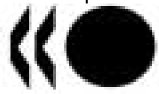
Unclassified **DEV/DOC(2003)14**



Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development

01-Dec-2003

English text only

DEVELOPMENT CENTRE

DEV/DOC(2003)14
Unclassified

WORKING PAPER No. 216
THE POLITICAL ECONOMY OF REGULATORY REFORM:
TELECOMS IN THE SOUTHERN MEDITERRANEAN

By Andrea Goldstein

English text only

JT00154973

Document complet disponible sur OLIS dans son format d'origine
Complete document available on OLIS in its original format

DEVELOPMENT CENTRE
WORKING PAPERS

This series of working papers is intended to disseminate the Development Centre's research findings rapidly among specialists in the field concerned. These papers are generally available in the original English or French, with a summary in the other language.

Comments on this paper would be welcome and should be sent to the OECD Development Centre, Le Seine Saint-Germain, 12 boulevard des Îles, 92130 Issy-les-Moulineaux, France.

THE OPINIONS EXPRESSED AND ARGUMENTS EMPLOYED IN THIS DOCUMENT ARE THE SOLE RESPONSIBILITY OF THE AUTHOR AND DO NOT NECESSARILY REFLECT THOSE OF THE OECD OR OF THE GOVERNMENTS OF ITS MEMBER COUNTRIES

CENTRE DE DÉVELOPPEMENT
DOCUMENTS DE TRAVAIL

Cette série de documents de travail a pour but de diffuser rapidement auprès des spécialistes dans les domaines concernés les résultats des travaux de recherche du Centre de Développement. Ces documents ne sont disponibles que dans leur langue originale, anglais ou français ; un résumé du document est rédigé dans l'autre langue.

Tout commentaire relatif à ce document peut être adressé au Centre de Développement de l'OCDE, Le Seine Saint-Germain, 12 boulevard des Îles, 92130 Issy-les-Moulineaux, France.

LES IDÉES EXPRIMÉES ET LES ARGUMENTS AVANCÉS DANS CE DOCUMENT SONT CEUX DE L'AUTEUR ET NE REFLÈTENT PAS NÉCESSAIREMENT CEUX DE L'OCDE OU DES GOUVERNEMENTS DE SES PAYS MEMBRES

Applications for permission to reproduce or translate all or part of this material should be made to:
Head of Publications Service, OECD
2, rue André-Pascal, 75775 PARIS CEDEX 16, France

© OECD 2003

TABLE OF CONTENTS

ACKNOWLEDGMENTS 4

RÉSUMÉ 5

SUMMARY 6

I. INTRODUCTION 7

II. THE POLITICAL ECONOMY OF TELECOMS' PRIVATISATION AND REGULATION10

III. THE ECONOMIC AND POLITICAL CONTEXT OF REFORMS 14

IV. TELECOM PRIVATISATION AND LIBERALISATION IN MEDA COUNTRIES 17

V. CONCLUSIONS...32

BIBLIOGRAPHY...37

OTHER TITLES IN THE SERIES/ AUTRES TITRES DANS LA SÉRIE 42

ACKNOWLEDGMENTS

The author thanks Izak Atiyas, Audrey Baudrey, Kiichiro Fukasaku, Anastassios Gentzoglanis, Béatrice Hibou, Ulrich Hiemenz, Mohamed Lahouel, and seminar participants at DIAL and the ERF 9th Annual Conference in Al-Sharjah for useful comments on earlier drafts. The opinions expressed do not reflect the position of the OECD, the OECD Development Centre, or their member states.

RÉSUMÉ

L'appartenance à l'OMC et une intégration plus étroite avec les pays de l'Union européenne dans le cadre du partenariat euro-méditerranéen accentuent la pression sur les pays du programme MEDA pour améliorer leur compétitivité. Les privatisations, la réforme réglementaire et la création d'agences de régulation indépendantes dans le secteur des télécommunications sont des composantes essentielles de ce programme de réformes et ce, pour trois grandes raisons : les éventuels effets directs du produit des cessions et des flux d'investissements étrangers ; la contribution indirecte de l'efficacité du secteur des services dans le reste de l'économie ; et les externalités positives pour la société d'institutions fonctionnant harmonieusement. En examinant ces dynamiques à l'œuvre dans cinq pays MEDA — l'Algérie, l'Égypte, le Maroc, la Tunisie et la Turquie — qui, ensemble, représentaient en 2000 plus des deux tiers du PIB total du Moyen-Orient et de l'Afrique du Nord, ce document met en lumière le rôle contraignant des dotations institutionnelles sur la trajectoire de réforme. Trois de ces pays connaissaient encore récemment une stagnation quasi totale — l'opérateur en place n'ayant pas été privatisé et les progrès visant à créer les institutions chargées de réguler l'ouverture du marché restant très timides. Pour les deux pays où les progrès sont plus sensibles — le Maroc et la Turquie — la transition d'un capitalisme d'État à un capitalisme réglementaire se révèle délicate. Ce phénomène souligne bien l'importance de facteurs comme les taux d'intérêt, l'apprentissage politique, l'isomorphisme institutionnel et la prévalence des intérêts privés pour comprendre l'économie politique des réformes. Il serait tentant d'en conclure que seule la reproduction de tous les ingrédients classiques du libéralisme favorise l'émergence de l'État de droit, mais si la culture et les idées sont les composantes clés de la dotation institutionnelle, alors les pratiques arbitraires ne pourront être limitées que par les plus hautes instances. En d'autres termes, ce processus peut en tant que tel être autoritaire et risque de ne pas inclure, du moins à court terme, toutes les caractéristiques fondamentales de la démocratie occidentale.

SUMMARY

WTO membership and closer integration with the European Union in the context of the Euro-Mediterranean Partnership are reinforcing pressures on MEDA countries to improve their competitive position. Privatisation, regulatory reform, and the creation of independent regulatory agencies in telecoms are key elements of this reform package for a number of reasons: the direct effects that divestiture receipts and foreign investment flows may have, the indirect contribution of an efficient service sector to the rest of the economy, and the positive externalities of well functioning institutions on the rest of society. By considering such dynamics in five MEDA countries — Algeria, Egypt, Morocco, Tunisia, and Turkey — that together account for more than two thirds of the total 2000 GDP of Middle East and North Africa, this paper shows the role that the institutional endowment plays in constraining the reform path. Three of the countries have been characterised until recently by a quasi stalemate, with no privatisation of the incumbent operator and little progress in establishing the institutions to regulate market opening. Where on the other more progress has been achieved, that is in Morocco and Turkey, the transition from state capitalism to regulatory capitalism is proving difficult. This highlights the importance of factors such as interests, policy learning, institutional isomorphism, and path dependence in understanding the political economy of reform. Although the temptation is strong to conclude that only the reproduction of all the classical elements of liberalism allows the emergence of the rule of the law, if culture and ideas are core elements of the institutional endowment, then arbitrary practices can only be curtailed from the top. In other words, this process may itself be authoritarian and may not include, at least for the foreseeable future, all the basis features of Western democracy.

I. INTRODUCTION

Reflecting common problems of underdevelopment and, to a lesser degree, a shared view of the role of the state in leading industrialization, pervasive public ownership has characterised all developing economies in the 20th century — and in particular in the five Mediterranean Partners (MEDA) countries analysed in this paper, i.e. Algeria, Egypt, Morocco, Tunisia, and Turkey (Table I.1.)[1]. State-owned enterprises (SOEs) have been justified on the grounds of technological conditions leading to natural monopolies, external economies, and diverging social and private discount rates. Moreover, many governments argued that only the state could overcome critical "bottlenecks" in terms of physical, financial, and human capital investments required by industrialization. A further motive has been governments' desire to keep control on the rents produced exploiting oil and other non-renewable natural resources[2]. On weaker economic grounds, SOEs helped building a coalition in support of new regimes, to assure national independence in strategic industries, or to avoid that unpopular minorities could eventually control the economy. SOEs were used for different distributional aims — to make available essential goods and services, to create new jobs, to reduce geographical concentration of economic power — but they were also crucial elements for playing patronage politics through jobs and the servicing of constituencies. Not least important has been the role played by SOEs, throughout direct employment and subsidised tariffs, in substituting for the lack of a welfare state and proper safety nets.

1. Their combined share in the 2000 GDP of North Africa and the Middle East is close to 70 per cent. Other MEDA participants in the Euro-Mediterranean Partnership (so-called Barcelona Process) include Cyprus, Israel, Jordan, Lebanon, Malta, the Palestinian Authority, and Syria.

2. Indeed, as argued by Esfahani (2000), in MENA countries the possibility of financing government spending out of such sources has removed pressures on rulers to improve governance and open polity as conditions for raising taxes.

Table I.1. **MENA SOEs in Comparative Perspective: Qualitative Indicators**
circa 1990 vs. 2001

Sector	MENA countries										Latin American countries					
	Algeria		Egypt		Morocco		Tunisia		Turkey		Argentina		Brazil		Mexico	
	90	01	90	01	90	01	90	01	90	01	90	01	90	01	90	01
Air transport	●	◎	●	●	●	●	●	●	●	●	●	❍	❍	❍	●	❍
Cement	●	◎	●	❍	●	●	●	❍	●	❍	❍	❍	❍	❍	❍	❍
Comm. banking	●	●	●	●	●	●	●	●	◎	◎	◎	◎	◎	◎	●	❍
Electricity	●	●	●	●	●	●	●	●	●	●	●	❍	●	◎	●	●
Petroleum	●	●	●	●	●	●	●	●	●	●	●	❍	●	◎	●	●
Railways	●	●	●	●	●	●	●	●	●	●	●	❍	●	❍	●	●
Steel	●	❍	●	●	●	●	●	●	●	●	●	❍	●	❍	●	❍
Telecoms (fixed)	●	●	●	●	●	◎	●	●	●	●	●	❍	●	❍	●	❍
Tobacco	●	●	●	●	●	●	●	●	●	●	❍	❍	❍	❍	❍	❍
TV broadcasting	●	●	●	●	●	●	●	●	●	◎	●	❍	❍	❍	❍	❍
Water supply	●	●	●	●	●	◎	●	●	●		●	❍	●	◎	●	

Notes: ● fully or predominantly public sector; ◎ mixed sector; ❍ fully or predominantly private sector.
Source: author's elaboration.

