. . . . Corporatization may be a first step on the road to privatization. 17

16 Ibid., p.276.

17 Ibid., p.278.
Another observation made by Noam and Kramer, and profoundly relevant to African reformers strategy, is the fact that corporatization "is often sought by the PTOs themselves, who need greater managerial and budgetary autonomy to pursue long-range investment projects and the ability to raise investment capital outside of government borrowing ceilings."\(^{18}\)

Another important theme of the reform debate is the issue of privatization in the telecommunications system. Noam and Kramer define it as follows:

Privatization involves the government sale of shares in the PTT to private investors. However, ownership need not affect the monopoly status. In the United States, AT&T was private and a near monopoly for a very long period. In Canada, private regional monopolies exist, and long-distance competition has only recently been contemplated. Many European privatizations are only partial.\ldots Privatization may encourage efficiencies of operation. But quality of service may fall if an unstrained monopolist seeks cost reductions without regard to its captive customers.\ldots Ownership strategies depend on national economic development. Privatization in less developed nations derives from a need to raise capital. Throughout Latin America, privatization was used as a method to reduce the heavy debt burden. In Eastern Europe, it is led by the need for foreign capital and expertise.\(^{19}\)

After the review and operationalization of the major concepts in the reform literature, Noam and Kramer attempt to make their point by putting forth the interesting claim that after all the worldwide process of reforming telecommunications systems might be carrying the old wine of monopoly and state control through new bottles of divestiture and devolution or consolidation and strengthening of existing networks.

\(^{18}\) *Ibid.* It is interesting to note a strange coincidence between Noam and Kramer's statement and a quasi-identical statement made by Pape Gorgui Toure, a SONATEL top-ranking official, during an interview with the author. Mr Toure argues the need to create SONATEL, a Societe Nationale, with the same legal status of a corporatized entity, by the need of a managerial and budgetary autonomy, only able to provide more ability to raise fundings and build a creditworthiness outside of the complicated procedures of the state borrowing practices. This perfect identity of views (and even of concepts) between Noam/Kramer and Toure is a good illustration of the effects of international epistemic communities activities. For more information about the views expressed by Mr Toure, on behalf of SONATEL, see chapter V of this study.

The different strategies which constituted what they termed, "the policy menu of the 1980s" are often seen as major steps of reform. Yet, asked Noam and Kramer: "how much difference did they really make to the power of the PTOs?"

The relevance of such a question becomes all too clear, once we realize as Noam and Kramer remind us that:

In the area of market structure, liberalization had its limits. The notion of an infrastructure monopoly still has substantial political support almost everywhere. Basically, only the United States, Japan, the United Kingdom, Sweden, and New Zealand permit alternative physical non-mobile networks. Similarly, PTOs almost everywhere have found political support for their monopoly over voice service, and its resale is rarely permitted. . . . The actual reduction of monopoly thus tends to be exaggerated. . . . [And] another limit to liberalization is the pace of its actual realization. After 8 years in the U.K. market, Mercury has between 3% and 5% total market share and its core business remains serving firms in London's City. . . . Its residential service failed to gain even 1% of the market. . . . Where no entrenched incumbent existed, competition is better developed. For example, BT's competitor in the cellular service duopoly, Racal Vodafone, holds more than 50% of the market share.20

Even on the issue of the positive impact of the reform on ownership and control, Noam and Kramer express reservation as for them, "[h]ere, too, reforms have increased PTO power. [While gaining] managerial and financial autonomy. . . . [a]t the same time, the government ministries that assumed regulatory power tended to be ineffective. These ministries have only a handful of experts to confront the huge telephone organizations. In Sweden, Televerket had 42,000 employees, and the regulative ministry a telecom staff of only 6."21

20 Ibid., p.283.

21 Ibid., p.284. This point is well taken as I recall visiting the office of the technical advisor to the Malian minister of communications in charge of telecommunications. Not only did I find only one person in the whole department, but this expert higher in ranking than the President -Director General (PDG) of SOTELMA occupies a modest office, hardly furnished and which dare not compare with the offices of SOTELMA's PDG and his deputy Director General. In Senegal, for a long time, only one expert was known as the supervisor of the telecommunications sector in the ministry of communication. Having had a promotion, this official that I interviewed (Mr Mbaye) is now the director of communication in charge of all the government owned communications enterprises including the telecommunications organization (SONATEL), the national radio and television Office, the governmental main Newspaper and the national
In their conclusion, Noam and Kramer insist that

"as institutions, [the traditional telecommunications organizations] have not been harmed [by these different strategies of reforms], and indeed, they have benefited. PTOs enjoy a dominant position in the market. They have been energized. Their competitors are tiny, regulatory authorities are frequently ineffective, and their role is enhanced by national industrial policies. . . . This suggests that reforms, instead of being instituted from the outside to curb the traditional monopolies, were rather sought by the PTOs themselves. Reforms were originally advocated from outside and at first resisted by the PTTs, which then reshaped them into accommodating forms. . . . Will the present PTO dominance last? Given the dynamic forces of the telecommunications market, this is unlikely."

As shown in this section, Noam (alone or with Kramer), as an important theorist of international telecommunications policy, has built a consistent system of explanation of what has happened to the industry, mainly based on a very structural analyst of "who loses, who gains, or who retains power" in the reshuffling of telecommunications structures. For him, the whole reform movement seems to be a battle of positioning between different forces in the telecommunications market, but he consistently prefers to keep his focus on the structural changes and their real impact on the power of the PTOs, the new form of the old PTTs. He seems really suspicious of the sincerity of the reforms seen from the PTOs. In view of some outcomes so far, he doubts their acceptance of sharing power and market. He attempts to show their recuperation of the discourse for change and its handling according to their own agenda.

Noam's contribution to the reform debate is significant, anti-conformist and truly original. It remains that he did not address, or at least not enough or not centrally, the forces behind the pressures for change and he did not attempt to identify how what he identified as being "11 strategies [which] constituted the primary policy menu in the 1980s," were spread around the world showing the existence of important forces devoted

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press agency. And I do not know of any other person in the ministry handling issues pertaining to the telecommunications sector.

to policy diffusion, policy coordination, or policy harmonization (Noam), or policy dialogue (World Bank).

Another significant study in the telecommunication reform literature is the effort put forth by Meheroo Jussawala who compiled an interesting volume centered on the issue of change.\textsuperscript{23} She authored in that volume an article: "The Challenge of Change," which reveals her own vision of the worldwide push for change and reform.

Unlike Noam, who characterizes the current situation as simply an interesting period of transition, Jussawalla refers to it as a "revolution in telecommunications technology." This enthusiastic appellation actually translates her approach which I can characterize as a "technological approach." Jussawalla makes no secret that it is her belief that the current transformations in the telecommunications sector are technology driven. She writes:

Technological change has grown at an exponential rate and become the major force in driving changes in telecommunications policy.\ldots Most of the literature surveyed recognizes that telecommunications and information technologies serve as catalysts of the information revolution.\ldots The pervasive changes in technology have challenged the policy makers in [many developing countries] to revise their regulations, and gradually the PTTs find compelling reasons to liberalize their operations, especially in the area of value-added services.\textsuperscript{24}

Clearly, Jussawala's entry point to the reforms and changes is through a study of "the impact of technological change in the industry." She develops her argument, especially about the United States, Canada, Europe, and Japan, along this line which consists of building a causal relationship between the two phenomena of technological change and reform of the industry. She then reintroduces these two factors in the general picture of what she calls "the information-economy."


\textsuperscript{24} \textit{Ibid.}, p.244.
The problem here is that we have a typical case of a structural approach combined with a causal analysis. This combination provides a deterministic system of explanation of the current changes. The simplistic view and ultimate flaws of determinism come in when we realize how much is downplayed or kept out of the spectrum to preserve the consistency and integrity of the argument. All the players facing each other, from the PTOs, defined by Noam as a powerful interest group and a winner so far, to the mighty industrial policymakers, to the political decision-makers, to the private investors, to the international financial agencies, all these stakeholders in the reform debate are either left out or made not very significant as driving forces of the changes.

The "technological change approach" says a lot about the structures and their mutations and nothing or little about human agency and the dynamics of national and international power relationship. It is also deterministic in explaining the policy diffusion and coordination.

A different approach to the reform is displayed in Rohan Samarajiva's article, "Institutional Reform of Telecommunications in Sri Lanka." Samarajiva attempts to first identify the major historical breakpoints in the making of the Sri Lankan national telecommunications policy. After choosing the year 1980 as a cornerstone in the process of reform in Sri Lanka (the year in which the county showed some vanguardist attitude by separating ahead of most of Third World countries its the Department of Telecommunication from the Post Office a head of most of Third World countries), Samarajiva, after a detour by the year 1984, where an aborted process of privatization began, focuses on the year 1991 which saw the occurrence of three major moves toward more institutional reform.

In 1991, the Sri Lanka Telecommunications Act established a regulatory authority (The Office of the Director-General of Telecommunications), mandated the corporatization
of the Department of Telecommunications which became Sri Lanka Telecom (STL), and introduced competition.

These three moves are of course highly significant to an analysis of institutional changes. The introduction of competition, in particular, marks a desire to liberalize the market. However, explains Samarajiva, the Telecommunications Act only provides an official framework, but actual competition was at work years before its enactment. "The resale activities of the telecommunications bureaus,"25 he writes, "were a form of rudimentary competition. More significantly, the first license for cellular service was given to Celtel Lanka Ltd. (owned 25% by Millicom of USA, 25% by Comvik of Sweden, and 50% by local and foreign investors) under the Telecommunications Ordinance, before the new legislation of 1991."26

Despite its informative value, the most important aspects of Samarajiva at least for the purpose of this study, is his attempt, although cautious and perhaps too cautious, to take on the big issue of the causes of all these changes in Sri Lanka Telecommunications. This is how he addresses the issue:

At the present time, it is not possible to give a complete answer to the question of why these changes occurred. Clearly, external factors have played a part. It would be foolish to ignore the contemporaneity of the Sri Lankan reforms with a worldwide wave of institutional reform.27

25 This is how Samarajiva presents the telecommunications bureaus "Given the extremely limited facilities for international telephony then available from the Department of Telecommunications, some entrepreneurs established telecommunications bureaus. These were essentially resellers of telecommunications services such as international direct dialing (IDD) services, telex services, and by the mid 1980s, fax services. The Department did not initiate the bureaus, but provided the necessary facilities recognizing their utility. The bureaus were not limited to international services, providing local and domestic long-distance services as well, sometimes in conjunction with photocopying services and postal services. They also offered incoming telex and fax message services whereby customers would be notified of incoming messages for a small fee." See Samarajiva, "Institutional Reform of Telecommunications in Sri Lanka," p.5. One interesting issue would be to study if the bureaus are a Sri Lankan specificity, and if yes to try to investigate how it was channelled to Senegal for instance which experience of "Télé-Centres" has literally "copied" the bureaus format as presented here.

26 Ibid., p.16.

27 Ibid., p.20.
Aware of the centrality of these questions in the reform debate, Samarajiva goes even further by stating in the conclusion of his study:

A full answer to the questions "why institutional reform?" and "why in the 1980s and the 1990s?" would require deeper investigation of internal as well as external factors.28

As stated above, this important statement appeared also to be an indication and a directive for researchers engaged in the issue-area of telecommunications reform and explains in part my undertaking of this study.

However, despite his cautious attitude, Samarajiva identifies three key factors that might be presented as intervening factors or players in the causes of the reform process in Sri Lanka. They are:

1) The influence (and sometimes active involvement) in the process of the World Bank, the Asian Development Bank, and the Commonwealth Secretariat;

2) The former colonial master, the U.K., which trained numerous Sri Lankan senior bureaucrats and politicians, and left a legacy of legal and political systems, "appears to have played a major role as an intellectual and ideological influence." The similarities in legal and political traditions create "the conditions for learning from Britain," and also organizational ties such as the Commonwealth "make such learning easy;" and

3) The epistemic communities theory which can be applied to identify those "itinerant experts who share certain world views and serve as agents of policy diffusion... The flow of ideas regarding institutional reform may be usefully analyzed within this framework. In addition to the various British experts brought in through the Commonwealth Secretariat, Dr. Mohan Munasinghe, an expatriate Sri Lankan employed by the World Bank as an energy economist, played a key role in the reform process."29

By factoring in these interesting external forces, Samarajiva, however, does not intend to imply that the Sri Lanka reform experience "was driven by external forces." The best proof of the weight of internal factors is the combination of political factors both

28 Ibid., p.22.
29 Ibid., p.21.
endogenous and exogenous to the telecommunications system which ultimately explain the failure of the 1984-1989 reform initiative.

By asking the question about "the winners and losers in the Sri Lankan institutional reform," Samarajiva clearly situates his article in the political economy tradition of analysis of telecommunications issues. The political economy approach is neither deterministic nor structuralist but tries to identify the complex dialectics of new institutional arrangement, structural modifications and the stakes of the agents: players coming into the issue from different perspectives, different interests and motivations. Therefore, identifying the winners and the losers tells a whole lot about the nature of the stake, the rivalry between factions of the dominant groups, how far reformers were able to go and score winning points, what compromises and concessions were necessary, etc.

For his serious attempt to contribute to the search of an explanatory base to the current changes in the telecommunications sector through a case study of the process in Sri Lanka, and for its proximity to my project, Samarajiva’s contribution appears worthy of attention.

Another significant contribution to the reform literature and which uses also an epistemic community approach is Peter F. Cowhey’s, "The International Telecommunications Regime: the Political Roots of Regimes for High Technology." In this article, Cowhey presents a blend of a political economy approach and a techno-structuralist approach to the changes.

Cowhey is indeed in the domain of political economy when, trying to "model the significance of changes in a regime" (here the international telecommunications regime), he selects as a first indicator "a change in who wins and loses in the market, as reflected in the new market terms." Also when he observes that "politicians align with epistemic communities and invite them into the inner circles of power," he is still in the framework of a political economy approach. The same observation can be made about this explanatory
factor of the reform that he advances: "If the states interested in regulatory change have significant international market power -- interpreted here as the power of nations (and their firms) as buyers and sellers in the market's industrial organization -- they may successfully challenge the existing international regime. In the telecommunications industry, for example, the United States, Japan, and the United Kingdom had enough market power to stimulate global reform when they unilaterally changed their national telecommunications."\(^{30}\)

However, when Cowhey, who seems very eclectic in his method, attributes a primary role to technological innovation in driving the current changes, he enters the territory of technological determinism. Here is how he conceptualizes that approach:

> In the bargain for telecommunications, for example, traditional telephone technology made monopoly politically attractive if not necessarily economically optimal. But significant innovations in telecommunications, including those enabling the shift from electromechanical to digital and optical fiber technologies, invoked concern in many nations about who could benefit from the emerging world of communications and information technology. Should the telephone companies have control over the technology that makes global markets and airline reservation systems possible? Should they get to select which companies' computer terminals connect with the telephone network? Concern over issues such as these made it politically attractive to challenge monopolistic communications services.\(^{31}\)

He also observes in a more explicit way that "technological innovations in telecommunications have been an impetus for reexamination of the regime, a process

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\(^{30}\) Peter F. Cowhey, "The International Telecommunications Regime: The political Roots of Regimes for High Technology," *International Organization* 44, 2, Spring 1990, p. 172. Interestingly enough, although Cowhey's statement reflects clearly a political economy approach, it still presents in its rationale a very structuralist approach. The size and importance of structural aspects of some nations explain why they can put in motion the "global reform" agenda. France presents the same characteristics as the selected examples in terms of market power, but does not obey the same observation. A structuralist approach is by definition reductionist, and this is what happens with Cowhey's statement which leaves out of the causes of global reform, not only the conflicting interests, reticence, compromises, between the driving forces of change and reform.

leading to an alternative organizing policy principle and a new epistemic community for the telecommunications markets."32

Overall, despite what appears to be some methodological imprecisions, Cowhey’s contribution remains significant, for he brings into the internationalization of the telecommunications reform debate at least four important and original themes. First, the change in telecommunications, he claims, has something to do with a shift in belief or a recomposition of the epistemic community which previously provided the ideological base and the intellectual justification for the monopoly of the network and industry. Second, he analyzes the role GATT will have to play as an institutional milieu from which the reformers can coordinate their strategies and launch attacks against the status-quo. Third, he provides an interesting characterization of two different positions in the telecommunication reform policies: the partisans of the "Little Bang" and the partisans of the "Big Bang." Finally, he suggests three criteria to measure the impact of change in a regime, which he illustrates with the changes taking place in telecommunications. These points will briefly be reviewed.

Cowhey develops an interesting approach to the role played in the telecommunications regime change by the epistemic community, stating:

For example, the belief that telecommunications was a "natural monopoly" set the agenda for regulation, and international institutions such as the ITU provided a social organization (a quasi-corporatist framework) to improve the coordination expectations. The rise of a new epistemic community comes as a result of political reformers looking for alternative knowledge and communities of knowledge. If an alternative community (a "counter-hegemony") can successfully show how to extend its ideas from the domestic to the global market, the international regime faces a formidable challenge. An assault on the regime’s underlying principles is especially threatening to the legitimacy of the regime because much of its normative order rests on the convictions of its current epistemic community.

32 Ibid., p.174. Cowhey, like Jussawala, is a partisan of a technological entry point to the reform debate. He tried however to broaden his perspective by stating: "Although technological innovation set the stage for policy change because it altered who could win and lose from the telecommunications systems, technology alone did not determine the type of change. This also depended on the economic and political landscape, especially the role of oligopsony in the telecommunications market." Ibid., p.187.
Telecommunications reformers first challenged the presumption of monopoly in domestic markets. When they wanted to act internationally, they discovered that the only epistemic community with a politically feasible set of alternatives was the one dedicated to free trade.33 (Emphasis added).

This statement is interesting for several reasons. First, Cowhey seems to argue a sort of instrumental link between an epistemic community and the power that uses its services (its knowledge and analyses). In times of crises of challenges and uncertainty, "political reformers" or "telecommunications reformers" are open to alternative epistemic communities which can meet their new expectations and needs. This process is actually how the powers reconstruct a new legitimacy, based on a new alliance with a new epistemic community which provides them with the arguments for their new orientation, as it is the case between "telecommunications reformers" and "the free trade-epistemic community."

Cowhey sees the maneuver to bring in the international telecommunications regime a new major player (GATT) as a smart move -- of what he calls "the reform coalition" -- to displace the debate from its natural milieu. As he states: "the current GATT round features a major effort to bring communications and information services under its purview. The reform coalition wants GATT to extend its international review process to telecommunications services and to apply the approach used in the domestic oversight of bureaucracies. Since it is impossible to define all barriers to trade in services, they want the GATT parties to come to an agreement on markets to be liberalized and on broad principles defining fair competition. Parties would then use trade talks as a grievance procedure about any item that impinges on what the Montreal midterm review of the current GATT round defined as the principle of "market access" for services."34

Cowhey also insists that countries not too eager to embark on large scale reform

33 Ibid., p.173.
34 Ibid., p.194.
"will work through the ITU, where the dominant coalition prefers strong protection of basic service market. Countries preferring more change will have to resolve divisions between the "little bang" and "big bang" reformers. Moreover, since proponents of large scale reform are still uncertain of the optimal institutional design for their system, they will turn to GATT, the natural institutional home for reform.\textsuperscript{35}

Concerning the "little and big bang" theory, Cowhey affirms that they are the two approaches to the reform in terms of pace and scope. Those who want a slower pace are the partisans of a "little bang" approach to reform, while on the contrary the proponents of the "big bang" approach favor a global and total change in the rules of the game. Changes that can go as far as "introducing competition in basic telephone services and in the network facilities that provide them."

Cowhey explains these five major components to the little bang approach to reform "in advanced economies":

1) A slow reduction of cross-subsidies for the average household and small business. . . . Most governments want to avoid major new burdens on these constituents (household voters and small businesses). Therefore, they retain some level of cross-subsidy;

2) The redefinition of the role of the dominant telephone company. Countries separate postal and telephone services, thereby curtailing subsidies to the post, and then separate policy-making in the government from the actual operation of the telecommunications system. . . . Some countries are privatizing domestic telephone services in order to increase the gulf between regulators and the national telephone company. In addition, many countries are requiring the telephone company to create separate subsidiaries for basic and enhanced communications services;\textsuperscript{36}

3) The third component of reform focuses on the provision of CPE [Customer Premises Equipment] and enhanced services. Most countries have sharply curtailed the PTT's traditional monopoly for the sale of CPE. This has rapidly lowered prices and ended such

\textsuperscript{35} Ibid., p.198.

\textsuperscript{36} It seems interesting to note that Cowhey's observation has been later, in 1993, further developed by Melody when the Canadian theorist suggested that the most significant option in selecting among different reforms strategies is to make sure that the three functions of policy-making, regulation, and telecommunications operations are separated and run independently. See my analysis of William H. Melody's contribution later in this review of the literature.
annoyances as being forbidden to attach the optimal modem to a corporate network simply because it is not offered by the PIT;

4) The fourth component of reform pertains to the provision of network equipment. The new policy nominally liberalizes procurement practices. . . . Reform will not only open a larger minority share to new foreign suppliers on a more open competitive basis, but it will also introduce more flexible measures for certifying the technical acceptability of foreign equipment and ensuring foreign firms a right to comment on the standards; and

5) The fifth component is that international reform mirrors domestic reform. Countries internationalize domestic change. Given the fact that less than twenty industrialized nations constitute the overwhelming share of the world telecommunications equipment and service markets, they have clearly had the market power to ensure major changes in the regime.37

The consequences of the "little bang" approach at the international level will mainly be that the liberalized CPE market will fall under the traditional rules of GATT, "albeit with special measures to control non-tariff barriers (such as technical standards)." Most importantly, as Cowhey concludes this section, "to the shock of many, even the selective competitive provision of facilities is emerging. For example, West Germany will let U.S. satellite firms compete for enhanced services with INTELSAT, and many EC nations are permitting at least two competitors for the nation's cellular telephone services."38

Although Cowhey has identified these five components of the "little bang" approach to reform as being deployed in advanced economies, it is still striking to note how, for example, components 2, 3 and 4 are at work in most reforming Third World countries. This may give an indication of how policy diffusion has created what Eli Noam calls "policy harmonization" between countries, and that the epistemic community approach identifies as being the visible signs of an activity of policy diffusion and coordination.

37 Cowhey (pp.189-190). In this fifth component of the "little bang" approach to the reform, Cowhey displays a political economy approach which indeed provides a much better perspective than the technological innovation as a primary factor.

38 Ibid., p.191.
Concerning the "big bang" approach, it is the result of "Regulatory reformers [who] have gone farther in the three countries that constitute almost 60 percent of the world telecommunications markets: the United States, United Kingdom, and Japan."³⁹

Because of the special position of their countries, as the "principal global financial centers" and as "the most important originators of multinational manufacturing enterprises, reformers "have preferred a "big bang" in reform that introduces competition in basic telephone services and the network facilities that provide them. . . . Moreover, allowing competition in both enhanced communications and basic telephone services would obviate the need for creating two distinct sets of regulations and would allow for considerable experimentation on how to best combine the services."⁴⁰

In the meantime, while still sorting out how to handle the special support system built to assist "new entrants in the basic services market while also retaining some cross-subsidies for households," the three countries, explains Cowhey:

. . . have already woven together parallel policies and bilateral accords that set forth the basics of an international "big bang" reform and are designed to do the following: (1) expand on competition in equipment by increasing competition in the provision of basic network services, thereby diversifying the range of buyers; (2) formally approve the idea of shared use, resale, and freedom of routing in all international communications circuits, thereby opening up all forms of markets for enhanced services and, ultimately, for the resale of basic services (similar to airline charters); (3) create more than one international carrier for basic services (MCI and US Sprint in the United States, Cable and Wireless in the United Kingdom, and International Telecommunications Japan and International Digital Communications in Japan); and (4) promote new forms of independent supply of international transmission facilities, such as new providers of satellites as rivals to INTELSAT and new providers of transoceanic cable systems.⁴¹

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³⁹ Ibid.

⁴⁰ Ibid., p.192.

⁴¹ Ibid., pp.192-193. It seems important to note that such an idea is about to be materialized by a $1.5 billion project submitted to African managers and policy-makers by the American telecommunications giant AT&T. The world number 2 telecommunications manufacture and operator (behind the French ALCATEL), has revealed last April, its project baptized Africa One (The Africa Optical Network) which is a 32,000 km. sub-marine fiber optic cable which will enable a connection between all African countries and between Africa and the international network. The cable is designed to follow costal regions and
This seems to be a comprehensive description of the agenda of reform in the industrial nations where, of course, leaders of the telecommunications reforms seem to be pushing everyday for more audacious reforms. Obviously, partisans of the "big bang" will make the reform debate going on in most African countries look archaic and primitive. Cowhey's description of the different stages, pace and content of the reform debate may be very helpful to policymakers battling to simply achieve the separation of postal and telecommunications operations in their countries. Looking at these issues may provide a good picture of the future of the reform debate."

Cowhey concludes by suggesting three criteria for an evaluation of "the impact of changes in a regime." The first criterion is to assess "whether there has been a significant shift in who wins and loses." Unlike Noam, who clearly identifies the PTOs as the current winners of the reform process, Cowhey believes that "large users, computer and newer electronics firms, and services companies" (as one coalition of the market participants), "has won at the expense of the traditional beneficiaries of the regime (including households, rural users, electronic firms associated closely with the PTTs, and the labor forces of the PTTs)."  

The second criterion is "whether there has been a significant change in the manner in which governments delegate power to the regime." Cowhey here makes an interesting observation about the "important shift in the composition of regime participants at the national and international level. This shift, he writes, is

completely circle the continent. It will allow also points of connection to penetrate the hinterland. AT&T affirms that its project is only motivated by "the need of African countries to be connected to the world market," and is going to strengthen existing regional networks such as PANAFTEL and RASCOM. The anticipated cost of the project is roughly $1.5 billion which AT&T wishes to see assembled by public and private organizations. The American giant wants to retain the role of promoter (designer-supplier-builder) of the network, but wishes to transfer later its operations to an African entity. See Jeune Afrique, No 1744, of June 9-15, 1994.

42 Ibid., p.195. Cowhey expands his analysis of winners and losers to the international level but had to come up with the following conclusion: "It is somewhat trickier to judge comparative benefits for countries because many of the advantages and disadvantages of introducing competition in communications will take time to emerge." (Ibid.)
characterized by the growing role both of trade officials in telecommunications and of trade ministries with multi-industry constituency, such as Japan's Ministry of International Trade and Industry, whose power comes in part from concluding trade deals successfully. Bringing trade ministries into telecommunications negotiations introduces a new set of influential players who are less dedicated to the traditional principles and norms of the regime.43

The third criterion important to this study, is "whether there has been a significant shift in the regime's epistemic community." Cowhey's answer is non-equivocal: "In telecommunications, there has been a clear and radical shift from a community favoring domestic monopolies and bilateral cartel arrangements to a community favoring competition."44 This is why the new epistemic community, composed mainly of advocates of the "big bang," argue:

\[\ldots\] that the transmission of communications and the manipulation of its contents will be inseparable in the future and that networks must therefore be fully flexible. Anyone should be able to do anything; hierarchic control over market entry or pricing makes little sense.45

Overall, Cowhey's analysis seems very fecund when it comes to presenting competing approaches to the reform; unfortunately, his contribution appears seriously weakened by some methodological problems which can only explain the following statement: "While global factors (such as the diffusion of new technology) may set the stage for widespread adoption of a broadly similar approach to public policies, it is a mistake to impute national change to the international system." Such a globalizing affirmation does not look very cautious. National change may or may not be imputable to the international system. It is difficult if not impossible to set an "a-priori" universal approach to the interplay between domestic and non-domestic factors in national change in terms of which one is the driving

43 Ibid., pp.195-196.

44 Ibid., p.196.

45 Ibid.
force. To determine the latter, one needs to study each process on its own, identify the players, the stakes, the internal dynamics of the process and determine on the basis of "a concrete analysis of a concrete situation" what is the weight of local and non local determinants. It seems to be an impossible task, for instance, to prove that Structural Adjustment Programs underway in almost all African countries, and which have brought radical national change, are not imputable to the international system.

Two other significant contributions also appear worthy of our interest. The first: "Telecommunications Privatisation and Liberalisation" is authored by Ben Petrazzini; the second, "Privatising Telecoms: Is it Necessary or Sufficient," is a contribution of Bill Melody. I must point out that both articles are very short essays published in a Newsletter, but they both display an impressive theoretical density already shown in more significant studies, at least in Melody's case.

Taking on a central issue of the reform of telecommunication debate: the issue of privatization, William Melody proposes a different approach to the problem. His central assertion is that "private ownership is neither a necessary nor a sufficient condition. In certain circumstances, it may help establish effective separation between government and operating management functions..." But whether it is necessary or makes a significant difference depends upon the circumstances and what other more important structural changes are made at the same time."

46 See CIRCIT (Centre for International Research on Communication and Information Technologies) Newsletter, Vol. 5, No 3 April 1993. Published in Australia.


For Melody, whose approach seems rooted in a political economy approach which examines both the structures and the agents who provide them with certain dynamics, the issue is really the separation of the basic functions. Melody writes:

In attempting to achieve reform, the fundamental underlying issue is effective separation of the basic functions of policy making, operational management and regulation. The inefficiency and unresponsiveness that have pervaded many government telecommunication administrations in both developed and developing countries derive from a mixing of macro and microeconomics, political, bureaucratic and commercial objectives in the same decision-making structures. . . . Reform requires a clear separation between policy making, (which provides the framework and guidelines for long-term industry development), and operational management, (which must be able to plan for effective long-term allocation and use of resources, and be held accountable for its performance).\(^49\) (Emphasis in original)

A third separation is also necessary between the above two functions and the essential function of regulation. As Melody argues:

Similarly, there must be effective separation between the ongoing regulation of the industry and both policy making and operational management. The regulator supplies detailed expertise to interpret and enforce policy, to monitor industry developments, and to address ongoing issues and problems that arise within the overall policy framework. Independent management and independent regulation are essential to effective structural adjustment and efficient industry development.

Melody’s approach appears unique and original in the general reform literature. First, by shifting the focus from the debate on privatization, he is trying to redirect the policy research effort toward the more fundamental issue of a general philosophy of reform. Second, his suggestion goes to the heart of the reform debate, especially in the developing world where, despite efforts in reforming and redefining the assignments of telecommunications operating entities, the national companies often perform all three functions. SONATEL in Senegal participates in defining and setting the policies; it manages the operations, and also is directly involved in the regulation of the sector by

\(^{49}\) Ibid.
sometimes taking to justice offenders who violate its monopoly of the telephone network and other transmission facilities.

Adopting Melody’s recommendations would have helped telecommunications reformers bring more clarification to the real stakes of the ongoing reform debate. I share his view and will apply its methodological implications in my discussion of the relevance of these issues for African telecommunications (See Conclusion).

Although coming from a different angle than mine, Petrazzini’s contribution attempts to develop a theoretical and methodological understanding of the institutional reform of telecommunications in Argentina, Mexico, Thailand and Malaysia. His project, aimed at "unveiling some of the puzzles that underlie the various forms of telecom in developing nations," deals with this interesting question: "Why do countries which shared telecom reform goals and similar patterns of development achieve such different outcomes?"50 Indeed, from a comparative study of his four case studies, Petrazzini has observed that "Argentina has yielded to privatisation but not liberalisation. Thailand has liberalized but not privatized, while Malaysia and Mexico have achieved both liberalization and privatisation."51

In his effort to build an explanatory base to these fluctuations in policy options, Petrazzini has come up with an interesting hypothesis: "that countries with high degree of state autonomy and higher levels of power concentration within the state apparatus are more likely to succeed in their privatisation efforts than those in which these elements are less dominant."52

50 Ben Petrazzini, "Telecommunications Privatisation and Liberalisation in Developing Countries," CIRCIT Newsletter, 5 (2) April 1993, p.5.

51 Ibid.

52 Ibid.
What is interesting in this problematic, is that the state is put on the center stage as a main player. I share such an approach since it is difficult to envision an important decision such as privatization of a telecommunication company without the big share in the decision-making process going to the state. As will be shown later, this hypothesis can also be tested in my three case-studies. Indeed, Senegal which was a pioneer in telecommunications reform in Africa, because of the openness of its political system, has been very slow in even entering the privatization of the telecommunications system debate (just recently June-July 1994, nine years after launching its first institutional reform). Ghana with a strong regime, and with a higher concentration of power within the state apparatus, only reached the active phase of reforming its telecommunications in 1992 but has already put its telecommunications corporation up for complete privatization.

However, as Petrazzini himself points out, his theoretical approach may explain the pace and course of the privatization process in different countries, it still does not account for the significant difference of outcome of the telecommunications reform undertaken by countries which have several similarities. That is why he came up with another hypothesis: "Liberalisation is more likely to emerge in the context of an expanding domestic economy than in a stagnant or declining economy."53

It is true that a stagnant or declining economy does not simply appeal to forces (domestic or international) which push for liberalisation because the investment environment is not welcoming. It seems also interesting to note, at least in the developing world, that the most liberal and open regimes are not necessarily the most successful in liberalization and privatization, as Petrazzini's study suggests. On the contrary, strong regimes with the "presence of a strong, autonomous state" are most likely to achieve privatization of state-owned telecommunications.

53 Ibid.
Another approach to the reform that I found important to study is the contribution of the European Bank for Reconstruction and Development dealing with the reform of telecommunications in the Eastern European countries. The reason why I believe this analysis relevant to the African context, is the numerous similarities often unnoticed in the political economy of the African states and the Eastern European states. These two forms of states were overly centralized and their economies overly planned. They both experienced, at the end of an historical cycle, a collapse of their social and economic system and a general failure of their political model generally marked by authoritarianism. All of these common characteristics might explain why the fall of the Berlin Wall had an instantaneous effect on African countries, where daily protests, demonstrations and even wars, put down a few dictatorships (Mali, Liberia, Somalia, Ethiopia), and forced other authoritarian regimes to open a dialogue and power-sharing discussion with their opposition (Benin, Niger, Zaire, Togo, Chad, etc.).