With very few exceptions, the literature on SOEs in developing and emerging economies agrees that public ownership leads to similar pathologies across otherwise different systems. Public sectors accumulate powerful associated interests over time responding to the powerful logic of principal-agent relations under public ownership (Waterbury, 1993). SOEs have been found to have negative income distribution effects, to worsen budget and trade balances, and to divert resources from much more needed social goals, such as education and health expenditures. Inefficient SOEs do not face the risk of bankruptcy, and the market for corporate control, because of the State's tight grip through majority stakes cannot act as an adequate device for disciplining managers[3]. Moreover, SOEs' managers are often appointed for political reasons, rather than for their corporate skills. The very fact that SOEs do not necessarily aim to maximise profits makes measuring their performance methodologically difficult, but the general conclusion is that they are *ceteris paribus* less efficient than private sector counterparts (e.g. Meggison and Netter, 2001).

So far, most efforts at SOE reform in MEDA countries have failed – and the gap *vis-à-vis* WTO membership and closer integration with the European Union in the context of the Euro-Mediterranean Partnership are now reinforcing pressures on MEDA countries to improve their competitive position. Privatisation is certainly a key component of any reform package insofar as it increases the rate of return of public spending and the

3. In theory, this concentration of ownership in the hands of a single majority investor could have served to circumvent the collective action problem that impedes small, dispersed shareholders in listed companies to wield efficient monitoring on corporate managers. This relative advantage of public ownership, however, has often been offset by agency problems stemming from the multiplicity of ties linking the government, ministries with specific competences, Parliament, political parties, and the management of SOEs, all with different goals, possibly at cross-purpose.

weight of the private sector in the economy. As regards public utilities more specifically, fast technological advances have substantially weakened the argument that public ownership of integrated monopolies is necessary to assure investment growth, service quality, and low price. The objective of state divestiture, however, must be to create a pro-competitive environment rather than granting exclusive rights to privatised incumbents. When investments are specific, lacking a commitment on the part of the government not to renege on the terms of the contract the returns on sunk investments cannot be guaranteed. Contracts are notoriously incomplete and in less developed areas such as MEDA, where the judiciary is ill suited to guarantee against contract repudiation, the "hold-up" problem is particularly serious. This may reduce *ex ante* the incentives to invest, induce *ex post* opportunistic behaviours, and lead to a less than optimal expansion of the network. On the contrary, increasing market competition (both actual and prospective) through credible regulation has a strong positive effect on the productivity and quality of telecom services and a strong negative one on prices (Boylaud and Nicoletti, 2001).

The purpose of this study is to examine the dynamics of telecom privatisation and regulatory reform and the interplay between market liberalization and political opening in five MEDA countries. The next section reviews the main arguments found in the political economy of regulatory reform in developing and emerging economies and identifies a number of factors associated with faster and deeper liberalisation. Existing studies that follow a similar methodology have studied either privatisation (Petrazzini, 1992) or regulatory reform (Levy and Spiller, 1994; Spiller, 1993). In this case, however, there are two dependent variables — selling (quickly and transparently) and regulating (well)[4]. Explanatory factors do not necessarily have to been the same for both and this leads to the choice of using an "unrestrictive" model — one which is detailed, contextual, and risks not being very parsimonious, but that explains reality better. Section III sketches the economic and political context of privatisation in the sample countries. Section IV describes in some details the telecom reform process and analyses the issues that arise in countries with weak institutional endowments when policy responsibilities are delegated to independent regulators. The analysis is focused in particular on the Moroccan and Turkish cases, these being countries at a more advanced stage in the reform process. Section V concludes by highlighting the trade-off that exists between short- and long-term gains from privatisation in a context where limited mechanisms are available for the design of credible and efficient institutions.

4. Murillo (2001) is similar to this paper in tracing the influence of a set of independent variables on both the form of privatization and the type of regulation; she studies, however, three countries and five sectors where privatization *has* taken place.

II. THE POLITICAL ECONOMY OF TELECOMS' PRIVATISATION AND REGULATION

II.1. New Institutionalism: Rational Choice, History, and Sociology

Privatisation may well have been a popular term for at least 20 years, and yet the process of telecoms' divestiture is far from over, even in countries and sectors where the greater efficiency of private ownership is rather uncontentious[5]. This is so because selling public utilities and introducing the appropriate post-sale regulatory framework — as most, if not all, economic policy decisions — is at least as much about economics as it is about politics.

Institutional design plays a central role in "transaction costs political economy" (Estache and Martimort, 2000). Utilities such as telecoms differ from other (formerly) state-owned firms because they have natural monopoly components, so that the welfare benefits of transferring ownership to a private investor may not be large if this continues to act as a monopolist. Because of the nature of the inputs used by the utilities (assets' specificity) and of the services supplied (non tradability), for privatisation to be accompanied by regulatory reform the (prior or simultaneous) development of safeguarding institutions is crucial (Spiller, 1993)[6]. In the principal-agent framework[7], investment materialises only if appropriate safeguards and commitment devices — such as independent regulator authorities (IRAs) — are in place to signal policy-makers' commitment not to engage in opportunistic behaviour and reassure potential and actual investors against the risk of administrative expropriation of their assets (Levy and Spiller, 1993).

Two features are important, *regulatory governance* and *regulatory incentives*. The former refers to "all the mechanisms that a society uses to restrain government discretionary moves and to solve conflicts between firms and regulators" (Abdala, 2000). Where local capital markets remain too small to absorb large scale privatisation, like the MEDA region (El-Erian and Kumar, 1995), and attracting foreign investors is a priority, this is especially relevant. Issues in the reform of regulatory governance include the designation of IRAs, the definition of their powers, of guarantees against unmotivated

---

5. The Australian, French, and Swedish governments, for example, respectively own 51 per cent of Telstra, 55 per cent of France Télécom, and 70.6 per cent of Telia.

6. Firms enjoy an informational advantage over regulators, so the first-best solution to solve this problem would be to introduce competition.

7. Contracting problems exist between firms and their customers, between interest groups and the government, and between firms and the government.

removal, and of financial autonomy, the choice of the tariff-setting formula, the fora to arbitrate controversies, and the role of the existing antitrust authority in monitoring access to networks and competition in the liberalised markets[8]. In developing countries, IRAs may be more permeable to the temptation of kickbacks, as the state is weak, civil servants' salaries are often low in absolute terms (and always lower than in regulated firms), and implicit norms do not condemn corruption.

Regulatory incentive encompass specific norms on issues such as market structure, tariffs, access[9], unbundling, interconnection, and universal service obligations. In this respect it is important to underline that a trade-off exists between constraining discretion and retaining the flexibility to pursue efficiency and other goals. While clear mandates which specify limits, either through licenses or through legislation, may reduce the risk of expropriation, rules such as price caps and incentive schemes demand some flexibility in order to adapt to ever-changing technology and demand circumstances. Post-privatisation disputes and renegotiations may still occur between governments and the private sector and it is not clear which mechanisms are best suited to promote competition in the reformed industries (e.g. Pires and Goldstein, 2001; Gentzoglanis, 2001). The allocation of responsibilities between agencies and ministries should be decided on the basis of four factors (Smith, 1997*b*): *i)* whether political or technical criteria should receive priority; *ii)* whether significant conflicts of interest may raise by sharing responsibilities; *iii)* whether there are learning-by-doing effects and economies of scope that may favour concentration of responsibilities; and *iv)* whether political authorities have confidence in the agency (or more in general in agencies as a "general-purpose institutional technology"). Thus, unless the country's institutions allow for the separation of arbitrariness from useful regulatory discretion, systems that grant too much administrative discretion may underperform in terms of investment and welfare[10].

In sum, "utility regulation has two goals: to encourage investment and to support efficiency in production and use" (Levy and Spiller, 1994, p. 216). The normative and positive agenda, however, should not be limited to the "depoliticisation" of the economy by strengthening the rules on bureaucratic conduct and setting up IRAs (Chang, 2002). Although functional demands for delegation can almost always be identified, purely functional accounts of delegation to independent agencies are inadequate. The structure of rights and obligations that underlie markets are political constructs and result from

---

8. Recent empirical studies have shown that setting a clear and independent institutional framework is correlated positively with privatization revenues, investment commitments, and productivity improvements (Baudrier, 2001; Henisz and Zelner, 2001). The example of Scandinavia, however, highlights that when the institutional endowment is strong it is possible to introduce competition and increase welfare even while government holds both ownership and regulatory control.

9. The multicarrier system allows consumers equal access to a multiplicity of operators by dialling the same number of digits irrespective of the identity of the phone company. A less transparent way of introducing more competition is to let the incumbent keep the advantage of "owning" the traditional numbering system and impose on new entrants multi-digit selection codes; this system is in use in Italy for instance.

10. A somehow mirror problem may occur when the agencies take the "opportunity to engage in "shirking" — consciously failing to pursue the policy objectives that elected political leaders would desire" (Noll, 1989, p. 1277).

political struggles. In order to account for international (and sometimes even intra-country) differences in the spread of IRAs and in their institutional forms, the principal-agent framework must be complemented with sociological and historical institutionalism (Thatcher and Stone Sweet, 2002). Contextual factors such as the interactions between the executive and the legislative power, the ability of the judicial system to uphold property rights and review administrative agencies, the development of administrative capabilities, the pattern of conflict between contending social groups, and the nature of informal norms that tacitly constrain the actions of individuals or institutions must enter into the analytical framework (Thatcher, 2002). Paying due attention to these factors is important, indeed necessary, when analysing countries that simultaneously undergo political and economic liberalisation. Insofar as establishing IRAs reduces the executive's competencies, resources, and power sources, authoritarian regimes will be resisting pressures to reform, be they demanded by outsiders such as international financial institutions and trading partners or insiders such as technocrats and business associations.

II.2. A Set of Heuristics

Not surprisingly given the different reach and depth of privatisation across the globe, the literature on the subject has mostly studied Europe and Latin America, where governments at most retain "dormant" stakes in previously state-owned monopolies now competing head-on with private entrants. This case study differs because the five countries examined are at different stages of such process. Identifying a reduced number of variables whose variance should explain both the privatisation of public telecom carriers and the presence of appropriate governance mechanisms is therefore not easy. The interplay between time-invariant institutional features and high-frequency contextual factors also produces a lot of "noise". This is why it seems better to derive expectations rather than proper hypotheses — or, more precisely, to identify a set of heuristics that allows to solve questions approximately that cannot be solved exactly.

The first set of variables is economic. Armijo (1999) argued that governments usually privatise out of concerns over general macroeconomic governance, in particular to solve fiscal problems. In Latin America, privatisation willingness and opportunity are indeed *positively* related to socio-economic crises of unprecedented magnitude (Manzetti, 1999). Telecoms assets were then among the easiest to dispose of to face a fiscal crisis, at least in the 1990s when expectations were widespread that the rise of a "new economy" would lead to a world-wide increase in the demand and use of phone lines. In developing countries with underdeveloped financial markets privatisation and liberalization, however, the profits generated by monopolistic SOEs are the easiest source to replenish Treasury coffers. The decision to privatise the telecom operators may then be *negatively* correlated to the public sector borrowing requirements (Li *et al.*, 2001).

The second set of variables relates to the political sphere. Here again, some variables have a consistent expected sign, while for others there is greater ambiguity as individual studies reach different conclusions. Strong leadership, and the willingness of policy-makers to use this resource in a specific sector such as telecoms, increases the rate of success in terms of executing privatisation (Manzetti, 1999) and establishing IRAs

(Thatcher, 2002)[11]. So do a reduced number of constitutional veto points, the fact that a government enjoys a strong majority (even more so if it is not a coalition government), and the presence of a team of reform-minded technocrats close to the head of the executive. Moreover, substantive formal restraints on the discretion of the regulator, including obligations to explain decisions and to face questioning for them, serve to restrain arbitrary administrative action (Levy and Spiller, 1994). Outside pressure, in particular in the form of IMF and/or World Bank program, also play a role — although this should not be emphasised excessively in view of the resistance that may elicit within a country.

It is less clear how the nature of the political regime affects utilities' reform. Li *et al.* (2001) argue that "democracy amplifies the voices of both the pro-reform interest groups and the voice of the anti-reform low-income people". According to Waterbury (1993), SOE reform may aim at either maintaining the viability of existing arrangements or transforming the coalitional base. Nonetheless, there are far less virtuous forms for the configuration of interest groups to impact on policies, as shown by the ability of business conglomerates to exert rent-seeking pressures — to obtain exclusive telecom licenses, in particular — on privatising governments (Schamis, 1999). This leeway is maximum when market reforms are implemented by populist governments that enact measures that jeopardise the interests of their electoral coalitions and hence need to seek support elsewhere (Gibson, 1997). If this indeterminacy means that "political system institutions almost certainly do not provide sufficient or necessary explanations for the extent of reform, they may tell a great deal about patterns of reform instead" (Kingstone, 2002).

Third, ideas and public attitudes are important factors. That the attitude towards public ownership has an independent effect on the decision to divest is clear, as reflected in the term "ideological bandwagon" employed by Ikenberry (1990). The expansion of international epistemic communities has also accompanied the spread of delegation — a phenomenon that was linked to regional integration in Europe (Thatcher, 2002) and to policy conditionality in non-OECD countries. Levy and Spiller (1994) also observe that informal constraints on changing the regulatory system have an independent impact on the appropriate balance between commitment and flexibility. If ideological orientations explain policy choices on the boundaries and functions of the government, they also influence the goals and the nature of the post-privatisation regulatory regime (Murillo, 2001).

Finally, in the public domain individuals have motivations other then pure self-seeking and a further facet of the regulatory process is indeed highly idiosyncratic. As Smith (1997*b*) put it, "persons appointed to these positions must have personal qualities to resist improper pressures and inducements. And they must exercise their authority with skill to win the respect of key stakeholders, enhance the legitimacy of their role and decisions, and build a constituency for their independence". The history of the Federal Communications Commission in the United States shows that the relation between the institution and the people who work within the structure is dynamic and interactive and therefore the importance of understanding how social expectations influence how staff performs their work (Oberlander, 2001).

11. In regimes where political control is not contestable, leadership is a particularly slippery concept because policy makers that implement unpopular measures do not risk losing electoral support.

III. THE ECONOMIC AND POLITICAL CONTEXT OF REFORMS

The five MEDA countries examined in this paper are different in terms of physical and demographic size, openness and oil dependence, growth and trade performance, and (less so) political regime. However, following Öniş (2000, p. 2), "there exists enough characteristics or challenges common to [them] which would justify [considering them] as a highly distinctive region from a broad comparative perspective".

Cushioned by oil, directly, or indirectly by aid from OECD and/or oil-producing Gulf states, MEDA has so far largely managed to delay structural adjustment of the scale implemented in Latin America (and many OECD countries). What pressure for change there has been it was mostly from the outside. In the 1980s, Turkey and Tunisia – both on the heels of balance of trade crises – started adjustment processes as a condition for gaining access to IMF stand-by facilities. Morocco also embraced market reform. On the other hand, the objectives of the Egyptian *infitah* (economic opening) have largely remained unmet and the fate of similar attempts in Algeria has been even less impressive. More recently, the trade liberalization agreements signed between the European Union and the Southern Mediterranean countries are revealing structural weaknesses in the partner countries, including continued rent seeking, market segmentation, a weak modern private sector and inadequate fiscal systems (Dessus and Suwa-Eisenmann, 2000; Riess *et al.*, 2001). The agreements offer opportunities for supporting reforms to encourage industrial restructuring through financial transfers, providing incentives for producers to diversify, and securing new markets. But individual country-specific policies, endowments, and institutions are a critical determinant of success in export-led growth. In addition to reforms on the macroeconomic front and some timid political opening, governments are making the business environment more friendly through privatisation and private sector participation in infrastructure.

Second, by and large democracy has not taken root in these countries. High concentration of government power "in the hands of the individual(s) who control the executive" (Campos and Esfahani, 2000, p. 235) is common in developing countries. In the Arab world, however, "while *de jure* acceptance of democracy and human rights is enshrined in constitutions, legal codes and government pronouncements, *de facto* implementation is often neglected and, in some cases, deliberately disregarded" (UNDP, 2002, p. 2). Three countries in the sample (Egypt, Morocco[12] and Tunisia) continue to be

12. This case is peculiar because elections are relatively free but the King controls key executive functions through the appointment of the *ministres de souveraineté*: polls "were designed to provide a mechanism of elite control and renewal from above through an administrative process of restructuring, reward, exclusion, and co-optation" (Maghraoui, 2001, p. 80).

governed by patrimonial rulers (semi-authoritarian, when not totalitarian) and political legitimacy does not result from electoral contests. In Algeria, formally a democracy, a civil war began after the military nullified the first-round results of the January 1992 elections that had seen the victory of an Islamic party and forced President Chadli Benjedid to resign. Even Turkey which, despite recurrent periods of military government, has held more than a dozen open elections since 1950, is not a "stable or consolidated democracy" (Özbudun, 1996). Understanding why authoritarianism is so robust in the region is of course way beyond the aims of this study. The point is rather to observe that insofar as the state's coercive apparatus has retained its "stalwart will and capacity" to thwart the transition to democracy (Bellin, 2001), business associations (and civil society more generally) could not exert strong pressure on policy-makers to steer economic policy towards liberalization[13]. Incumbent elites have engaged selectively with global markets, "using reforms and repression to mitigate many of the presumed regime-challenging effects of economic globalization" (Dilman, 2001, p. 200). Autocracy, "extreme centralization of decision-making, and lack of representation have led to very poor quality and arbitrariness of many policies" (Esfahani, 2000, p. 39). Limited separation between the executive and other powers makes it difficult to establish IRAs and grant them adequate enforcement powers.

The third feature composing these countries' institutional endowment is ideology. Ataturk's military-led secular modernism permeated Turkey, the country which "has been one generation in advance over all neighbours [...] by starting the process of industrialisation and state building in the 1920s" (Öniş, 2000). While the model was not a Soviet-inspired collectivism, and did not discourage private enterprise, large industries were deemed too vital to leave to the weak instruments of capitalism. In a strengthened version, and with a stronger pinch of Socialism, this thinking was behind of the Nasserite regime in Egypt (Waterbury, 1993), which in turn influenced post-independence Algeria and Tunisia. Although King Hassan chose to firmly entrench the country in the Western camp, as late as in the 1970s the "Morocconisation" of enterprises widened the range of productive activities performed by the state, at the same time as the *palais* intervened directly as an entrepreneur through ONA, by far the country's largest conglomerate.