The European Bank's document, viewed as a policy document with underlying assumptions about the need to reform the former Eastern European countries telecommunications, develops an approach which seems relevant to the African context. The similarities between the situations described in Eastern Europe and those prevailing in Africa are indeed striking. Before the dissolution of the bureaucratic systems in Eastern Europe, nobody would have thought to classify some realities of this region where they rightly belong: to the Third World. Every telecommunications specialist, reading the prescriptions and remedies of the European Bank, will immediately perceive the similarities with the ills of African telecommunications, without ignoring, however, that no two patients show entirely the same symptoms for the same disease, and cannot, therefore, equally benefit from a strictly identical treatment.

The European Bank's document uses the following as criteria to make its diagnosis:

- rate of telephone penetration;
- level of unsatisfied demand; and
- general state of the existing network and its equipment.

The mediocre responses to these three initial questions directed the Bank's attention to the causes of such a situation, which were as follows:

- chronic under-investment; and
- inadequate management practices in state enterprises.

The major consequences of the above were a high level of network saturation, insufficient revenues collected due to low tariffs, a flagrant lack of a commercial spirit and a lack of competence in management by the people in charge of the sector.

The global inefficacy of the system, due to a lack of clearly formulated policies objectives, is perfectly reflected in the rate of penetration which in general goes from at least 10% to around 5%, except for Bulgaria (22%) and the Baltic areas (24%). It is noteworthy that although negligible, these figures will excite African specialists whose ultimate goal for the past ten years and next ten years, is to simply turn the zero point rate of penetration to a one percent mark.

Another measurement of inefficacy in telecommunications is the ratio of 30 to 50 lines per employee in Eastern Europe, whereas the average for OECD states is 120 lines per employee. As for Africa, Tanzania, for example, had 14.5 lines per employee, Mali 7.5 lines per employee, Ghana 10.1 lines, and Senegal 25 lines.

The analysis of the European Bank appears even more suitable to the African experience when the Bank advances its prescription and recommendations. The Bank wants first of all to implement the following:

- extension of networks;
- reinvestment; and
• improvement and diversification of services.

The first phase of the Bank’s operations in the sector will be aimed at reinforcing and rehabilitating the existing public infrastructures for the provisions of basic services. It will also try to support the reconstruction effort conducted by the Postal and Telecommunications Services. It will encourage the introduction of value-added services by private operators. One important dimension of this phase is the establishment of an organization responsible for regulating tariffs and operations in the sector and which will stipulate the terms and conditions for licensing private operators, and also be in charge of establishing a blueprint for the development of infrastructure and activities.

In a second phase, the Bank will push for competition and encourage privatization. Concerning the introduction of competition, the Bank aims to first accelerate liberalization of value-added services (mainly cellular communications and data network). Only after completion of that process, will it envision the introduction of competition in the provision of basic services.

The European Bank does not seem to systematically impose privatization. It states clearly that "The privatisation of the Region’s telecommunications entities should not be a panacea for reason of efficiency, as a direct causal relationship between ownership and effectiveness is hard to detect in most parts of the world. However, the Bank will support initiatives aimed at introducing new skills methods and capital in public networks through management contracts, concession financing, and joint venture, with other publicly-owned and private sector firms (e.g., foreign operators)."

In an attachment to the main document, the Bank attempts to show its strong support for competition over pure and simple privatization: "Whilst it is true that there exists a strong causal relationship between competition and efficiency, the same is hard to advocate between private ownership and efficiency in the absence of competition. Australia

55 Ibid., p.7.
Telecom and Singapore Telecom are both fully owned by the state, yet they are known to be more efficient than other private (or privatised) operators.”

This philosophy has led the Bank to announce that its top priority is to reinforce "public telecommunication infrastructure in providing basic services." Indeed, it is interesting to note that in spite of all the arguments and commotion surrounding new services, basic services are still the foundation stone of infrastructure since they provide "97% of telecommunications services turnover in Western Europe.”

To prioritize public networks improvement seems to have several advantages, as the following four-point analysis of the European Bank states; it permits to

1) Target profitable user segments “that show the greatest need and willingness-to-pay for telephony;”

2) Consolidate revenues from amortized plant by a better use of existing networks;

3) Align tariffs with real costs of services and develop a pricing policy aimed at full cost-recovery; and

4) Standardize the network in order to ensure regional interconnection and interoperability of networks.

Convinced of its important role in the vast project of reforming telecommunications in Eastern Europe, the European Bank concludes its analysis with a projection that in the future, "the role of the Bank is therefore likely to evolve from being a lender and an investor... to being the focus point and the lead agent in the execution of project finance transactions.”

56 European Bank for Reconstruction and Development, *Telecommunications Sector: Issues and Options*. Attachment to the above cited document (Telecommunications Operations Policy) (March 1992), p.18. Let us note that the authors of this attachment have also made the traditional caution which states that “This paper has been prepared by the staff of the Bank and has not been approved by the Board of Directors as the official position of the Bank.” (p.1).

57 European Bank for Reconstruction and Development, *Telecommunications Operations Policy*, p.4. This figure justifies also Noam’s reservation.
Another bank has also been a significant partner of telecommunications development in the world: the World Bank. Interestingly enough, not only does the World Bank invest heavily in telecommunications, especially in the developing world, but it encourages intellectual production from its community of experts in order to contribute to the policy debate. Longtime investment partner of African telecommunications, the World Bank has followed the redefinition of the telecommunication agenda by involving itself in the reform debate.

The World Bank and the Reform of Telecommunications

The World Bank is not only a major player in African telecommunications both in terms of financing infrastructure development and setting the reform agenda, but its general contribution to the policy debate about the causes of the general institutional reform of telecommunications systems is significant and deserves attention. In several of its publications, the World Bank has unveiled a detailed set of explanations which one may characterize as an attempt to forge an explanatory base for worldwide reforms of telecommunication. Its diagnosis of the ills of the telecommunication sector in the developing world and its presentation of the underlying causes of the institutional changes are reviewed in the following section.

The World Bank’s Analysis

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58 Ibid., p.9.

In one of its most recent and probably most condensed analyses of the telecommunication sectoral reform, the World Bank presents some crucial information. For instance, to catch up and meet the expressed needs in basic services by the year 2000, countries in Asia, the Pacific, Latin America, and Africa, will have to invest around 25 to 30 billion dollars per year. This implies four times the funds granted in the eighties; such a scenario is obviously difficult to envision.

Despite its heavy load as a significant resource of the general reform of African economies through the Structural Adjustment Programs, the World Bank has also proven itself to be an essential partner in telecommunications financing. Out of the Bank's budget for the fiscal years 1987-1991, U.S. $1.8 billion was lent for a total of 23 projects in telecommunications. Recently, about 20% of all non-sector Bank lending has included support for telecommunications, mostly as part of "quick-disbursing public enterprise restructuring and policy adjustment loans." This support, insists the World Bank's document, makes the Bank "the largest source of multilateral telecommunications financing."

On a more theoretical and analytical level, trying to identify the driving forces behind the current changes in the telecommunications sector, the Bank proposes an explanation based on changes which occurred simultaneously in the market economy and in

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60 Although the World Bank’s views on telecommunications are more often associated with the collective work by Sanders et al, *Telecommunications and Economic Development* (Baltimore: The John Hopkins University Press, 1983), the document: *Telecommunications: World Bank Experience and Strategy*, World Bank Discussion Paper 192 (Washington D.C., 1993), presents a more comprehensive approach to the telecommunication sectoral reform. Since it “takes in account responses from some 70 staff and managers in the Bank, IFC, and MIGA…and reflects a considerable degree of consensus,” one may add that it is also difficult not to think of this publication as a World Bank approach to the issue of telecommunications reform.


62 *Ibid.*. It would have been interesting to contrast World Bank investments in telecommunications and in other sectors such as electricity, transportation and education, to make the figures given in this section more significant. However, a comparative analysis of resources allocation policies, although interesting, is not really in the scope of this study and may be the subject of a different research project.
technological development. The first change factor is the increasing information intensity of economic activity, coupled with the globalization of capital flows, of trade, industry and other economic activities which resulted in a strong demand for more varied and less costly telecommunications services. The second factor is that these needs of the modern economy have developed in the context of rapid changes in telecommunications technology fed by advances in microelectronics, software, and optics. These changes, says the Bank, "have greatly reduced the cost of information transmission and processing, changed the cost structures of telecommunications and many other industries and made possible new ways of meeting a wider range of communication needs at lower cost."\textsuperscript{63}

These major changes in the industry also reveal structural defects in Third World telecommunications systems. The Bank summarizes these defects as follows:

These state telecommunications monopolies, however, generally fell far short of meeting needs, as evidenced by persistent large unmet demand for telephone connections, call traffic congestion, poor service quality and reliability, limited territorial coverage, demonstrated willingness of users to pay far higher prices to obtain service, the virtual absence of modern business services, and user pressures to bypass the system by building their own facilities.\textsuperscript{64}

This portrait, quasi-accurate, of the reality of telecommunication in Third World countries constitutes an assessment of failure of state monopolies, and a challenge to its continuation if monopoly was viewed as the way to achieve universal access of telephony. Indeed, the proven failure of such a recipe is sufficient to question its continuation.\textsuperscript{65}

\textsuperscript{63} Ibid., p.1.

\textsuperscript{64} Ibid., p.2.

\textsuperscript{65} In another important publication by the Bank: William W. Ambrose et al, \textit{Privatizing Telecommunications Systems: Business Opportunities in Developing Countries}, IFC Discussion Paper No 10 (Washington, D.C.: the World Bank, 1990), a more systematic challenge to "arguments favoring state ownership" is provided. The authors suggest three factors "calling into question the deep state involvement in telecommunications found in most developing countries. First, the state in most developing countries has failed in its mission to provide reliable communications services on a national level. The telecommunications department of many developing countries have become bloated bureaucracies characterized by inefficiency and unresponsiveness... Second, the telecommunications sector under state control is underfunded in developing countries... Third, and perhaps more fundamentally, the economic
Apart from the status of state monopolies, telecommunications in developing countries are faced with three other major constraints:

1) The first constraint is financial and is due to a limited access to other sources of capital and to the scarcity of capital and strong currencies in the public funding of development due to the score of competing projects submitted by different state departments or sectors. In addition to this, governments often take away profits generated by telecommunications operations instead of reinvesting them in network expansion and service improvement;

2. Despite their merit sometimes as best-run public sector entities, "the internal organization [of telecommunications enterprises] often follows that of government departments rather than businesses. Weaknesses... found in organizational structure, financial management, accounting, and information systems, procurement practices, and human resources development... resulted in high costs of expansion and operation, poor maintenance, slow response to changing demands."

3. The lack of adequate policies for setting prices which hardly reflect cost of services, the lack of incentives for workers, political interference, the lack of administrative and financial autonomy, among others, explain why the entities cannot function as commercial enterprises.

These three constraints identified by the World Bank (and other international institutions such as the ITU and the UNDP) led many governments, willingly or not, to accept the necessity to embark upon institutional reform. The reform agenda, says the World Bank, will help address three major concerns consisting of:

- Mobilizing more capital for investment;
- Improving the performance of telecommunications organizations;
- Responding to the rising demand for better and more varied telecommunications services.

foundation supporting state control of telecommunications - the natural monopoly - is eroding under the pressure of rapid technological change." (p.5).


These concerns coincide, insists the Bank, with the same factors which have revolutionized telecommunications systems in developed countries: technology and demand, amplified by six factors, of which I will retain the three most salient:

1) Awareness of the failure of traditional approaches to telecommunications development based on state monopolies. Governments around the world have realized their inability to provide the huge amounts of capital necessary to catch up with demand;

2) The emergence of new economic strategies in developing countries with measures “to liberalize trade, promote competition, deregulate financial and capital markets, reduce restrictions on foreign investment, and restructure public enterprise;”\(^{68}\) and

3) The pressure of telecommunications operating companies in developed countries which have aggressively started to spill-over their national borders and to pursue new business opportunities in developing countries, repositioning themselves in their own changing domestic and regional markets.

It is, therefore, the global impact of these combined factors which, according to the Bank’s analysis, have imposed literally the reform agenda which was generally deployed in four major directions:

- Commercializing telecommunications operations, and freeing them from direct government interference;
- Weakening or softening of monopolies and development of competition;
- Opening up the market to private participation; and
- Changing the roles of government: from responsibilities of direct control and management to responsibilities of defining policies and regulation.

Convinced that such reforms must in principle benefit the less advanced countries, the Bank regrets that in sub-Saharan Africa, “efforts to overcome telecommunications shortages have so far been largely confined to trying to improve the performance of

telecommunications state entities.\textsuperscript{69} Aware of the reticence shown by many African countries in considering privatization and wider reforms, the Bank observes with satisfaction that "telecommunications privatization is now underway in Cote d'Ivoire and Guinea, some other governments have expressed interest in this experience, there are success stories of small private ventures (e.g., cellular) led by local entrepreneurs in a few countries. . . . "\textsuperscript{70}

To clarify its positions, the Bank clearly stipulates that its support to the reform undertaken by countries

. . . should not be conditional on the countries' agreeing to follow a particular blueprint for sectoral reform. There is a wide range of solutions that can be effective. Rather, the Bank can help governments examine policy options, assess their merits in terms of sectoral objectives . . . and develop reform programs that are consistent with the country's economic and political situations and with world market outlooks.\textsuperscript{71}

The only strong conviction emphasized in the Bank's analysis is the necessity to introduce competition. Competition (or any scenario where serious choice is given to consumers) is an essential component of reform since it can spur "established operating enterprises to focus attention on customers, improve service, accelerate network expansion, reduce costs, and lower prices."\textsuperscript{72}

All in all, the World Bank document appears to sum up the experience of the world's largest financial institution involved in telecommunications since the 1960's. It

\textsuperscript{69} This is a crucial observation since most African governments seem to have limited their acceptance of the reform agenda to the reform of their state-owned and operated-telecommunications entities. See our tables on "key figures and level of institutional reform" in appendix.

\textsuperscript{70} Wellenius, et al.,\textit{Telecommunications: World Bank Experience and Strategy}, pp.4-5.

\textsuperscript{71} This is a crucial observation since most African governments seem to have limited their acceptance of the reform agenda to the reform of their state-owned and operated-telecommunications entities. See "key figures and level of institutional reform" in appendix I.

\textsuperscript{72} \textit{Ibid.}, p.7.
also capitalizes on the international experience of reforming countries as well as on the international policy research on the institutional reform of telecommunications systems, since it attempts to address various issues pertaining to the adequate diagnosis of the ills of the old institutional arrangement, the introduction of competition, softening of monopoly, privatization, and regulatory issues.

It seems also appropriate to characterize the Bank’s global approach to the changes as technological and economic change driven: Perhaps because of its institutional analysis more preoccupied by a diagnosis followed by solutions (usually geared at public authorities), the Bank’s analysis does not deal adequately with the general issues of winners and losers. It concerns itself with the important issue of identifying international and national players of the reform process, which is crucial to the understanding of the driving forces and their complex interplay and power struggle. This latter point helps to explain the pace and scope of reform implemented in any given country, with a dose of predictability of policy evolution once radical pro-reformers, radical anti-reformers, forces of consensus and compromise are identified. This seems particularly relevant to the African context where pledge and commitment to serious reform almost always turn out to be fading because of economic instability in other areas and political uncertainty.

Let us now conclude this review of the telecommunications reform literature by focusing on the very limited number of writings of the African experience.

**Contribution to the Reform Literature by Robert B. Horwitz and Raymond Akwule**

Horwitz and Akwule are members of a very small group of scholars who documented reforms and change of the telecommunication environment in Africa.

**The Contribution of Robert B. Horwitz**

After the significant success of his 1989 book, which has become an important reference on the process of reform and deregulation of telecommunications in the United

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73 See Robert B. Horwitz, *The Irony of Regulatory Reform*. 
States, and its underlying ideological, political, and economic implications, Robert B. Horwitz has come up, in 1992, with an informative and methodical article on telecommunications reform in South Africa where apartheid was opening up while dying slowly.

Horwitz's analysis attempts to unravel the threads which interweave South Africa with what he termed, "the global move towards liberalization" of telecommunications. This analysis of his contribution will be more focused on his argument of the internationalization process of telecommunications reform.

First, Horwitz situates the origin of telecommunications reform in the United States:

The forces that have pushed for the end of monopoly control of telecommunications surfaced first in the USA. Historically, the conventional wisdom, both in the USA and everywhere else, was that communications were best organized as a single, interconnected, integrated network, and as such demonstrate economies of scale and scope. This is why telegraph and telephone came to be considered "natural" monopolies.74

As Horwitz points out, the problem was not that this institutional arrangement failed. On the contrary, "the regulated monopoly arrangement worked. Through a complex system of cross-subsidies, characterized most clearly by value-of-service pricing and cost-averaging, the basic network was extended universally. As a general rule, business subsidized residential service, long distance subsidized local, and urban subsidized rural. Service was in general technically good and relatively cheap. By the 1970s, telephone penetration in the USA had grown to 92%."75

Despite this undeniable success, and because of the law of contradictions in all phenomena, the system eventually came under attack. As Horwitz explains:

[F]or all its benefits, there were problems with the arrangement. Briefly, because there was no clear relation between costs and prices, especially in

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75 Ibid.
equipment, there long were allegations that AT&T engaged in artificial boosting of the prices its equipment in order to inflate the rate base from which its regulated rate of return was determined. For similar rate-base-inflation reasons, AT&T was suspected of overbuilding or 'goldplating' its plant. At the same time, critics claimed that the long amortization schedules typical of regulated monopolies inhibited innovations. . . .

This challenge to the American telecommunications giant, in addition to "AT&T's lack of capacity and inability to service new business needs (particularly data communications)," progressively forced liberalization which took the particular form of "incremental entry liberalization in business services at the margins of the AT&T monopoly, first in private lines, later in terminal equipment."

In spite of AT&T's counter-attack by refusing "interconnection into its network and by offering similar business services at predatory prices," the seed had been planted, and the process was irreversible. As Horwitz observes: "These dynamics led to the lawsuit that eventuated in the break-up of AT&T and the deregulation, or perhaps more accurately the liberalization, of U.S. telecommunications." 77

More importantly for the study of the internationalization process of telecommunications reform, is the following statement by Horwitz:

The sea change in US telecommunications policy set in motion a powerful dynamic of asymmetrical deregulation, the result of which is the demise of the PTT social/postal industrial complex in many parts of the world. Two forces transformed the international telecommunications regime in the 1980s: tough US government pressure in international negotiating forums (principally the [ITU] and [GATT]), and an evolving coalition of transnational corporations (in the argot, user communities) that wanted better, cheaper telecommunications services. 78

The U.S. interest in reforming international telecommunications, explains Horwitz, is simple to understand: Americans in 1980 exported 25 billion dollars of technology and

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76 Ibid.
77 Ibid.
78 Ibid., p.293.
information services products. The important place of American exports in telecommunications services would be reinforced if the closed national systems of telecommunications are opened. But parallel to the internal American process described above, European transnational corporations, with their enormous demand for data and voice communication, "came to believe that liberalization was in their own interest. These large business users challenged their national PTTs to provide better services or permit self-supply."79

Another important agent of change is technology "in conjunction with the liberalizing US and UK telecommunications system." PTTs had traditionally delivered voice services, and their analogic systems had limited capacities. Digitization increased both quality and network capacity to deliver various long distance services of all sorts. At the same time, large corporate users of telecommunications installed their own switching systems using the latest in digital technology and private satellite and underwater fiber optic lines. And as Horwitz explains, "[O]nce one key player opted out of the national monopoly model and its telecommunication system became governed by market-oriented principles, the inherent flexibility of the technology permitted the liberalized system effectively to siphon off business traffic from regulated systems. Private or deregulated carriers could offer more sophisticated services at cheaper rates than could the PTTs, which were "saddled" with their complex cross-subsidies."80

Despite the emphasis Horwitz put on the role of technology, he displays more a political economy than a technological deterministic approach. Indeed, he not only manages to identify several players in the drive for reform, but he also brought in the picture the role of ideology ignored by many reform analysts. Horwitz puts it this way:

79 Ibid.
80 Ibid. p.294.
In addition to business users, technological innovation and the asymmetry of deregulation, ideology was also (and remains) important, particularly the Reagan-Thatcher ideological revolution of the beneficence of private enterprise. It is not surprising that the UK followed the lead of the USA when it established a telecommunications duopoly in the early 1980s, licensing the privately owned Mercury Communications to compete with British Telecom (BT). In the UK liberalization (the opening up of telecommunications equipment and services to competitive providers) begat privatization (the denationalization of public corporations) when the government soon thereafter offered 51% of BT stock to the public. . . . Following these developments, the pace of international telecommunications change quickened. . . . In Europe today there are almost no traditional PTTs left... Once the liberalisation dynamic is unleashed, there is pressure on all other PTT systems to open up -even in the less developed nations.81

Among several factors pressuring for change, Horwitz includes "the international lending agencies [which] have become an additional factor in the pressures to liberalize the telecommunications systems of less developed nations."82 As underlined above, Horwitz, by carefully identifying players and their different connections in activities of policy diffusion and coordination is in the methodological domain of political economy. Here is how he links the lending agencies and the diffusion of privatization originated in the industrial world:

The lending agencies have become advocates of a privatization in many sectors of developing nations' economies, including telecommunications. In many respects the operating philosophy of the international lending institutions simply reflects the conventional wisdom of the industrialized nations. When the conventional wisdom changed with the Reagan-Thatcher revolution, so did the thinking of the World Bank and IMF. By the 1980s. . . . [Loans were then conditioned on the 'structural adjustment' of economies, which included reducing the public sector and increasing its efficiency, privatizing and limiting tax concessions. . . . The U.S. Agency for International Development (USAID) and U.S. Commerce Department are also significant players in the recent championing of privatization.83

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81 Ibid.
82 Ibid., p.295.
83 Ibid.
Concerning his interesting political economy of the South African reform process, one can emphasize the original concept of "commercialization" viewed as an interim step toward privatization. Horwitz explains:

Commercialization was identified as a process whereby a public corporation would be reoriented according to market principles while still under state control, a sort of way-station to prepare market inexperienced managers for the exigencies of competition. . . . Commercialization became viewed as a way of 'kick-starting' what the government had become convinced was a complacent, bureaucratic, top-heavy parastatal.84

Horwitz introduces also a two-speed approach to the reform. Because of the huge differences between industrialized and developing nations, he does believe that the process cannot follow the same path. He argues:

The clear and altogether crucial difference between the First World and developing nations, with regard to telecommunications and the trends towards liberalization and privatization, is that in the First World the telecommunications infrastructure is already in place. The basic system has been built out. The traditional aim of extending basic telephone service to individual businesses and households is more or less accomplished -- arguably (the point should be emphasized) as a direct function of the old, public service monopoly arrangement. . . . The point is that policies that may work for mature capitalist democracies may not be appropriate for capital-starved, technology-deprived developing nations.85

Although his point is well taken, Horwitz may still run the risk of providing some partisans of absolutism in the Third World whose defense system always includes accusations of short memory against the First World. Due to the fact, that the state and the power structure are among the major problems and causes of stagnation or even regression in most developing countries, I think that any new policy (be it liberalization or transfer of control into private hands which effectively weakens the concentration of power through state monopolies) should be welcomed.

84 Ibid., p.302.
85 Ibid. p.306.
Horwitz, I must clarify, does not reject privatization. He even becomes its advocate when he states:

There may be many areas where public corporations can be privatized to good effect. . . . Liberalization, commercialization and privatization may possibly be useful policy tools in accommodating the sophisticated needs of business with the basic telephone needs of most of the population. In Third World countries with histories of irredeemably corrupt state bureaucracies, privatization may be called for. But South Africa does not suffer from garden-variety corruption; it suffers from institutional, systematic, racially-based corruption.

Horwitz's analysis remains original and introduces a certain freshness insofar as it questions dynamics more than structures and concerns itself more with the interactions between structures than the simple description of their different content. Unfortunately Horwitz does not extend his analysis of policy diffusion and coordination to the role played by national or international epistemic communities. He tends to limit his localization of driving forces to the most visible and strongest ones such as the Reaganite and Thatcherite advocates of the general economic reform, such as the big international lending agencies (World bank-IMF) and the big corporate users, etc. Their intellectual and theoretical back-ups who inspire, accompany, diffuse and legitimize their new policies are left out of Horwitz's analysis.

The Contribution of Raymond Akwule

Raymond Akwule, a Nigerian national, residing in the U.S., is probably one the most vocal African advocates of telecommunications infrastructure development and management practices reform. He published a book\textsuperscript{86} on general issues of

\textsuperscript{86} Raymond Akwule, \textit{Global Telecommunication: The Technology, Administration, and Policies}.
telecommunications, and a series of articles, among which I will review the two that are most relevant to my study. 87

In his "Telecommunications in Nigeria," Akwule observes that "Today many developing nations face the dual pressures of demand from within for basic telecommunications services, and of push from the international community to modernize national networks and reflect the global trends towards telecommunications deregulation. Over the years the West African nation of Nigeria has responded to these pressures by effecting institutional and regulatory reform in the telecommunications sector. . . ." 88

It is interesting to see Akwule from the outset identify the pressures for reform as being dual (domestic and foreign). However, the designation of international forces and powerful interests, as shown by Horwitz (1992) or Cowhey (1990), by the concept of "international community" seems perhaps too cautious and does not truly account for the main actors of the international push for telecommunications reform.

Trying to build an explanation for the telecommunications infrastructure development in Nigeria between 1970 and 1985, Akwule comes up with a political economy approach which allows him to articulate four reasons, both economic and political, both national and international:

1) The problems encountered by the military government in communicating both within and outside the country during and after the civil war;

2) Rise of international theorization of the "usefulness of modern communications" in fostering "societal transformation in the developing world;"

3) The positive effects on Nigeria, one of the world leading oil producers, of the rise of oil prices in the mid-1970s; and

87 Raymond Akwule, "Telecommunications in Nigeria", and "Telecommunications in Africa: Policy and Management Trends." Akwule is also "the publisher and editor in chief of Africa Communications, a bimonthly magazine specializing in policies and trends in African communications."

4) Economic prosperity and country's size made the Nigerian officials aware of the necessity of "a strong telecommunications network - especially an international telecommunications network - as essential to the fulfillment of its leadership role."\textsuperscript{89}

While examining the causes of institutional reform of telecommunications in Nigeria, Akwule mentions a combination of

\ldots mounting pressure from within for better telecommunications services along with pressure from the international community - to modernize the networks and to reflect the current global shift towards market-oriented telecommunications regimes -- prompted the government to re-examine the administration and regulation of the sector in 1984.\textsuperscript{90}

Here, the explanation of what jump-started the reform process in Nigeria is not profound enough. Many telecommunications analysts would express some reservations about how significant the pressure from within for better telecommunications has been in the decision to embark on reforms. As we know, waiting lists in Africa can sometimes challenge belief. Customers tend to adopt a wait and see fatalistic attitude, or simply try to go around the system by using bribery and corruption. As for business customers, they knew their way around in the old telecommunications system, but they also had a very imprecise concept of what "better telecommunications" could mean. As they say in Africa, one cannot miss what one never had or even knew.

Concerning the pressure from international forces, it was less "network modernization" oriented than it was about truly opening up the close and inefficient African system to competition and ultimately privatization. This, as it is clear today, was just part of a bigger move toward structurally reforming and adjusting African economies and their base largely constituted of state-owned and run enterprises.

\textsuperscript{89} Ibid., p.243.

\textsuperscript{90} Ibid., p.244.
However, Akwule, in a more recent publication, has come closer to sharing my explanation when he writes about moves made to restructure their telecommunications sector by several African countries since the mid-1980s:

The change has been induced by two major factors: increased national and international pressure on the telecommunications administrations to provide better telecommunications services, and a push toward austerity programs and economic reforms by the International Monetary Fund and North American, European, and Japanese banks that hold billions of dollars in potentially unrecoverable debt to many of the countries.  

The introduction of these financial international players and stakeholders in Africa is a positive move in the right direction since the African context is so singular that the dialectics of domestic and external factors need to be handled with great care. Akwule, however, has the merit of being a pioneer, at least in North America, of African telecommunications studies and policy research. This will remain to his credit. Yet, it seems important to me that African policy researchers be fully immersed in the theoretical battles of their fields and refuse any confinement to the periphery. This is to say that descriptive studies may not advance the cause of implementing telecommunications policy debate and research currently almost non-existent in the continent. More analytical and methodologically strong approaches, are needed in the difficult task of identifying the major issues facing African communications today.

Akwule seems fully aware of these important challenges when he concludes that:

The changes in Africa's telecommunications policies and practices deserve special attention... because of the unique socioeconomic context within which telecommunications services are provided in the continent... [I]n Africa, where the countries have been severely afflicted by the problems of recent worldwide economic recession and where drought has taken its toll on much of the population, it should not be surprising if further attempts to deregulate and "commercialize" telecommunications regimes are greeted with strong public resistance and even social unrest. This is one risk that the already-fragile political entities in most of the region are reluctant to take. Perhaps it is the major reason some African

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telecommunications administrations are slow to embrace the worldwide trend toward deregulation, liberalization, and privatization.\(^1\)

This latter point seems to go against an early affirmation to the effect that the changes were driven by internal pressure for better telecommunications. It seems to me difficult to envision such a degree of commitment of the African masses or work force to issues of telecommunications to the point of engaging in "social unrest" to prevent further reform. Not only has telecommunications in Africa yet to earn a status of a mass phenomenon and to break away from its current elitist, urban middle class status, but its over-protection as the "fat cow" makes its policy changes not rooted in popular consent but purely bureaucratic and governmental.

Nonetheless, Akwule, once again, is right on insisting on the uniqueness of the African context and its adverse conditions.

**Conclusion**

As we have seen, there are numerous, rich and diversified competing frameworks, all of them attempting to account for the wave of reform and changes taking place in the telecommunications sector worldwide. It is interesting to contrast the enthusiasm of some policy analysts such as Jussawala or Cowhey, to the moderate reactions of Noam and Melody for instance. It is also a rich learning experience to see Samarajiva and Horwitz attempt to go to the heart of the complexity of the current process and try to identify numerous players and phenomena at work, some visible, others less obvious. To summarize all this body of literature and knowledge, without losing on the way its richness is a tough challenge. That is why, I tried to come up with a summary displayed in Figure 3.

After this detour to assess the reform literature, it is now time to explore the literature on international policy diffusion and coordination as a theory and method of

analyzing and contextualizing the channels of influence and the "voyage of ideas" between countries and continents before I relate the experience of Senegal, Mali and Ghana to the internationalization of the telecommunications reform process.
Figure 3: COMPETING APPROACHES TO TELECOMMUNICATIONS REFORM
CHAPTER IV

ANALYTICAL FRAMEWORK OF THE STUDY AND RESEARCH METHODS

This chapter describes the methodological base of the study by presenting a rationale for applying a comparative analysis and case studies approach to institutional reform of telecommunications in selected countries. Data collection methods during my three-month field trip are also summarized.

Another important objective of this section is to explore the possibility of using the theory and framework of "international policy diffusion" to help explain the spread throughout the 1980s of the worldwide institutional reform of telecommunications.

It is now obvious that issues of privatization, competition, and deregulation of the telecommunications system first raised in the United States and Great Britain, quickly spilled over most of the rest of the world and did not leave Africa out as it is shown in the tables presented in the Appendix. In fact, it seems important to underline that countries around the world did not debate the need to reform or not to reform, but instead directed the discussion on how broad and how deep to reform their telecommunications system in order to keep pace with a worldwide trend.

The process through which these issues of privatization, competition, liberalization and deregulation of telecommunications have been spread and put on the agenda of almost all the countries in the world is relevant to the study of international policy diffusion and coordination. How these issues, which appeared first in a very small number of countries where they were framed, debated as ideas, conceptualized and tested, were spread through what Suleiman and Waterbury refer to as "the voyage of ideas and ideologies across
countries,"¹ seems interesting to understand in order to learn more about international policy diffusion and coordination in terms of agenda setting and policy formation.

Theorists of international policy diffusion such as Ernst Haas, Peter Haas and John Ikenberry among others, have developed the concept of "epistemic communities" to explain the "voyage of ideas" and the spread and dissemination of new policies. Their framework and conceptual base seem interesting for our search of an explanatory base of the internationalization of telecommunications reform. Before discussing how and why telecommunications scholars may borrow and find useful such a framework which is both a theory and a method,² I propose to introduce three of the major proponents of the "epistemic communities" approach: Ernst Haas, Peter Haas and G. John Ikenberry.

Analytical Framework: Theories of International Policy Diffusion and Coordination

It is a coincidence that two important advocates of the "epistemic community" approach to international policy diffusion bore the name "Haas." Peter M. Haas, Assistant Professor of Political Science at the University of Massachusetts at Amherst, appears to be the "developer" and the most prolific advocate of the "epistemic communities" approach to international policy diffusion and coordination. Ernst Haas, a professor at the University of California at Berkeley, is a famous and fully established scholar in the fields of international organizations, international relations and regimes theories. Keohane (1984


² Emanuel Adler and Peter Haas give several indications of this when they write: "Epistemic communities ... are a vehicle for the development of insightful theoretical premises about the creation of collective interpretation and choice. The epistemic communities approach is in fact 'methodologically pluralistic'...Methodological pluralism and theoretical synthesis are what we take to be our strength." See Emanuel Adler and Peter Haas, "Epistemic Communities, World Order, and the Creation of a Reflective Research Program," International Organization (Winter, 1992), p.368.
and 1991) refers to him with deference as the father of the famous concept of "supranationality."³

Although having some differences, Ernst Haas and Peter Haas show a great deal of respect for each other. Ernst Haas, in the first footnote of his chapter on "Epistemic Communities" acknowledges, "The ideas contained in this section have been developed largely by Peter M. Haas; see his Saving the Mediterranean . . ."⁴

As if he too wanted to settle the issue about commonalities and differences, Peter M. Haas (1992), in his most central contribution on epistemic communities,⁵ writes:

According to the definition of epistemic communities employed in this volume, community members have intersubjective, internally defined validity tests. This contrasts with Ernst Haas's usage of the concept of epistemic communities, in which he explicitly mentions that such communities "profess beliefs in extracommunity reality tests . . ." Although there are other differences between his and our usage, they are fairly minor.⁶

Before proceeding further, I will first define the concept of "epistemic communities" through a presentation of the three above-mentioned theorists.


⁵ Peter Haas coordinated a special issue of the "International Organization" (Winter 1992), where he authored an important piece entitled "Epistemic Communities and International Policy Coordination." This article lays the theoretical and foundational grounds of his defense -- among other theorists -- of the "Epistemic Communities" approach. See Peter M. Haas, "Epistemic Communities and International Policy Coordination," International Organization, (Winter, 1992), p.3.

⁶ Peter Haas and Emanuel Adler also make another interesting reference to Ernst Haas when they write in their review of the different methodological borrowings of the epistemic communities approach: "We are indebted to the neofunctionalist and cognitive approaches, and in studying epistemic communities we follow the trail pioneered by Ernst B. Haas and John Gerard Ruggie." See Peter Haas, "Epistemic Communities, World Order and the Creation of a Reflective Research Program," International Organization (Winter, 1992), p.370.
"Epistemic Communities" According to Ernst Haas

Surprisingly enough, Ernst Haas seems to attribute the coining of the concept of "epistemic communities" to Michel Foucault whose work is spilling over even in unexpected fields or issue-areas such as international organizations and regimes theories.7 Indeed, after referring to Burkhart Holzner and John H. Marx8 who defined "epistemic communities" as being "those knowledge-oriented work communities in which cultural standards and social arrangement interpenetrate around a primary commitment to epistemic criteria in knowledge production and application,"9 Ernst Haas (later in his book) adds:

Note that this definition differs sharply from Michel Foucault's, who apparently invented the term in The Order of Things . . . . (1973) I find Foucault's usage indistinguishable from what we might call "ideological communities."10

Ernst Haas continues his search of a definition by also separating himself from Thomas Kuhn (1970) who, "in refining his notion of 'paradigm' . . . also offers a specification of the 'community,' which is the unit of analysis of believers in a paradigm. His description . . . fits my notion. However, his specification of the content of these paradigms does not, because he seeks to make the content specific to the subject matter of the natural sciences. . . ."11

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8 These two authors seem to have pioneered in the 1970s a systematic attempt to present the notion of "epistemic communities." See Burkhart Holzner and John H. Marx, "Knowledge Application: The Knowledge System in Society," (Boston: Allyn and Bacon, Inc., 1979). Especially, Part II Chapters 4 and 5, and Part III Chapter 6.

9 Holzner and Marx are quoted by Ernst Haas, p.40.

10 Ibid., p.221

11 Ibid.
The following is E. Haas's own notion of epistemic communities. As he first explains, international organizations in their decision making procedures and their involvement in addressing or changing issues of general interests are "exposed to knowledge through the medium of epistemic communities." Let us note the concept of "medium" which is highly significant, since our personal interest in Ernst Haas's notion is to attempt and locate the concrete mechanisms of communication and diffusion of new policies.

Here is the extensive and rather descriptive definition by Ernst Haas of epistemic communities and how they operate:

All international organizations are staffed by professional civil servants who participate in the making of decision and who implement most of the operational measures. International Secretariats are made up of people who usually carry the professional qualifications relating to their organization’s tasks: law, agriculture, medicine, and the like. They are a conduit for introducing into public policy the knowledge produced by their discipline. Moreover, these professionals often -- always in the case of UN, specialized agencies -- act in concert with like-minded professionals not in the employ of the organizations, but linked to them through non-governmental organizations having consultative status, or by way of service on advisory panels of experts.

This is evidently a description of a networking group bound by a common expertise, and which usually operates within specialized international organizations. The network also extends to the other experts in the field who are linked to the main support organization by different mechanisms and forms of relationships such as "consultative status" or "advisory board memberships."

The central notion, however, in Ernst Haas's definition (central in regard to our own interests), remains this crucial portion, "They are a conduit for introducing into public policy the knowledge produced by their discipline." Therefore, epistemic communities are

12 Ibid., p.40.

13 Ibid.
not just producers of new knowledge; they are also a conduit of such knowledge in the public sphere. This is quite similar to Peter Haas’s notion of epistemic communities as we will see.

Ernst Haas, once again using Holzner and Marx, extended the above definition to "most professional and disciplinary groups which are also epistemic communities." The reasons being that such groups stipulate "standards of verification" and do also have "rules of behavior . . . sufficient to assure the truth of their findings." Members of those groups also deal with "institutional pressures on their careers."

However, insists Ernst Haas (still presenting Holzner and Marx theory of epistemic communities), "The truth tests such groups apply to the work of their members are a function of the basic beliefs to which members subscribe. Not only molecular biologists and meteorologists but also psychoanalysts, astrologers, and sociologists may constitute epistemic communities (or they may not)." 15

This excludes any restriction in the application of the notion of epistemic communities to groups based only on the nature of their academic disciplines. Other characteristics are more qualifying for the status of epistemic communities such as a set of common values, belief systems, codes of intellectual behavior, etc.

Furthermore, Ernst Haas concludes his review of Holzner and Marx's definition of the notion by stating:

I accept this definition as far as it goes. It must be augmented, however, to suit the specific circumstances of learning in international organizations constrained by institutional habit. For me, an epistemic community is composed of professionals (usually recruited from several disciplines) who share a commitment to a common causal model and a common set of political values. They are united by a belief in the truth of their model and by

14 Ibid.
15 Ibid., p. 41.
a commitment to translate this truth into public policy, in the conviction that human welfare will be enhanced as a result. 16

The honesty of acknowledging "a common set of political values," and the desire to "translate this truth into public policy," make more attractive the notion of "epistemic community" which seems to bind together and develop networking reflexes among "professionals" who share the same expertise and the same trust in their model.

The four following characteristics of epistemic communities as described by Ernst Haas seem also reassuring:

- . . . [epistemic communities] are, in principle, open to the constant reexamination of prevailing beliefs about cause and effect, end and means;
- . . . being human, they also resist reality tests likely to disturb their claims to novelty and relevance;
- Rival epistemic groups thus exhibit the same behavior as do rival schools of scientists; and
- The ultimate test of the truth is the collective decision by the users of knowledge as to which claim is more successful in solving a problem agreed by all as requiring solution. 17

Openness to constant reexamination is obviously a strengthening factor for epistemic communities since it is a means of renewal and non-dogmatization of beliefs. The challenge of reality, being the ultimate challenge of any knowledge producer, it is also comprehensible that epistemic communities develop some form of resistance to such test.

The existence of "rival epistemic groups" is also a reassuring factor, since a healthy competition of different and opposed views is a guarantee for improvement and non-stagnation. It seems reasonable to suggest that in the field of telecommunications, at least two kinds of epistemic communities are easily perceivable: the epistemic communities of institutional experts affiliated with international organizations such as the World Bank, the

16 Ibid.
17 Ibid.
ITU or the UNDP, and the epistemic communities affiliated with academic and research institutions, intellectual groups or networks of friends and research partners within associations such as ICA (International Communication Association), IAMCR (International Association of Mass-Communication Research), and within prominent departments of communications and telecommunications studies. Such a classification does not imply that World Bank telecommunications experts do not exchange ideas and insights with academic policy researchers for instance. On the contrary, the World Bank often uses the expertise of scholars hired to perform various forms of research contracts or advisory position in the Bank's telecommunications projects.

In fact, epistemic communities present themselves in a variety of forms and ways of existence. Ernst Haas presents some useful insights about these different forms and shapes that epistemic communities may take. E. Haas writes:

Sometimes they take the form of "invisible colleges," networks of the like-minded not employed in the same university, laboratory, or think tank. Sometimes they also create organizations of their own, such as the Club of Rome, various organizations of economists, of environmentalists, and of public health specialists. Such groups can influence international organizations if their members come to dominate standing expert advisory bodies or consistently serve as executors of programmatic decisions. . . . They may also penetrate organizations by acquiring a monopoly on staffing secretariat positions in their issue area.18

On this latter issue of strategies, aimed at controlling decision making structures, E. Haas argues his point by referring to the famous ECLA (Economic Commission for Latin America) and to its charismatic leader, Raul Prebisch. For E. Haas, "the development economists, political scientists, and engineers originally organized by Raul Prebisch. . . . were an epistemic community that eventually managed to take over the UN Conference on Trade and Development (UNCTAD)."19 This kind of situation occurs, according to Ernst

18 Ibid., p. 42.
19 Ibid.
Haas, only when there is an alliance between the epistemic community and the dominant political coalition within the organization. In the case whereas the organization is staffed by rival epistemic communities, it then will depend on whose claim to the truth will be more persuasive to the dominant political decision makers, and whose strategy of alliance with the dominant political coalition is more successful.

Ernst Haas's conclusion of his search of a definition of "epistemic communities" deserves some attention because he avoids the difficult issue of the role of subjectivity in the shaping of historical progress and also the complex issue of history having a purpose or not:

True, I make no assumption about history having a purpose; but my paean to epistemic communities comes close to suggesting that history moves from a condition in which embedded social relations constrain rational choice to a period in which rational choice vanquishes social embeddedness, from nonmarket traditional society to market-dominated modernism.20

"Epistemic Communities" According to Peter Haas

As previously mentioned, Peter Haas has taken a leadership role in the defense of the "epistemic communities" approach. For that reason, it seems interesting to probe his own definition and interest in this approach. The numerous definitions, often descriptive, sometimes analytical that he provides, are testimony that this approach is still growing towards maturity and has some room for expansion and improvement. Here is one, among several suggested definitions:

An epistemic community is a network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue-area.21

20 Ibid., p.43.

21 Peter M. Haas, "Epistemic Communities and International Policy Coordination," p.3.
To be a member of such a network of experts requires certain characteristics. Peter Haas explains, "By our definition, what bonds members of an epistemic community is their shared belief or faith in the verity and the applicability of particular forms of knowledge or specific truth." What also defines the network is the important consensus about a shared understanding of reality. For this reason, Peter Haas argues that

Epistemic communities may be said to consist of interrelated roles which grow up around an episteme; they delimit, for their members, the proper construction of social reality. . . . We use the term [epistemic communities] to refer to a concrete collection of individuals who share the same worldview (or episteme). . . .

Referring more specifically to the issue of social reality, Haas observes: "As numerous social and cultural theorists have argued, reality is socially constructed. Epistemologically, the world and our representation of it are not isomorphic; our concept of reality is mediated by prior assumptions, expectations, and experiences." To strengthen his philosophical position about the dialectics of knowledge and reality, Haas borrows the following statement by Holzner and Marx:

[Even knowledge cannot mean] the grasping of reality itself. . . . Philosophical progress has produced the conclusive insight that there can be no such thing as the direct and 'true' apprehension of 'reality' itself. More strictly speaking, we are compelled to define 'knowledge' as the communicable mapping of some aspect of experienced reality by an observer in symbolic terms.

It seems important to understand the philosophical base of networks of experts whose primary objective is to produce and disseminate knowledge since their professional activity geared towards policy setting has some important and direct implication for people's life.

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22 Ibid., footnote 4.

23 Ibid., pp.26-27.

24 Ibid., p.21.

25 Holzner and Marx are quoted by Peter Haas, "Epistemic Communities and International Policy Coordination," p.21.
Their method in the domain of policy advising is mainly inspired and informed by interpretative reasoning, and one can understand their defense of relativism which provides more room for flexibility and modesty in conceptualizing reality. If the assertion of reality being socially constructed does not negate the independent existence of such a reality, then reconciliation may be possible between our subjective perception of reality and its objective existence independently of our validation.

As it is becoming a tradition in many attempts to define a new approach, the authors tend to argue their originality by saying what "they are not" as a means to better delineate "what they are" or the way they like to be perceived. With such a motivation in mind Peter Haas poses:

[Unlike] interest groups, epistemic communities members have shared causal beliefs and cause-and-effect understandings. If confronted with anomalies, that undermined their causal beliefs, they would withdraw from the policy debate. . . . Epistemic communities must also be distinguished from the broader scientific community as well as from professions and disciplines. Although members of a given profession or discipline may share a set of causal approaches or orientations and have a consensual knowledge base, they lack the shared normative commitments of members of an epistemic communities. 26

The latter precision seems crucial since sharing information and circulating new knowledge or theories among members of the same profession 27 or discipline do not create this particular bond that members of an epistemic community share. Such a bond is essentially a sense of belonging to a group with a common and overtly shared set of attitudes toward a field of knowledge or an issue-area.

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26 Ibid., pp.18-19.

27 Peter Haas provides an even more precise distinction. He writes "...while economists as a whole constitutes a profession, members of a particular subgroup of economists - for example, Keynesians or followers of one of the schools of development economics - may constitute an epistemic community of their own and systematically contribute to a concrete set of project informed by their preferred views, beliefs, and ideas." Ibid., p.19.
One criticism might be that only experts from exact sciences can universally share the same codes and set of operational formulas and techniques, precisely because of the obligation of replicability of their findings by other researchers. Peter Haas objects:

Epistemic communities need not be made up of natural scientists; they can consist of social scientists or individuals from any discipline or profession who have a sufficiently strong claim to a body of knowledge that is valued by society. Nor need an epistemic community's causal beliefs and notions of validity be based on the methodology employed in the natural science; they can originate from shared knowledge about the nature of social or other processes, based on analytical methods or techniques deemed appropriate to the disciplines or professions they pursue. . . .

Apparently, very concerned about the applicability in the concrete arena of policy of the knowledge produced by their work, epistemic communities seem to proliferate mainly in the neighborhood of the state and in the company of policymakers. According to Peter Haas, the epistemic communities' approach, which emerges as "a third approach in international relations" after the "realist and neo-realist" approach, and the "historical materialist" approach,

. . . is concerned with the effect of experts and knowledge-base communities on governmental learning and the development of new state objectives. . . . Writers from this tradition look at policy making in terms of such nonsystemic variables and actors as ideas, knowledge, beliefs, experts, and scientists.  

Although extensive, the following statement by Peter Haas is probably the most complete of all definitions of epistemic communities. It also has the advantage of being truly representative of his personal vision, since the numerous attempts presented above appear to represent several fragments of a consensus among different scholars who participated in a special volume of International Organization dedicated to the "epistemic communities approach." The following is Haas' systematic presentation of this new framework:

28 Ibid., p.16.

An epistemic community is a professional group that believes in the same cause-and-effect relationships, truth tests to assess them, and shares common values. As well as sharing an acceptance of a common body of facts, its members share a common interpretive framework, or "consensual knowledge," from which they convert such facts, or observations, to policy-relevant conclusions. They identify problems in the same manner and process information similarly. They also share a common vocabulary, common political objectives to which such policies should be addressed, and a common network in which findings are exchanged and shared concerns are formulated. Although members of an epistemic community may be drawn from different scientific disciplines, all will share some common world view and concern about the same subject matter... If consulted or placed in a policy making position, they would offer similar advice... Although they concur on appropriate methods for validating their knowledge, they need not be positivist... Scientists who split on causal knowledge cannot be members of an epistemic community...

As stated above, this definition is certainly one of the most complete definition of "epistemic communities," and one of the most extensive presentation of some of its distinctive characteristics. For that reason, I will adopt this comprehensive definition as being appropriate for this study and for my attempt to use it in the arena of institutional reform of telecommunications. Beside being comprehensive, another reason why one can agree with P. Haas's definition is that the epistemic community theory does not seem to have split yet into opposing and competing camps with conflicting claims and definitions. The approach seems to be at a phase where it can still benefit from a broad consensual attitude that usually accompanies the emergence of a new approach.

Because of its more popularized impact on the international policy arena, epistemic communities' activities seem to be rather international by nature. Peter Haas, however, seems to relativize such a claim, he writes "... epistemic communities may emerge and direct their activities largely toward a single country... they may in some cases become

transnational over time. . . . But epistemic communities need not be transnational, nor need their members meet regularly in a formal manner. . . . "31

Concerning the concrete mechanisms of how epistemic communities operationalize their knowledge and expertise, Peter Haas suggests an approach in four points:

1. Epistemic communities, following a shock or crisis can provide a cause-and-effect analysis and anticipate the best course of actions and its probable outcomes. "In some cases," adds Peter Haas, "they can help decision makers gain a sense of who the winners and losers would be as the result of a particular action or event. . . .;"

2. Epistemic communities can highlight the connection between different issues and can also predict the consequences "that might proceed either from failure to take action or from instituting a particular policy. . . .;"

3. Epistemic communities can contribute to the definition of the "self-interests of a state or factions within it." Moreover, they can even challenge the state's pre-conceived self-interest and redefine them, as well as identify new interests; and

4. Epistemic communities can help formulate policies either by justifying or legitimizing ongoing policies when called in for political reasons. Even then epistemic communities "may succeed in improving their views and moving toward goals other than those initially envisioned by the decision makers."32

In conclusion to these operational steps, Peter Haas argues:

In less politically motivated cases, epistemic communities have a greater hand in the various stages of the policy making process, including the introduction of policy alternatives, the selection of policy, and the building of national and international coalitions in support of the policies.33

31 Ibid., p.17.

32 Ibid., p.15.

33 Ibid.
It is interesting to note that epistemic communities do not always limit their range of options to influencing decisionmakers through policy recommendations, they sometimes simply invade the decisionmaking structure itself and, therefore, become self-represented in defending the interests of their community and implementing its ideas. Peter Haas exemplifies such a situation with the case of an "epistemic community's efforts to protect stratospheric ozone." He explains:

... members of the epistemic community contributed to the timing and stringency of CFC [Chlorofluorocarbons] regulations through a combination of strategies ranging from the persuasion of individuals and groups to the capture of various decision-making channels. Most important, by capturing the United States and Dupont\textsuperscript{34} and by limiting the range of alternatives that decision makers considered, the epistemic community changed the external environment in which policies were made by other governments and firms.\textsuperscript{35}

Another good illustration of epistemic community influence, particularly relevant to this study, is the transformation in the international telecommunications regime. Peter Haas observes:

In telecommunications and other issue-areas, epistemic communities have played a similar role in framing the context and influencing state choices. As Peter Cowhey\textsuperscript{36} argued in an earlier issue of \textit{International Organization}, the telecommunications regime was originally grounded on notions of natural monopoly and was strongly influenced by the perceptions of economists. Without the influence of an epistemic community of engineers concerned about design and international coordination of

\textsuperscript{34} Dupont, the major CFC producer in the world, was targeted for direct influence by an ecological epistemic community. "Dupont held 50 percent of the U.S. market, was responsible for over 25 percent of global production, and was the only company to produce CFCs for all three major world markets: North America, Europe, and Japan." See Peter Haas, "Banning Chlorofluorocarbons: Epistemic Community Efforts to Protect Stratospheric Ozone," \textit{International Organization}, (Winter 1992), p.197.

\textsuperscript{35} \textit{Ibid.}, p.224. This idea of trying to "capture various decision making channels" is even made more explicit, when Haas and Adler explain that "the impact of epistemic communities is institutionalized in the short term through the political insinuation of their members into the policy making process and through their ability to acquire regulatory and policy making responsibility and to persuade others of the correctness of their approach." Emanuel Adler and Peter Haas, "Epistemic Communities, World Order and the Creation of a Reflective Research Program," p.374.

\textsuperscript{36} See above presentation of Peter Cowhey in the telecommunication literature section.
telecommunications equipment and standards, the regime would not have moved in the direction of multilateral agreements.\textsuperscript{37}

The case of Raul Prebisch as an influential founder of an epistemic community with far reaching effects was also evoked by Peter Haas. "For example," he writes, "Raul Prebisch's vision of economic development, as embraced by numerous economists, has had an enduring impact on styles of development in Latin America. Prebisch's ideas became instilled in the Economic Commission for Latin America and were embraced by a number of Latin American governments, and this in turn informed negotiations in numerous projects such as those sponsored by UNCTAD."\textsuperscript{38}

Generally speaking, the target of epistemic communities is the group of decisionmakers who control the policy implementation process. In addition, decisionmakers are key elements of international policy coordination. This is how Peter Haas explains it:

\begin{quote}
The decision makers in one state may, in turn, influence the interests and behavior of other states, thereby increasing the likelihood of convergent state behavior and international policy coordination, informed by the causal beliefs and policy preferences of the epistemic community.\textsuperscript{39}
\end{quote}

To be able to influence the behavior of other states requires a proven expertise and a control of knowledge. That is why proponents of the epistemic communities argue "that control over knowledge and information is an important dimension of power, and that the diffusion of new ideas and information can lead to new patterns of behavior and prove to be an important determinant of international policy coordination."\textsuperscript{40} This statement is important for several reasons.

\textsuperscript{37} Adler and Haas, p.377. See in the literature review segment of this study my critique of this structuralist and technologist approach to the reform of telecommunication.

\textsuperscript{38} \textit{Ibid.}

\textsuperscript{39} Haas, "Epistemic Communities and International Policy Coordination," p.4.
First, it puts in perspective both the diffusion and coordination aspects of the epistemic community work. New ideas and information are diffused to facilitate new patterns of behavior and also to set the grounds for international policy coordination. Second, the important concepts of knowledge and information are clearly articulated with the concepts of control and power, which provide a better perception of the vision that guides epistemic communities. Such vision prescribes that the true battle field for power and control is the battle field of controlling knowledge and information.

Such control of knowledge by experts of an issue-area explains the increasing recourse to them by decision makers. Accordingly, for Peter Haas, the rapid growth of the utilization of professionals by government bodies "contributed to what Dorothy Nelkin has called 'the policy role of the knowledge elite'."41 This point seems important to the epistemic community theory since it appears to have had a major impact as Peter Haas argues:

As Harvey Brooks observed in 1965, '[m]uch of the history of social progress in the twentieth century can be described in terms of the transfer of wider and wider areas of public policies from politics to expertise.'42

How is such expertise materialized and channeled to the decision makers? First, it is interesting to note that epistemic communities as policy diffusion networks are themselves channels which share and transmit knowledge; but as policy coordination networks, they use various channels to disseminate, present and rally around their ideas. According to Peter Haas, "Epistemic communities are channels through which new ideas circulate from societies to government as well as from country to country."43 But they also use different

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40 Ibid., pp.2-3.
41 Ibid., p.10.
42 Ibid., p.8.
43 Ibid., p.27.
channels for the diffusion of community ideas through "conferences, journals, research collaboration, and a variety of informal communications and contacts." Other channels include international organizations and other states' bodies where their "ideas may take root... after which they are diffused to other states via the decision makers who have been influenced by the ideas." This observation seems particularly relevant to the situation of Third World experts whose participation in international forums or conferences is always an occasion to update themselves on the state of both technology and theory in their field and who found themselves, after returning home, fully involved in debating ideas not rooted in the local agenda of their field or area of expertise. This, of course, explains why an international meeting is often perceived as a unique opportunity for transnational epistemic communities to expose these visiting third world experts to new policy issues and share available information and latest development in their field or issue-area. Therefore, a visualization of how epistemic communities communicate their knowledge and ideas should present both a vertical and a horizontal process. Vertical communication involves dissemination of ideas from the epistemic community to decision makers and other significant stakeholders of any given issue. Horizontal communication involves consensus building and information and knowledge sharing within members of the same epistemic community. The latter is primarily an act of policy coordination.

However, adds Peter Haas, "If we define the role played by epistemic communities as one of policy coordination, then the task is to show not only the structural characteristics of the coordination game but also the processes by which agents and their expectations are created and by which the alternatives and outcomes of games are defined."  

44 Ibid., p.17.
This clear allusion to the current debate about "agency and structure" is stressed even more when Peter Haas writes:

Our argument suggest a "structurationist" approach which contends that just as structures are constituted by the practice and self understandings of agents, so the influence and interests of agents are constituted and explained by political and cultural structures.  

The adoption of a "structurationist" approach places Peter Haas and the other members of his epistemic community at the center stage of a major theoretical issue: the "agent-structure problem." In a study of the impact of the agency-structure debate on theories of international relations, Alexander E. Wendt offers an interesting synthesis of the new paradigm. He first tries to establish the paternity of the new theory:

The term "structuration theory" is sometimes narrowly identified with the work of Anthony Giddens, who has articulated its basic problematic in his Central Problems in Social Theory... and The Constitution of Society: Outline of the Theory of Structuration... In "On the Determination of Social Action in Space and Time," Nigel Thrift uses the term more broadly as a generic label for a group of social theories which share certain fundamental assumptions about the agent-structure relationship; the group includes, but is not limited to, Pierre Bourdieu..., Roy Bhaskar..., and Derek Layder.  

After indicating his fundamental adhesion to a broader approach to the issue, Wendt proposes a definition:

The agent-structure problem has its origin in two truisms about social life which underlie most social scientific inquiry: 1) human beings and their organizations are purposeful actors whose actions help reproduce or transform the society in which they live; and 2) society is made up of social relationships, which structure the interactions between these purposeful actors. Taken together these truisms suggest that human agents and social structures are, in one way or another, theoretically interdependent or mutually implicating entities..."[A]gent-structure," 'parts-whole,' 'actor-system,' 'micro-macro' problems all reflect the same meta-theoretical imperative - the need to adopt, for the purpose of explaining social behavior, some conceptualization of the

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46 Ibid.

ontological and explanatory relationship between social actors or agents (in this case, states) and social structures (in this case, the international system).  

What is truly interesting in all this intellectual effort is first and foremost that it exists. After Marx and the materialist and dialectical attempt to reconcile human agency and social structures, after Althusser, who was so overwhelmed by his intelligent awareness of the weakness of some Marxist over-simplifications that he tried to reintroduce some dose of structuralism into the foundations of the core theory, it seems interesting in this time of severe ideological crisis to witness the emergence of some novel approach to the relations between history, human agency and social structures. Peter Haas’s adoption of this approach certainly strengthens his search of a third way in international relations theories so far dominated by “neo-realism and world-system theory.”

One final issue which seems highly important to Peter Haas and the proponents of the epistemic community theory, is the concept of evolution applied to the policy arena. As Haas puts it:

The most fruitful metaphor for thinking about epistemic communities is that of evolution... We stress that we approach evolution as a metaphor, rather than as a formal model, because “failed” ideas do not become extinct but are merely shelved for future reference... [A] process of policy evolution has four primary steps: policy innovation, diffusion, selection, and persistence. To operationalize this framework, we can view foreign policy as a process by which intellectual innovations (which epistemic communities help produce) are carried by domestic and international organizations (in which epistemic communities may reside) and are selected by political processes to become the basis of new or transformed national interests. Likewise, under specified conditions, we can view international politics as the process by which the innovations of epistemic communities are diffused nationally, transnationally, and internationally to become the basis of new or changed international practices and institutions and the emerging attributes of a new world order.

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48 Ibid., pp. 338-339.

49 Ibid., p. 335.

50 Ibid., pp.372-373.
Among all descriptions of different steps of policy evolution, one can emphasize this presentation of policy diffusion:

In the absence of the international communication and socialization processes that epistemic communities help promote, new ideas and policy innovations would remain confined to a single research group, a single international organization, or a single national government and would therefore have no structural effects. While members of epistemic communities actively engage in efforts at the national level, they also diffuse their policy advice transnationally through communication with their colleagues in scientific bodies and other international organizations, during conferences, and via publications and others methods of exchanging lessons and information.\textsuperscript{51}

Overall, Peter Haas appears to be a leading theorist of the epistemic communities approach. Before summarizing my interest in exploring this approach for the study of the internationalization of the telecommunications reforms, I will briefly present another important theorist of this “community”: G. John Ikenberry.

\textbf{G. John Ikenberry's Contribution to International Policy Diffusion and to the "Epistemic Community" Theory}

G. John Ikenberry, Assistant Professor of Politics and International Affairs at Princeton University, is also an important reference in the area of international policy diffusion. He is a regular contributor to several scholarly journals such as \textit{International Organizations, World Politics, International Studies Quarterly, Comparatives Politics and Political Sciences Quarterly}. If Peter Haas has focused his interest on identifying the players of international policy diffusion and on describing the important role of epistemic communities in the "policy coordination game," G. John Ikenberry seems more focused on the explanation of the underlying causes and the concrete mechanisms of "the spread of policy ideas in the international system." This, of course, is an important facet of international policy diffusion and coordination which is of interest to this study.

\textsuperscript{51} \textit{Ibid.}, p.379.
Prior to his participation in the special issue of *International Organization*, presenting the epistemic community theory, Ikenberry contributed two other articles which are important for this summary of his views. One article, co-authored with Charles A. Kupchan, made an important contribution to the study of policy diffusion by describing the process through which hegemonic ideas from the leading countries of the “world order” are spread to “secondary nations.” He and Kupchan called this process "socialization."

To the questions "How do hegemons assert control over other nations within the international system? Through what mechanisms does control get established, and by what processes does it erode?" Ikenberry and Kupchan provide the following answer:

Most observers would argue that the manipulation of *material incentives* - the use of threats and promises to alter the preferences of leaders in secondary nations - is the dominant form through which hegemonic power is exercised... But there is also a more subtle component of hegemonic power, one that works at the level of *substantive beliefs* rather than material payoffs. Acquiescence is the result of the socialization of leaders in secondary nations. Elites in secondary states buy into and internalize norms that are articulated by the hegemon and therefore pursue policies consistent with the hegemon’s notion of international order.52 (Emphasis in original)

This observation seems particularly relevant, especially when one refers to a situation in which Third World leaders, newly converted to theories or systems of beliefs from the developed world, sometimes become virulent in defending these ideas. The case of adjustment policies is a good illustration of this communication of new ideas.53


53 A survey of SAP rhetorical and conceptual lexicon proves how fast expressions, formulas and ideas born in Washington, D.C., are spread to Dakar, Abidjan, Accra, etc. For instance the liberalization of an economy through less involvement and even total withdrawal of the state promoted by the World Bank became in the political discourse of the Senegalese leadership "disengagement of the state" or "We need less state, but better state." See Nellig, "Public Enterprises in Sub-Saharan ....", see also Galal, "Public Enterprise Reform..."
It should also be noted that to be faithful to the original discourse of hegemony and hegemonic practices, one always has to probe "subtle" ways in which a dominant group or force can rally around its ideas without any recourse to overt pressure, threat or use of force. For that reason, the concept of socialization seems interesting to bear in mind while studying the sophisticated processes in international relations through which meanings are exchanged, new ideas presented and "sold" to weaker partners whose ability to disagree and options are limited.

The second article by Ikenberry is a direct contribution to the epistemic community theory. It presents a historical case study describing the work of an epistemic community which shaped our current world economy. Such an international world order is called by Ikenberry, an "Anglo-American post-war settlement." The agreement reached in this settlement:

... was fostered by a community of experts composed of liberal-minded British and American economists and policy specialists who shared a set of technical and normatives views about the desirable features of an international postwar monetary order and who were given remarkable autonomy to negotiate a deal.55

This group of experts is, of course, an epistemic community defined by Peter Haas as: "a group of experts who share a set of technical and normatives views." The importance of that epistemic community and its long lasting impact on world politics are proven by their ability in the past to convince leading countries to create the Bretton Woods institutions

54 See for instance Robert Cox, a renowned scholar of hegemony and international relations. Here is how he addresses the issue "A hegemonial structure of world order is one in which power takes a primarily consensual form, as distinguished from a non-hegemonic order in which there are manifestly rival powers and no power has been able to establish the legitimacy of its dominance." Robert Cox is quoted by Robert Keohane, After Hegemony: Cooperation and Discord in the World Political Economy (Princeton: Princeton University Press, 1984), p.44.

(the World Bank and the IMF). These institutions are still important players in the world economy.

But Ikenberry's contribution more directly related to our study of international policy diffusion, is his article dealing with the "international spread of privatization policies."56 In this document, he attempts to deal with the important issues of "why so many countries" are engaged in the privatization movement "and why now." Beyond the topic of "privatization" itself, which is also important to the study of the institutional reform of telecommunications, the objective here is to follow Ikenberry through his interesting probe of the policy process in terms of agenda setting and policy formation, but also in terms of its international diffusion.

Among the many explanations of the causes and roots of the privatization movement, Ikenberry seems to share the view expressed by "most analysts [who] trace its beginning to proposals stumbled onto and subsequently pushed, with great zeal, by Margaret Thatcher's government after 1979. In just a very few years, similar types of experiments could be found in dozens of countries and on every continent."57

Considering the large scope of this phenomenon, Ikenberry wants to inquire "into the international sources and dynamics of the privatization movement?" To do so, he came up with the following questions:

Are governments responding to similar sorts of economic dilemmas that are comprehensible only on an international scale? Are governments elites copying or learning from innovations developed elsewhere? In what way and to what extent is the spread of privatization linked to its promotion by leading liberal countries through political and financial inducement and sanctions? Finally what can we learn from other historical periods when


57 Ibid., p.88.
innovations in economic policy spread throughout the international system.\textsuperscript{58}

While probing these questions, Ikenberry makes the argument that privatization is not simply an issue of "national governments responding to the interests and power of domestic groups." Instead, privatization programs can only be fully understood when they are placed in their international context. Such a context is both economic and political. It is economic in the sense the fiscal crisis, consequence of a slower growth and enlarged state sectors, was among the common patterns of economic change shared by many governments in the late 1970s. But also "technological changes in telecommunications and financial sectors have altered the constraints on government economic management. Common problems and changes of this sort have discredited or rendered problematic the earlier appeal of enterprises managed in the public sector."\textsuperscript{59}

The international context is also political since:

\ldots
governments elites monitor and, at times, emulate or learn from policy innovations developed elsewhere. This is a more obscure but equally profound aspect of the privatization movement. A sort of common "international policy culture.\ldots"] appears to attend the unfolding of privatization on a global scale and gives impetus to its course. This is both a process of emulation (copying successes achieved elsewhere) and learning (redefining one's interest on the basis of new knowledge).

Ikenberry is justified to call this process “a more obscure but equally profound aspect.\ldots ” It is obscure because often, in order to prove a general restructuring and reconfiguration of the world economy contained in the privatization movement, analysts have focused more on the reorganization of different economies in different countries. The dynamics of the process, its step-by-step unfolding, and ways in which it has been passed on to other countries has not really been the focus of their interest.