Over the last two decades the faith in the state as an economic actor has dwindled and all MEDA-5 countries have drawn privatisation programs. They all share the same objectives — improve efficiency, mobilise capital, develop financial markets, and supplement government efforts in the provision of public services, particularly for infrastructure. The dismantling of the state sector is led by the same elites that built it: in Algeria, for instance, the Minister of Privatisation (Hamid Temmar) studied with current President Bouteflika in the late 1950s and at Independence joined the latter's cabinet as Minister of Youth, National Education, and Tourism. In Egypt, "the government is widely perceived as a 'geriatocracy'" (Richards, 2001, p. 19). Even where new business actors emerge, as in Morocco, their power remains determined by the ability to nurture privileged relations with the *Makhzen* (Hibou and Tozy, 2002). And, finally, there are very few

13. What internal pressure for change has emerged in the 1990s, in form of rising Islamic political forces, may have, if anything, made rulers even more sceptical about the political wisdom of liberalising the economy, with the connected social costs, in the short run at least (Posusney, 2001).

"technopols" in the MEDA countries: the example that comes nearer — the attempt made by Turgut Özal in Turkey in the 1980s of creating a highly centralised, competent, and insulated policy team – proved half-baked (Öniş and Webb, 1994).

Until 2000, when activity accelerated in Turkey and slowed down in other regions, privatisation proceeds in the 5 MEDA countries have never exceeded 2 per cent of the world-wide total since 1993 (Table III.1.). Even relative to other emerging markets, the region accounted for a mere 10 per cent in 2000 only[14]. Whatever divestiture has taken place has been through small-scale operations in non-strategic sectors. With few exceptions, investors have been established business groups, such as ONA in Morocco, and "profiteers of the old regimes" (Dilman, 2001) rather than new private interests and foreign companies. Private sector participation in infrastructure has been even slower: except for Sub-Saharan Africa, the region has the lowest share of private sector participation in infrastructure (Table III.2.). Between 1984 and 1997 more than 1 350 private infrastructure projects were completed in 128 countries with a combined value of $ 650 billion. The Middle East accounted for just $9 billion worth of those projects — barely more than 1 per cent of the total.

Table III.1. **Privatisation Proceeds in Five MEDA Countries as % of Total (1993-2000)**

Year	Number of transactions	MEDA-5	Global	OECD	Non-OECD	MEDA as % of global	MEDA as % of non-OECD
1993	46	874	58 214	40 294	17 046	1.50	5.12
1994	38	1094	68 858	50 884	16 880	1.59	6.48
1995	50	1106	70 230	56 684	12 440	1.57	8.89
1996	51	1763	89 743	68 250	19 730	1.96	8.93
1997	68	2040	153 273	96 175	55 058	1.33	3.70
1998	79	2012	139 164	94 011	43 141	1.45	4.66
1999	46	2158	141 886	104 780	34 948	1.52	6.18
2000	25	3440	100 063	65 063	31 560	3.44	10.90

Source: World Bank.

Table III.2. **Investment in Infrastructure Projects with Private Participation**

	Telecommunications		Energy		Transport		Water and sanitation	
	1990-94	1995-99	1990-94	1995-99	1990-94	1995-99	1990-94	1995-99
Algeria	..	..	..	..	..	..	..	..
Egypt	..	2 046	..	700	..	198	..	..
Morocco	..	1 240	2 300	4 819	..	..	..	4 051
Tunisia	..	..	627	265	..	..	..	..
Turkey	74	3 270	718	2 992	..	505	..	1 202
Total MEDA-5	74	6 556	3 645	8 776	..	703	..	5 253
as % of middle-income countries	*0.15*	*4.07*	*10.39*	*7.74*	*0*	*1.04*	*0*	*22.67*

Source: World Bank.

14. Turkey is of course both an emerging market and an OECD member.

IV. TELECOM PRIVATISATION AND LIBERALISATION IN MEDA COUNTRIES

The price paid for the failure of the public sector to attract capital and know-how into telecommunications is evident. With government finances under pressure, essential investment has simply not happened. With regard to key telecommunications indices, the sample MEDA countries examined here are far behind other developing and developed countries. Table IV.1 shows some statistics on fixed and mobile lines penetration ratios, and Internet hosts for a number of MEDA and European countries. The gap in terms of penetration ratios in fixed and mobile lines and Internet hosts per 10 000 inhabitants between the MEDA sample countries and the least developed European economies remains quite big despite the recent reforms that have taken place in these countries (the differences vary from 318 per cent in fixed lines penetration ratios to 6 000 per cent in Internet hosts between the two groups).

Table IV.1. **Key Telecommunications Statistics for a Sample of MEDA and European Countries (2000)**

Country	Penetration ratios (p/100 inhabitants)		Internet hosts per 10 000 Hab.
	Fixed lines	Mobile lines	
Algeria	5.70	0.28	0.01
Egypt	8.64	2.14	0.35
Morocco	5.03	8.26	0.66
Tunisia	8.99	0.58	0.03
Turkey	28.00	24.56	10.64
MEDA-5 average	11.25	7.16	2.34
Greece	54.70	51.10	103.91
Ireland	48.40	48.20	296.37
Portugal	43.30	53.60	62.02
Spain	41.80	56.40	112.19
European average	47.05	52.40	143.63

Source: ITU, IDATE and author's calculations.

Table IV.2. **Key Statistics for Telecom Operators in the MEDA-5 Countries (2000)**

	Algeria	Egypt	Morocco	Tunisia	Turkey
Digitalisation (% of lines)	92	82	99	100	84
Waiting list for main lines (#)	730 000	1 275 000	17 896	80 731	418 000
Public payphones (#)	5 000	5 046	31 617	13 692	72 000
Phone lines p/employee (#)	81	74	107	117	254
Revenues ($ million)	287	1 055	773	351	4 990
Investment	146	518	132	157	585

Note: Revenues data are 1998 except Turkey (2000).
Source: ITU (2000), Arab States Telecommunication Indicators and ITU (2001), Yearbook of Statistics.

Algeria

The Post and Telecommunications Act (Order 75-89 of 30 December 1975) and the Ministry of Post and Telecommunications (established in 1983) have governed the sector until recently. Some timid deregulation began in the early 1990s, when procurement was liberalised, and then in 1998 with the creation of “multi-service kiosks”, private business premises supplying public services. By the end of 2000, approximately 10 000 public telephone licenses had been granted to these private operators. In 1998, the government also decided to allow private Internet providers to offer services in order to keep pace with the increasing demand. By March 2000, there were 18 ISP licenses approved including BMG International, Microcom, Ornet, and Servnet. However, only two ISPs, CERIST (the government organisation responsible for promoting scientific and technical information) and EEPAD (a private company), are actively operating at present.

Telecom law No. 2000-03, issued in August 2000, transferred to new joint-stock companies fully owned by the government [Algérie Postes (AP) and Algérie Télécom (AT)] the activities previously performed by the Ministry of Post and Telecommunications[15]. AT, in particular, was conferred the operation of fixed-line services and, through its Djadzair subsidiary, of the GSM network[16]. The goals to promote the rapid liberalisation process include: *i)* value-added services liberalised by 2001; *ii)* one or two new telecom operators in rural areas in 2002; *iii)* one or two more national long distance operators in 2003; *iv)* one or two new operators for international calls in 2003, and *v)* a total opening of the telecommunications market by 2005. Decree 417 of December 2001 gave AT the authorisation to provide all telecommunications services, with exclusive rights except for GSM services. This is a transitional authorisation, which runs until the end of 2004 when AT will be granted a licence. Algeria plans to remove restrictions on competition in fixed-line telephony in August 2003 and grant a third mobile licence in December 2003.

May 2001 saw the formal establishment of the *Autorité de Régulation de la Poste et des Télécommunications* (ARPT). This 7-member body enjoys financial and operational autonomy and rather extensive powers to monitor and enforce sectoral policies (including that of using the *police de la poste* to ensure the respect of the *cahier des charges*). The ARPT will be responsible for overseeing the sharing of telecom infrastructures, non-discriminatory assignment of spectrum and frequencies, and competition promotion. The ARPT has a menu of progressively more stringent (so-called “modular”) penalties from which to choose in case of non respect of its decision — an important improvement relative to the Moroccan case (see below). ARPT’s director, named by presidential decree, is a former Minister for Education. It is interesting to observe that the normative void concerning independent and autonomous regulation is not addressed in the *ad hoc* commission on the future of the public administration set up

---

15. In the 144 member Senate, the draft law was adopted with 121 votes in favor, four against and three abstentions.

16. The government’s presence in the ITC sector also includes SITEL, a joint venture with Sweden’s Ericsson (which holds a 35 per cent equity participation) created in 1988 to digitalize the Algerian phone system, an objective that should be finally attained in early 2002.

in 2001. The government does acknowledge the risk of privatising without prior liberalisation but seems to prefer leaving it to the competition authorities (*Conseil de la concurrence*) to deal with sector-specific regulatory issues[17].

The waiting list for mobile phones is very long — approximately 500 000 Algerians. In July 2001 a second GSM license for 15 years, exclusive until 2004 and automatically renewable for five-year periods, was awarded to Djezzy, a subsidiary of Egypt's Orascom Telecom. The process comprised two stages – pre-qualification of four operators based on technical and financial criteria and then the final choice strictly on the basis of the sums offered for the licence. Orascom bid $737 million for the licence (half payable immediately and the remainder in 2003), to be operational before 15 February 2002[18]. Orange of France was the only other bidder, with a substantially lower offer ($422 million). Djezzy enjoys a favourable tax rate as well as freedom to transfer funds to foreign currencies and pre-sell lines, in effect obtaining from future clients a participation in the investment expenditures[19]. The ARPT is currently arbitrating a dispute between Djezzy and AT over revenue generated by calls that mobile subscribers make to the fixed network. Djezzy believes it is entitled to keep it, while AT argues it should get a cut.