\textsuperscript{58} Ibid., p.89.

\textsuperscript{59} Ibid.
However, even when analysts decide to pay some attention to the internationalization of the privatization process, because of their focus "on the domestic politics and economics of one or a few countries, [they] may ascribe patterns of behavior and outcomes to distinctively national causes, without recognizing the degree to which common forces affecting a range of countries operate powerfully in each." 60

Ikenberry goes on to underline three possible ways of interpreting the international move toward privatization. One way is to look at the international phenomenon as a process in which "different countries are reacting to very different types of problems; the determinants of policy are wholly domestic, and only the policy outcomes have a vaguely common appearance. The international pattern is only in the eye of the analyst and not in the underlying forces." For the advocates of this vision, "privatization . . . may be a global phenomenon, but it is not a global process that requires a global explanation." The main reason for this observation, is that countries embark on privatization with "a diverse set of goals, plans, and initiatives. . . ." 61

The second interpretation attributes the internationalization of privatization to common economic problems and technological change. As Ikenberry puts it: "Problem X tends to produce policy Y. For a variety of historical and economic reasons, many countries began to experience problem X in the early 1980s. In this case, governments are not interacting with, learning from, or inducing change in others; they are simply reacting independently to a common underlying set of stimuli." 62

The third and last interpretation looks more at international interaction. This approach attempts to prove that "countries may or may not be experiencing problem X, but

60 Robert Keohane is quoted by Ikenberry, "The International Spread of Privatization," p. 89.


62 Ibid.
governments copy policy Y either willingly or through external inducements. Underlying problems may also be similar, but the adoption of similar policy comes through learning from or interacting with other governments (or international institutions). Alternatively, the underlying problems may be quite disparate, but governments copy the innovations for reasons that are quite local and specific.\textsuperscript{63}

Ikenberry is, of course, interested in interpretations 2 and 3 which pose, as an explanation of the internationalization of the phenomenon, "common underlying conditions and the emulation of policy innovations (or what could be called policy 'bandwagoning')." These two interpretations allow him to "explore several models that specify the international sources and dynamics of privatization."

Before introducing these models, Ikenberry identifies five general reasons (or "state goals") that might be served by the privatization movement which he says is "more accurately understood as a government reform movement pushed forward by politicians and public officials within government." These five state-goals are:

1. Staging a response to the fiscal crisis because following "the second oil crisis, economic growth decelerated, which simultaneously accelerated the growth of public sector expenditure on subsidies, welfare, and the like. The result was soaring public deficits and increased public borrowing. . ."\textsuperscript{64}

2. Seeking efficiency goals, since "efficiency is the most frequently mentioned reason for privatization... Whether the focus is on the promotion of competition or the reform of management, the goal is greater levels of efficiency: to increase productivity, improve quality, and reduce costs."\textsuperscript{65}

\textsuperscript{63} Ibid.

\textsuperscript{64} Ibid., p.91.

\textsuperscript{65} Ibid.
3. Adjusting the instruments of state economic intervention. Here the rationale for privatization is related to the assessment of state-owned-enterprises and their general inefficiency. According to Ikenberry, "[i]n this case, privatization does not signal a decline or change in the government's interest in controlling a set of economic or political outcomes, rather, the means to do so are under active reform."66 In this rationale, privatization is meant to reveal either a change in state-goals or a reconsideration by the state of its existing instruments used to carry these goals;

4. Privatizing to reorganize, build or rebuild coalition. Here the government is using privatization to reorganize his power base. For instance, says Ikenberry, “the most obvious mechanism of coalition building is the characterization of privatization as a form of ‘popular capitalism’.” Indeed by distributing shares to employees, to more citizens and to large groups of small businesses, the state elites might expect such a contraction of the public sector to be a “strategy for increasing public support and building coalitions;” and

5. Attempting to “depoliticize” economic and social outcomes. In this rationale, privatization serves the purpose of lowering both state responsibility and citizens expectations in the management of socioeconomic outcomes by the state. As Ikenberry observes:

“There is a neat symmetry in this process: the rise in expectations about the capacities of the state to manage the economy was itself pushed forward primarily by government elites... Likewise, government officials again lead the campaign to redefine public duties and responsibilities. Privatization becomes an attractive goal for regimes that wish to reshape the boundaries between state and society; by returning enterprises to the private sector and to the market, the state is removed as an object of judgment.67

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66 Ibid., p.92.

67 Ibid., p.97.
After review of these different domestic motives of states’ engagement in the privatization movement, G. John Ikenberry tackles the two kinds of international factors. The first one explains the internationalization of the privatization movement by the “underlying economic and technological change.” The second factor is the process of “emulation and policy “bandwagoning” in international relations.

The economic change essentially deals with the negative combination of the general fiscal crisis, slower levels of growth, and the overwhelming expansion of the public sector in the 1970s. The technological change, however, is perceived by Ikenberry as having mainly affected telecommunications and finance:

In a variety of sectors, such as telecommunications and finance, evolving technologies have reduced the institutional bases of monopoly and, hence, state control. In telecommunications, technological change has lowered the costs of entry to potential competitors. . . . Within the United States, Japan, and Great Britain the movement toward privatization and the deregulation of telecommunications and financial services are bound up together: a rapid rise in demand for financial services has occurred since 1982; at the same time, costs of advanced technologies have dropped; and these circumstances have created pressures and opportunities for transnational telecommunications services. . . .68

Ikenberry deploys interesting dialectics about the mutual impact between technological change and mutations in financial services. As he explains, “incentives for deregulation and privatization are produced in part from cross-sector interaction, including changes in telecommunications costs which create new opportunities for financial services, and in turn feed back as pressure for deregulation in telecommunications.”69 The technological dimension “bound up” with changes in government policy “is driven, at least in part, by international competition.”

68 Ibid., p.98.
69 Ibid.
However important the technological change might appear to be, Ikenberry warns against an overemphasis on this aspect to the detriment of the “important political and interactive aspects of the spread of privatization policy.”

Based on the common observation that the move toward privatization has become international, involving countries of different political and economic orientation, Ikenberry believes this to be “a clue that a process of diffusion may well be at work there.” The fact that the main actors who push for these initiatives are “government elites themselves,” is also another indication of “the likely importance of international processes of inducement, competition, and learning. Government elites do not just have their collective eye on domestic groups and developments; they also monitor and respond to changes that occur abroad.”

Here, Ikenberry describes some mechanisms, among others, of the international policy coordination game, whereas government elites act directly as the main actors sensitive to changes elsewhere. It is a fact that policy coordination does involve some form of policy diffusion, but those forms remain minor compared to the partnership (whether real or not) involved in policy coordination.

Before a full exposition of his arguments on policy diffusion, Ikenberry makes the following observation:

If we conceive of privatization as a form of policy innovation, we are led to the same sorts of questions that analysts ask when studying the diffusion of technological or organizational innovations. . . . What are the patterns of diffusion. Through what processes does the spread of innovation occur? What variables influence the likelihood that the innovation will be adopted in secondary countries?

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70 Ibid., p.99.

71 Ibid.
To address these important questions, Ikenberry presents three "varieties of diffusion: external inducement, emulation (or "policy bandwagoning"), and "social learning."

External inducement is often referred as a form of diffusion since it identifies a direct political pressure aimed at inducing some governments to engage in privatization. The IMF and the World Bank are, of course, frequent targets of such analyses of why many states in the Third World embark on a comprehensive reform program including privatization. As Ikenberry puts it:

External inducement can range widely in their severity, from overt coercion to the loose structuring of incentives and sanctions. The most obvious cases of external inducement in regard to privatization are the activities of the IMF and American foreign policy. For a large number of developing countries, the IMF and the World Bank have made financial credits and development aid contingent on liberalizing [and] reforms of the domestic economy.... Policies of the American State Department and Agency for International Development (AID) have worked in accord with the reform programs pushed by the major multilateral financial and development organizations....72

However attractive the theory of "external inducement" may be, it can also be misleading if over-simplified, according to Ikenberry. Its role goes beyond the simplistic image of "a coercive outside actor forcing policy change on dependent regimes." For Ikenberry, there have been countries in which the outside pressure for reform and privatization has coincided with domestic pressures from national coalitions in favor of these policies.73

72 Ibid.

73 This is well exemplified by the case of Senegal where a recent journal article sharply criticized the "national coalitions" of partisans of privatization who want a lifting of market entry barriers. The author of the angry article warns the World Bank not to listen to those informants who are biased in their description of the internal situation in Senegal. He makes an interesting point by defining these entrepreneurs as "heads of a business comprised with a boss, a secretary and a fax-machine." These "middle men," he explains, want to be Trojan horses for cheap labor-based products from Asia, which they want to compete against more expensive goods that are locally produced and job generating. He also blamed the advocates of total liberalization of imports for providing a support to the strong informal sector. He argued that this sector also wants to transform the whole country as a mass storage for Asian products by people who do not operate according to any economic rationale and do not provide incomes or generate revenues for the countries since they do not create jobs and uses bribes to avoid paying customs and taxes on their sales. See Mamadou Omar Ndiaye, "Libéralisation des Importations, Déprotection, Privatisations: Résister au Chantage de la Banque Mondiale," Le Témoin No 204 (July 18, 1994), p. 3.
Therefore, he argues the importance of looking, in some cases, at the "triple reform alliance" comprised of: outside agencies, state officials, and (domestic) private sector groups. Actually, in some of these situations, external agents play a role of "strengthening the domestic hand of the state." What seems interesting in Ikenberry's perspective is the old dialectical observation to the effect that the driving factor of change is usually internal contradictions. If a leadership in a country is totally opposed to any form of privatization, it will be more difficult for external forces to affect policy choices in favor of privatization.

The following statement by Ikenberry captures very well the two main aspects of external pressure:

External inducement may limit the policy options of government elites and provide pressure for the adoption of privatization. At the same time, external pressure may actually be welcomed and manipulated by reform elites so as to strengthen their domestic political position. Together, these variations on external inducement help account for the spread of privatization policy.74

Another form of policy diffusion underlined by Ikenberry is what he calls "emulation and policy bandwagoning." Explaining that countries "seek to emulate" successful innovations in another country, he observes that the process of emulation is sustained by several determinants:

Most overt are the imperatives of international competitive pressures. But governments elites may also simply emulate successful policy innovations as those officials anticipate similar political or economic rewards. . . . In all these cases, emulation is a process whereby elites monitor policy change abroad and, seeking similar successes, import the appropriate policies. What emerges is a sort of "policy bandwagon."75

It is interesting to note how much Ikenberry is committed to a dual approach. He first identifies the imperatives of international pressures for change, but he also sometimes perceives that the process might be mainly internal with international elites simply


75 Ibid.
"borrowing" approaches they have seen successful somewhere else, in a move to transfer both the content of the policy and its recorded performances and achievements.

Moreover, referring to Walz's formula that "competition produces a tendency toward the sameness of the competitors," Ikenberry argues that international competition in itself "is a powerful force in spreading ideas and policies." Indeed, to compete against a system or a policy requires learning about their tenets and sometimes adopting their aspects perceived as being positive. "In cases of intense competition," adds Ikenberry, "the costs of failing to innovate are highest."

The frequent reference of many countries to the Japanese economic model or the British experience of privatization is additional evidence of policy bandwagoning in international relations. As summed-up by Ikenberry:

... emulation is an important process by which policies spread because states tend to have similar general goals. All states are interested in doing better rather than worse; they prefer economic and political success to any alternatives; and the experiences of other states provide lessons and examples for how success might be achieved. The guiding rule is: copy what works.76

The third and last method of policy diffusion is probably the closest to the "epistemic community approach." It is called "social learning" by Ikenberry, and refers to "the spread of new information with which governments make policy choices. ... [T]he process is not driven by intergovernmental competition and bandwagoning. Rather, it is the diffusion of policy-relevant knowledge. ... What emerges from this model is a view of the evolving "consensual knowledge" that undergirds policy making in the international system."77

76 Ibid., p.103

77 Ibid.
As mentioned earlier, "social learning" holds some similarities with the epistemic communities' theorization of policy diffusion. Ikenberry, who is a proponent of that approach, refers directly to one of its major advocates, Ernst Haas. In speaking of Haas, Ikenberry explains:

Social learning refers to the spread of new knowledge about the way the world works. Ernst Haas, who has done pathbreaking work in this area, notes that "knowledge is the sum of technical information and of theories about that information which commands sufficient consensus at a given time among interested actors to serve as a guide to public policy designed to achieve some social goal," . . . [i]n this model, therefore, policy spreads in the wake of the diffusion of "consensual knowledge," that is, a shared fund of knowledge among social and political elites about the nature of socioeconomic change and effective policy.78

An epistemic community approach would have simply added to "social and political elites," the concept of "experts" who share the same epistemic base. Interestingly enough, at this time (1990), Ikenberry used the concept of "professional community," yet what he describes as being its characteristics is strictly identical to what emerged later as the "epistemic community," concept to which he subscribes.

Social learning, as Ikenberry observes, "involves a set of interlocking processes. New forms of theoretical and policy knowledge must make their way into a professional community. These ideas, in turn need to find their way into the councils of government. Moreover, to the extent that these two processes take place in a transnational setting, the movement of policy will be evident on an international scale."79

Referring to "social learning" as it applies to privatization, Ikenberry states:

What governments have "learned" is that privatization can proceed without triggering massive economic and political dislocations. The lesson of the privatization of British Telecom was that the sale of huge public assets could

78 Ibid., pp.103-104.
79 Ibid., p.104.
take place without disaster; it did not result in the crowding out of private capital formation...80

Ikenberry, however, acknowledges the limitations of the "social learning" model of policy diffusion. Using the case of the spread of Keynesian policy, he suggests that "the diffusion of Keynesian ideas and policy was clearly facilitated by the power and prestige of the United States." Referring to Ernst Haas who argued that "the hegemonic position of the United States meant that other countries had little choice, even if they had wished to opt differently (which most did not)," Ikenberry concludes:

The emergence of consensual knowledge provides a necessary but not sufficient condition of the spread policy. The spread of Keynesianism, and one suspects the spread of privatization, needs to be understood by reference to all three of the models of diffusion. Power matters, linking the flow of financial and other resources to the reform of economic policy. Likewise, the adoption of the preferred policies of the dominant nation will be greatly facilitated when those policies come to be associated with economic and political success. Finally, the presence of a coherent body of theoretical knowledge...will help propel the spread of policy.81

In this section, I have presented three major theorists of international policy diffusion and coordination in general and the epistemic community approach in particular. As Peter Haas, Ernst Haas and Ikenberry showed one of their concerns is to transfer expert knowledge from the close circles of competent professional to the policy making arena. By committing itself to that goal, the epistemic community approach truly help solve the problem of reconciling theory and practice, expertise and decision-making.

The numerous definitions provided in this review clarify the policy diffusion activities of many experts in international organizations or in academia who produce knowledge and benefit from the existence of infrastructure of dissemination and

80 Ibid., p.105.
81 Ibid., p.106.
channelization (in other words of communication) to test its validity and future adoption by decision-makers.

The distinction between policy diffusion activities and policy coordination activities is also crucial. Policy diffusion seems to bear less constraints since it a communicative action of disseminating, sharing, exposing, presenting, literally "selling new ideas or policies" in the hope that their adoption and implementation will expand its effects on different communities. Policy diffusion is a normal step in the activities of epistemic communities which do not only form new policies but are interested in seeing their adoption by policy and decisionmakers in the hope of their translation into reality. Policy coordination as a strategy of epistemic community means primarily the horizontal information sharing and policy harmonization activities. But in the broader arena of policymaking, policy coordination seems to have more immediate goals and is an open activity of suggesting or "strongly suggesting" in some case what the limited policy alternatives are and why one way is better than the other. The inter-active dimension of policy coordination implies at least that the two agents involved practice the power game knowingly. Therefore, policy coordination, often between partners of asymmetrical rank and weight in the international power structure is fundamentally an instrument of power and control. But a control which seeks first to achieve consent through negotiation.

Both concepts however are important to my analysis of the internationalization of the telecommunication reform process.

Research Design: Field Research, and Data Collection

In the following section, I present first the methodological base of my data collection during the field trip, and secondly, I briefly summarize some characteristics of comparative analysis and case-study methods which make them relevant to the analysis of
institutional reform of telecommunications in the general context of international policy diffusion.

The study has four major components for which I tried to build an individual internal coherence but also an interdependence with the others in order to reach the ultimate goal of providing:

1) A context for the general reform process;
2) A review of previous effort to document and explain the reform;
3) A presentation of the role of epistemic communities in international policy diffusion and coordination; and
4) Three case-studies of institutional reform of telecommunications (Senegal, Mali and Ghana).

The three first components are based upon written documents which are an essential element of qualitative research. These written documents consist essentially of books and articles, gathered by themes, topics and sometimes by their methodological value.

The last component of the study (the case studies) combines all three kinds of data collection as summarized by Michael Quinn Patton:

(1) in-depth, open-ended interviews; (2) direct observation; and (3) written documents. The data from interviews consist of direct quotations from people about their experiences, opinions, feelings, and knowledge. The data from observations consists of detailed description of people's activities, behaviors, actions, and the full range of interpersonal interactions and organizational processes that are part of observable human experience. Document analysis in qualitative inquiry yields excerpts, quotations, or entire passages from organizational, clinical, or program records; memoranda and correspondence; official publications and reports; personal diaries; and open-ended written responses to questionnaires and surveys.82

I relied mainly on interviews and organizational documents (from leaflets advertising new pricing schemes, to enterprise newsletters and reviews, to contract-plans, statistical yearly books to telecommunications master-plans). I also collected journal articles, interviews or

critiques of national telecommunications policies and the national telecommunications organizations. Where there were organized consumers groups such as in Senegal, I collected literature, mainly on grievances and requests and demands, and also opinions. Surprisingly enough, there were no unions' publications dealing with telecommunications policies from the unions leaders or members perspectives. Each time, I attempted to collect written opinions, I was given official publications of the national telecommunications companies.

As Patton rightly suggests, "the data for qualitative analysis typically come from fieldwork." Indeed, data on the three selected countries have been primarily gathered during a three months field trip research from November 1992 to February 1993. Additional documents and information were also collected from the African Development Bank (ABD) in Abidjan, and from the World Bank in Washington, D.C.83

I interviewed several telecommunications policymakers and collected more than 30 hours of recorded interviews partly in French (Senegal and Mali), partly in English (Ghana, African Development Bank Anglophone experts). I used the three techniques of interviews described by Patton:

(1) the informal conversational interview, which allows more freedom of judgement to the researcher since "there is no predetermination of question topics or wording." This style of interview was particularly suitable to the African context, where many telecommunications officials observe a certain prudence when it comes to assessing policies of their own company or ministry;84

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83 From the interviews and documents of the field trip, a first report was derived and presented to the Canadian International Development Research Center (IDRC) on July 1993.

84 Some of them agreed to talk to me just as they put "to share my knowledge of the company, and help you put thing in perspective as an outsider, but don't quote my name, since as you are fully aware, people in our culture tend to take analysis of policy deficiencies as personal attacks." I heard this kind of statement, surprisingly enough in all three countries. I even witnessed situations where the
(2) the interview guide approach, allows the researchers to share in advance with the interviewee "topic and issues to be covered. . . in outline form." This form "increases the comprehensiveness of the data and makes data collection somewhat systematic for each respondent." In addition, the researcher may still remain in charge since in the course of the interview he "decides sequence and wording of questions;\textsuperscript{85} and

(3) The standardized open-ended interview is a major tool of policy analysis. It allows on the one hand to analyze policy content as described and perceived by key-players of the policy process itself. Since it keeps a certain dose of spontaneity and improvisation on the part of the interviewee, it opens on the other hand a reflection on underlying assumptions and other complex and latent aspects of human discourse. Patton perceives more advantages in this form of interview:

The basic purpose of the standardized open-ended interview is to minimize interviewer effect by asking the same question of each respondent. Moreover, the interview is systematic and the necessity for interviewer judgment during the interview is reduced. The standardized open-ended interview also makes data analysis easier because it is possible to locate each respondent's answer to the same question rather quickly and to organize questions and answers that are similar.\textsuperscript{86}

depend on his company's need for policy research such as mine, since "all the telecommunications problems of Mali have been planned and therefore solved for the next 10 years or so in this Telecommunications Master-Plan." Fortunately, the Director of telecommunications in the ministry of communications did not share such a point of view and sent me back to other officials in the Studies and Planning Division who were much more enthusiastic to discuss policy issues.

\textsuperscript{85} In Africa, this form of interview is almost inevitable since many telecommunications officials who viewed their sector as highly sensitive, and also because of bureaucratic traditions and inertia, do not prefer spontaneous analyses. Very often, to a request of an interview, officials will reply by requesting the interview questionnaire or outline.

\textsuperscript{86} Patton, p.285.
Overall, I perceived this research project to be at the junction of a "basic academic research" and of "applied research." As rightly stated by Patton, "the purpose of basic academic research is to generate theory and discover truth, that is, knowledge for the sake of knowledge. The purpose of applied research and evaluation is to inform action, enhance decision making, and apply knowledge to solve human and societal problems. Basic research is judged by its contribution to theory and explanations of why things occur as they do. Applied evaluative research is judged by its usefulness in making human actions and interventions more effective and by its practical utility to decision makers, policymakers and others who have a stake in efforts to improve the world." 

This statement summarizes almost perfectly the concerns of a researcher whose post of operation is the academic milieu with its sets of institutional rules and codes. Each research project of a certain scope is certainly challenged to answer the question "what is my contribution to human knowledge?" On the other hand, research for the sake of research and knowledge for the sake of knowledge seems almost far from the reality of the pains and obstacles endured in the quest of knowledge. If one believes that human beings are "purposeful subjects or agents," with assumptions and ideological preference, it is difficult to envision a true research project in which the ultimate goal is not to "inform action" or "enhance decision making" and help solve problem.

Despite all the difficulties encountered during the field trip, especially because telecommunications policies in Africa seem to be a closed domain, for reasons of high financial, political, economic and military sensitivity, I was able to conduct interviews and to gather a precious documentation on the three countries investment policies, reform policies, statistical data, etc. Using qualitative methods of research and evaluation, I attempted to enlarge my perspective by familiarizing myself with issues of comparative

87 Ibid., p.12.
methods and case-studies. Indeed, as stated earlier, one major component of this study is the case-studies of telecommunications institutional reform in the three selected West African nations. The autonomization of each case researched does not prevent a comparative approach when the goal is to prove a historical trend which is at work in all three selected reform processes. But as we know, both case study and comparative analysis are valuable methods which also have both strengths and weaknesses.

**Comparative Analysis and Case Studies Methods**

I always anticipate that it must be difficult to establish a hard line of separation between comparative analysis and case study methods. To do comparative research, no matter what specific variant is chosen, one will always have to handle single units of analysis before contrasting them with each other. Those single units of analysis are typical case studies.

A case-study is often implicitly comparative in essence. When a researcher engages in an in-depth probing of one single case, trying to circle the phenomenon and to reveal as much as possible its content and its dynamic, the purpose cannot be only a case study for a sake of a case study. The value of the analyzed unit is often contrasted and compared to other research. Therefore, although one (comparative analysis) seems macro, while the other (case-study) is micro, although one seems multiple in essence, the other single or multiple, I tend to believe that the two methods belong to the same rationale of cross or meta-analysis.

In such a claim, I seem to share the company of Charles Ragin, a renowned specialist of comparative analysis. He brings into the picture of four main categories of comparative analysis, assembled by Melvin Kohn, a fifth “minor category [which] is the case study.” But for the purpose of this study which is partly based on three case studies
of institutional reform of telecommunications, I will present separately case study methods and comparative analysis methods.

Case-Study Methods

Robert K Yin, one of the leading advocates of case-study research defines the method as follows:

*A case study is an empirical inquiry that:*

- investigates a contemporary phenomenon within its real-life context; when
- the boundaries between phenomenon and context are not clearly evident; and in which
- multiple sources of evidence are used....

Given this definition of case studies, some questions can be answered. Yes, case study research includes both single - and multiple-case studies. Yes, certain journalistic efforts can qualify as case studies. And yes, case studies can include, and even be limited to, quantitative evidence. And finally, yes, case studies have a distinctive place in evaluation research. 89

Michael Patton also advocates the recourse to case studies which “are particularly valuable when the evaluation aims to capture individual differences or unique variations from one program setting to another, or from one program experience to another. A case can be a person, an event, a program, an organization, a time period, a critical incident, or a community. regardless of the unit of analysis, a qualitative case study seeks to describe that unit in depth and detail, in context, and holistically.” 90


90 Patton, p.54.
While Patton's descriptive definition points to different situations and structures which can be the object of case studies, Yin seems to also integrate processes: “the case study allows an investigation to retain the holistic and meaningful characteristics of real-life events - such as individual life cycles, organizational and managerial processes, neighborhood change, international relations, and the maturation of industries.”  

Yin’s definition seems more inclusive and incorporates issues which were investigated by our three case-studies such as “organizational and managerial processes” and also “international relations.” His presentation is even closer to our concerns when he insists that a case study approach is particularly suitable to a research aimed at addressing the “how” and “why” questions and at being more explanatory. “How” and “why” questions, he explains, “are more explanatory and likely to lead to the use of case studies, histories, and experiments as the preferred research strategies. This is because such questions deal with operational links needing to be traced over time, rather than mere frequencies or incidence.”  

Indeed, this study by taking on issues of ‘why’ the reform of telecommunications happens in the 1980s and ‘how’ it was spread throughout the world, is concerned with “operational links” that can reveal case-studies of countries embarked in the same process but with a different pace and different short and medium term goals.

Case studies, although a very popular and common research method, still suffer what Yin calls some “traditional prejudices.” He underlines at least three of them:

- the lack of rigor of case study research;
- a very narrow base for generalization;

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92 Ibid., p.18.
Yin acknowledges that some research malpractice, based on case studies, have understandably done some damage to the reputation of the method itself. But on the more sensitive issue of generalization, he simply counter-attacks:

Case studies, like experiments, are generalizable to theoretical propositions... In this sense, the case study, like the experiment, does not represent a "sample," and the investigator's goal is to expand and generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalization).  

Anthony M. Orum et al., agree with Yin on the virtues of the case-study method which they summarize as follow:

1) It permits the grounding of observations and concepts about social action and social structures in natural settings studied at close hand;

2) It provides information from a number of sources and over a period of time, thus permitting a more holistic study of complex social networks and of complexes of social action and social meanings;

3) It can furnish the dimensions of time and history to the study of social life, thereby enabling the investigator to examine continuity and change in life world patterns; and

4) It encourages and facilitates, in practice, theoretical innovation and generalization.

All four points seem relevant to my study, especially 3 and 4 which summarize the interplay between the dimensions of time and history to the study of "continuity and change," and also the ability of the case study method to encourage theoretical innovation due to the quality of information the natural setting studied can provide on "social actions" and "social structures."

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93 Ibid., p.21.

Let us now briefly present comparative methods.

**Comparative Analysis Methods**

Comparative analysis is deeply rooted in the sociological tradition (Ragin and Zaret, 1983; Nowak, 1989). Two founding fathers of sociology, Durkheim and Weber, are famous proponents of comparative methods. Ragin and Zaret explain: “Comparative analysis is central to Durkheim’s and Weber’s vision of sociology because it provides solutions to one of its constitutive problems: reconciling competing claims of complexity and generality in social research.”

However, these two authors, Durkheim and Weber used “different types of explanation and different degrees of generalization to produce variable-based (Durkheimian) and case-based (Weberian) studies.”

Comparative analysis played another crucial role in the development of sociology as a field, since it “separated sociology from traditional historical research with its atheoretical attention to detail; it also separated sociology from social philosophy and the philosophy of history with their emphasis on sweeping generalization.”

Sociological methods also had to address specific issues of “cross national research.” Kohn writes:

The broadest possible definition of “cross-national research” is any research that transcends national boundaries... I prefer [however] to restrict the term “cross-national” to studies that are *explicitly* comparative, that is, to studies that utilize systematically comparable data from two or more nations... Within the large genre of research that is explicitly comparative, I would further distinguish four types of cross-national research of somewhat different intent. The

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96 Ibid., p. 731.

97 Ibid.
four types are those in which nation is object of study, those in which nation is context of the study, those in which nation is unit of analysis, and those that are transnational in character. Although these four types of research shade into one another, their purposes are distinguishable and their theoretical implications somewhat different.98 (Emphasis in original)

This categorization in four types is interesting but also poses some problems. For instance, I view my study as being “transnational in character,” while the three selected countries are not only my units of analysis, but they also are the context of my study. The following is Kohn’s argument:

1) In the... research were nations are the object of study, the investigator’s interest is primarily in the particular countries studied: how Germany compares to the United States...;

2) [In research] where nation is context, one is primarily interested in testing the generality of findings and interpretations about how certain social institutions operate or about how certain aspects of social structure impinge on personality...;

3) What distinguishes research that treats nation as the unit of analysis is its primary concern with understanding how social institutions and processes are systematically related to variations in national characteristics...;

4) Finally, there are studies that treat nations as components of larger international systems... I call this “transnational” research. Immanuel Wallerstein’s (1974, 1980) analysis of the capitalist world-system and Fernando Cardoso and Enzo Faletto’s (1979) analysis of dependency and development in Latin America are prominent examples.99

Although I can follow Kohn in his attempt to establish some conceptual differences, and despite his insistence that “we are again dealing with gradations, not sharp differences,” I still maintain that his classification remains in its infancy and has room to grow and sharpen its conceptual base.


99 Ibid., pp.21-23.
As the editor of a compilation dedicated to comparative research, Kohn makes a striking remark about the contributions using nation as the “context” for inquiry, which is also the case of my study. He writes: “These analyses investigate whether social processes that occur in one nation or one type of nation are similar to or different from social processes that occur in other nations or types of nations.” This can relate easily to my research objectives which support the study of the selected countries as the social, political and economic context where quasi similar reform processes were at work and are still in motion.

Comparative research in the context of my study is further justified by the fact that I am dealing with “events and processes” about which, Nowak explains:

When we want to generalize about the events or processes occurring in the “units” located at a high level of social integration (e.g., about nations, societies, states, or cultures) or at the level of different epochs in the history of such “high-level units,” the need for a broad, “comparative” research perspective seems obvious.¹⁰⁰

Furthermore, although I am aware of the most frequent reservations about comparative research often accused of comparing “apples and oranges,”¹⁰¹ i.e., realities apparently similar but in fact profoundly different, I still argue that a comparative research which builds for itself a convincing unit of analysis and a good method of reading the internal dynamics and the interplay between those units can always be useful to a "transnational" study such as mine. In addition, our awareness of its methodological strengths and weaknesses might help keep a good and balanced perspective. Yet, and as so rightly argued by Ragin and Zaret, "methodological procedures, no matter how narrowly

¹⁰⁰ Stefan Nowak, “Comparative Studies and Social Theory,” in Melvin L. Kohn, p.35.

¹⁰¹ The critique is based on a legitimate concern about the validity of comparing two situations supposedly similar, although it is known that there are no two cases rigorously identical to be comparable.
construed, follow priorities laid down by theoretical interests and commitments. These commitments are substantive and epistemological in nature. 102

I share also Kohn’s view that all methodologies have their merit but remain instruments in the hands of the researchers who can make them work purposefully or who can fail to achieve his goals. As he asserts:

I certainly did not give a preference to any particular methodology, for I strongly believe that there are no superior or inferior types of methodologies, only methodologies more or less appropriate to the analytic task, more or less competently and imaginatively employed. 103

This call for modesty and relativization of methodological tools which are only what the researchers make of them are positive notes to end this review. As it was shown both case study methods and comparative research methods present valuable characteristics in terms of depth (case study) and in terms of ability to cross different geographical and cultural spheres and to study and contrast their heterogeneous realities (comparative method).

Now that I have presented the context and the theoretical framework of my study, in addition to a comprehensive review of the related literature, it is time to apply what has been learned and gathered into the following three case studies.

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102 Ragin and Zaret, p.748.

103 Kohn, p.19.
CHAPTER V
INSTITUTIONAL REFORM OF TELECOMMUNICATIONS IN SENEGAL

Senegal: A Country Profile

Senegal, a country of renowned intellectuals (Leopold Sedar Senghor, Cheikh Anta Diop, etc.) is located at the extreme western corner of the African continent. Famous for its ocean ports, Senegal has a unique and strategic position as a junction for airline routes between Europe, Latin America, North America and equatorial Africa. Spread over a land mass of 196,722 km,
2 the country has 500 km of coastal areas and one of the most important ports on the Atlantic Ocean in Dakar, the capital city.

A French colony for 300 years, Senegal and French Sudan created in April 1959 the Mali Federation. This entity had only two months of existence before being dissolved when Senegal seceded, to become a separate independent state, on August 20, 1960 while the former French Sudan became the Republic of Mali. The Republic of Senegal was proclaimed on September 5, with Leopold Sedar Senghor as the country’s first President who kept close relations with France.

After the golden period of the 1960s and early 1970s where the Senegalese economy was flourishing supported by its position among the major peanut and phosphate world producers, came the period of hardship. The oil crisis, bad management practices

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2 Europa World Year Book ..., p.2473.

3 Ibid, p.2473.
combined with the existence of a strong and vocal underground and legal political opposition, precipitated an era of political and economic crisis which led the government of Senegal to adopt Structural Adjustment Program as early as 1979.

With a population of 7 million, representing a density of 36 inhabitants per square kilometer, Senegal's GNP, measured at average 1989-91 prices, was US $5,500m, equivalent to $720 per head. The rate of adult illiteracy averaged 61.7% (males 48.1%; females 74.9%).

Agriculture (including forestry and fishing) contributed 21% of GDP in 1990. More than 78% of the labor force were engaged in the agricultural sector in that year. The principal cash crops are groundnuts (exports of groundnut and related products accounted for 29% of export earnings in 1983; however, their contribution to export earnings had declined to 13.4% by 1988). The fishing sector is of considerable importance: by the mid-1980s fish and fish products had become Senegal's principal export commodity, accounting for 27.4% of the value of exports of goods and services in 1987. Mining contributed an estimated 1.4% of GDP in 1986. The principal activities are the extraction of calcium and aluminum phosphates.

Tourism is a major source of foreign exchange. In 1990 the tourism sector contributed almost 3% of GDP; about 4,500 people were directly employed in the sector at that time. More generally, the country seems to do well in the large sector of services which includes tourism, trade, restaurants and hotels, transport, finance, insurance, communications, etc. This sector provided in 1991 up to 48.3% of the country's GDP.

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4 Ibid., p.2477.

5 Ibid.

6 Ibid.

In 1988 the principal source of imports (31.5%) was France; other major suppliers were the USA and Cote d'Ivoire. France was also the principal market for exports (taking 37.6% of the total) in that year, followed by India (9.7%).

Senegal's total external debt was US $3,522m. at the end of 1991, of which $2,838m. was long-term public debt.

Although Senegal is classified by the World Bank as a lower-middle-income country, the attainment of sustained economic growth has been impeded by the country's dependence on revenue from exports of a small number of commodities, (notably groundnuts and phosphates), and by its consequent vulnerability to fluctuations in international prices for these commodities. Recent economic adjustment efforts (implemented with financial support from external donors, including the IMF and the World Bank) have sought to enhance the profitability of the public sector, while fostering private enterprise. Nonetheless, severe weaknesses remain: a low rate of inflation has been achieved by means of high interest rates, which have acted as a disincentive to investment, while high levels of duty (imposed in an attempt to increase budgetary revenue and thus reduce the budget deficit) have encouraged smuggling, and the balance of payments remains in considerable deficit.

Foreign experts from different backgrounds are always impressed by the immense potential of Senegal in terms of agriculture, fishing, mining and tourism. However, it seems legitimate and fair to add to this list another fast growing and potentially profitable

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8 Europa World Year... , p.2477.
9 Ibid.
10 Ibid.
11 Ibid.
sector such as the telecommunications sector. SONATEL (Société Nationale des Télécommunications du Sénégal) currently "contributes 3% of the GDP, achieves 7% of public investment, maintains 2,000 permanent jobs." The company which holds a monopoly of telecommunications operations, is viewed as a successful enterprise and is highly regarded by many outsiders. Such a good reputation must be based mainly on the management style of its team of experts and their overall contribution to the national economy, but certainly not on the concrete performances of what is still a very low telephone density (0.64%).

History of Telecommunications Infrastructure Development

Telecommunications in Senegal began under the colonial French administration. The first infrastructure development was a cable network in the city of Dakar (capital of French West Africa). At that time, explains Mr. Gorgui Touré, a senior SONATEL official, there was also "an embryo of an international network which linked Senegal to France by what was called ‘deport d'abonnés’ (transferred subscribers), which meant that the users of the Senegalese circuits were considered long distance subscribers of Paris."

In the 1960s after independence, and because of its place in the French colonial system, Senegal inherited most of the industrial base and the infrastructure built by the former rulers, among which ports, roads and telecommunications networks. Senegalese

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12 Cheikh Tidiane Mbaye, Director-General SONATEL, Interview in Le Débat No 15, January 26, 1993.
13 See Raymond Akwule, "Telecommunications in Africa: Policy and Management Trends...."
14 Despite the existence of an abundant documentation on Senegalese telecommunications, there is still little attention paid to the historical dimension of the process which is important in measuring and assessing the current achievements. According to the numerous officials who shared their information and knowledge, a written and official history on Senegalese telecommunications does not exist.
subscribers were already able to access the international network (via Paris) through the existing manually operated telecommunications system.

In 1968, the Senegalese government made its first important telecommunications investment outside the capital city of Dakar, and aimed at developing telecommunications infrastructure in three other regions. This investment transformed the network from manually operated to a direct dialing capability between important economic or religious centers such as Thies, Tivaone, Diourbel, Kaolack and Ziguinchor.

The international network was upgraded to direct dialing at the end of the 1970s when the first international automatic transit center was installed. The transit center had its circuits mainly connected with France, the former colonial master and a principal recipient of calls from Senegal. In the course of its network expansion, Senegal installed links to countries such as the United States, other European countries and a few African countries. It is nonetheless important to note that all this international traffic was still routed via Paris.

International transmission was made through radio wave links until 1972 when Senegal acquired its first satellite earth station; one of the first on the African continent. "This earth station," said Mr. Touré, "was a turning point since its utilization, combined with the existing international automatic network, gave an impetus to the development of our telecommunications system by a significant increase of the revenues."17

In 1978, parallel to the investment in the international network, a World Bank project known as "TELECOM 1" resulted in the construction of an automatic network of 400 miles named "Axe Nord" connecting Dakar to cities in the far north east of the country.

Despite these infrastructure developments, telecommunications in Senegal, like in most African countries, were inefficient, unreliable, poorly managed, and did not achieve

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16 Ibid.

17 Ibid.
any significant progress in telephone penetration. The institutional arrangement was certainly to blame in part and called for an urgent reform agenda.

Prologue to the Institutional Reform of Telecommunications

The Senegalese telecommunications system was managed by two different entities: national telecommunications were operated by the "Direction des Telecommunications" of the Office of Post and Telecommunications. International networks were operated by Télé-Senegal: a company created in 1981, whose financial operations were autonomous and separate from the state's budget. Such autonomy from direct supervision by a state department, partially explained the company's financial performances since it retained control over its revenues and profits and reinvested most of it for expansion and infrastructure development. On the contrary, the national telecommunications system, managed by the Office of Posts and Telecommunications, performed very poorly. The status of "Office" meant a status of department of the ministry of communication and consequently its managers reported directly to the minister.

The different performances of the two structures were essentially the result of their different status. On the one hand, the organization in charge of the international network not only was technically better equipped with automatic circuits, but was also granted a crucial autonomy of decision and management which proved to be beneficial to its operations. On the other hand, national telecommunications suffered from chronic underinvestment in the network mainly because of a lack of self-generated revenues.

In fact, the national network mainly relied on funds coming through external donors such as the CCCE (today known as la Caisse Française de Développement). The problem, however, was that the funds intended for telecommunications were not directly made available to the Office of Posts and Telecommunications. The funds had to transit via the Public Treasurer’s office which sometimes would reroute them according to other priorities
of its general public investment program. This explains in part why the national network, unable to generate significant revenues from its own operations, or to access funds destined to public aid for development, remained poor and unreliable. As Akwule observes:

[T]he performance of TELESENEGAL [the international branch] stood in striking contrast to that of the national network (OPT), which had become known for its inadequacies, including an extremely high equipment saturation rate and very antiquated infrastructure, mediocre quality of service, a telephone density of 3.4/1,000 main lines, and extremely low level of investment in the sector.\textsuperscript{18}

In addition, the poor quality of the cable networks resulted in the fact that 60% of the telephone lines were out of service during the rainy season. Even during the dry season, 10 to 15% of the network were regularly out of service.\textsuperscript{19} Awareness of this situation led to the 1983 Inter-Ministerial Council which made an important move by inviting Senegalese officials with expertise in Telecommunications to meet for three days (June 15-18, 1983) in what was called JTS or "les Journées Senegalaises des Télécommunications" (Symposium on Senegalese Telecommunications). This meeting, designed as a brainstorming session, came up with some important recommendations and suggestions which were submitted to the decision-making structure of the government.

When one reads today the proceedings of the symposium, it is interesting to note how cautious and timid the "reformers" were in their analysis of the ills of the OPT system. Network obsolescence, technical deficiencies, management problems were the objects of most of the attacks. Less than 15 lines were devoted to the need of institutional reform in a final report of more than 40 pages.

\textsuperscript{18} Raymond Akwule, "Telecommunications in Africa...," p. 164. Akwule was quoting a 1985 statement by Alassane Daly Ndiaye, first director general, generally considered as the master-mind of the reform of telecommunications in Senegal. He is currently the minister of Industry and Equipment of Senegal.

\textsuperscript{19} "Les télécommunications sont un multiplicateur de développement," Interview with Alassane Daly Ndiaye, then Director General. See Soleil, November 23, 1987.
"Les Journées Sénégalaises des Télécommunications" was a pioneering effort in the reform of the telecommunications system. The wording of the recommendations reveal the tension and pressure the reformers had to confront. Among a list of numerous measures in the final report, only two came close to suggesting institutional reform:

- Create a unique center of decision to assure with rigor and consistency the coordination of development policies in the telecommunications sector...; and
- Study the restructuring of the telecommunications sector, while keeping in mind technical, administrative, legal, financial, social and human aspects. 20

While the final report may appear timid on the issue of institutional reform, SONATEL officials 21 are correct in designating the JST as a turning point toward reform. Indeed, in another document of the JST's ad hoc committee on management, it is written in recommendation 11:

Study the restructuring of the telecommunications system by contemplating the following options:

- merging the OPT (Office of Poste et Telecommunications) and TELESENEGAL in one entity;
- merging the "Direction des Télécommunications" with TELESENEGAL and creation of a different organization in charge of postal activities, financial services and savings; and
- restructuring of OPT by corporatizing the "Direction des Télécommunications." 22

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21 Both Mr. Sanghoné Sall, general inspector of SONATEL, and Mr. Bassirou Kâ, technical advisor to the Director-General of SONATEL, insisted on how crucial the "JST" were to building a consensus and implementing the reform agenda. Meetings with author. Dakar, Sénégal, January 1993.

All three scenarios involve some important measure of institutional reform. They constitute evidence that the concern for institutional reform was raised at the symposium.

Another interesting sign that the government might have been open to the discourse of reform while still keeping strong and intact its beliefs vis-a-vis telecommunications, is this quotation from the minister of Information and Telecommunications' opening speech, when he reminded the participants at the symposium that:

"Aware of the importance of telecommunications at the economic and social level as well as at the level of security, the government intends to maintain under state monopoly, the different aspects of this sector."

This was an unequivocal warning to the reformers that there were boundaries not to cross. This may also explain why the JST final documents are full of allusions, diluted statements about the urgency to opt for change and reform, but rarely radical formulations in favor of reform.

Despite these shortcomings, the merit of the JST was to put the reform process in its launching pad.

THE 1985 REFORM:

The New Institutional Setting

On October 1, 1985, the Senegalese government officially broke up the OPT, separating postal and telecommunications services. National and international telecommunications were merged in one new company: SONATEL (Société Nationale des Télécommunications du Sénégal). SONATEL, set to provide national and international telecommunications services, was granted a status of "société nationale" giving it financial autonomy vis-à-vis the state and allowed the adoption of a "private enterprise" style of

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management. The remaining activities of the old OPT were operated by another entity, the Office of Posts and Savings Banks.

Although SONATEL was freed from direct governmental control and supervision, the ties remained through several institutional arrangements. First, the new telecommunications company was legally accountable to the ministries of Communication and Finances. A top official of the ministry of communication, coordinator of all governmental communications (Radio, Television, the National Press Agency and the state daily newspaper), became the direct link and the eye of the state in SONATEL activities from his office in the ministry of communication. A board of administration, inherited from the public enterprises traditions, was kept to oversee SONATEL's management and planning decisions. Its president, appointed by presidential decree, does not only have symbolic power, but attends regular meetings and has some power to decide on broad issues and to make recommendations to the minister of communications or directly to the country's president. The composition of the Board of administration reveals how the state is willing to give up on management of daily operations, but still wishes to oversee broader issues. By law the board has to have:

- a representative of the presidential office;
- a representative of the ministry of Finance;
- a representative of the ministry of Urban Planning;
- a representative of the Interior ministry;
- a representative of the ministry of Armed Forces;
- a representative of the ministry of Economic Planning;
- a representative of the ministry of Industry; and
- a representative appointed by the National Parliament from among its members.
Finally, the state keeps even stronger ties through a "three-year contract plan" between the state and SONATEL. During the three-year term, SONATEL committed itself to a set of national priorities and goals negotiated with the state. On the other end of the negotiation table, the state committed to pay its bills (either directly or by a method of compensation based on a tax-deduction in favor of SONATEL), and also to help the telecommunications organization search for funds and guarantee its loans.

**Institutional Reform, Services Improvement and Infrastructure Development**

Soon after the 1985 institutional reform, SONATEL entered into a 5-6 years "catch-up period" during which an investment of CFA 100 billion (roughly US $310 millions) was made, enabling, among other things, the rehabilitation of the network in the capital city. In addition, SONATEL also rehabilitated the networks of three southern and eastern regions. A digital link between the two isolated regions of Tambacounda and Ziguinchor was established in 1989.

Within two years, SONATEL decided to take over the engineering part of new projects. Engineering and technological design was absorbing 8-10% of project outlays. These payments were flowing to foreign consulting agencies, leaving very little room for negotiation by SONATEL. The decision, though risky, resulted in considerable savings.

In terms of regional interconnectivity, following the 1982 project PANAFTEL-CIDA\(^\text{24}\) (financed by CIDA) linking Dakar to Cotonou (Republic of Benin) via Mali, Niger and Burkina Faso, a project (entirely financed by SONATEL) completed in 1987.

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\(^{24}\) CIDA is the Canadian International Development Agency. Gabriel Tedros offers the following explanation of PANAFTEL: "PANAFTEL is the acronym for Pan-African Telecommunications. Originally PANAFTEL meant simply the interlinking of the national telecommunication networks to permit communications between any two African without having to transit through centres outside of Africa. Recently, it has been given a broader interpretation encompassing the entire public telecommunication network down to subscriber level." Gabriel Tedros, "African Telecommunications after PANAFTEL" *Telecommunication Journal* Vol. 54 (October 1987), p.678.
established a network of transmission from Dakar via the Gambia to the two Guinées (Bissau and Konakry).

An international telex centre of transit established earlier in 1978, was also regularly upgraded by some minor investment since the new telecommunications authorities believe the telex to be a declining technology soon to be obsolete. Another inter-ministerial council of 1984 mandated the launching of a data network. SENPAC, first public data network on the continent, became operational in 1988. Today, SONATEL offers all many enhanced services such as speed dialing, call forwarding, call waiting, and three way calling. Cellular technology, in association with the French telecommunication giant ALCATEL, was expanded in 1994.\footnote{SONATEL's association with ALCATEL which got the exclusive right to supply all the cellular equipment, did not seem to please the Senegalese independent press which sharply criticized the deal by claiming that a European Consortium and a British firm have developed a better technology than the French and that there was no reason for the preferential treatment given to ALCATEL. See the weekly \textit{Le Cojard Libéré} No 324, April 21, 1994.}

Overall, SONATEL has achieved a high annual growth rate of 14-15%. Telephone density which stood at 0.34 at the time of the company's inception has doubled in seven years. expects to reach a density of 1.5 % by the year 2005.

These developments allowed Senegal to regain its place in African telecommunications. Formerly the political center of the French colonial system in West Africa, Senegal, in the early days of independence, inherited some valuable infrastructures among which an embryo of telecommunicatins network. Despite the limitations on its telecommunications facilities, Senegal was still far ahead of most -if not all- Francophone countries. But by the 1980s, it ranked 19th in Africa.

Table 5 provides a summary of key Senegalese telecommunications indicators and compares telecommunications at the beginning of the reform debate in 1983 and 8 years later.
<table>
<thead>
<tr>
<th>Telecomunications Figures</th>
<th>In 1983</th>
<th>In 1991</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Telephone Density (lines per 100 population)</td>
<td>0.34</td>
<td>0.64</td>
</tr>
<tr>
<td>Urban Telephone Density</td>
<td>--</td>
<td>1.6</td>
</tr>
<tr>
<td>Rural Telephone Density</td>
<td>--</td>
<td>0.02</td>
</tr>
<tr>
<td>Direct Exchange Lines</td>
<td>20,314</td>
<td>48,469</td>
</tr>
<tr>
<td>Total Telex Lines</td>
<td>779</td>
<td>887</td>
</tr>
<tr>
<td>Total Number of Telephone Subscribers</td>
<td>--</td>
<td>46,111</td>
</tr>
<tr>
<td>Distribution of Telephone Subscribers:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Residential</td>
<td></td>
<td>24,640</td>
</tr>
<tr>
<td>- Business</td>
<td></td>
<td>16,958</td>
</tr>
<tr>
<td>- Government services</td>
<td></td>
<td>4,513</td>
</tr>
<tr>
<td>Overall % of Registered Demand Satisfied</td>
<td>--</td>
<td>41.7%</td>
</tr>
<tr>
<td>% National Telephone Lines in Dakar (the capital city)</td>
<td>68.5%</td>
<td>73.6%</td>
</tr>
<tr>
<td>Number of National Unsatisfied Demand</td>
<td>--</td>
<td>11,254</td>
</tr>
<tr>
<td>Total Exchange Capacity</td>
<td>--</td>
<td>76,972</td>
</tr>
<tr>
<td>Exchange fill (% of exchange capacity utilized)</td>
<td>--</td>
<td>63%</td>
</tr>
<tr>
<td>% of Network Automation</td>
<td>--</td>
<td>98.37%</td>
</tr>
<tr>
<td>Employees per 1,000 Direct Exchange Lines</td>
<td>--</td>
<td>39</td>
</tr>
</tbody>
</table>


Note that almost 74% of the subscribers live in the capital city of Dakar, and rural population (more than 4.5 million) only share 880 telephone lines which represents a rural telephone density of 0.02 compared to a 1.6 in urban areas and a national telephone density of 0.64.
As in most African countries, SONATEL has developed a Telecommunications Master Plan covering the period 1987-2005. This plan is expected to consolidate the dynamics of Senegalese telecommunications and help overcome the constraints while maintaining a high standard of performance and quality of services.

In terms of constraints, one important problem is that of finding a balance between the needs in value added services of the business world and the basic needs of residential subscribers, and also to improve and upgrade the infrastructure by having the interest of the majority in mind. Another difficulty is the lack of viability of some financial projections mainly because some statistical data are not always trustworthy.26

Considering its public service mission, SONATEL also deals with the pressure of non-profitable investment, such as expanding the network to administrative officials on duty in some remote and hardly accessible areas. In this kind of operation, the telecommunication managers wish to lose less money by either benefiting from custom tax exemptions for imported telecommunication equipment, or by being allowed to submit financial requests to funding agencies and freely use the grant without government interference.

Aware of the challenge of a good residential traffic even though it is not yet profitable, Mr. Touré acknowledges:

This traffic is very sensitive to the adjustment of tariffs even more so than private enterprises. A residential telephone is managed with more care and restrictions than an office telephone over-utilized since the users know that at the end of the month they won't have to deal with bill. Once, we get a significant increase of the residential subscribers, it would be conceivable to lower our tariffs. We are on our way, since most of our new demands of services come from residential subscribers.27

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26 Pape Gorgui Touré, ibid.
27 Ibid.
As Akwule observed, "SONATEL may not have met all of its objectives yet, but it has succeeded in dramatically improving the availability and quality of telecommunications service in the country. . . . [For instance] in 1985, less than 70 percent of the faults reported were corrected within one week. By the beginning of 1991, more than 95 percent were corrected either the same day or within seven days following the fault report. . . . [Overall] one can predict that the future will be even brighter for Senegal's telecommunications sector if the prudent management of the past several years persists."  

28 Liberalization, Introduction of Competition, and Privatization

The minimum conditions of liberalization, as specified by several experts are separation of the telecommunication common carrier from the government on the one hand, and the post office on the other. This was achieved in Senegal in 1985. Introduction of competition, particularly in non-basic services is an issue that is already on the agenda. One experimental approach consists of transferring the operation and management of telephone centers to the private sector. At present, 135 telephone centers in Dakar and 63 in outlying areas "contributed nearly half a billion CFA to SONATEL's 1992 chiffres d'affaires," 29 and also created many new jobs: 1000 according to Mr. Cheikh Tidiane Mbaye, Director-General of SONATEL. 30 But this is clearly a very marginal form of competition, one that does not challenge in any way and in fact owes its existence to SONATEL.

Actually, the legislation in Senegal is still very much in favor of monopoly. At least 51% of SONATEL's capital is reserved for the state. 31 When SONATEL opens its


31 See Statut de la Société Nationale des Télécommunications du Sénégal (Dakar: SONATEL, unspecified date of publication).
network to activities other than the provision of basic services, the company tends to either provide the value-added services itself or to do it in partnership which does not threaten its monopoly. This is how cellular telephony is provided by a branch of SONATEL called TELECOM PLUS, and the paging network is run by "Access-telecom," a partner of SONATEL.\textsuperscript{32}

However, if we should take director of Communications in the Ministry of Communication, Mr. Diongue's, word for it, "Due to the emergence of new needs and services, the old regulation which created an absolute monopoly, is under revision in our department. Soon, it will only retain the monopoly of the basic services. A limited competition will soon be permitted, for example, in the area of value added services."\textsuperscript{33}

Another interesting idea of reform seems to be gaining ground among telecommunications policymakers. According to Mr. Diongue, director of communications, a way to relieve the burden of serving the administrative needs of government is under consideration. Instead of reserving thousands of telephone circuits for government services, the government offices would be interconnected by a four digit intercom, for example, which would largely limit the number of non-professionally motivated calls and would free thousands of lines that would be able to redirect to private homes and businesses. Another goal of such an initiative is to drastically reduce high government telecommunications bills.

On the other hand, a foreign expert in telecommunications, who has asked to remain anonymous, has shared his astonishment over the fact that more and more foreign

\textsuperscript{32} See \textit{Le Cafard Libéré}, July 1994. Telecom-Plus is a commercial branch where SONATEL is a majority share holder. The business, set in association with ALCATEL and France-Telecom, is meant to provide value-added services. As argued by the \textit{Le Cafard Libéré}. "Recently, a myriad of new companies, such as Télécom-Plus, Access-Telecom, Afrique-Telecom, etc., are shining in the universe of Senegalese Telecommunications." The satiric newspaper charged some of these companies of being only intermediaries between SONATEL's billion CFA annual spending and the big suppliers.

\textsuperscript{33} Cheikh Tidiane Diongue, Directeur des Communications, Ministère de la Communication. Interview with author. Dakar, Sénégal, January 1993.
embassies, astounded by the weight of their telephone bills, are putting great pressure for speeded-up liberalization so as to be able to operate their own private telecommunications networks (especially international direct dialing) and thus to avoid SONATEL's control. This expert pointed fingers at certain powerful embassies which have already started such practices. In fact, the pressure for liberalization raises a more serious and far reaching question: the privatization of telecommunications.

Indeed, the issue of privatization is an important component of the debates about institutional reform of telecommunications. Recently, a Senegalese newspaper revealed that the government was seriously considering a privatization of what is known in Senegal as being the three "S": SONEES (water company), SENELEC (Electricity company) and SONATEL (Telecommunications).\textsuperscript{34} So far, the government has not denied the report. Actually, the rumor about a plan to put SONATEL up for sale along with the other public utility companies was reported last year in August.\textsuperscript{35} (Sud Quotidien, August 20, 1993)

Regulation is likely to become a matter of policy debate as well. There simply are no independent telecommunications regulatory bodies in Senegal. All that exists at present is a "Haut Conseil de la Radio-Television" (High Council of Radio-Television). This institution, a direct replica of the French "Haut Conseil de l'Audiovisuel" (High Council of Audiovisual), does not include telecommunications within its jurisdiction. The "Haut Conseil de la Radio-Television" was basically set to guarantee fair treatment of opposition political parties which repeatedly complained about poor coverage of their activities and the lion's share of time given to the ruling party. This institution, run by a judge, monitors complaints of unfair treatment and mandates reparations or issues warnings to the managers of the state media, including the print press.

\textsuperscript{34} See Cafard Libéré, July 1994.

\textsuperscript{35} See Sud-Quotidien, August 20, 1993.
The recourse left to consumers or interest groups such as the public utilities consumers association (ADEETEL) is to file complaints at the "Mediatuer" or to file a lawsuit. The Mediatuer, also inherited from the French administrative tradition, is an institution of "arbitrage" which protect state employees against abusive practices of their employer or citizens complaints against administrative injustice or unfair practices of state-owned enterprises. The Mediatuer administers the regulatory law in a sense of conciliation, compromise, reconciliation, and sometimes mandates payment of reparations by the state or its department brought to his attention.

DOMESTIC AND EXTERNAL FACTORS IN THE REFORM PROCESS

Domestic Factors According to Local Policy-Makers

It is interesting to note how passionately Senegalese telecommunications policymakers and managers believe the reform process to be mainly domestic factors-driven. Mr. Cheikh Tidiane Diongue, director of communications and a key policymaker, expressed strong feelings concerning the fact that "the reform may be international. In Senegal, there exists a group of telecommunications experts profoundly dedicated to improving our countries telecommunications system. First, we pushed to have the "Journées Sénégalaises des Télécommunications." During this symposium, we put forth a systematic diagnosis of the problems of our telecommunications system and we came up with recommendations as of how to modernize our network and to reform the management of its operations. The best evidence that this process was internally driven, was that our main partner in telecommunications, France, was not engaged in the same kind of reform and did not influence our process in any shape or form."\(^{36}\)

This statement was also echoed by Mr. Touré who, though more moderate, assigned a significant role to domestic factors. He acknowledged the external pressure of

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\(^{36}\) Cheikh Tidiane Ndiongue. Interview with author.
Senegal's financial partners for a general reform program, but he put the credit of the drive for the reform of the telecommunications system to the arrival on the Senegalese telecommunications scene of "this wave of telecommunications engineers who were also trained in management and who joined TELESENEGAL or the OPT with a clear vision of what needed to be done." 37

One may agree that Senegalese policymakers can claim the credit of not being inspired by the French intelligentsia which in the early 80s was not particularly concerned with the liberalization or privatization of the telecommunication sector. The debate on those issues in France was not as fierce and passionate as it was in the Anglo-Saxon countries or in their periphery.

In the reform debate, it is also necessary to pay attention to the weight of internal factors. Some of these internal factors were naturally rooted in the performances of the telecommunication system. The near bankruptcy of internal telecommunications, poorly managed and inefficient, while the international branch was making substantial benefits may be among the internal factors in Senegal which legitimately triggered the rethinking of the telecommunication sector.

However, one should not also over-rate the determination and commitment to change of the local reformers, especially when, the existing documents clearly designate some powerful institutions as being the driving forces behind the reform process.

Role of The World Bank and SAP in Setting the Reform Agenda.

The reform of telecommunications in Senegal was clearly mandated by the World Bank in the context of a general reform of Senegalese public enterprises and in the general context of the Structural Adjustment Program signed between the Senegalese government and the

37 Pape Gorgui Touré. Interview with author.
IMF and the World Bank. Despite interesting claims made by local policymakers, all the official government or SONATEL internal documents make no secret of this reality.

For instance, SONATEL's "Telecommunications Master-Plan," opens with the following statement:

Through the creation of (a national company with a private management style), the telecommunications sector has benefited from a greater autonomy, in accordance with the Long and Medium Term of the [Structural] Adjustment Program of the republic of Senegal, and with the new State policy toward the parastatal sector.\textsuperscript{38}

Both the Adjustment Program and the new state policy toward the parastatal covered the same reality of a World-Bank and IMF led economic reform policies. SONATEL's Contract Plan confirms this observation by stating:

[In the context of its structural adjustment policy, the government has requested to commit itself through a "contract-plan" to achieve some performances objectives.\textsuperscript{39}]

Moreover, the current discussion inside the government, as reported by the independent press, on the privatization of SONATEL and the two other public utilities (Water and Electricity) are clearly a consequence of the World Bank and IMF encouragement to African states to consider selling not only non-profitable public enterprises but also successful ones, as shown in chapter 2 of this study.

All in all, it remains a fact that the Structural Adjustment Program and its global program of reform of the public enterprises run under the tight supervision of the World Bank and the IMF with the blessing of the former colonial master, France, has a lot to do with the reform of the Senegalese telecommunication sector. But as in many social and economic phenomena, there is never one single explanation. Historical processes are complex by nature and always imply a combination of factors with different weights and

\textsuperscript{38} SONATEL Plan Directeur, p.2.

importance. Telecommunications reformers of Senegal have also been exposed to the intellectual influence of at least two epistemic communities.

International Policy Diffusion and Role of Epistemic Communities

As shown in the literature, especially by Cowhey, Horwitz and Peter Haas, changes in the international telecommunications regime were affected by the activist pressure of two epistemic communities. The first epistemic community pushed for economic reform in general and was inspired by conservative market economy theory favoring privatization, and the second epistemic community by introduction of competition and lowering entry-barriers in different economic sectors, particularly in the area of services. A third epistemic community was constituted by a new wave of telecommunications engineers, trained in a new management doctrine which also challenged the monopoly and traditional regulation of the telecommunications system worldwide. Horwitz as clearly shown above a detected group of telecommunications engineers in South Africa. I may also infer that the young managers of SONATEL are members or at least were directly exposed, either through their training, or through international conferences, or through ITU and UNDP visiting experts, to the new discourse of reform so popular in the early 1980s.

Mr. Pape Gorgui Touré explicitly mentioned the training of his generation of telecommunications engineers as both "engineers and managers," among the justification of their interest in reforming the telecommunications system. Mr. Mbaye evoked during our interview at the telecommunications conference in Melbourne Australia, where he said, the hard-liners, "100% pro-privatization," attacked violently their position which was "more moderate and in favor of a smooth transition."

This also indicates that these international forums provide the venue for what the World Bank calls a "policy dialogue" and which is clearly an activity of policy coordination
between experts of different countries and experience. Epistemic communities seem also to come to these gatherings with game plans and strategies to either test new ideas, or to push the agenda of reform where it was left the previous time and also throw some "new topics in the air."

When I questioned Mr. Touré about the issue of "cross-subsidization," his answer was indicative of some policy diffusion process:

We know and follow what is happening in other countries. We are regularly informed through our personal readings about the issues debated in the sector, and also ITU and other organizations provide us with forum where we exchange ideas with colleagues from other experiences. The real problem is that countries which already achieved universal service and where households are debating the acquisition of a second telephone line should not impose their agenda on us.40

As shown in this chapter, telecommunications in Senegal has been the object of some attention at least since the days of the JST (Journées Sénégalaises des Télécommunications). Some significant institutional change has taken place with the complete autonomy of SONATEL from direct government intervention and form postal operations. The private style of management rewarding competence and employees performance has been noticed by outsiders who like to give SONATEL as a reference and a successful experience. However, one may observe that SONATEL's achievements are only brilliant when compared to its other African counterparts. A penetration rate of 0.64 is not a sign of a colossal achievement. But by African standards, an investment of more than CFA 100 billion, and a 100 % increase of the telephone density in 7 years are not negligible.

In terms of general institutional reform, SONATEL is not less conservative than other African telecommunications organizations. The Senegalese company still enjoys an unchallenged monopoly and is orchestrating a limited competition among small private entrepreneurs such as the "télé-centres" managers. When it comes to serious activities in

40Pape Gorgui Touré. Interview with author.
the so-called value added services, SONATEL still managed to rule and control the system by holding a majority of shares in the major provider which is "Télécom-plus."

The main weakness of Senegalese telecommunications as I perceived it is the total lack of an independent regulatory body and a separation between operations and policy. SONATEL operates, regulates and designs and makes the policies. Telecommunications policy research in itself is not part of the Senegalese communications policy culture. SONATEL is at all ends of the policy spectrum and this does not make its task any easier and is not in the interest of true liberalization and introduction of competition for the benefit of the consumers.

SOTELMA in Mali has also achieved the separation between postal and telecommunications operations but is facing even greater challenge than SONATEL because of the size of Mali and its extremely difficult economic conditions.
CHAPTER VI

INSTITUTIONAL REFORM OF TELECOMMUNICATIONS IN MALI

Mali: A Country Profile

Mali is known in Africa as the cradle of the great civilizations of the Mandingo empires and as a historical land of traditional, intellectual and technological African know-how (Timbuktu, Gao, Djenne). At present, Mali is only noticed for its high poverty level and its large surface: 1,240,000 square kilometers, which represent 6 times that of Senegal, two and a half times the surface of France. A landlocked country, Mali is surrounded by seven countries: Algeria in the north, Niger in the East, Côte d'Ivoire, Burkina Faso and Guinea in the south, and Senegal and Mauritania in the west. Only 8 million inhabitants share this huge land, which means a low population density of 6.4 per square kilometer.

Mali was formerly French Sudan, a part of French West Africa. After the failed attempt to unite with Senegal and become one nation, the remnant of the Federation was proclaimed the Republic of Mali on September 22, 1960. Its first President was Modibo Keita, the leader of the "Union Soudanaise" party, who pursued socialist policies and severed Mali's links with the French political and financial bloc. Mali withdrew from the Franc Zone in 1962, and developed close economic links with the USSR and the other

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communist states. Rapid inflation and the increasing incidence of smuggling caused Mali to return to the Franc Zone in 1968; however, the country did not become fully reintegrated into the Union monétaire ouest-africaine (West African Monetary Union) until 1984.²

Overall, 83% of Malians live in rural areas while 53% are under 20 years of age. Sixteen ethnic groups make up the nation while the Mandingo language is understood and/or spoken by almost all Malians. 80% of the population are Muslims, 5% are Christians and the remaining practice African traditional religions. Adult illiteracy averaged 68.0% (males 59.2%; females 76.1%). The country is organized in eight administrative regions, in addition to the district of Bamako, the nation's capital.