In 2001 the government contracted a merchant bank to prepare the sale of up to 35 per cent of AT capital to a strategic foreign investor by August 2003. With capital of 100 million *dinars* ($1.3 million), AT start operating in late 2001 and handled a government international bid for the installation of a 500 000-line GSM network. The restructuring process, however, is suffering from considerable delays: only in February 2002 was an *ad hoc* commission formed to assign joint assets (including the Djaweb ISP) and staff to AP and AT[20]. Although it was expected that the company would be managed by a triumvirate of directors, more than one year after AT's corporatisation Messaoud Chettih, former president of state-owned steel and mining holding company Sidmines, was finally appointed in mid-2002[21]. In the meantime the company seems unable to meet the expansion targets set by the Ministry in terms of digitalisation, quality of connections, and delay in repairing lines[22]. Lack of financial and organisational means is also the explanation advanced for the delay in launching pre-paid phone cards and

17. "Le socle de l''Etat de droit", *El Moudjahid*, 5 January 2002.

18. Local newspapers have alleged that the bidding process was flawed and signed under pressure, prompting the Public Prosecutor's office to order a preliminary probe in September 2002.

19. Djezzy was allowed to pre-sell lines, in effect obtaining from future clients a participation in the investment expenditures. It must cover 12 wilayas by end-2002, raising to 95 per cent of all centres with 2 000 and more inhabitants, as well as all roads, by the fourth year. Due to security concerns, however, it has not managed to fulfill such obligations. In Tizi-Ouzou, for instance, it could only cover 26.4 per cent of the territory, as opposed to the required 65 per cent. The ARPT considered that this was not a non-fulfillment of the contract and suspended the application of a fine.

20. "Télécommunications, installation de la commission de répartition du patrimoine", *Le Matin*, 12 February 2002. The appointment of the new management team of the post office is still pending.

21. Chettih is credited with the success obtained in the purchase of Sider and Ferphos by LNM-Ispat.

22. See "Les P et T font leur cyber-révolution", *El Moudjahid*, 12 January 2002.

concluding the tender process for the GSM network. ARPT's director showed an appreciation of the political implications of regulatory policies by candidly acknowledging the risk that the government may exert pressure to maximise revenues from the AT privatisation[23].

Egypt

The Arab Republic of Egypt's National Telecommunication Organisation (ARENTO) was established in 1957 and became an autonomous government-owned utility in 1982. In 1994 a five-member independent commission was created to separate regulatory and operating functions, but this reform proved completely artificial (Galal, 1997). Law 19 led to the corporatisation of Egypt Telecom (ET) in 1998, the establishment of the Ministry of Communications and Information Technology [(MCIT[24]) in October 1999)], and the creation of a Telecommunications Regulatory Authority, whose functions and organisation were clarified by Decree 101. Value-Added Services (Internet, Mobile, Payphone, Audio-text, Data) have been liberalised, while ET retains its monopoly on fixed telephone lines until December 2005[25]. Through its subsidiary Egyptian Telephone Company, ET also manufactures under license telephone sets, boxes, and small switches. A main objective being to increase its market value prior to sale, the government intends to grant it a third mobile phone license by 2002.

The government showed indecisiveness in its plans — not surprisingly consider that the minister of telecommunications, who was put there in the mid-1970s, consistently resisted privatisation[26]. Declarations made mid-way through 2000 in this regard were replete with contradictions. In early 2000 the Minister of Telecommunications and Information Technology said that neither the percentage to be privatised, nor the formula for privatisation (to a strategic investor or by partial IPO float), had been decided[27]. He was promptly rebuked by other cabinet members who argued that it was time to extend the privatisation program to some of the large service enterprises. On 18 June a new board of directors, more in tune with the private sector, was appointed; the new chairman comes from a prominent local private IT company. The company announced its intention to add one million fixed lines per year to its current 5.5 million to meet demand; acquire or establish an internet service provider to add to its 20 per cent stake in Egynet, a data services network, and 24 per cent holding in Nile

---

23. "La vente de lignes Orascom dès le 15 janvier" (interview with Omar Tou), *El Moudjahid*, 26 December 2001.

24. The MCIT must facilitate the transition into the global information society, coordinate the efforts of different stakeholders, and implement the National Communications and Information Technology Plan.

25. Egypt was not a signatory to the WTO Basic Telecommunications Agreement concluded in February 1997.

26. "Less hanging on the telephone", *Cairo Times*, 25 December 1997 and "High hopes", *Al-Ahram Weekly*, 8 March 2001.

27. "Don't hold your breath", *Al-Ahram Weekly*, 11 May 2000.

Online, which is establishing a fibre optic digital network; and bring in a strategic investor for both its data and mobile businesses[28]. Following final cabinet approval on 18 September, up to 20 per cent was slated for sale, half on the local market and the remainder on the London Stock Exchange as global depository receipts (GDRs). A further 5 per cent was to be offered to the company's Employees Shareholder Association. The IPO was due to run from 30 October to 17 November 2000. The exact offering price was due to be decided on 28 October at the conclusion of the pre-marketing phase. In view of domestic difficulties, violence in the Middle East, and the global glut for telecoms stocks, the market reacted to this announcement with scepticism[29]. The local business community, which feared that a high-profile failure would destroy the already fragile market confidence and lead to market flight, pressured government to reconsider the timing of the IPO. International investment houses also warned that in view of Egypt's IPOs tendency to be overpriced, lack of any real market-based price determination, and insufficient emphasis on marketing and promotion the risk of a flop was great[30].

Finding a strategic investor to partner with ET is no easy task, especially at a time when telecom sentiment is depressed and key global players focus on strengthening financial fundamentals by reducing debt, selling non-core assets, cutting capital expenditure, and enhancing customer retention. Some tariff balancing was made in April 2002, in the first revision since 1988. The new system will record all calls placed within a governorate, regardless of distance, as local calls. It also introduces a simplified tariff structure for long-distance billing. In order to tempt investors to emerging markets, the number of shares on sale will have to be sizeable. But there is hardly a consensus on this. In September 2001 the Information Minister told reporters after a cabinet meeting that the government would offer 15 per cent in ET, contradicting what the Minister for Communication and Information Technology Ahmed Nazif had said in February — that Egypt would privatise up to 49 per cent of the shares in ET[31]. The stalemate reflects a political conflict being waged inside the government no less than the lack of co-ordination inside the cabinet. Ministers in every government department talk about privatisation although this should be the prerogative of the Prime Minister and the Minister of Public Enterprise[32].

---

28. "Weak markets delay telecom sale", *Oxford Analytica Daily Brief*, 30 October 2000.

29. Stock market conditions worsened in 2000 for a variety of reasons, one being the very fact that local investors caught by liquidity problems were forced to sell their stocks to gain cash in anticipation of the telecoms IPO. The delay in Egypt's inclusion in the Morgan Stanley Capital International (MSCI) Emerging Markets Free Index (EMFI), the benchmark for US funds, also proved unfortunate.

30. "Calling all investors", *Al-Ahram Weekly*, 19 October 2000.

31. "Egypt to sell some energy, telecom holdings", *Reuters*, 6 September 2001.

32. "No Trojan horse", *Al-Ahram Weekly*, 27 July 2000.

Following an ill-fated attempt in the mid-1990s — the government offered a mobile license in 1991 but cancelled the tender three years later[33] — more successful outcomes have been achieved in mobile telephony. In 1998 the Egyptian Company for Mobile Services (ECMS), the first GSM mobile network operator, was sold to MobiNiL for $516 million. The consortium is controlled by Orascom Telecom (28.75 per cent[34]) and France Telecom (71.25 per cent after Motorola sold its stake)[35]. The decision to speed up the licensing process was taken by President Mubarak himself, apparently without consulting with ET, on the return flight from the G-15 Summit in Malaysia, "where he saw how things work in a full-blown emerging economy"[36]. A second mobile operator, Click-Misrfone started operation in November 1998[37]. MobiNiL's active subscribers surpassed two million at the end of December 2001, 65 per cent higher than a year earlier[38]. MobiNiL and Click-Misrfone have both benefited from an anachronism whereby Egyptian users are accustomed to paying a connection fee for mobile phones as they did when ET was the sole telecom provider[39]. The former has also benefited from inheriting 80 000 mainly high-end, post-paid customers from ET. Under the terms of the licenses awarded to MobiNiL and Click, the third license winner must pay the same for its license as the two current operators plus an interest charge for the interim two years (around $600). Given that there are few investors willing to pay that much for a GSM license in the current climate, the government is allegedly ready to renegade on this commitment and grant the license to ET in order to increase its value ahead of privatisation. ET offered to pay $427 million, an offer that not surprisingly generated a lot of criticism from the private sector[40]. In February 2002 ET invited international GSM suppliers to submit a proposal for the turnkey supply, installation, testing, and commissioning of a GSM 1 800 MHz network.

---

33. An early project to operate a second license was launched in 1992 by Ahmed Sedky, the son of then Prime Minister Atef Sedky, with Cable & Wireless, but political wrangling and family feuding sank the project ("Not upwardly mobile", *Cairo Times*, 16 October 1997).

34. Not unlike other businesses in emerging markets, Orascom Telecom, that has acquired GSM licenses in 21 MENA and sub-Saharan African countries, is controlled by a family (the Sawaris).

35. The remaining 49 per cent of MobiNiL is split between a free float of 30 per cent, a further 14.3 per cent also held by Orascom Telecom, 2 per cent held by Egypt Telecom staff and 2.7 per cent by other local institutions. The offering was 51 times oversubscribed.

36. "Multiplying mobile phones", *Cairo Times*, 27 November 1997.