According to the Europa World book, by World Bank estimates, Mali's GNP measured at average 1989-91 prices, was US $ 2,412m., equivalent to $280 per head.³ Mali has been classified among the world's Least Advanced Countries and poorest nations. Agriculture (including forestry and fishing) contributed 44% of GDP in 1991. About 80.3% of the labor force were employed in the agriculture sector in that year. The principal cash crops are cotton (exports of ginned cotton accounted for 57.5% of the value of merchandise exports in 1987) and groundnuts; exports of vegetables and mangoes are also of some significance. Industry (including mining, manufacturing, construction and power) contributed 15.2% of GDP in 1989.⁴

In 1987 the principal source of imports (23.0%) was France; other major suppliers in that year were Cote d'Ivoire, Senegal, the Netherlands, the USSR and Switzerland. Mali's total external debt was US $4,531m. at the end of 1991, of which $2,392m. was long-term public debt.⁵

² Europa World Year Book ..., p.1877.
³ Ibid. p.1880.
⁴ Ibid.
⁵ Ibid.
Natural impediments to economic growth in Mali include its land-locked position and vulnerability to both drought and fluctuations in international prices for cotton. Economic adjustment efforts implemented (with support from multilateral and bilateral creditors) in the later years of the Traore regime ensured real GDP growth and low rates of inflation. However, severe structural weaknesses, exacerbated by many years of systematic corruption, have undermined economic viability. The costs incurred by the civil unrest at the time of former president Traore's overthrow in 1991 caused a reversal of GDP growth, while existing budgetary difficulties were aggravated as a decline in revenue collected coincided with a need for government expenditure on basic reconstruction. With assistance from the international financial community, the new Konare administration aims to consolidate policies of economic liberalization initiated under Traore. Meanwhile, external creditors have extended debt-relief measures; yet, Mali's foreign debt remains a major preoccupation with the new regime. The Malian economy strongly relies on external aid, which for instance, financed 90% of its Five-Year Plan of Social and Economic Development 1981-1986.

It is easy to understand why Mali is an enormous challenge for telecommunication infrastructure development and institutional reform, mainly because of the following three features:

- A landlocked country (therefore depending strongly on international telecommunications to break isolation);
- A land with an immense surface (need of efficient national telecommunications systems for political, administrative, military and economic reasons); and
- A poor country without available strategic resources (need of exploring the sector of services and other telecommunication related economic activities).

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6 Ibid.
These three elements combined may justify an interest in Malian telecommunications, whose history presents some original aspects.

**History of Telecommunications Infrastructure Development**

History of telecommunications in Mali is undocumented, or at least that is the belief of important personalities whose careers can be identified with the advent and development of the sector. In a "Technical Note to Madame le ministre" dated December 1982, one can find a very brief overview of the history of telecommunication in Mali. This account does not provide information on break points and major sequences in the evolution of the sector. This is why the following attempt of systematization of that history is mainly based on the testimonies and recollections of actors and observers.

Telecommunications in Mali, as in the other former African colonies, were mainly established to serve the needs of the colonial administration. The following is a summary of that process by a Malian economist and statistician engineer, Mr. Maki Tall.

During the colonial era, communication and telecommunication networks were built only because the different administrative services needed some form of connection. Governors were to report to the governor-general. Messages and directives about recruiting indigenous soldiers, or tax collection procedures and deadlines, were to be channeled through some form of communication links. The conquest of national sovereignty brought about independence, but also new communication needs. For instance, the centers of power in the capital-cities had to be able to quickly reach the new administrative regions in order to disseminate instructions, decisions or information coming from the "parti unique" or any other form of governmental institution.  

Although handicapped by meager national budgets, the newly independent state felt the urgent need to invest in a minimal telecommunication infrastructure. Mali, with twenty or more embassies, needed a direct link to its foreign representations.

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The building of the network, explains Thiémoko Maïga, began while Mali was still called French Sudan. Its capital, Bamako, was an important junction for the telecommunications system of French Western Africa (FWA). The reason for that status was that most of the communication coming from the administrative capital of FWA (Dakar in Senegal), had to go through the Transit Center of Bamako before being rerouted toward Côte d'Ivoire, Dahomey (now Benin), Haute Volta (now Burkina Faso), Niger, etc. The maintenance center for these countries was also based in Mali.

The wire system included telephony channels as well telegraphy channels. Later after independence in 1960, some areas of the country were equipped with an old model of radio links used for telephony as well as Morse telegraphy.

1976 was a pivotal year for Malian Telecommunications when the break with the old transmission system occurred following the introduction of microwave and above all the introduction of satellite transmissions. It was then (1976), that a microwave link with a capacity of 120 channels was installed especially for the needs of the International Airport of Ségou. This facility is still operating satisfactorily. It was also in 1976 that for the first time, an INTELSAT earth station (B standard) network was added to the system and allowed the direct conveyance of international traffic. However, most of the telecommunications transactions were still directed toward PARIS, the former colonial metropolis (Paris).

Until 1976, the telephone network was semi-automatic in Bamako, and manual in the rest of the country. The project "TELECOM 1," co-funded by a group of financial institutions including the World Bank and the French Caisse Centrale de Coopération Economique (now Caisse Française de Development), allowed Mali not only to renew the

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8 Thiémoko Maïga is a telecommunications engineer and the Director of Planning, Studies, and Statistics of SOTELMA (Société des Télécommunications du Mali). Since I had a series of systematic interviews with him, I consider him my main informant.
urban automatic switch of Bamako, but also to install three other automatic switches in Ségou, Kati and Koulikoro in 1978.

Another important year in the history of Malian telecommunication was 1979, when a significant boost in both the telephone penetration rate and the automation of the network occurred. Still another significant event took place in 1982, when a center for international transit operating with a digital equipment became functional with the aid of Canada. Operations of the PANAFTEL network connecting Senegal, Mali, Burkina Faso, Niger, and Benin commenced this year. CIDA provided the financial assistance for the realization of the Malian portion of the network. A loan by the ECOWAS (Economic Organization of West African States) allowed, among other things, the construction of a digital central exchange at Kayes and develop urban network cables in some localities.

The second telecommunication project (TELECOM II), completed in 1986, expanded significantly the network and also financed the construction of the first network of rural telephony in the Ségou region.

In 1986, all of these multiple initiatives yielded a significant automatization of the network (roughly to 90%). This effort also significantly improved the rate of telephone penetration which increased from "non measurable" to 0.1%. Considering the general state of poverty of their telecommunications network, Malian telecommunications authorities confessed that they cannot even make the commitment to reach 1% of telephone penetration by the turn of the century as recommended by the Maitland Report.9

Prologue to the Institutional Reform of Telecommunications

In January 1965, the first move toward changing the institutional arrangement of the Malian telecommunications system occurred with the creation of "la Société des Télécommunications Internationales du Mali" (TIM) or Télé-Mali. This new organization

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was then a "SARL" (a limited liability company), created by the Malian government contributing 65% of the capital, and the French company (France-Cables et Radio) the remaining 35%. The goal was to "modernize and expand the network of international telecommunication... and help this public service entity take advantage of the latest technical progress and guarantee its adequate function.

Telecommunications in Mali, following a common pattern in many francophone countries, were managed by two different entities: Tele-Mali for the international network, and OPT (Office des Postes et Télécommunications) for the national network. In his final report to what was then the Office des Postes et Télécommunications in 1984, Mr. Jean Babin (a French consultant) provided a diagnosis and what he termed a "Plan for Action."

His diagnosis identified three areas of institutional crisis:

(1) A general degradation of the financial situation of the OPT handicapped by an increasing debt burden;

(2) From a structural and institutional perspective, three problems were underlined in the report;

- A status of a public enterprise is not suited to manage a commercial sector such as telecommunications;

- Malian telecommunications system was disorganized by the existence of "two centers of decision-making: Tele-Mali and OPT"; and

- The Office is handicapped by an internal organizational structure which does not allow an autonomous management of each branch.

(3) Poor style of human resources management: personnels managed as government bureaucrats instead of as employees of a commercial and industrial enterprise.10

In his suggested "Plan of Action," Mr Babin examined the two available options:

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1) Immediate merging of all telecommunications activities under the supervision of one new entity with a status of "Société d'État," and creation of another "Société d'État" for postal operations; and

2) Internal restructuring of the OPT during its passage to a status of a "Société d'État," but this process is conceived as a transition toward a merging of telecommunications activities and a separation of Post and telecommunications.\textsuperscript{11}

The 1986 Babin Report can be perceived as an important reference in the push by Malian telecommunications reformers for institutional change. Babin's language and the direction of his recommendations are typical of the period. He found an important support for his theses in the World Bank which, in 1986 and even as early as 1982, had urged Malian leaders to formulate specific telecommunication policies and also to restructure the sector.

Moreover, it seems that the World Bank and the IMF went even farther when they signed an accord with the Malian authorities which was implicit about the institutional reform of the OPT. In his report, Babin referred to this by insisting that:

\textbf{\ldots according to the objective agreed upon by the Malian government, the World Bank, and the IMF on October 20, 1984:}

\begin{quote}
\textit{it is necessary to take functional measures and to make accounting arrangements in order to separate the management of postal and telecommunication services in the perspective of separating in the medium term those two entities...}\textsuperscript{12}
\end{quote}

Maiga also blamed most telecommunications problems on the institutional arrangement which kept strong ties with the OPT. He mentioned the lack of a planning of activities, a lack of a timetable for infrastructure development with a set of pre-defined goals. "This is," he argued, "why the partisans of reform insisted that some management tools be installed prior to the separation that they knew was inevitable."

\textsuperscript{11} \textit{Ibid.}

\textsuperscript{12} \textit{Ibid.}, p.15.
Thus, in 1988, Malian telecommunications authorities requested the assistance of the ITU for the elaboration of a "Telecommunications Development Master Plan." This Master Plan (1990-2010) was also funded by the UNDP. It is now available in two different versions: a synthesis and compilation in one volume or a detailed eight volume.

During the transitional phase prior to the divestiture of the OPT, the CIDA helped install "An Institutional Support Program." Such a support program specifically dealt with some managerial issues such as human resources management and planning, exploitation and management of services, marketing, improvement of billing and bill collection system and above all, a plan of informatization of the future corporation. The latter finally evolved to become a veritable master-plan of SOTELMA's computerization.

The assistance of the CIDA (a long time partner in Malian telecommunications projects) starting in 1987 in the billing area, helped establish a more reliable system necessary for an effective collection system. As Maïga stated, "an efficient collection system greatly depends on reliable and efficient billing procedures, since sectoral studies have proven a long time ago that telecommunication development mostly relies on high performances in the bill collection area, and this is independent of the quality or efforts put into infrastructure development."13

The phase of preparation ended in 1990 with the actual separation between telecommunications and postal operations.

**The 1990 Reform:**

**The New Institutional Setting**

The 1990 institutional reform closed for the Malian telecommunications a historical sequence which started during the colonial era with the entity then called "Poste, Téléphone & Télégraphe" followed by "l'Office National des Postes et Télécommunications du Mali,"

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13 Maïga, Thiémoko. Interview with author...
and ended up with SOTELMA (Société des Télécommunications du Mali). The outcome of this institutional reform was the birth of three new entities:

- SOTELMA (Société des Télécommunications du Mali), which is a SARL (a limited company) whose capital is 100% owned by the state, but with a private form of management;

- l'ONP (l'Office National des Postes) which is a public enterprise with a commercial and industrial status; and

- la SCPCE (Société des Chéques Postaux et Caisse d'Epargne), Postal Checking and Savings.

Thus, SOTELMA was created to manage both national and international telecommunications. According to the presidential decree, approved by the Supreme Court of Mali and later transformed into law by the parliament, SOTELMA was given the power, among others things:

- to elaborate the government policies in the sector of telecommunications; and

- to conceive, prepare, plan and execute infrastructure development projects.

To achieve these goals, SOTELMA will retain the monopoly of telecommunications operations in accordance to the existing rules. The state is the sole owner of SOTELMA's capital which stands at CFA 8,792 million.\(^\text{14}\)

As the new law shows, the Malian government, just as its Senegalese counterpart, was unequivocal in its desire to retain monopoly. In the process of implementing the new status, a new organizational structure was recommended by an expert hired with the assistance of the Public Enterprises Institutional Support Program. The expert submitted his report to a special committee appointed to oversee the reform process. After defining the new institutional framework, SOTELMA, with CFA 20 billion of fixed assets and over 1,500 employees, was ready to operate in its new institutional environment.\(^\text{15}\)

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\(^\text{14}\) See Ordonnance No 89-32/P-RM, portant création de la Société des Télécommunications du Mali (SOTELMA) (Bamako: Presidential Palace, October 9, 1989)
Institutional Reform, Services Improvement, and Infrastructure Development

A first assessment of SOTELMA's performances, after a few years of existence, must necessarily take into account the difficulties caused by the specific social, economic and political environment that Mali had to endure during its first two years of existence. The year 1990 saw the birth of SOTELMA, just one year before the Malian revolution which ended the regime of military ruler Moussa Traore and launched an authentic democratic process. In 1992, peace and stability were still precarious because of controversies during the building of the institutions of the "Third Republic" and the delay in setting the economic agenda and initiating recovery programs.

However, it seems that noticeable progress has been made since SOTELMA has now acquired some important tools such as a Telecommunications Development Master-Plan, a National Maintenance Improvement Plan and a Corporate Plan. All of these plans contain the commitment (cahier de charges) vis-a-vis the state, the customers and the employees. The evolution of the number of principal telephone lines shows a remarkable rate of growth through the years 1987-1991 (See Table 6).

In the global context of the institutional reform process, the infrastructure development has not been left out. In 1992, a new automatic exchange was installed to carry the national gateway since Mali never owned such a facility. Another earth station of standard A (with a large capacity) was expected to be operational by 1994. This station is also expected to increase the quality of the international traffic which still provides 70% of SOTELMA revenues.

In terms of annual revenues, the progression is steady and remarkable in the years of reform: 10 billion in 1990, over 11 billion in 1991, and over 12 billion in 1992. Despite the absence of rigorous statistics, it has been established that private business

---

customers are the bulk of the clientele. Another big consumer is the state with which the successive telecommunication organizations have always had difficulty since it is known for its tendency to excessively use the services and to drag its feet when it comes to the payment of its bills. Since the beginning of the Structural Adjustment Program, at least since 1990, the state can be credited for seriously attempting to honor its debts, at least since 1990.

In 1993, SOTELMA had 13,000 subscribers. More than 60% of the subscribers are in the city of Bamako which represent only 8% of the population. The 1987 statistics used for the Telecommunication Master-Plan clearly reveal that 99% of the telephone lines are installed in urban areas against only 1% in rural areas. This is an since 80% of Malian citizens (6.4 million) live in rural areas and shared up to 1988 a surprising total of only 85 telephone lines, among which administration officials lines are included. This situation could be perceived as an extreme case of the "urban bias" theory presented above in Chapter II. It can cast doubts about the seriousness of the commitment to greater access to telecommunications services by rural people.

The Malian network, already faced with traffic congestion, has a waiting list that can vary from one to two years, depending on the new subscriber’s location. Two other difficulties make the situation even more complex. First, the highest number of new telephone line requests come from residential subscribers whose financial rate of subscription, according to telecommunications officials, is so low that it allows little reinvestment. Second, particularly in the case of Bamako, the phenomenon of "spontaneous habitats" (unplanned and often unauthorized housing) ruins any effort of planning and extending the network to new locations. The new telecommunications expansion policy, explained Maiga, is to work with urban planning specialists from the
### TABLE 6

**NUMBER OF PRINCIPAL LINES IN MALI FROM 1987 TO 1991 AND OTHER FIGURES**

<table>
<thead>
<tr>
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<th></th>
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<td>8772</td>
<td>9667</td>
<td>11169</td>
<td>12464</td>
</tr>
</tbody>
</table>

Rate of growth (during active phase of reform)

1989-1990........................................... 15.4%

1990-1991........................................... 11.6%

Other figures:

Number of Public Payphones
December 31, 1991......................... 103

Ratio of Requests of New Lines in Relation to Total Operating Lines............ 27.9%

inception of a new housing project in order to integrate the cabling and routing of the telecommunications network in the initial construction plan.

The quality of telecommunications services is hampered by telephone bottlenecks and congestion which are reached during the early part of the day. This is why the rate of call completion for the international network is only 25%, 70% for local calls and 45% for inter-city long distance calls. The bills are sent out every month in Bamako, and once every two months for the rest of the country. The computerization of the billing system has made it apparently more professional and more reliable. A detailed bill is now available for international calls with indication of the duration, beginning and end, date and number called. The tariff is 70 CFA (roughly 25 US cents)\(^{16}\) for each local call regardless of duration.

The new democratic environment is expected to be more favorable to a redeployment of telecommunication in Mali, as the following comments of Thiemoko Maïga indicate:

I strongly believe that the democratization process works for us. One vital and central sector of our operations such as bill collecting activities was paralyzed by administrative and political interference, and always had low performance. With the advent of democracy, a third power which is the justice system is emerging as an independent force and a recourse against any citizen who fails to meet the terms of our contract.

**Liberalization, Introduction of Competition, and Privatization**

As with Senegal, if one significant step toward liberalization is to gain a real autonomy of management from the state on the one hand, and also to split with the postal services organization, Mali did bring the process to a successful conclusion in 1990. If another important feature of liberalization is the introduction of competition as argued by Noam, Telecommunications in Mali, in a pioneering move had liberalized as early as 1982 the customers premises equipment.

\(^{16}\) These figures might need to be reassessed in the light of the severe devaluation of 50% of the CFA.
As Maiga put it:

We deserve the credit for having opened up the telecommunications market to competition and to the private sector way before many other national systems. Since 1982, we have allowed the private sector to import and sell on the local market telecommunications terminals and to install them for their clients. Installation of intercom system and PABX are also open to competition. The only thing we request before granting a license is to verify a private operator qualifications to perform this kind of activities.17

When reminded that this was a very marginal form of competition which does not constitute in any way a challenge to SOTELMA’s monopoly and strict control of the sector, Maiga tried to explain that the issue of privatization, although attractive, runs into some difficulties in Mali. Due to the fact that Mali is among the world poorest countries, its private sector reflects the general situation and has a very limited financial capability. Telecommunications being a capital incentive sector, the private sector in Mali is handicapped by its own shortcomings.

Although there is some truth in his analysis, the reality is that the issue of privatization is still taboo, especially the privatization of telecommunications which include some other sensitive issues such as security and national sovereignty as stressed by telecommunications officials.

At the time of the field study, value-added services such as paging and cellular telephony did not enter the Malian telecommunications market. Therefore, the issue of allowing the private sector to carry these services was not really a part of the agenda.

Mr Diakite, SOTELMA’s director of Planning, expressed his preference for a sort of Build-Operate-Transfer arrangement with the private sector. He wishes to see the private sector not necessarily compete against SOTELMA, but collaborate toward the achievement of some national goals. For instance, some network expansions although

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17 Maiga, Interview with author.
profitable cannot be carried for a lack of financial means, or because of an over-committed construction program. He therefore suggests that private investors take on the expansion of the network and sign contracts with SOTELMA which allow them to manage the network until they recover their initial investment plus a certain margin of profit before transferring the operations back to the national network operator.18

Mr Djadjji Touré, SOTELMA's chief of the International Relations Division, echoed the same argument, but specified that he would like to see the private sector make some suggestions as how to solve some difficult issues such as rural telecommunications. He observed that often, private investors would be ready to buy the network in the capital within 24 hours but if telecommunications in rural or remote areas were to be privatized, one might not see a rush of private buyers.

**Domestic Factors According to Local Policy-Makers**

Contrary to Senegal, the telecommunications policymakers in Mali do not claim that the reform process was mainly domestic factors driven. The reason of this might be the "visible hand" of both the World Bank, CIDA and the ITU in the Malian Reform process. The three telecommunications officials that I interviewed explained -- without trying to give it special weight -- that the telecommunications system had shortcomings that local experts were perfectly able to identify. Because Mali, during the years of reform, was led by a military dictatorship, partisans of telecommunications reforms certainly had a much tougher situation than their Senegalese counterparts. Reformers in this kind of political situation re generally perceived as opponents who have a hidden agenda.

**Role of The World Bank and SAP in Setting the Reform Agenda.**

The World Bank was a central element in the push for telecommunications reform in Mali. The financial institution literally sponsored the process from 1982 to the creation

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18 Daouda Diakité, Director of Studies and Planning, SOTELMA. Interview with author, December 10, 1992.
of SOTELMA in 1990. As stated above by both Maiga and Babin, "in 1982, the World
Bank was already pressing the Malian leaders to formulate a real telecommunication policy
and to restructure the sector."

In "SOTELMA's Note of Presentation," the relationship between the reform of the
telecommunications system and the general Structural Adjustment Program sponsored and
financed by the IMF and the World Bank is made very explicit:

In the context of the Adjustment Program of public enterprises, concrete
rehabilitation programs have been established with the help of the
International Association for Development (IDA) and other donors and
lenders for the public sectors of water, electricity and telecommunication.
This is why the government has decided to take the following measures in
January 1989 for the Post and Telecommunications Office:

- To create two different entities, one in charge of Postal and
  Financial Services, and the other in charge of
  Telecommunications with the merging of national and
  international telecommunications; and

- To reform the postal checking system and restore its financial
  liquidity.19

International Policy Diffusion and Role of Epistemic Communities

In terms of policy diffusion, Malian telecommunications officials showed a real
awareness of international issues related to telecommunications and development,
telecommunications investment and telecommunications institutional reform. They often
referred to the Maitland reports and to their participation to several ITU or UNDP seminars
or short training programs in which they were updated on the most recent issues in the
sector.

The visible presence of the Canadian consultants and experts in the Malian reform
process, especially in the areas of training (computer and billing), and in the internal
corporate institutional adjustment to the reform, is another sign of policy diffusion and

19 See SOTELMA, Note de Presentation, p.1.
coordination activities. ITU consultants who helped design the Malian Telecommunications Master Plan can be viewed also as deploying some epistemic community activities in Mali.

Overall, Malian telecommunications has undergone some important institutional change. From 1982, when the World Bank first suggested to undertake some reform of the sector to the effective separation of telecommunications and postal operations in 1990, and the creation of SOTELMA, Malian telecommunications has gone through 8 years of change, policy formulation, and significant infrastructure development. These changes made the rate of telephone penetration at last quantifiable.

One particularity of telecommunications reform in Mali is its evolution under an authoritarian regime that was ultimately toppled in 1992. Most of the reform agendas in the 1980s were carried through the World Bank and IMF economic adjustment programs. Telecommunications reformers did not have the latitude to express ideas against state control of their sector as was the case for their Senegalese colleagues. This might explain why the telecommunications reform agenda is so clearly entangled with World Bank recommendations and directives.

I can call the Malian institutional reform minimal because it did not actually plan to go farther than the new institutional setting. If in Senegal and Ghana privatizing the telecommunications organizations in the foreseeable future is conceivable, in Mali, the idea was not even entertained during our field trip interviews. Besides the liberalization of the customers' premises equipment "since 1982" insisted the Malian authorities, there are no serious plans to allow serious competitions on other significant services.

A telecommunications regulatory body is also not on the agenda of Malian authorities due to their attachment to their Francophone traditions. SOTELMA capital is 100% controlled by the state, and in total control of Malian operations and policies.

If SOTELMA has at least achieved an important step toward more liberalization which is the effective separation between post and telecommunications, Ghana Post and
Telecommunications is still at the stage of separation, although much more advanced in other important issues such as total privatization.
CHAPTER VII

INSTITUTIONAL REFORM OF TELECOMMUNICATIONS IN GHANA

CONTEXT

Ghana: A Country Profile

The name Ghana by itself is a symbol for many Africans. Kwame Nkrumah's Ghana, the first independent nation of black Africa and strong advocate of "United States of Africa," continues to enjoy, despite conflicting assessments of her evolution, the magic of her emblematic name. Wedged between Burkina Faso to the north, Togo to the east, Côte d'Ivoire to the west and the Gulf of Guinea to the south, Ghana occupies an area of 239,456 Km² in West Africa.

Ghana was granted independence within the Commonwealth on March 6, 1957, and thus became the first British dependency in sub-Saharan Africa to achieve independence under majority rule. Dr. Kwame Nkrumah, the Prime Minister of the former Gold Coast since 1952, became Prime Minister of the new state. Ghana became a republic on July 1, 1960, with Dr. Nkrumah as President. In 1964 the country became a one-party state, in which the Convention People's Party, led by Dr. Nkrumah, was the sole authorized party. On February 24, 1966, Dr. Nkrumah, whose overall policies had caused increasing resentment, was deposed by the army and police.


The coup leaders established a governing council, known as NCL. In April 1969, following disputes within the ruling NLC, Brig. Akwasi Afrifa took over, and a new Constitution, which established a non-executive presidency, was introduced. In legislative elections, which took place in August, the Progress Party (PP), led by Dr. Kofi Busia, won 105 of the 140 seats in the new National Assembly. Dr. Busia was appointed Prime Minister, and the PP Government took office on October 1, 1969. A three-man commission, formed by NCL members, assumed presidential power until August 31, 1970, when Edward Akufo-Addo was inaugurated as civilian President.3

In May 1979, junior military officers staged an unsuccessful coup attempt. The alleged leader of the conspirators, Flight-Lt. Jerry Rawlings, was imprisoned, but was subsequently released by other officers. On June 4, he and his associates successfully seized power, amid popular acclaim, established the Armed Forces Revolutionary Council (AFRC), under the leadership of Rawlings, and introduced measures to eradicate corruption. After an unsuccessful attempt to return power to civilian politicians, Rawlings staged a second coup in December 1981, and has been in charge since then.

Ghana is divided into 10 administrative regions and still uses the language of Shakespeare as its official language together with national languages like Ga, the dialects of Akan, Ewe, Hausa and Dagbani. According to UNESCO estimates, the average rate of adult illiteracy in 1990 was 39.7% (males 30%; females 40%). The population of Ghana has almost doubled in one generation from 6.7 million inhabitants in 1960 to some 12.3 million in 1984. Today, the population has reached 16 million and is expected to be 23 million in the year 2005.

In 1992, "according to estimates by the World Bank, Ghana's GNP measured at average 1990-92 prices, was US $7,066m., equivalent to $450 per head....Agriculture (including forestry and fishing) contributed 48.6% of GDP in 1992. An estimated 48.7%  

3 Ibid.
of the labor force were employed in the sector in that year. The principal cash crops are cocoa (Ghana being one of the world's leading producers), coffee, bananas, oil palm, coconuts, limes, kola nuts and sheanuts (karite nuts). "4

Europa World Year Book adds: "Industry (including mining, manufacturing, construction and power) contributed 17% of GDP in 1991, while manufacturing contributed 10% of GDP in 1991. The most important sectors are food processing, textiles, vehicles, cement, paper, chemicals and petroleum. The principal source of imports was the United Kingdom (41.4%) which was also the principal market for exports (36.9%). Ghana's total external debt totaled US $4,275m. at the end of 1992...Ghana's economy has been adversely affected by political instability and mismanagement. Since Ghana is primarily an agricultural country, the economy is also vulnerable to unfavorable weather conditions and to fluctuations in commodity prices."5

Today, the economy of the country is going through the famous "Economic Recovery Program" (ERP) under the auspices of the World Bank and the IMF.6 The Structural Adjustment Program in Ghana has been hailed as a success story in terms of restoration of macroeconomic equilibrium, and, above all, in terms of reduction of inflation and initiation of a process of growth (5% annual growth since 1983).

It is within the context of this program of reform of its public sector that the Ghanaian government with the help of the World Bank and Japan, among others, began in 1983 an ambitious program of rehabilitation and reform of its telecommunications system.

It should be noted that this was Ghana's second attempt as reforming its telecommunications. In 1974 Ghana's telecommunications and postal organization was

4 Ibid., p. 1287

5 Ibid.

6 See the systematic account of the Ghanaian reform experience and its ten years Structural Adjustment Program by Herbst, The Politics of Reform in Ghana.
corporatized. However, the creation of GPTC (Ghana Posts and Telecommunications Corporation) did not have the significance the concept of corporatization has today.7

History of Telecommunications Infrastructure Development

The history of telecommunication in Ghana has been poorly documented as was the case in all the countries that were researched. In a study by Mr. J. K. Gyimah (a former deputy director General of GPTC),8 one can find elements spanning the history of telecommunication from 1881 to 1974 in two lines. Fortunately, Mr. Salia, the Ghanaian minister of Transport and Communications has attempted to fill this gap by providing an account of this period.9

In 1881, the British colonial administration installed the embryo of a telegraph and then later of a telephone system with the primary goal of satisfying its own needs in coordinating its administration of the colony. The following is a summary of that period by Mr. Edward K. Salia:

[I]n 1881...the first telegraph line was installed between Cape Coast, which was then the capital city, and Elmina. The line was 8 km. long used in transmitting messages to other European settlers in the Elmina Castle by the Governor of the then Gold Coast... However, public telecommunications network in the country began in 1882 with the construction of a four km. telegraph system between Christianborg and Victoriaborg, both in Accra [now the capital of Ghana]. By 1912, that is, 30 years later, 48 telegraphic offices connected by 2,387 km. of open wire lines were established in the country. The first telephone exchange was opened in Accra in 1890 with a

7 The strict control of GPTC and continued political interference by the government throughout the years of corporatization until the beginning of the reform process in 1983, proves that the corporatization of GPTC in 1974 was not the result of a move towards real administrative autonomy, a private enterprise style of management, and liberalization.

8 Mr. Gyimah seems to be a major person-resource about telecommunications in Ghana as many officials testified during my field study.

9 This presentation of the history of telecommunications in Ghana was provided by Mr. Salia as part of his speech delivered at “AFCOM 93” the Second US-Africa Telecoms and Broadcasting Conference held in Washington, DC., September 15-17, 1993.
total capacity of 70 lines...[B]y 1914 telephone exchange were established
in four cities with a total capacity of 149 lines with 70 subscribers.10

As with the rest of the world, the two World Wars considerably slowed down economic
activities and infrastructure developments including telecommunications expansion. In the
post-war era, between 1950 and 1960, "the number of telephone stations increased from
6,000 to 24,000 and the first automatic telephone exchange was installed in Accra [the
capital] in 1953. . . ."11

Between 1963 and 1968, Ghana, which had been independent since 1957,
introduced direct access telephone networks to link the regional capitals. "Demand was so
high," observes Mr. Salia, "that the government at that time launched the First
Telecommunication Modernization and Expansion Program with assistance from Japan, the
World Bank and the African Development Bank. . . . By 1972, a total of 17 Automatic
Exchanges with Subscriber Trunk Dialing facilities, linked by wide-band microwave and
VHF transmission systems had been constructed throughout the country."12

Telecommunications in Ghana relied for a long time on a wire line system. The
important number of manually operated posts (350 to 360) offered the possibility of
covering even the most remote parts of the country. However, states Mr. Hermannn
Wernet, a German national, key figure and appointed supervisor of the reorganization of
telecommunications in Ghana, "the lack of awareness of the importance of
telecommunications explains the poor maintenance and constant deterioration of the
network."13

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10 Edward K. Salia, "Telecommunications in Ghana," *Africa Communications* (November/December

11 Ibid., p.21.

12 Ibid.

As in many African countries, a problem encountered here was the theft of the copper wires of the overhead telephone lines, for the making of bracelets. This eventually created a situation where the gradual disappearance of installations and their non-replacement only allowed intra-regional communication since connections between various zones were the worst affected. Towards 1986, a general inspection of manually operated posts showed that out of the 360 initially installed only 50 were barely operational.

The international telecommunications services network, based on narrow band undersea cable was gradually changed: "a digital international telephone exchange, commissioned in October 1988, and a new Telex Exchange, commissioned in May 1992, serve as international gateways. The traffic routing is via a Standard A Satellite Earth Station installed in August 1981 and rehabilitated in 1989."\footnote{Salia, p.22.}

**Prologue to the Institutional Reform of Telecommunications**

In 1974, the Department of Posts and Telecommunications was transformed from a ministerial department, the "Civil Service Department of Posts and Telecommunications," to an incorporated public enterprise, Ghana Post and Telecommunications Corporations. Under the new jurisdiction, Ghana Posts and Telecommunications was administered by a board of directors appointed by the government. The telecommunications wing "provides the following internal and external telecommunications services: telephone services, telex and fax services [as well as] the transmission of television and radio programmes of the Government-owned Broadcasting Corporation (GBC)."

Following the 1974 reorganization of the telecommunication sector, Ghana launched a major program of investment and development in 1975, with loans negotiated from different partners of multilateral and bilateral financial institutions. Four large projects constituted a significant effort to renew and boost telecommunication in Ghana:
1) A project known as "The World Bank Project" undertook the rehabilitation and expansion of the telecommunication network;

2) A second project was named "Combined Project of Satellite Earth Station and International Operations Center";

3) The third project was the construction of the Ghanaian section of the PANAFTEL network; and finally

4) The fourth project was aimed at the rehabilitation of wire transmission lines and was baptized "OECF Project" (Overseas Cooperation Fund of Japan).

These projects, grouped under the umbrella of what has been called the FTP (First Telecommunications Project), amounted to 76 million dollars. FTP "put in place 12 electronic exchanges throughout the country ... a telex switch ... a satellite gateway and an extensive network of radio links. FTP ... made possible ... transmission of TV programmes ... throughout the country and also provided international communications to overseas and neighboring African countries. Thus FTP constitutes the basic telecommunications infrastructure [of Ghana]...."\textsuperscript{15} See Table 7 for the evolution of telecommunications services in relation to economic conditions between 1980 and 1987.

FTP was followed by the STP (Second Telecommunications Project) with an estimated cost of 173 million dollars over the period 1987-1994. There were two main objectives for the STP: 1) to continue the rehabilitation, expansion and modernization of the network that began with FTP; and 2) to finance the institutional reform of the sector.

The funds already disbursed (some 50 million dollars) has allowed among other things:

- the installation of an international telephone switch;
- the rehabilitation of the earth satellite station;
- the renewal of the cable network in certain parts of Accra;

## Table 7: Ghana Posts and Telecommunications Corporation

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number of Telephone Lines</th>
<th>Total Number of Telex Lines</th>
<th>Total Revenue (Thousand Cedis)</th>
<th>Total Population (Millions)</th>
<th>GDP per Capita*</th>
<th>Average Exchange Rate (US$) to Cedis</th>
<th>Total GDP*</th>
<th>At Current Price (M Cedis)</th>
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Note: GDP per capita in U.S. has been converted from the original currency, Ghana Cedis. Average exchange rate at 1975 is US$1 to 1.15 Cedis. DEL = Direct Exchange Line.