37. Vodafone Airtouch of the UK is the main shareholder in Click-Misrfone, alongside EFG Hermes, the local investment bank (10 per cent), Alkan (10 per cent), the state-owned Banque du Caire (5 per cent), Cegetel (Vivendi) (7 per cent), and MSI (Mobile Systems International) of the UK (8 per cent).

38. Nonetheless, the fixed mobile crossover, already a reality in much of Africa and the Middle East, will wait a few more years in Egypt. ET's aggressive rollout deployments, pent-up demand for basic services (fixed penetration remains below 12 per cent), and low fixed-line prices have attracted many low-end users, even as mobile operators tighten access conditions to their networks.

39. The connection fee of about E£600 ($130) remains in place for pre-paid card users, the great majority of new subscribers, but both companies have for the moment chosen to do away with the connection fee for the post-paid market.

40. "Customer expansion to precede regional growth", *Financial Times (Egypt Survey)*, 9 May 2001.

Morocco

Of the five countries examined in this paper, Morocco has gone further in reform, establishing a regulator, opening the capital of the incumbent to private investment, and introducing competition in mobile telephony. The combination of three factors seems to explain this success. First, Hassan II took a personal, and high-profile, interest in the *dossier*, and his son's Mohamed VI first *dahir* also concerned it (Hibou and Tozy, 2002). Second, more than elsewhere in the region, in Morocco export-oriented business interests found the space to press for reforms (Cammett, 2001; Catusse, 1999). Third, in the mid-1990s a group of young technocrats was asked by the King to analyse the challenges facing Morocco, in particular those resulting from WTO membership, and to consider the most appropriate policies. This group, known as the "G14", included the future regulator as well as the chief executives of both the state telecom carrier and the main new entrant.

Not before no less than seven years of deliberation (Gentzoglanis *et al*., 2001), the new law (No. 24-96) was adopted in June 1997 and gazetted in August (*dahir* No. 1-97-162). From the ashes of the traditional ministerial body (*Office des Postes et Télécommunications*, ONPT) rose two separate state-owned joint-stock companies: Itissalat Al Maghrib (IAM) for telecommunications and Barid Al Maghrib for postal services. The law assigned universal service obligations to IAM and shared the corresponding costs among all telecom operators (art. 40). Under the WTO-GATS Fourth Protocol on basic telecommunications, Morocco also committed to immediately open market access for packet-switched data transmission and frame relay and liberalise all services using fixed infrastructure, telex, and ISDN by 1 January 2002.

Following the approval of implementation decrees, the *Agence Nationale de Réglementation des Télécommunications* (ANRT) was instituted in February 1998. ANRT's mission includes allocating the spectrum, awarding licenses, monitoring competition, managing the numbering plan, and applying general principles to set the terms of interconnection. Dispute resolution mechanism and national ITC policies are the responsibility of the *Secrétariat d'Etat aux Postes et Technologies de l'Information* (SEPTI), a newly-established State Secretary in the Prime Minister's Office. The Board of ANRT is composed of ten ministers — some also sitting in IAM's *Conseil de surveillance* — and five independent personalities and is presided by the Prime Minister. Five ministers and the five independent personalities sit on the Management Committee, also chaired by the Prime Minister, who is charged with settling technical disputes, in particular regarding the terms of interconnection. The Director General is directly appointed by the monarch on seemingly uncertain terms: his/her term of office is not fixed, he/she does not have an employment contract, and can be removed by *dahir* at the King's whim (Gentzoglanis *et al*., 2001)[41]. Mustapha Terrab, the first head of ANRT, is a perfect example of Moroccan technocrat. He studied at both Harvard and MIT,

41. Morocco's competition law, issued in June 2001, includes a similar government board that was finally appointed in February 2002. The powers of the *Conseil de la concurrence* are rather modest by international standards, it does not enjoy, for instance, any advocacy ones.

worked for André Azoulay, the King's chief advisor, and the "G14", and received the "direct and flaunted" support of Hassan II (Hibou and Tozy, 2002, p. 98)[42].

IAM's offer of interconnection charges was approved, with some modifications, in 1998 by ANRT. In 1999, the award of a second, 15-year GSM mobile phone license to Médi Télécom fetched more $1.1 billion[43]. The winning consortium comprises Portugal Telecom and Telefónica as technical operators with a combined 61 per cent share and domestic investors (BMCE, Groupe Afriquia, and *Caisse de Dépôts et de Gestion*). The license grants the cellular operator the right to decide whether to build its own long-distance infrastructure, or just to the point of interconnection and offer fixed wireless services outside of urban areas. Under the license agreement, Meditel is required to achieve network coverage of 95 per cent of the population within five years of winning its license. In 1999 IAM (renamed Maroc Télécom, MT) recorded record profits, even surpassing the ONA group (see below), and its partial privatisation was launched in 2000. The Ministry of Privatisation tested the waters with prospective investors and oversaw the deal, but ANRT prepared the *cahier de charges*. Despite the market collapse of telecoms operators in OECD countries and the retreat of all but one candidate, and the government's difficulty in respecting its own timetable, in December 2000 Vivendi Universal bought a 35 per cent stake for $2.3 billion, acquiring operational control in the largest-ever non-mining foreign investment in North Africa[44].

Telecom liberalization in Morocco can be defined a success, relative to the rest of MEDA if not by world standards. Market growth between June 1999 and June 2001 proved exceptional and far in excess of forecasts (Bezzina, 2001). The incumbent's subscribers have more than tripled to 3 million, while the entrant saw its users go from 160 000 to 1 million (DREE, 2001). In April 2001, MT also ventured abroad, paying $48.1 million for 54 per cent of Mauritel, Mauritania's national operator[45]. The ANRT has been asked to advise regulators elsewhere in Africa, in Senegal for instance, and has played an active role at the 2002 ITU World Telecommunication Development Conference, where it presented a proposal on guidelines for interconnection in developing and least developed countries.

The unravelling of liberalization, nonetheless, has shown that some institutional aspects were not well fixed in the regulatory framework, but also the risks implicit in not restraining opportunistic government behaviour. Early disputes between MT and Médi

---

42. The career path of Driss Benhima, director general of the *Office national d'électricté* and the man charged by the King to promote Morocco's bid to host the 2006 World Cup, is very similar: he studied at the École polytechnique in France, joined the phosphate monopoly on his return to the country, and was also a G14 member (Vermeren, 2001, p. 152).

43. France Télécom, the second-highest bidder, offered $880 million.

44. The deal appeared close to collapse and was only savaged by the direct intervention of André Azoulay; see "Maroc Telecom: Vivendi seul candidat", *L'Économiste*, 21 December 2000 and "Le pays entre dans la mondialisation par effraction", *Le Monde diplomatique*, June 2001.

45. The privatisation consisted of the sale of a package including a license for fixed telephony (to be opened to competition in June 2004) and a license for cellular services (open to competition, with no exclusivity period). In early 2002 MT sold a 20 per cent stake for $16 million. It now has 34 per cent participation, smaller than the government of Mauritania (46 per cent).

Télécom concerning interconnection and the billing method were resolved in a manner "that was regarded, on the whole, as being fair to both parties" (Gentzoglanis *et al.*, 2001, p. 40)[46]. Much more contentious has proved the dispute concerning the 10 per cent discount that MT decided to offer in January 2001 for calls to subscribers of its own mobile subsidiary. Viewing this as an abuse of dominant position, Médi Télécom asked ANRT to intervene. Considering discriminatory the conditions for the application of the discount, the regulator by an injunction ordered MT to discontinue it. The state-owned incumbent, however, did not respond within the 30-day limit set by the law and at the end of March ANRT, invoking article 30, informed SEPTI of its determination of placing MT on notice. In terms of this article, IAM was liable, at the very minimum, of a fine equal to 1/30th of its monthly revenue per day of delay in abiding by the ANRT's decision. It was only at the eleventh hour that MT complied, and as a matter of fact in doing so it contravened the statutory requirement of informing the regulator at least one month in advance of any change in its tariffs.

The case brought to the fore three major issues. First, that the lack of modularization in the penalties that the regulator can impose for non-respect of its decisions makes them less credible, since it pushes the regulated firms to play a chicken game, in the expectation that the authority will blink. Second, that ANRT still lacks teeth when it comes to enforcement — especially in view of the fact that SEPTI increases the costs of the regulatory game because it is not obliged to act with set deadlines[47]. And, third, that the confusion in the dual role of the government, as majority shareholder in MT and *autorité de tutelle* of ANRT, creates conflict of interests that is not easy to cure.

That the law had failed to consider what to do in case of non-respect of an ANRT's decision has been taken by SEPTI, a bit hastily, as a justification to change the law. At the end of 2001 SEPTI transmitted to the Council of Ministers its proposal, which aimed at diluting ANRT's powers to make binding regulations, grant licenses, and finance itself. SEPTI proposed to oversee the universal service and research and development funds and to assure sector-specific regulation (*réglementation*), leaving wider-form regulation (*régulation*) to ANRT[48]. These changes were seen as part of a strategy to block liberalization and preserve the value of the government's remaining stake in MT, that lost nearly 400 000 fixed network subscribers in 2001 under the effect of fixed-mobile substitution (Zibi, 2002*a*). In April 2001 ANRT released its proposals concerning the *cahier des charges* for new fixed-line licenses, but numerous delays — such as the failure to hold the meetings of a special inter-ministerial commission — have prevented the launch of the formal process[49]. When the text was discussed at the government level later last year, Prime Minister appeared to side with ANRT's request to

---

46. Lacking detailed accountancy data, ANRT resorted to benchmarking to determine the charges.

47. On this last point, see "Télécoms: l'autorité de tutelle crée une situation de non-droit", *La Vie économique*, 11 May 2001.