• the installation of radio wave telephone equipment in rural and isolated areas;

• the acquisition of a 500 line telex switch; and

• the completion of two key documents: The Master Plan for telecommunication and the Enterprise plan for telecommunication.\(^\text{16}\)

The Master Plan for telecommunication prepared under the auspices of the Ghana Posts and Telecommunications and Nippon Telecommunications was published in 1988. It is an essential document in the institutional reform process and in the revival of telecommunication in Ghana. The Master Plan provided a general direction for short, medium and long term goals and set the pace for reform, modernization and development of networks and services. The Master Plan coincided with the coming into effect of the STP. Its final objective is the restoration and rehabilitation of the network that has deteriorated alarmingly despite the partial automatization effected in 1986, the renovation of the operational centers with analogic control and the reinforcement of total exchange capacity with the arrival on line of the PANAFTEL network.

On the other hand, the "Corporate Plan" drawn up with the help of British consultants establishes even more focused objectives for the reform agenda and the planned new telecommunication entity. This plan covers the period 1990-1994, and contains financial projections and organizational imperatives crucial to the present phase of telecommunication in Ghana.

This phase is also characterized by the presence in the strategic position of the supervision of reorganization operations of two new bodies (one for posts and another for telecommunications) of a German organization called DETECON whose representative Mr. Hermann Wernet, in his capacity as project leader, plays an important role in the current process. DETECON (Deutsche Telepost Consulting) is a subsidiary of the Deutsche

\(^{16}\) *Ibid.*, p.3.
Bundespost specializing in telecommunication and postal services (management, organization and technology) mainly for organizations or public entities in charge of national telecommunication networks. The World Bank suggested the integration of DETECON consultants into the transitional structures of Posts and Telecommunications and their appointment as heads of a PMU (Project Management Unit) at the beginning of the operation.

THE REFORM AGENDA

The New Institutional Setting

A notable difference between Ghana and the other countries studied is not only the corporatization of telecommunication in Ghana since 1974, but also the somewhat advanced process of liberalization of the sector. In Ghana, two national entities, "Ghana Post and Telecommunications and Ghana Broadcasting are responsible for the provision of telecommunications and broadcasting services respectively."

After focusing through different investment programs on the rehabilitation of the network and the implementation of the provisions contained in its telecommunications Master Plan, Ghanaian authorities devoted more attention to the institutional reform itself. Several steps were quickly taken to unfold the reform agenda. First, the government recommended that consultations take place to study and propose different reform options. To meet such a goal, the Ministry of Transport and Communication called a national workshop from April 19 to 21, 1993 in Accra. This gathering, very similar to the “Journées Sénégalaises des Télécommunications,” focused essentially on “policy options to reform the sector.”

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17 ibid., p.1. This is a Ghanaian specificity since in Senegal and Mali, broadcasting activities are just part of the regular duties of the national telecommunications organizations. In Ghana, broadcasting operations are detached and independently run by a different organization of telecommunications engineers.
As Mr. Salia reported, "the deliberations at the workshop drew upon the advice of international experts regarding practical aspects of the liberalization experience in other countries, principles of institutional reforms and regulatory development and technological options. I must admit that the adoption of the conclusions of the workshop marks a watershed in the development of telecommunication services in Ghana."\textsuperscript{18}

Two observations made during the workshop were particularly influential in the Ghanaian authorities' decision about the reform process. One observation was that the private provision of telecommunication services and the private management of its infrastructure accompanied with "transparent and fair regulatory systems" were spreading in both developed and developing countries and deserved consideration. A second observation insisted that if it retains ownership of the telecommunications industry, the government of Ghana would need to make a massive investment to expand and upgrade the networks.

Since the government was limited in its ability to provide all the required resources, "private sector participation has been considered essential for the provision of management skills, technology and finance in the provision of telecommunications services. In order to attract such private sector participation, the country is putting in place the necessary policy and regulatory frameworks to create an enabling environment for private sector investment in the telecommunications sector."\textsuperscript{19}

Following the recommendations of the workshop, an important measure of institutional reform was taken by immediately splitting "the corporation into two separate entities of Postal Division and Telecommunications Division and the subsequent strengthening of the Telecommunications Division to enable its to enter into joint-ventureship with a suitable and capable private operator or service provider

\textsuperscript{18} Salia, p.24.

\textsuperscript{19} Ibid.
organization.” This call for private sector participation will be extended to all major “telecommunications infrastructure and services providers worldwide” once the modalities of the joint-ventureship have been clarified.

Practical measures have been taken to split the assets of the old GPTC and to prepare for effective separation. This process was expected to be completed by December 1993. It seems that the deadline has not been met, and the preparation for the two new entities, Ghana Telecommunications Corporation and Ghana Postal Services, is still in process.

Other components of the institutional reform agenda include the setting-up of a “multi-disciplinary advisory committee including the private sector” in charge of the review of “each stage of the proposed telecommunications sector reform program.” A new telecommunications law will be enacted which will set out “general government objectives in the sector with regard to the private sector participation, reconstitution and the P&T corporation towards commercial and operational autonomy…” A National Communications Commission (NCC) "to regulate among others licensing, tariffs, interconnections, frequency management, technical standards, etc.” will be created by law.

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20 **Ibid.** The Minister of Transport and Communication calls the move towards the private sector as a search for joint-ventureship. However, three months before his declaration, a journal article had put in the mouth of the powerful Ghanaian minister of Finance and pillar of the Economic Recovery Program, the statement that Ghana Post and Telecommunications Corporation was up for sale (i.e. privatization pure and simple). This is how it was reported: “Botchwey [Ghanaian Finance Minister] stressed that there will be no sacred cows in the government’s divestiture programme. A number of state-owned enterprises previously classified as strategic and therefore reserved to the state, have been put up for sale. They include the Tema Oil Refinery, the Post and Telecommunications Corporation, Ghana Airways...” See Jon Offei-Ansah, “Ghana Pitches for UK Business,” *AED-African Economic Digest* (July 12, 1993), p. 5. The statement was made on July 6, 1993 in London during a conference of the Finance Minister addressing British private investors. However the Deputy Director of Ghana Broadcasting Corporation seems to reconcile the two approaches by signaling that overall the government has recognized the need to privatize our telecommunications organization. Politically we are moving fast. Once Telecom is a separate entity from the postal services, it will be thrown in the competition for privatization. This should be by July 1994. A special task force has been set-up to answer questions such as: how do we want to privatize our telecom, what percentage the government will retain or whether everything should go private...So far the consensus has been that we do a joint-venture with some common carriers such as AT&T, BT or France Telecom. By the end of 1994, we should be close to getting privatized.” Recorded answers to author’s questionnaire, November 1993.
Finally the telecommunication sector will be opened up to “active private participation after the enactment of the above two laws.”

In the meantime, because of the liberalization of equipment and services, some private companies have already obtained licenses to install and manage equipment and terminals for subscribers including PBXs. Furthermore, some private companies operate cellular telephone and paging networks. These companies obtain radio frequencies which are controlled by the Ghana Frequency Registration and Control Board.

Institutional Reform, Services Improvement and Infrastructure Development

In terms of basic services, the reform program and the network rehabilitation enabled the setting up of 30 public pay phones (cardphones) for international calls, introduced direct access to the United Kingdom and the United States and increased the ratio of working direct exchange lines from 60% in 1987 to 89% in 1992. Moreover, in terms of concrete improvements of the service, international circuits have been increased from 41 satellite units in 1988 to 193 satellite circuits and 84 land circuits in 1992. In the area of data banks, today it is possible to access a telex service that is connected to data bank sources, especially in the United States. At the end of the STP in 1994, expectations are that 60 exchanges should be fully operational and connected to 77,000 main telephone lines. Revenue estimates are 25 billion cedis in 1994, compared to 17.3 billion in 1992, that is a 40% increase.

According to the June 1993 figures, Ghana telecommunications currently manages 48,413 direct exchange lines with represents a telephone density of 0.31%. The company also operates 917 telex units. Traffic congestion is still quite high since more than half of

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21 All the quotes in that segment are from Salia, p.25.

22 However the completion rate for incoming international calls is only about 26 percent. See Salia, p.23.
all international calls are unsuccessful (success rate of 46.5%). The average waiting period for operator assistance has decreased for 8% of internal calls and 16% of international calls.

Before 1988, the length of wait for a connection was quite unreasonable, almost 30 years. Mr. Wernet seems to be much more optimistic today since he can foresee that the current five-year program of investments will make it possible to satisfy all applicants who are presently on the waiting list. This will reduce the wait to about 5 years. Furthermore, he asserts that infrastructure improvement will meet more than the currently expressed demand by a large margin. In his estimation, the main problem is the poor quality of maintenance which reduces operational lines to 60% of total capacity and prevents the optimum utilization of existing capacity.

The current billing system is also the object of special attention in the institutional reform agenda. Formerly, all billing information was gathered and centralized in Accra before being handed to a private company which operates computers capable of handling information about 50,000 clients records, and sends the bills out every month. Only international calls are detailed (date, duration, start and end of call time, number called and price of service).

During the so-called transition period, and within the scope of duties established by the Second Telecommunications Project, current managers have taken the responsibility for billing of local operations while a private company still manages international calls. An electronic data processing center is being built on the site of the future telecommunication company. This center will manage all questions of billing and internal management of financial resources and put an end to the need for sub-contractors. Human error in registration and accounting services to clients will be reduced by the digitalization expansion of the networks. In fact, terminals installed at the regional operational centers will send their information to computers in Accra that will be responsible for the analysis of national data.
In terms of constraints on the development of telecommunications, according to an anonymous source, certain government departments owed unpaid bills estimated at several billions of cedis. In addition to this, some customers fall into the category of "non-billable" because they are "non-traceable," and sums of money are considered to be "non-collectable" because they are "non-provable." It even seems that there is no set of rules applicable to defaulting clients; for example, there is no systematic policy or rule-based criteria of automatic interruption or suspension of service. Situations are treated on a case by case basis in the absence of standard procedure. Politicians not used to the new "policy culture" still try to interfere as they did in the past by requiring the extension of telephone services to their constituencies without any coherent financial justification." These facts, in addition to the heavy devaluation of the local currency, have resulted in telecommunication in Ghana not being as profitable as it could be.

Liberalization, Introduction of Competition, and Privatization

Although Ghana has not completed the usual first step toward liberalization which is effective separation of postal and telecommunications services, it is far ahead (of Senegal and Mali) on the issue of liberalization. Ghana has already given up the provision of certain value-added services to private sectors operating in the areas of mobile and paging networks. In addition, since 1988, "[Ghana] P&T Corporation has liberalised the mode of acquisition and servicing of Subscriber Terminal Equipment, including PABX. Private Communication Centres have been established by private entrepreneurs to provide public call offices."23 The Communication Centres seem similar in their principle and operations to the "Télé-centres" of Senegal.

Millicom Ghana Ltd., a private company, has been licensed to operate cellular telephony. Ghana Post & Telecommunications itself is in the process of evaluating a

proposai aimed at involving it in "a joint venture to provide cellular telephony with the aim of complementing the efforts of Millicom Ghana Ltd."\textsuperscript{24}

Ghana is also more advanced on the privatization debate as shown above. Even before a total privatization was contemplated, the former Deputy-Director General of GPTC, Mr. Gyimah, had made a suggestion which proves that the issue was given a serious reflection. He wrote:

In our environment where telephone density is low, it is proposed that the type of privatization to be considered should take the form of private investment in Ghana Telecom, a new entity to be responsible for telecommunications. In this connection, it is further proposed to have a three-tier ownership of the telecommunications business, namely by government, private entrepreneurs/investors and current employees of the business.\textsuperscript{25}

Ghanaian authorities seem to have gone even further in their privatization strategy since, once the separation is completed, Ghana Telecom, may be put up for sale to the private sector.

DOMESTIC AND EXTERNAL FACTORS IN THE REFORM PROCESS

Domestic Factors According to Local Policymakers

In Ghana where the link between telecommunications reform and the general Economic Recovery Program is made explicit in official statements, domestic factors are seen as being the general context of the Ghanaian severe economic crisis and the poor performance of GPTC.

Ghana's "Economic Recovery Program," enthusiastically supported by the World Bank and the IMF, and often cited as an example to other African countries, included a component dealing with the improvement of the communications and telecommunications sector. This is why the current process of reform has been dated back to 1983, although it

\textsuperscript{24} Ibid.

\textsuperscript{25} Ibid.
has gained more focus in 1987 with the completion of the Telecommunications Master-Plan, and a greater momentum since 1992 with the active process of separation of postal and telecommunications activities.

If the visible hand of the World Bank could have prevented Malian authorities to claim a larger share in initiating the reform process, this would be even more remarkable in the Ghanaian context.

Role of The World Bank and SAP in Setting the Reform Agenda.

If the World Bank has been an important partner of Ghanaian Telecommunications even before the reform era, it has been even more involved in the current institutional reform agenda. In all the GPTC publications, reference to the crucial role of the World Bank in financing and even monitoring the reform agenda is made clearly.

As stated above, the World Bank has set up a PMU (Project Management Unit) integrated into the headquarters of GPTC, with offices and an important decision making power. Mr. Wernet, a telecommunications reorganization specialist from the German firm DETECON, is the coordinator of the PMU and operates as an expert-resident. He oversees disbursements and monitors the progress in the institutional reform and makes policy recommendations to the World Bank and to the Government of Ghana.

A "Quarterly Progress Report" is published, under the supervision of Mr. Wernet, to directly report to the World Bank the progress of different operations of the institutional reform agenda.

The GPTC "Corporate Plan: 1990-1994" perfectly summarizes my argument about not only the World Bank's involvement in the Ghanaian reform process but also the clear linkage between telecommunications reform and structural adjustment policies:

The task to produce the Corporate Plan was part of an assignment within the consultancy services to prepare a project for the physical rehabilitation and the institutional development of the telecommunication sector. The services were funded from an advance by the International Development Association
(IDA) for the Second Telecommunications Project. . . . Under the terms of the World Bank Structural Adjustment Loan, [the Government of Ghana] has agreed that corporate plans should be prepared for all the major parastatal organizations in Ghana. Ghana Post and Telecommunications is expected to produce a five-year corporate plan, against which performance is to be monitored through the revived State Enterprises Commission (SEC). 26

International Policy Diffusion and Role of Epistemic Communities

Because of the scope of its general reform program, international policy diffusion seems to be fully at work in Ghana. An abundant reform literature has been specially devoted to the Ghanaian experience which seems to fascinate many observers of adjustment programs. Such a literature conveys views expressed by the epistemic community of liberalization and privatization advocates and the Ghanaian policymakers are generally aware of such interest and various analyses of their experience from outsiders.

The sort of "open invitation" policy of Ghanaian telecommunications authorities explain why "international experts" were invited to attend the 1993 National Worship on telecommunications reform policies. These experts, as reported by the Ghanaian minister of Transport and Communications, shared their views on "practical aspects of the liberalization experience in other countries, principles of institutional reforms and regulatory development and technological options." 27

In addition, Mr. Wernet, with whom I had lengthy exchanges, is himself this kind of itinerant expert, described in the "epistemic community theory", who after being involved in the reform of Zambian Telecommunications, was asked by his consulting organization (DETECON) to serve in Ghana as the coordinator of the reform process.

Ghanaian telecommunications experts themselves have been the object of a serious interest because of the richness of their country's reform experience. For that reason, they


also travel around the world to present their vision. During these transactions, they also get exposed to policy diffusion activities.

Last but not least, because of the very special relationship between the World Bank and Ghana, activities of policy coordination between the two partners are numerous and certainly carry a "policy dialogue." "Policy dialogue" is the World Bank's appellation of what the epistemic community theory would call "policy coordination."

Institutional reform of telecommunications in Ghana follows overall a seemingly contradictory path. The reform process in Ghana which started early in 1983 is still dragging its feet in terms of achieving concrete separation between post and telecommunications entities. But at the same time, what may be called "advanced issues of the reform process" such as privatization are practically a part of the agenda of Ghanaian reformers.

Telecommunications reform in Ghana is clearly benefiting from the general favorable status and credibility of the Ghanaian macro-economic reform program. That is why, it is closely monitored by the World Bank with a system of "Quarterly Progress Report" which is unique to the Ghanaian experience.

Although last in the three case studies in terms of practical institutional separation, Ghanaian telecommunications with its planned independent regulatory body, and its openness to partial or total privatization might be a step forward and an example of a daring attitude in telecommunications reform.
CHAPTER VIII
CONCLUSION

I. Findings and Discussion

The first research question of this study was probing the significant changes that occurred during the process of institutional reform of telecommunications in the three selected countries (Senegal, Mali, and Ghana). Using case-study methods, I have documented the following significant changes by showing that:

1) The institutional reform of the telecommunications sector was a reality still unfolding in all three countries, with a progressive inclusion in the agenda of some important issue of liberalization or privatization;

2) The reform has not been significantly extended to regulatory issues since a regulatory authority has not been established in any of the three countries; and

3) Some positive impact of the reform has been evidenced by service improvement and significant infrastructure development, along with some institutional change (corporatization and "société d'état" status).

The following is a summary of the specific findings of this dissertation.

If a first significant step towards effective liberalization is the autonomy from direct state control and the separation between postal operations and telecommunications operations, this was carried out at different rates and on different schedules in the three countries examined. SONATEL was already set up in 1985 as an autonomous structure.
Mali did not bring the process to an end until 1990, and Ghana is in the midst of the separation process.

Ghana, however, is doing more on the issue of liberalization by allowing for the provision of certain value-added services (mobile and paging networks) by the private sector, in addition to the resale of equipment terminals and their installation. In Mali, liberalization in the area of equipment dates back to 1982, whereas in Senegal, the resale of telephone services to private hands through "telephone centers" is gaining some degree of success.

In Ghana, Mali, as well as in Senegal, one can hardly talk about real competition since the national telecommunication company retains the basic services operations and allows private companies only to provide value-added services to a small segment of the customers which can, for instance, afford mobile telephony. One can refer to real competition only when the same service or product is provided by different entities, thus allowing some form of choice. Furthermore, competition presupposes that the actors are free of certain institutional constraints when in fact SONATEL, SOTELMA and GPT still hold a monopoly over telecommunications networks and all the various operations granted them by law, and their "competitors" often owe them their existence to the telecommunications monopolies which grant licenses to private operators.

Only Ghana's desire to privatize is clearly stated. In Senegal, the independent press claims that the government is now ready to privatize all public utility companies including SONATEL. There has been no denial by public authorities so far.

Concerning the issue of a regulatory body, in Mali, a "Haut Conseil de la Communication" (High Council for Communication) exists, and in Senegal a "Haut Conseil de la Radio-Television" (High Council of Radio-Television), it is perhaps time to broaden the perspective by integrating telecommunications among the issues at stake in the
national communication systems. In Ghana, it has been agreed to establish a National Communications Commission which will be in charge of regulatory activities.

By documenting these different features of the reform process in the three countries, this study has described the existing structures, their performances and constraints, and also raised issues for future debate such as the treatment of liberalization and privatization issues. Moreover, using a comparative analysis, I can draw some significant lessons by contrasting the reform experience of the three countries.

Lessons from a Comparative Analysis of the Three Countries

For the purposes of this study, several levels of comparison can be identified and applied:

1) Between two countries: Senegal and Mali (both Francophone countries);

2) Between Senegal and Mali (the Francophone experience) and Ghana (the Anglophone experience);

3) Between the management skills, the efficiency and the handling of constraints of the three public telecommunications organizations (SONATEL, SOTELMA, GPT); and

4) Between the institutional reform experience of the three countries.

Senegal and Mali have two distinctive similarities which make their comparative analysis attractive. Both countries inherited the French administrative traditions of large public sector management as part of their colonial legacy. The two countries also share a common cultural, socio-political and historical space since they belonged to the same sphere of Mandingo cultural influence and political control centuries before the French takeover. Finally, these two countries were, in the early days of independence, united in the same federation, under one government and one flag.
In comparing the two countries’ telecommunications reform experience, one realizes that Senegal has had, overall, more significant outcomes in terms of infrastructure development, and financial and managerial autonomy for SONATEL. The causes of these different outcomes are numerous. First, Senegal benefited from an important head start in telecommunications infrastructure, since the country was the center and the main base of the French colonial system in West Africa. Ports, roads and an embryo of telecommunications infrastructure existed in Senegal as a result of its "privileged" position. Second, Mali started its nation building experience by a strongly planned economy under the socialist regime of Modibo Keita, before being thrown into 23 years of strict military rule. Senegal, in the same period, was promoting a more democratic environment with a multi-party system and a pluralistic media system. Such a political and institutional background was more hospitable to the efforts of the Senegalese telecommunications reformers. Third, the reform process in Senegal was jump-started by the "Journées Sénégalaises des Télécommunications," which gave an impetus to the process as a conscious and domestic push for telecommunications reform. This type of process did not take place in Mali, where external factors obviously played a larger role in supporting the efforts of national telecommunications reformers.

Compared to the Ghanaian experience, the reform processes in Senegal and Mali do not present too many differences as one could have expected considering Ghana’s Anglophone heritage. One reason may be the strong commonalties in the way African countries have attempted to build a modern state and in the deep political and economic crisis (as shown in Chapter 2) which resulted from that process and which explains the adoption of SAP for quasi-similar reasons by African countries of different colonial experience. The power structure (often characterized by personal rule), and its concrete mechanisms of operations (mismanagement and entertainment of courtisans and rent-
seekers), are not very different from one African country to the other regardless of their British, French or Portuguese administrative traditions.

Another reason for the similarities may be the fact that all three countries shared the same cultural sphere of influence and historical proximity, which may be more deeply rooted than their assimilation of the different European former colonial masters' teachings.

These remarks need not, however, be over-emphasized since there are also significant, though not overwhelming, differences between the three countries one can legitimately trace back to their colonial legacy. The most obvious difference is the concern expressed by the Ghanaian reformers to have an independent regulatory body. As stated above, this concern is rooted in the "check and balance" tradition (which is today part of the Anglo-Saxon heritage) not quite visible in the French style of governance. This may explain why Senegal and Mali do not even mention the notion of an independent regulatory body in their reform agenda.

This difference may also help understand why Senegal and Mali, following the French tradition favoring a strong public service and nationalization of vital sectors (airlines, railroads, posts and telecommunications, etc.), did not enthusiastically embrace the discourse of privatization as Ghana did. Overall, issues of liberalization, have been met with a cautious and slow response in Senegal and Mali, while Ghana does not seem to resist these policy options. This may be credited to the new macro-economic environment in Ghana created by its Economic Recovery Program, unique in Africa in terms of successful outcomes at least within the measures favored by the World Bank, the IMF and other international lending agencies.

In terms of management skills, efficiency and handling of constraints, SONATEL appears to do better than its Malian and Ghanaian counterparts. The cause of such outcome, besides the more favorable political and economic environment of Senegal in the
1980s (severe military dictatorship in Mali, and tough economic measures of recovery and austerity in Ghana), some credit should be given to the team of young managers who took over the management of the telecommunications system in Senegal. Their backgrounds (trained in France and in the US), form of training (telecommunications and business) and their method of pushing for the reform agenda and capturing key leadership positions in the telecommunications organization, are quite similar to the actions undertaken in South Africa by the group of young telecommunications reformers (also engineers and managers) identified by Horwitz.

The situation provided SONATEL an edge in terms of management skills and search of efficiency. A certain sense of initiative may also explain why SONATEL's managers do not view privatization as the only or the major response to the problem of telecommunications expansion as it is in the case in Ghana.

Ghanaian officials present their option for privatization as a potential way of handling constraints related to the limited government resource in providing "management skills, technology and finance [for] telecommunications services." (See Chapter 7). The same constraints also existed Senegal and Mali, but were handled differently. In Mali, the assistance of bilateral aid organizations such as CIDA, or multilateral organizations such as ITU or UNDP were often used to face these constraints, SONATEL in Senegal developed a different approach. The new managers believed that exhibiting high management skills would provide them with significant leverage with international private investors and the trust and enthusiasm of public aid donors. They reorganized and "commercialized" SONATEL's operations (with a 100 billion CFA initial investment plan). They also took over the engineering part of their network expansion program, making a significant saving of 8 to 10% of the projects' investment previously paid to European sub-contractors. After having been praised as an example of success in terms of management skills by lenders,
SONATEL leaders were then able, as reported by Touré, "to decline offers of fresh credits when the interest rate was above 9%." This, of course, is evidence of some achievement.

SOTELMA officials also seem to record some significant improvement in management skills although, they still like to praise SONATEL as a model of what they are trying to achieve in Mali. To be fair, one may add that GPT managers' skills are difficult to assess, since their corporation has entered a transitional phase which has not been concluded yet. Therefore, Ghanaian telecommunications leaders, relieved of the weight of postal services, did not have the opportunity like SONATEL, launched in 1985, to perform and prove their managerial skills as independent operators of commercial telecommunications operations.

Another way of drawing lessons from the three countries is to reflect on their institutional reform experience. Overall, Mali seems to show evidence of a stronger commitment to remain in the public domain. One reason of this assessment is that the 1990 statutes of SOTELMA clearly stipulate that the capital of the corporation has to be "100% state-owned." On the contrary, SONATEL's capital, since its inception in 1985, was mandated to be 51% Senegalese government controlled. In Ghana, the government is even more open on the issue of financial control since GPT is currently engaged in a privatization program.

Mali does not seem to contemplate a total or partial privatization in the provision of certain telecommunications services, while SONATEL might soon be up for privatization as explained in Chapter 5. Currently SONATEL, by creating "TELECOM-PLUS" (a value-added services provider), is showing some flexibility by engaging in partnerships with private investors.
If in the short or medium term, GPT and SONATEL might leave the public domain to operate as private companies, SOTELMA is more likely to remain a public operator for years to come.

On a different aspect of institutional reform such as the creation of a regulatory body, Mali has promoted a "High Council of Communication" which regulates different communication activities and grants license to private operators of FM radios for instance, but so far has excluded telecommunications from its jurisdiction. Ghana has put on its agenda the creation of a "National Communication Commission" (NCC), in the image of the U.S.' FCC, regulating all communications sectors including telecommunications. In this particular area of the reform process, Senegal although more advanced in the overall picture, is far behind the two other countries. The monopoly status of state communication enterprises seems to be strengthened in some recent cases such as the entry of private radio operators. Two years ago, Radio France Internationale (the "voice of France in the world"), was allowed on Senegalese FM radio (along with "Africa Number One" operating from Gabon). Local private investors had to face more hurdles before "Sen Radio" of the private multimedia group "Sud Communication" was allowed to begin operations only two months ago. Sen Radio’s competitor, the state-owned broadcaster, was designated by the government as the regulator in charge of granting licenses to applicants and in this case to its potential competitors. This follows a tradition which made SONATEL, the sole operator and regulator of the telecommunications sector before a certain dose of liberalization was introduced. Considering that these events took place this year, one may conclude that Senegal is slower than Mali and Ghana in this sensitive area of promoting an independent and unified body in charge of regulatory issues for all communications activities such as radio, television, cable to telephone.
The interesting contrast that we may learn from this study therefore, is that as a first "comer" in the practical reform agenda, SONATEL has gained some valuable experience in operations and management. Ghana, the last "comer" and the "slower reformer" of the three, seems however to have benefitted more from the experience accumulated by its African and international predecessors and has now adopted a "fast track" and a more comprehensive approach to the reform than the other two countries.

**Structural Adjustment, Reform of Public Enterprises and Telecommunications Reform**

My second research question dealt with the following question: "What is the interplay between telecommunications reform in the three countries, public enterprise reform mandated by the Structural Adjustment Program adopted by all three countries, and worldwide reform of the telecommunications sector?"

Responding to this question, I claimed that the reform experience in Africa was a general concept which covers two interdependent but different processes. I then proposed a reading of the African situation as encompassing a general reform agenda aimed at the major economic structures, namely, Structural Adjustment Program (SAP) and a more specific reform agenda, called sectoral reform. By presenting a comprehensive picture of the African reform agenda in Chapter II, I attempted to contextualize and put in perspective the reform of telecommunications which belongs to a specific program of sectoral reform of African public enterprises.

By showing the simultaneity of the two processes, I made the argument that the African experience needs to be captured in its singular context before its integration in a worldwide wave of telecommunications reform, since it may bear both similarities and differences to the international experience.
This explains why I made the claim early in this study that the only effective way to adequately frame the institutional reform of telecommunications in Africa was:

1) To study and comprehend the reform agenda of the Structural Adjustment Program in Africa;

2) To study and understand the reform of African public enterprises; and

3) To study and analyze telecommunications reform in Africa as a third level of a more comprehensive agenda, and also as an area which was pressured for change and reform from another historical process of institutional change in telecommunications launched by a few nations of the industrialized world.

The review of SAP literature and public enterprise literature, as well as the review of the causes of telecommunications reform in our three case studies, have certainly contributed to a better clarification of the strong ties between the reform of public enterprises mandated by SAP and the reform of African telecommunications organizations. The African process seems to confirm Eli Noam's observation that generally speaking, the reform has focused more on improving the performance of the PTOs (Public Telecommunications Organizations) than on comprehensively reforming the entire sector. According to his analysis, it seems that the PTOs have understood that it was better to control the process by conducting the reform itself, thus becoming the subject and main actor of the reform instead of being the object and the victim. African PTOs have mostly done that, since their main reform effort has targeted the deficiencies of the old system. A review of the vocabulary used to advocate reform shows exclusive attention to structural aspects such as inefficiency in operations, loss making enterprise, bureaucratic functioning, excessive government control, poor management skills, etc. Important issues at the center of the international telecommunications policy debate such as regulation or deregulation, liberalization and privatization or monopoly and public ownership, were simply not on the agenda of telecommunications reformers in Africa since their objectives were limited to
performance improvement and organizational efficiency. Only now, with the debate about technological choice between different cellular systems, and the debate about the probable privatization of SONATEL and GPT, have Senegalese and Ghanaian reformers joined the international debate about broad policy choices dealing with ownership, technological development, and economic and legal environment changes.

Institutional Reform of Telecommunications and the Decade of the 1980s

The third research question pursued by this study was to explain why the changes in the telecommunications sector of the three countries occurred during the 1980s, and what were the dialectics of domestic and external factors in setting the reform agenda.

Dealing with the issue of why these changes occurred in the 1980s, analyses by Whitaker, Bangura, Gibbon, Uyangoda, Herbst, Noam, Cowhey, and Ikenberry were used to describe the richness and complexity of this past decade.

Whitaker, for instance, perceived the decade of the 1980s as a central decade of reform because of the significant intellectual adjustment of development theorists who challenged the traditional belief of "the economic managerial capacity of government," a legacy of the "post-war Keynesian consensus"¹ in the 1970's. This major theoretical shift was translated in the clash of ideas and economic philosophy between the two approaches displayed in the "Berg Report" and the "Lagos Plan of Action." According to Whitaker, while the authors of the "Berg Report" presented a neoclassical position which advocated "the state's economic role should be confined to assuring the proper functioning of markets as the operative mechanism of resource allocation. In direct opposition to that view, the

¹ Whitaker, p.340.
Lagos Plan extolled the virtues of enhanced participation of the state in the African economies.\textsuperscript{2}

The most direct consequence of these conflicting approaches was the economic reform (structural adjustment) of the 1980s in most African states inspired by the "Berg Report," which provided an underlying philosophy to the World Bank and the IMF. But interestingly enough, one may add that the resistance of the African state and its slow adhesion to comprehensive reform and disengagement from economic activities also found in the Lagos Plan a supporting philosophy. These two different approaches were partially successful and may explain why the reform agenda was deployed in the 1980s.

Yusuf Bangura offered another explanation of why the reform took place in the 1980s by stressing internal factors such as the weak distinction and separation in the African context between "state and non-state, public and private, rent-seeking and market oriented. . .\textsuperscript{3} Such a culture of public affairs explains the accumulation during the 60s and 70s of mismanagement practices and the rise of a severe fiscal crisis which led to the reform era of the 1980s.

Besides the economic approach of Whitaker, and the "internal structures" argument of Bangura, Gibbon brought into this study one variant of the international political economy framework. Gibbon tried to explain the decade of the 1980s as the decade of reform through the reconfiguration of the international power structure triggered by "a contraction of US economic power (relatively to Japan and the main European powers). This reconfiguration was not, however, coupled with a decrease of political hegemony;" an economic destabilization of African states allied to the Soviet Union, and the rise of "new right" governments in the U.S. and Great Britain whose agenda was "a popularized version

\textsuperscript{2}Ibid., p.341.

\textsuperscript{3} Bangura, p.16.
of supply-side economics particularly emphasizing the improvement of financial incentives and deregulation. . . " soon surfaced.\textsuperscript{4}

Why did institutional changes happen in African telecommunications in the 1980s? The simple answer, based on our presentation of the African situation, is to state that "telecommunications reform happened in the 1980s because the Structural Adjustment Program (SAP) happened in the 1980s." The best evidence for this is that if SAP had happened earlier in the 1970s with the same agenda of reforming African public enterprises, there is little doubt that telecommunications organizations would not have been left out of the reform. However, simple answers being always suspect, I may argue that the situation is much more complex. If the reform of telecommunication was only driven by the reform of public enterprises, it would be mainly structural (adjustment of the structures) and not truly institutional (redefining the rules and other arrangements). The reform would have insisted on reorganizing the structures, but would not have necessarily dealt with institutional issues. This is so because institutional change includes much more than sectoral restructuring and deals with the global arrangement (rules of the game) and testifies for the depth and general orientation of the reform. As North put it, "Institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction. . . . Institutional change shapes the way societies evolve through time and hence is the key to understanding historical change."\textsuperscript{5}

In addition, the reform of telecommunications could have been driven by worldwide reform in this particular sector without Africa being engaged in the complex and comprehensive reform program it has undertaken. Therefore, this gives a relative

\textsuperscript{4} Gibbon, pp.129-131.

autonomy to the reform of telecommunications with respect to SAP. All in all, it seems acceptable to argue that the reform took place in Africa in the 1980s because of the convergence and interplay between SAP and the agenda of reforming national telecommunications systems and challenging the old "international telecommunications regime."