48. «Il y a une volonté d'affaiblir l'Etat de droit dans les télécoms», Mustapha Terrab, directeur général de l'ANRT", *L'Économiste*, 2 October 2001.

49. "Liberalisation des télécoms: la machine est grippée", *L'Économiste*, 22 October 2001 and "Télécoms: luttes de pouvoir et danger sur la libéralisation", *La Vie économique*, 7 December 2001.

introduce penalty modularization, introduce incentives for alternative phone networks in rural areas, and clarify universal service obligations. The changes also create two funds totalling $50 million — financed from deductions on the annual turnover of the operators and mainly for research in telecoms and other services — that will be controlled by ANRT. But this not prevented Terrab to tender his resignation in January 2002, arguing that he was “unsatisfied with the evolution of Morocco’s telecom sector in the past year”[50]. In April Mohammed VI appointed a new ANRT head, Othman Demnati, an engineer and former Minister of Agriculture (1981-92).

The monopoly operator’s focus on the GSM market, however, have resulted in negative growth even at low penetration rates (3.7 per cent in 2001): between 1997 and 2001, MT subscriber base decreased at a cumulated annual growth rate of — 4 per cent (Arab Advisors Group 2002*b*)[51]. The crisis is due to the attractive offers of the mobile operators, relatively high fixed telephony rates[52], and very low demand from Internet subscribers. In June 2002 the ANRT launched an international tender for the sale of a second fixed phone licence. The deadline for submission of offers, initially set on 8 October, was postponed until 5 November after ANRT held clarification meetings with prospective candidates. In August, ANRT awarded licences to two local companies, Morocco Radio Telecom (Moratel) and Inquam Telecom, for the establishment and operation of trunk mobile radio networks.

Tunisia

As noted above, in the MEDA region Tunisia provides the best case study for analysing the interaction between authoritarian politics, macroeconomic orthodoxy, and timid advance in structural reforms. Since independence in 1956, telecom services have been provided by a government department (DGT) supervised and regulated by the Ministry of Communications and Transportation. In 1987, the DGT gained the right to retain earned revenues for direct reinvestment in the sector. In the early 1990s, the labour union blocked proposals for restructuring the entity into a public enterprise or other semi-autonomous organisation. Nonetheless, the issue was prominent in the discussions concerning the 8th National Plan (1992-96).

Law 95-36 led to the creation of *Tunisie Telecom* in 1996. Regulatory responsibilities were transferred to the *Centre d’Etude et des Recherche de Télécommunication* (CERT), while frequency allocation authority remained with the Office National de la *Telediffusion* inside the Ministry of Communications. As part of the

50. The immediate motivation was the enquiry that the government started to discover the origin of the press leakage concerning the news that the World Bank has asked the government to explain the reasons behind the tensions with the ANRT. In April 2002 Terrab was named Lead Regulatory Economist at the World Bank.

51. In 1999, the number of mainlines grew at 5 per cent, while in 2000 it dropped by 5 per cent which continued in 2001 (-21 per cent).

52. The connection fees for a fixed line are higher than the connection fees for a mobile line, fixed minute rates are higher than the regional average and the average peak and off-peak postpaid calls made to another mobile are cheaper than those from a landline to a mobile line.

WTO Basic Telecommunications Services Agreement, Tunisia committed to market access and national treatment for telex and packet-switched data services as of January 1999; mobile telephone, paging, teleconferencing and frame relay as of January 2000; and local voice telephony as of January 2003. The Telecommunications Code (No. 2001-1 of 15 January 2001) finally led to the creation of the *Instance National des Télécommunications* (INT), endowed with an administrative and financial autonomy and a total independence in the arbitration between the operators acting in the sector.

TT remains the sole provider of basic services and also owns a majority stake in mobile operator, Tunicell. Progress has been substantial: the fixed line network has been modernised, the penetration rate (number of fixed lines per 100 inhabitants) is now higher than in Morocco (more than 13 per cent in 2001), and reliability has improved thanks to huge investments in fixed and mobile infrastructure (more than $1.7 billion since 1990). TT also won the license to operate Mattel, Mauritania's first GSM network, in 2000 and, together with telecoms engineering firm *Société Tunisienne d'Entreprises de Télécommunications*, has acquired a majority participation in Cameroon's fixed-line telecoms company, Camtel. Despite recent tariff adjustments, however, tariffs remain expensive and more than 400 000 persons are in the waiting list for obtaining a cell phone line[53]. In addition, Tunisia, that was the first country in Africa to market the Internet and helped launch the Web in Morocco, has only two Internet providers, one owned by the president's daughter (Planet Tunisie), the other by a close relation (Globalnet)[54]. Tunisie Telecom, through *Agence Tunisienne de l'Internet*, operates the backbone network and acts as regulator of the Internet market, determining prices, setting service conditions, and regulating the allocation of private licenses[55]. Prices are higher than international best practice and the number of Internet hosts is much lower than elsewhere in the region — and indeed by very considerable multiples (143 and 110 compared to Turkey and Lebanon).

In order to comply with WTO telecommunications obligations, authorities have planned to grant a second mobile phone license to a private operator since 1999. In 2000 the government backed away from concluding a deal with Telefónica and Portugal Telecom, arguing that the price was below expectations[56]. A new telecommunications code was finally promulgated in January 2001 (Law No. 1), opening the way to the appointment of the head the Telecoms National Authority (Kamel Ayadi, the head of the country's engineers association) in April 2001, and to the launch of a second tender for

---

53. "GSM: quand, qui et combien?", *Realités*, 10 January 2002.

54. "Morocco Goes Mobile", *The Economist*, 13 May 2000.

55. "The terms of the mandatory contract restrict the user to scientific, commercial, and educational activities, and gives the government the right to inspect the user's premises to ensure compliance with the terms of the contract. The government's Internet agency will continue to be the sole link to the Internet, with private Tunisian providers receiving their access through the agency" (US State Department 2000, p. 14).

56. This is questionable since the Spanish-Portuguese consortium offered to buy the licence at conditions that, on a per capita basis, were almost identical to those paid by Méditel ($39.70 vs. 40.90). This despite the considerable degradation of the share prices of all telecom operators since 1999 (see Bezzina, 2002).

the 15-year GSM license (with a four-year exclusivity period) on 31 October 2001. Seven foreign companies shown initial interest, but only three bid[57]. The government selected Orascom Telecom Tunisia (OTT) — a consortium led by Orascom Telecom, that holds a 35 per cent stake, which includes a number of Tunisian businessmen, banks and international investors — although its offer ($454 million, half on signing and the remainder before the end of 2002) was lower than the one by Wataniya Telecom of Kuwait[58]. Telefónica's offer, meanwhile, stood at $450 million. The saga continued, however, when questions arose regarding OTT's ability to finance the project[59]. OTT requested delays on a number of occasions, saying it needed more time in which to raise the necessary funds. The tender agreement, meanwhile, stipulated that the license fee was to be paid in two tranches, one upon the signing of the deal, initially set for end-April, and the second sometime before the end of 2002. Finally, on 12 May, with a day to spare, a first instalment of $227 million was deposited by OTT[60]. This delay allowed TT to enhance investments in its GSM network, providing a larger coverage of its services, added features, and the ability to cope with a larger subscribers base. Cellular subscribers of Tunisie Telecom have increased from 119 075 in 2000 to 404 202 in March 2002 and the penetration rate from 1.2 to 4 per cent. It does remain, however, one of the lowest in the Arab world, higher only than Syria, Algeria, and Sudan amongst major markets (Arab Advisors Group, 2002*a*).

Turkey

The still far from completed story of the privatisation of Türk Telekomünikasyon A.Ş. (TT) started almost ten years ago. In 1994 Law 4000 amended the 1924 Turkish Telegram and Telephony Act, splitting the Post, Telegram and Telephony (PTT) into two separate bodies — the Directorate of Postal and Telegram Services (DPTS) and TT. The latter was established as a joint stock company wholly owned by the state, that could divest up to 49 per cent of shares. In May 1995 Law 4107 granted the Privatisation Authority the power to privatise TT — although 34 per cent only of the shares were supposed to be transferred to private investors, since the DPTS was to receive a 10 per stake for free and employees an additional 5 per cent. The Constitutional Court invalidated this text, prompting the issue of Law 4161 in August 1996 to introduce a licence system for value added telecommunications services and grant to the Council of Ministers the mandate to approve the Privatisation Authority's proposal on the terms of the offer.

---

57. Both Telecom Italia Mobile and Portugal Telecom purchased bid documents, but did not finally submit any offers.

58. It is believed that, apart from offering a lot more cash than its rivals, Orascom was awarded the license for diplomatic reasons; indeed it was Tunisia's prime minister who announced the good news to Egyptian president Hosni Mubarak following a meeting of the joint Tunisian-Egyptian committee. See "Why Orascom Won 2nd GSM License", *Maghreab Confidential*, 21 March 2002.

59. "OT Bags Tunisian GSM License, Finally", AmCham Egypt, *Business Monthly*, June 2002.

60. In October 2002 Wataniya Telecom acquired 50 per cent of OTT for $113.5 million (including an immediate cash payment of $90 million).

Turkey initially committed to the WTO to open the basic telecommunication market to competition at the end of 2005. The new Telecom Law (No. 4502) approved in January 2000 has established an independent regulatory authority (*Telekomünikasyon Kurumu*, TK). Its board comprises five members nominated for five years (with the possibility of renewal) by the Council of Ministers that can dismiss them on the grounds of severe wrongdoing (abuse of their duty, conviction of certain crimes)[61]. The main goals of telecommunications policy are to develop the service capacity of Turkey to universal standards and contribute to economic and social welfare (Süel, 2000). In addition, the Law brought forward by two years the WTO commitment, so that TK's monopoly rights will be terminated on 31 December 2003. Turkey will then become the last OECD country to take the step to full liberalisation. The private sector will be allowed to operate in the market through concession agreements, licenses, or general authorisation to be determined according to the Regulation on the Licensing of Value Added Services and Law No. 4502[62].