Regarding the dialectics of domestic and external factors, it has always been difficult to opt for one over the other since their interdependence and their mutual influence are so strong in some cases. In addition, it is difficult to posit that telecommunications reform would have taken place in Africa even if the local authorities did not come to a certain understanding that the system was not operational and was calling for some type of change. On the other hand, it is also difficult to envision African states deciding on their own to reform their telecommunications system or public enterprises system if there were no economic international pressures both through international donors and lending institutions, and intellectual pressure from epistemic communities. Basically, until their attention was called on the deficiencies of the system, they seemed satisfied with its political utility for their constituencies, and as an economic power base for the state. I do not know of any major writing by an African official which advocated reform of the public and parastatal sector prior to the World Bank initiating the debate.

Therefore, the compromise is to say that the reform of telecommunications was externally induced by international reformers (who belong to the World Bank and to epistemic communities of economists and engineers, and communication scholars advocates of reform), but internally controlled and deployed by African states with their particular pace and reform philosophy and objectives. As shown in all three case studies, the World Bank has played a significant -- if not major -- role in pushing and setting the reform agenda. In Mali and Ghana, the Bank's involvement is frank and open. In
Senegal, local reformers are to be credited for a certain weight in the reform agenda, even though the World Bank mandated the general reform of all public enterprises, including the telecommunications sector. The interest of ITU, UNDP and African Development Bank officials in the Senegalese example also proves some connection at the epistemic community level where engineers and economist reformers are not only building a support system for their Senegalese colleagues, but also monitoring the evolution of their reform agenda.6

The second aspect of my statement is that the reform is internally controlled and deployed by the African states. What makes such an observation relevant is the gap between the World Bank's theorization of telecommunications reform issues and the slow implementation of its recommendations by African States which obviously are still in control. Collaboration with the World Bank and the IMF has converted very few African states to a new economic philosophy. Ghana is one of the few exceptions. The overwhelming majority of African states are still deeply interventionist and believe in the central role of the state in what they believe are the major arteries of economic activities (water, electricity, transport and telecommunications).7

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6 I interviewed three engineers of the African Development Bank Telecommunications Division in December 1992 at their headquarters in Abidjan, Côte d'Ivoire. The main topic of our discussion was about telecommunications investment, but they spent a great deal of the time praising SONATEL's experience as a model of reform and reorganization.

7 The African vision of the state as the ultimate provider who brings water, electricity, telephone to the citizens house, and also provides education, healthcare, transportation, jobs, etc., is also to be blamed in the light of its consequences: an ever strong state power which is in part the target of the current reform process. The more citizens expect from their state, the more power they give up, the less control they have in the affairs of their societies.
The "Epistemic Communities" Approach, International Policy Diffusion and The Spread of Telecommunications Reform

My fourth research question allowed this study to probe into important theoretical issues by asking if the study of the "epistemic communities approach" and its theorization of international policy diffusion and coordination can shed light in the channels used to spread the worldwide reform of telecommunications in the three countries.

Among the three theorists of international policy diffusion and coordination who use the epistemic communities approach, Ikenberry makes a more systematic effort to describe the process through which a reform agenda is spread around the world by what he called the "three varieties of diffusion: external inducement, emulation (or 'policy bandwagoning'), and social learning." He also made a crucial point when he identified, within the international policy coordination process, "government elites" as key players who "do not just have their collective eye on domestic groups and developments; they also monitor and respond to changes that occur abroad." This observation may be relevant to the identification of states as key players of the telecommunications reform process around the world, and particularly in Africa.

Also, when Ernst Haas describes the process through which "international organizations in their decision making procedures" are "exposed to knowledge through the medium of epistemic communities," he provides an interesting framework of analysis of the knowledge sharing and policy diffusion processes within international organizations which may be applied to organizations such as the ITU, the UNDP, and the World Bank which are key players in the telecommunications reform agenda in developing countries. It is indeed a challenging task to analyze and comprehend the cognitive processes within these organizations. How did they acquire and consolidate a body of knowledge about the

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8 Ikenberry, the International Spread of Privatization..., p.99.

9 Ernst Haas, p.40.
international experience of telecommunications reform? How did they get exposed to
different policy options and finally subscribe to one approach or the other? Beside the fact
that these organizations have sometimes their own internal epistemic communities as argued
in the case of the ECLA and Raul Prebisch, or even the ECA (Economic Commission for
Africa) and the charismatic and influential role of Dr. Adedeji Adebayo, or the noticeable
existence among their staffs of intellectuals whose interests in scholarly works make them
objective relays of this body of knowledge, one may add that epistemic communities of
engineers and economists reformers have impacted and influenced views and knowledge of
the policymakers in these organizations through different mechanisms of policy
coordination. The ITU and World Bank are now premier advocates of telecommunications
system reform, yet 10 years ago their focus was on telecommunications investment and its
beneficial effect on economic development. How and where did these organizations gain
the knowledge and understanding that there was a progressive shift at work from issues of
telecommunications and development to development of telecommunications through
reform and new institutional redeployment if not through the significant body of knowledge
and systematization of the international experience by epistemic communities of
economists, political economists and engineers?\textsuperscript{10} Today these organizations are so
involved in the reform process that their experts are seen helping set up reform agenda in
several countries, offering policy options between privatization and state ownership,
assisting in the writing of telecommunications master-plans, etc.

Therefore, the epistemic communities approach as extensively presented in Chapter
IV may help telecommunications policy researchers learn more about international policy
diffusion and coordination as I will elaborate later in these concluding remarks.

\textsuperscript{10} For a systematic, thorough and critical review of these contributions, see Snow (1988).
African Countries and The International Experience of Telecommunications Reform

My fifth and final research question dealt with the lessons which could be drawn by Sub-Saharan African countries from the study of the international experience of telecommunications reform.

The first significant lesson in my view is that despite its universal character (being at work almost in all countries of the world), the telecommunication reform experience of each country appears to be unique and original. The U.S., UK, Japanese, Malaysian, Sri Lankan, South African, Senegalese, Malian and Ghanaian experiences, present such different features, locally and historically determined, that one may conclude that the international experience is only relevant and interesting when it is used to show how rich and how broad, and how large the policy options are for policymakers, decisionmakers and students of worldwide telecommunications reform.

Eli Noam was justified to insist that if in the U.S., the most remarkable features were "deregulation, devolution and consolidation," the UK approach emphasized "liberalization, deregulation and privatization." Indeed, while U.S. legislators broke-up a monopoly, in some ways they re-introduced monopolies at the regional level, and literally tried to accommodate all players by providing guarantees of "non violation" of long distance carrier privileges by regional monopolies, "non violation" of local telephone market privileges of these regional monopolies by cable companies, and "non-violation" of cable company privileges (in the provision of TV signals) by local telephone companies, etc.

The acceptance in principle of these rules of the game, and their challenge in practice, have recently led the FCC to proceed to some revisions of the old institutional arrangement put together by Judge Green in the 1982 Modified Final Judgement breaking up AT&T. This complexity of the U.S. situation and the likelyhood of new stages of harsh
reform battles, reveals to other countries of the world that the telecommunications reform experience is probably at its infancy and that there is much more to come. Here, Eli Noam's theory of network tipping may help grasp the complexity of the American situation and better identify the stakes and the directions taken by the different players.\footnote{One serious problem that I see however with Noam's theory is that it fits the US experience like a "shoe" and is hardly applicable in the international experience. France has not followed the same path, and the UK's experience is still a very controlled experience of privatization and competitive carriers. Overall, monopoly and control seem to have a long carrier in countries which should have been subjected to the network tipping rationale.}

For practical reasons of proximity and scope of experience, Senegal, Mali and Ghana, (although they should thoroughly study the U.S., UK, and Japan reform experience), may probably benefit more from the reform experience in Malaysia, South Africa, Singapore, etc. Being successful countries of the Third World, about to enter the Second World, useful lessons may be easier to identify than to study the development of telephony in the U.S. of the 1920s. How South Africa will balance its unique situation of being able to provide almost a universal service to its white population and an extremely low penetration for its black population, is of great interest for most African countries. These countries, based on an urban bias policy, neglected rural telecommunications with the extreme case of Mali (with 85 telephone lines for its 4.5 million rural people up to 1987), and created a situation making reversal as challenging as the South African case.

Malaysian authorities\footnote{For an interesting account of the Malaysian experience, See Daub bin Isahak, "Meeting the Challenges of Privatization in Malaysia," in Wellenius et al, Restructuring and Managing the Telecommunications Sector (Washington, D.C.: The World Bank, 1989) pp.118-121.} designed a comprehensive reform program with the clear goal of privatization of its system, but included in their careful planning of the process, a first stage of "commercialization" of operations. Commercialization will allow the transitional institutions to learn to deliver services as a commercial enterprise seeking both profits and customers satisfaction. This phase will also turn the "public users" mentality
into a "customer attitude" (customers pay for a service according to some expectations, and their relationships with the provider is governed by rules and contracts). This phase, also used in South Africa, seems useful for African countries with no previous reform experience.

Overall, the three selected countries, and by extension most African countries, may learn from the international experience that the reform, although connected to a worldwide dynamics, is still unique to each country. The reform is also complex with set backs, change of direction, and constant modification of previous rulings which call for some flexibility in making some policy decision. Some African states in the past conceded important privileges to foreign investors or operators with contracts of "99 years," and it is important that telecommunications not be subjected to such rigid arrangements and allowed easier adjustment to new situations, new needs, and new demands.

Overall, I can expand on these observations derived from the international experience by stating that African telecommunications reformers must also realize that the pace of the reform agenda in the continent is extremely slow. This slow pace has to do with the fact that the African state is reluctant to a full commitment to reform in general and to reform of telecommunications in particular. The African state controls the national telecommunications system almost everywhere after more than 10 years of reform. There is not yet a successful experience of a completed privatization or full introduction of competition in Sub-Saharan Africa.

Another lesson is the observation that the reform agenda in Africa lacks an ambitious program. The African states generally assign their telecommunications organizations a 1% penetration rate by the year 2000 or even 2005, while in this study we have shown that a 22% penetration rate in the countries of Eastern Europe was considered weak and proof of inadequacy of their telecommunications system. The demand of service
being important, with potential customers lining up in 5 digit waiting list figures ready to pay any price, it becomes difficult to understand why African decisionmakers have decided to keep the same system largely proven incapable of meeting their countries' needs.

Finally, another important lesson for African telecommunications reformers is to understand the large variety of options available in setting the agenda in their different countries. Among all the approaches reviewed in this study, I particularly subscribe to Melody's recommendations and believe it deserves African policymakers' attention. Melody, as shown above, advocates at least the separation of the three functions of "policy making, operational management and regulation." According to the Canadian theorist and policy researcher, policymaking has more to do with guidelines and framework for long-term industry development, while operational management takes care of "effective long-term allocation and uses of resources," and makes the telecommunications organization "be held accountable for its performance;" and finally these two functions should be separated from the regulatory function since "the regulator supplies detailed expertise to interpret and enforce policy, to monitor industry developments, and to address ongoing issues and problems that arise within the overall policy framework."13

It is a widely spread tradition in Africa to combine all three functions in the hands of the monopolist telecommunications organization. As Melody explained, privatization having both its merit and problems, the separation of the three functions is a whole different issue which certainly diversifies the source of power and truly introduces a "check and balance system" which Samarajiva argues is rooted in the Madisonian style of governance. A "check and balance" system implies that no institution, whatever be the quality of its performance and the high level of its ethical standards, can be trusted to be a

13 The quotes used here are all in Melody, "Privatising Telecoms: Is It Necessary or Sufficient?" p.3
fair and impartial judge of its own actions and compliance with the institutional arrangement which govern its operations. It is my belief that a study and intelligent adaptation of Melody's recommendations would be useful to the relations between the regulated structure and its customers in Francophone countries such as Senegal and Mali.

Another reason why Melody's suggestion is so crucial is that it allows challenge to the polarization between partisans of privatization and its opponents by calling their attention to the bigger picture which goes beyond the ownership issue to incorporate policy and regulatory issues. Although, I have come through this study to understand that the general failure of African states to develop their telecommunications system is mainly due to a statist approach generally more concerned with control and other political dividends than providing a quality service to the customers, I still share this moderate vision of Timothy E. Nulty, a World Bank expert,

**Telecom is and will remain in a gray area where both private and public roles are extremely important.** Neither "complete" privatization nor the retention of "complete" public monopoly are real options anywhere. Reality calls for something in the middle, and in this realm there is no "correct" formula and little use for ideology. Pragmatism and a spirit of compromise are the intellectual tools and attitudes most likely to prove constructive.\(^{14}\) (Emphasis in original).

II. **Implications of this Study for Telecommunications Policy Research**

This study has shown that the internationalization of telecommunications reform is a reality of our time. Even though it has touched almost all African countries, it remains poorly documented with the few exceptions of the efforts of Raymond Akwule, Robert Horwitz and Heather Hudson. The reason for this is not a lack of research or theoretical interest in the African experience, but as I suggested at least for the Francophone African

countries, it is a lack of a tradition of documenting issues of telecommunications as public policy issues. More generally, one may risk an explanation by speculating that the lack of interest in the African reform experience has to do with the very slow pace of the reform effort which makes it almost insignificant compared, for instance, with the divestiture of AT&T or the selling of British Telecom, or even the structured efforts in Sri Lanka or Malaysia. African reformers may certainly be called, using Cowhey's terminology, "little bang reformers." The African situation is so specific in this regard that it might even be more attractive to document the bureaucratic resistance to change than to investigate the concrete reform initiative. Some countries in Africa, such as Ghana, engaged in the reform of the telecommunications sector almost simultaneously with the country's Economic Recovery Program (ERP) in 1983. Eleven years later, Ghana is still struggling to effectively separate posts and telecommunications organizations. Other countries such as Senegal have completed the process in two years, while a country like Guinea, with no reform tradition or experience, started the reform of its telecommunications by opting directly for privatization. These three cases describe the different pace and reform strategy of some African countries and demonstrate how the state and telecommunications bureaucratic power structure have managed to control the process by either stretching it or by jumping over all traditional steps and going for the big move, or even by swimming against the tide.15 Telecommunications policy researchers obviously may find in these observations several research topics which deserve more attention and further elaboration.

15 The issue is so complex that each country has developed a specific approach. A country like Cameroon is challenging most of the assumptions and existing theories about the worldwide telecommunication reform process. While the general move in the eighties was toward a weakening of the state role or some forms of privatization, Cameroon was simply "de-privatizing". Cameroon International Telecommunications (INTELCAM), first a "societe d'économie mixte" and semi-private at its creation in 1972, became a full state enterprise when "the state bought all the capital shares of foreign partners, which were 30% for the French company 'France Cables et Radio', and 10% for the British 'Cable and Wireless'." With a capital that has jumped from CFA 500 million to CFA 4443 million, INTELCAM is a case which might imply that efficiency and good performance do not necessarily belong to one form of ownership or
The epistemic communities approach also provides some insight which may prove useful to researchers of telecommunications policy. Indeed, one interesting feature of this approach for the study of the telecommunications reform process is the identification of this category of scholars working closely with international organizations operating in their fields or issue areas. These scholars, according to Ernst Haas, are "a conduit for introducing into public policy the knowledge produced by their discipline." This observation seems important for our attempt to comprehend the enthusiastic adhesion to the reform agenda of some international organizations. The collaboration with the World Bank and the ITU of the first wave of telecommunications scholars such as Parker and Hudson may explain the bridge built between the epistemic communities of telecommunications and development advocates and its proponents within these institutions such as Wellenius for the World Bank. Today Hudson (who also advocates the need to reform the PTOs) and many other scholars such as Noam, Jussawalla, Melody, may impact similarly the discourse of reform of these international organizations. At a more conceptual level, I believe that more and more theorists and policy analysts are showing some concern about how their theoretical contributions can best help set the agenda of change in one direction or the other. Their presence in consultative boards of organizations such as the World Bank or their eagerness to testify in policymaking forums such as public utilities commissions or legislative hearing commissions amply demonstrate the desire to use available conduits "for introducing into public policy the knowledge produced by their discipline."

Interestingly enough, if we follow Peter Haas in his definition of an epistemic community as being "a network of professionals with recognized expertise and competence

[Note: The following text appears to be a note or a reference, but it is not relevant to the main body of the paragraph and is not included in the natural text representation.]
in a particular domain and an authoritative claim to policy-relevant knowledge within that
domain or issue-area" and who share "beliefs or faith in the verity and the applicability of
particular forms of knowledge or specific truth," we may come to the conclusion that
overall there were two epistemic communities (of economists and engineers) who have
been more critical in pushing the telecommunications reform agenda through forums such
as ITU, UNDP for developing countries, and GATT for the industrial world, than a hardly
identifiable epistemic community of communications policy research experts.

Indeed it seems that what may be an epistemic community of communications
scholars did not play a central role in the telecommunications reform agenda because of the
following factors clearly shown in our literature review:

- A state of theoretical and paradigmatic fragmentation which leads to a
  large number of competing approaches and policy positions which in
  turn do not favor what Haas identified as a binding factor: a shared
  belief or faith;

- The formative phase of the sub-field of telecommunications research did
  not encourage activities of policy coordination among its potentially
  convergent frameworks; and

- Many significant theorists of telecommunications or communications
  policy research are still investing more effort in activities which link
  them to other epistemic communities in their original discipline
  (especially economists who have one foot in telecommunications policy
  research, but who remain strongly committed to the methods and
  approaches of their initial community).

Therefore, it seems to me that the epistemic community approach may allow
communications scholars and telecommunication policy research experts to identify more
clearly the need to build some common grounds: theoretical, conceptual, cognitive, which
constitute the starting point for the building of an epistemic community.

Such an epistemic community, rooted in the field of communication, will popularize
our body of knowledge from a communication point of view and not any more from an
"economist-communication-mediated" stand point. Melody, Noam, Samarajiva, Horwitz,
among others, have contributed some insight and approaches which may be deepened with the concern of mounting an epistemic community of communications scholars which will bring home (where it really belongs), the telecommunications reform debate.

Such a perspective is made even more attractive by the fact that leaders of the epistemic communities approach such as Peter Haas, know how much they owe to our field and are fully aware of the centrality of communication in their own theory. Peter Haas writes:

In the absence of the international communication and socialization processes that epistemic communities help promote, new ideas and policy innovations would remain confined to a single research group, a single international organization, or a single government and would therefore have no structural effects. While members of epistemic communities actively engage in efforts at the national level, they also diffuse their policy advice transnationally through communication with their colleagues in scientific bodies and other international organizations, during conferences, and via publications and other methods of exchanging lessons and information.16

Finally, telecommunications policy research, having strong connections with international issues, through its comparative study of different national policy choices, may learn from the abundant literature originated from political science and international relations theories which attempt to capture the complex processes at work in policy diffusion and coordination activities. First, the interaction between the two fields of study should be legitimized by their sharing of some proximity in terms of issues and areas studied. Cowhey's interesting analysis of the change of the international telecommunications regime is a good application of this proximity in policy interest between the two fields. Second, if the epistemic community approach and more specifically its theorization of the policy diffusion and coordination process can inform communications scholars' interest in policy, the latter does not need to reinvent the wheel by conducting the same study. More importantly (and that is my third point), I believe

16 Peter Haas, "Epistemic Communities, World Order...," p.379.
that there cannot be a parasitic relationship of dependency between the two groups of scholars if communication scholars envision the relationship as a trade in theory and theorization. This is to say that the processes of policy diffusion and activities of policy coordination also belong to our field as fundamental communication processes. From innovation, conception, design to other stages of the diffusion process, communicative mechanisms appear to be the links which assure the integrity of the message and its proper channelization. Channelization is, as we know, a central concept of communications theories and activities. Therefore, if the theorists of international relations can provide us with some substance about the complex mechanisms of how some groups and institutions are relays which allow diffuse and coordinate policy to spread, we communications scholars should be able to reveal to them the communicative processes and techniques through which these activities are made possible.

Telecommunications policy research as an emerging area of study will require for its own development further probing of other issues and areas such as policy diffusion and policy coordination. The epistemic community approach is a good beginning and a valuable contribution, although sometimes it appears structuralist in its description of community of experts within international organizations. The example of setting up the agenda of environmentalist issues in the U.S. by capturing strategic positions in the EPA seems very structure oriented, and ignores the multiple ramifications which link the EPA to a global political system. The strength and quality of this global political system, one may add, is its capacity to digest and absorb its critiques and to even accommodate them within new structures devised to buy their consent. Since one of my major goals in this study was to present the epistemic community theory and method, my emphasis has not really been to criticize the approach itself. Therefore, this is just an indication of at least an area of disagreement or reservation that I have.
I opened this study by stating that "more and more scholars of telecommunications studies are exploring theoretical developments in [other] fields and issue-areas." Before closing this contribution, I may reiterate that it is my belief that if communications scholars continue to explore and monitor theoretical developments in other disciplines or fields, while asserting the power of their field as being central to the processes of human interactions whether these interactions are about power, control, society, community, developmental issues, or else, the 21st century, which is already knocking on our doors, might be then the century where communication as a field will play a role as important as the role political economy played in the 19th and 20th centuries.
APPENDIX I

Sources of all seven tables presented in Appendix are

- Author's field research data
<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>SOUTH AFRICA</th>
<th>ALGERIA</th>
<th>MOROCCO</th>
<th>BOTSWANA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>30,797,000</td>
<td>25,337,000</td>
<td>25,113,000</td>
<td>1,295,000</td>
</tr>
<tr>
<td>Total Number of Subscribers</td>
<td>3,315,022</td>
<td>451,862</td>
<td>553,936</td>
<td>25,367</td>
</tr>
<tr>
<td>Telephone Lines per 100 population</td>
<td>10.76</td>
<td>3.75</td>
<td>2.20</td>
<td>2.03</td>
</tr>
<tr>
<td>Percentage of Residential Subscribers</td>
<td>73</td>
<td>77.01</td>
<td>63.91</td>
<td>50</td>
</tr>
<tr>
<td>Number of Digital Lines</td>
<td>2,069,116</td>
<td>201,816 (April 1991)</td>
<td>174,028</td>
<td>29,696</td>
</tr>
<tr>
<td>Telecom Operating Entity (or Entities)</td>
<td>South Africa Posts and Telecommunications (SAPT) Ministry</td>
<td>Algerian Ministry of Post and Telecom (PTT) and Societe National des Travaux d'Infrastructure des Telecommunications (SONATITIE)</td>
<td>- ONPT Office National des Posts et Telecom</td>
<td>Botswana Telecommunications Corporation (TELETSWANA)</td>
</tr>
<tr>
<td>Status</td>
<td>State-owned</td>
<td>State-owned</td>
<td>State-owned</td>
<td>State-owned</td>
</tr>
<tr>
<td>INSTITUTIONAL REFORMS?</td>
<td>- YES - Separate Posts Telecom privatization contemplated.</td>
<td>- YES - Telecom Services: state monopoly but PTT allows government agencies and major SOEs to operate private systems of mobile communications.</td>
<td>- YES - Legal and financial autonomy but ONPT excluded from draft law on privatization. - Four private TELCO companies allowed in infrastructure construction projects.</td>
<td>- YES - Telecom separated from Post in 1980. - Management by Cable and Wire of Great Britain until 1992. - No plans to break up or deregulate further.</td>
</tr>
</tbody>
</table>

1 As stated in chapter 1, this appendix, composed of seven tables, provides an overview of telecommunications key figures and level of institutional reform in 27 African countries. The appendix is organized from the highest level of telephone penetration to the lowest. The sample concerns more than half of the total number of African states.
INSTITUTIONAL REFORM AND KEY TELECOM FIGURES
(Zimbabwe, Gambia, Angola, Zambia)

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>ZIMBABWE</th>
<th>GAMBIA</th>
<th>ANGOLA</th>
<th>ZAMBA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>9,369,000</td>
<td>860,000</td>
<td>10,002,000</td>
<td>8,456,000</td>
</tr>
<tr>
<td>Total Number of Subscribers</td>
<td>126,089</td>
<td>9,917</td>
<td>86,180</td>
<td>66,185</td>
</tr>
<tr>
<td>Telephone Lines per 100 population</td>
<td>1.34</td>
<td>1.15</td>
<td>0.86</td>
<td>0.78</td>
</tr>
<tr>
<td>Percentage of Residential Subscribers</td>
<td>79.96</td>
<td>30</td>
<td>62.01</td>
<td>50.5</td>
</tr>
<tr>
<td>Number of Digital Lines</td>
<td>5,144</td>
<td>N/A</td>
<td>N/A</td>
<td>27,282</td>
</tr>
<tr>
<td>Telecom Operating Entity (or Entities)</td>
<td>Posts and Telecommunications Corporation of Zimbabwe</td>
<td>Ministry of Works and Communications and Gambia Telecommunications Company (GAMTEL)</td>
<td>Direccao Nacional de Correios e Telecomunicacoes (ENATEL) and the Empresa Publica de Telecomunicacoes (EPTEL)</td>
<td>Zambian Posts and Telecommunications Corporation</td>
</tr>
<tr>
<td>Status</td>
<td>State-owned</td>
<td>State-owned</td>
<td>State-owned</td>
<td>State-owned</td>
</tr>
<tr>
<td>INSTITUTIONAL REFORMS?</td>
<td>- YES -</td>
<td>- YES -</td>
<td>- NO -</td>
<td>- YES -</td>
</tr>
<tr>
<td></td>
<td>Partial deregulations under consideration by government data communications terminals to be liberalized but not the telephone.</td>
<td>GAMTEL separated from Post and operates with commercial rules.</td>
<td>As of 1991-92. No plans to deregulate or to liberalize.</td>
<td>Corporation of ZIMCO (Zambia Industrial and Mining Co. LTD.)</td>
</tr>
</tbody>
</table>
### INSTITUTIONAL REFORM AND KEY TELECOM FIGURES
(Congo, Kenya, Senegal, Sierra Leone)

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>CONGO</th>
<th>KENYA</th>
<th>SENEGAL</th>
<th>SIERRA LEONE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>2,326,000</td>
<td>24,872,000</td>
<td>7,570,000</td>
<td>4,151,000</td>
</tr>
<tr>
<td>Total Number of Subscribers</td>
<td>18,104</td>
<td>174,521</td>
<td>48,469</td>
<td>23,995</td>
</tr>
<tr>
<td>Telephone Lines per 100 population</td>
<td>0.77</td>
<td>0.70</td>
<td>0.64</td>
<td>0.57</td>
</tr>
<tr>
<td>Percentage of Residential Subscribers</td>
<td>77</td>
<td>56.05</td>
<td>51.44</td>
<td>34.81</td>
</tr>
<tr>
<td>Number of Digital Lines</td>
<td>12,768</td>
<td>1,536</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Telecom Operating Entity (or Entities)</td>
<td>Office National des Postes et Telecommunications (ONPT)</td>
<td>Ministry of Transport and Communications, Kenya Posts and Telecommunications Corporation (KPTC)</td>
<td>Societe Nationale des Telecommunications (SONATEL)</td>
<td>Sierra Leone National Telecommunications Company (SLNTC)</td>
</tr>
<tr>
<td>Status</td>
<td>State-owned</td>
<td>Parastatal</td>
<td>State-owned</td>
<td>State-owned</td>
</tr>
<tr>
<td>INSTITUTIONAL REFORMS?</td>
<td>- NO - Agreement to privatize many of the state monopolies but did not include telecom.</td>
<td>- YES - A parastatal (KPTC) coordinates all telecom activities.</td>
<td>- YES - Financial and organizational autonomy of SONATEL as a commercial enterprise.</td>
<td>- YES - But limited. Cable and wireless 49% stake in SLNTC, but does not operate under a license.</td>
</tr>
</tbody>
</table>
## INSTITUTIONAL REFORM AND KEY TELECOM FIGURES

**(Benin, Cameroon, Ghana, Mauritania)**

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>BENIN</th>
<th>CAMEROON</th>
<th>GHANA</th>
<th>MAURITANIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>4,741,000</td>
<td>11,900,000</td>
<td>15,020,000</td>
<td>1,999,000</td>
</tr>
<tr>
<td>Total Number of Subscribers</td>
<td>20,700</td>
<td>39,148</td>
<td>47,242</td>
<td>6,191</td>
</tr>
<tr>
<td>Telephone Lines per 100 population</td>
<td>0.43</td>
<td>0.32</td>
<td>0.31</td>
<td>0.30</td>
</tr>
<tr>
<td>Percentage of Residential Subscribers</td>
<td>84</td>
<td>70.61</td>
<td>48.83</td>
<td>45.4</td>
</tr>
<tr>
<td>Number of Digital Lines</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Telecom Operating Entity (or Entities)</td>
<td>Office des Postes et Telecommunications du Benin (OPTB)</td>
<td>Ministry of Posts and Telecommunications and the Societe des telecommunications internationales du Cameroun (INTELCAM)</td>
<td>Ghana Posts and Telecommunications Corporation (GPTC)</td>
<td>Office of Posts and Telecommunications</td>
</tr>
<tr>
<td>Status</td>
<td>State-owned</td>
<td>State-owned</td>
<td>State-owned</td>
<td>State-owned</td>
</tr>
</tbody>
</table>
## INSTITUTIONAL REFORM AND KEY TELECOM FIGURES
(Mozambique, Madagascar, Sudan, Nigeria)

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>MOZAMBIQUE</th>
<th>MADAGASCAR</th>
<th>SUDAN</th>
<th>NIGERIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>15,696,000</td>
<td>11,980,000</td>
<td>28,311,000</td>
<td>119,812,000</td>
</tr>
<tr>
<td>Total Number of Subscribers</td>
<td>44,165</td>
<td>33,242</td>
<td>73,218</td>
<td>257,691</td>
</tr>
<tr>
<td>Telephone Lines per 100 population</td>
<td>0.28</td>
<td>0.27</td>
<td>0.25</td>
<td>0.21</td>
</tr>
<tr>
<td>Percentage of Residential Subscribers</td>
<td>61.81</td>
<td>61.51</td>
<td>38.96</td>
<td>48.89</td>
</tr>
<tr>
<td>Number of Digital Lines</td>
<td>30,734</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Telecom Operating Entity (or Entities)</td>
<td>Ministro dos Correios Telecomunicações e Aviação Civil</td>
<td>Ministry of Posts and Telecommunications and Société des Télécommunications Internationales de Madagascar (STIMAD)</td>
<td>Sudan Telecommunications Public Corporation (STPC)</td>
<td>Nigerian Telecommunications Limited (NITEL)</td>
</tr>
<tr>
<td>Status</td>
<td>State-owned</td>
<td>State-owned</td>
<td>State-owned</td>
<td>State-owned</td>
</tr>
<tr>
<td>INSTITUTIONAL REFORMS ?</td>
<td>- YES - - Plan to reach efficiency. - Separated from Post.</td>
<td>- NO - No plan to deregulate or liberalize.</td>
<td>- YES - STPC is a public corporation which operates with autonomy. Reforms in 1989.</td>
<td>- YES - Currently, NITEL operates as a limited liability company. Privatization probable.</td>
</tr>
<tr>
<td>COUNTRY</td>
<td>CENTRAL AFRICAN REPUBLIC</td>
<td>UGANDA</td>
<td>BURKINA FASO</td>
<td>BURUNDI</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------------------</td>
<td>--------</td>
<td>--------------</td>
<td>--------</td>
</tr>
<tr>
<td>Population</td>
<td>2,875,000</td>
<td>16,928,000</td>
<td>9,012,999</td>
<td>5,451,000</td>
</tr>
<tr>
<td>Total Number of Subscribers</td>
<td>5,781</td>
<td>33,125</td>
<td>15,976</td>
<td>8,135</td>
</tr>
<tr>
<td>Telephone Lines per 100 population</td>
<td>0.20</td>
<td>0.19</td>
<td>0.17</td>
<td>0.14</td>
</tr>
<tr>
<td>Percentage of Residential Subscribers</td>
<td>68.82</td>
<td>50.81</td>
<td>73.01</td>
<td>77.7</td>
</tr>
<tr>
<td>Number of Digital Lines</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Telecom Operating Entity (or Entities)</td>
<td>General Directorate of Telecommunications</td>
<td>Uganda Post and Telecommunications Department (UPTD)</td>
<td>National Office of Telecommunications (ONATEL)</td>
<td>National Office of Telecommunications (ONATEL)</td>
</tr>
<tr>
<td>Status</td>
<td>State-owned</td>
<td>State-owned</td>
<td>State-owned</td>
<td>State-owned</td>
</tr>
<tr>
<td>INSTITUTIONAL REFORMS ?</td>
<td>- NO - No plans.</td>
<td>- NO - No plans to deregulate or to liberalize.</td>
<td>- NO - No plans to deregulate or liberalize.</td>
<td>- NO - No plans to deregulate or liberalize.</td>
</tr>
</tbody>
</table>
### INSTITUTIONAL REFORM AND KEY TELECOM FIGURES
(Mali, Chad, Zaire)

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>MALI</th>
<th>CHAD</th>
<th>ZAIRE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>8,151,000</td>
<td>5,678,000</td>
<td>34,138,000</td>
</tr>
<tr>
<td>Total Number of Subscribers</td>
<td>10,155</td>
<td>6,157</td>
<td>33,181</td>
</tr>
<tr>
<td>Telephone Lines per 100 population</td>
<td>0.12</td>
<td>0.10</td>
<td>0.09</td>
</tr>
<tr>
<td>Percentage of Residential Subscribers</td>
<td>32.9</td>
<td>68.55</td>
<td>53.91</td>
</tr>
<tr>
<td>Number of Digital Lines</td>
<td>N/A</td>
<td>N/A</td>
<td>12,500</td>
</tr>
<tr>
<td>Telecom Operating Entity (or Entities)</td>
<td>Mali Telecommunications Company (SOTELMA)</td>
<td>Office National de Postes et Telecommunications (ONPT) and the Societe des Telecommunications Internationales de Tchad (TIT)</td>
<td>Departement des Postes et Telecommunications (ONPTZ)</td>
</tr>
<tr>
<td>Status</td>
<td>State-owned</td>
<td>State-owned</td>
<td>State-owned</td>
</tr>
</tbody>
</table>
| INSTITUTIONAL REFORMS ? | - YES - New structure with commercial rules. No other plan to go further as of now. | - NO - No plans to deregulate or liberalize. | - YES - Still government. Monopoly through ONPTZ but allowed competition in cellular telephony.*
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