The IMF program's included the sale of 20 per cent of TK by August 2000 as a structural benchmark[63]. The tender for the 20 per cent block sale to a strategic consortium, including at least one international fixed line telecom operator holding the majority of the bidding consortium, was announced on 13 June 2000. The scope of the management rights transferred to the investor, however, was left unclear and the tender could not be completed. The fact that the regulator had hardly been formed was obviously another negative factor. In October, the new TK board chose advisors for its corporatisation plan (meeting an IMF structural benchmark).

Following the November 2000 financial crisis, a new IMF rescue plan was launched in December. In the letter of intent, the government stated its objective of carrying out a tender for the sale of a 33.5 per cent stake and transferring stronger management rights (including that of nominating the chief executive officer and vetoing

61. The selection procedure of the Board members is somewhat unique relative to other OECD countries. The president, the member representing wireless services, and the member representing telecommunications services, are elected from among two candidates to be nominated to each post by the Ministry of Transport and Communications. The member representing the telecommunications sector is appointed from among candidates to be nominated by operators and manufacturers with 10 per cent or more market share in their respective telecommunications market. Each operator can nominate one candidate regardless of its market share. The other member representing consumers is elected from among two candidates to be nominated by the Ministry of Industry and Commerce and the Turkish Association of Chambers and Exchanges. Decision making of the Board is done through majority votes among members.

62. Best practice regulation among OECD countries is to use a licence when scarce resources i.e. spectrum need to be allocated, and to use general authorisation for other market entrants. There is therefore scope for simplifying and streamlining Turkey's licence regime by transforming Concession Agreements into a general Telecommunications Licence with standardised and transparent licence conditions rather than specific, and perhaps, different conditions for each concession holder. This does not conflict with the use of licences to allocate scarce resources such as radio frequency and satellite positions and make these licences subject to government's approval. In the medium term, Turkey should consider even integrating different types of licences into a single framework for general authorisation (or sometimes referred to as "class licence").

63. By law, at least 5 per cent of shares must be sold to employees, the General Directorate of Postal Services, and small local investors.

board decisions). The tender committee was to make publicly available the specification and an information memorandum by January 2001 (a condition for the completion of the fifth review); issue the final tender documents — including the authorisation agreement and the tariff regulation — and invited bids by March 2001 (a structural performance criterion); and select the winning bid by end-May 2001. However, the second tender was challenged on several legal grounds and the 6th Administrative Court blocked the process. The IMF also objected to the brazenly political colour of the TK board — the confirmation of the chairman that had opposed granting real management rights to foreign investors in the first tender and the appointment of four Nationalist Action Party stooges. Derviş had a fierce battle just to get two professionals, and retired military ones at that, on to the new board[64]. Not surprisingly this second attempt met no more success than the previous. The government remains committed to the privatisation. Recognising that selling minority participation may not attract the interest of international investors, in May authorities enacted new legislation (Law No. 4673). The government is now ready to sell 51 per cent or more of the shares (but foreign ownership is restricted to 45 per cent) and hold a golden share empowering it to block certain decisions in the company. Management rights to the strategic partner, however, were given through a Privatisation Authority decision, instead of the privatisation decree ratified by the president, and this could weaken the legal ground for the sale.

The formation of the regulatory authority in August 2000 has also been mired in controversy. More than half of the staff comes from TK and the Ministry, not least because new employees must first sit a civil service examination. Moreover, the chairman is a previous general manager of TK. He did however display independence challenging the initial text of the law, that left the power to grant licenses to the Ministry of Transport, and prevailed in the end[65]. The heat of the political battle may find an explanation in the provision, included in the May 2001 revisions, that transferred to the TK very broad powers of sanctions when national security or public order are imperilled. As observed in OECD (2002*a*), "a regulator having such broad and strong power is unique among OECD countries because this is a public policy or possibly a high political matter and exercise of such discretionary power need democratic control rather than being left to an independent authority".

Delays in the TK sell-off contrast with progress in deregulating mobile telephony – although this experience has not been exempted from problems either. In April 1998 two GSM 900 25-year licenses were transferred to the private sector on the basis of income sharing and $1 billion was transferred to the budget as revenue[66]. Turkish citizens are

---

64. "Hardball from the Fund", *The Economist*, 5 July 2001. Accused of hurting confidence in the IMF-backed plan, the Minister for Communications, Enis Oksuz, was replaced in August 2001 by a fellow MHP politician, Oktay Vural, deemed more in tune with Kemal Derviş.

65. "Regulator will need to marshal all his skills", *Financial Times (Turkey Survey)*, 13 July 2001.

66. Under the licenses, both operators are entitled to collect the revenue generated from the operation of the GSM systems and are obligated to pay the Treasury a monthly license fee equal to 15 per cent of gross revenue as defined in the license agreement. Under the interconnection agreement between the two operators and Türk Telekom, Turkcell and Telsim pay Türk Telekom an interconnection fee per call based on the type and length of call, and they also pay fees for other services. See Aybar *et al.* (2001).

required to hold at least 51 per cent of their ownership of the companies holding the licenses. Together, Turkcell and Telsim now have more than 10 million subscribers (EU, 2001, p. 385)[67]. A third GSM 1 800 system license was sold in the first quarter of 2000 to Is-Bank-Telecom Italia Mobile (Aria) for $2.5 billion, exceeding expectations[68]. A dedicated subsidiary of TK (Aycell) was finally granted the fourth license, at the same conditions as Is-TIM. Although TK's entry into the GSM market has been criticised (e.g. Yılmaz, 2000), the government's strategy of delaying the incumbent, state-owned fixed line monopolist until other competitors have established a good consumer base is rather unique — and positive — in the OECD (OECD, 2002*a*). Finally, no decisions have yet been taken regarding UTMS licenses.

TK is obliged to provide interconnection based on the principles of equality, non-discrimination, transparency, cost-orientation, reasonable profit, and under the same conditions and quality as they provide for their own services. If an interconnection agreement cannot be reached within three months from the initial request, either party can request the TK's intervention. If the parties still fail to reach an agreement with this mediation within six weeks (extendable to ten weeks), then the Authority sets the terms, conditions and tariffs of the interconnection in question. The Interconnection Ordinance, in which detailed implementation procedure of the dispute resolution mechanism will be included, however is still under preparation. Aria has so far been unable to reach roaming agreements with the two existing cellular companies and the regulator has proved ineffective in adjudicating the dispute[69]. As a consequence Aria is still confined to Istanbul, Ankara, and Izmir.

---

67. Turkcell is owned by a domestic entrepreneur, a Turkish conglomerate, and Finland's Sonera, while Telsim is controlled by the Uzan family. Both companies face severe financial problems. Following its listing in both Turkey and the United States in July 2000, Turkcell has seen its market capitalisation cut four times, while its debt service has increased after the 2000-01 devaluations. Telsim defaulted in 2001 on a $728 million payment in a vendor financing accord with Motorola and Nokia, that are currently battling to force the deposit of 73.5 per cent of the operator with the court. The Uzans attributed the payment interruption to the *force majeure* of the devaluation, but the plaintiffs cited the fact that the Telsim shares they held as collateral were first diluted as proof that the Uzans never intended to repay the money. In August 2002 the US district court in New York found the Uzan family in contempt of the court and upheld a injunction which had required them to deposit the disputed Telsim shares with the court. The Uzan family lawyers had argued that since foreign entities cannot hold a majority stake in a Turkish network, the transfer could have resulted in Telsim's license being revoked. In a separate move, the High Court in London extended an order freezing the UK assets of Cem Uzan until end-April, when a further hearing will be held.

68. Although it must be borne in mind that, the price being so high, the government has not sold a fourth license which was supposed to be offered at the same starting price of the third. Another controversy has concerned the terms of the payment. Considering what was granted as a concession agreement, the government levied VAT, but Aria has sued it arguing that in fact it is a license.

69. The Telecom Board proposed a solution on 19 October 2001 and asked the parties to reach a decision by mid-November. Turkcell considered the proposal technically impossible and commercially unacceptable and obtained an injunction from the Ankara Fourth Court of First Instance blocking the execution of the national roaming agreement. In March 2002, the regulator issued a regulation regarding the policies and procedures related to a national roaming agreement, which required the parties to reach a national roaming agreement within 30 days. Turkcell has obtained an injunction against the application of the regulation requiring it to agree on national roaming within 30 days. The company says that it will also initiate an action against the regulation before ICC for international arbitration within the legal time period.

V. CONCLUSIONS

Launching and stimulating reform in telecommunications markets is an important policy goal. Experience has demonstrated that free and open competition benefits individual consumers and societies as a whole by ensuring lower prices, new and better products and services, and expanded consumer choice. In this environment of rapid change, reform-minded governments tap the potential of the telecommunications sector through new laws that establish competition rules, promote service quality through competition, guarantee universal service, and set up a legal system that can sustain an open market. Encouraging entry requires that entrants can make profits after investing in infrastructure so that they have an incentive to invest; making competition effective such that consumers benefit requires prices to be sufficiently low so that consumers enjoy higher net utilities. At a first glance, these two elements seem difficult to achieve at the same time.

Reviewing Asian telecom reform, Fink *et al.* (2002) define the emerging picture as one of “managed competition”, which they define as a situation in which governments allow some degree of market entry and ownership change but on average prefer to restrict the regulator’s autonomy and domain of action. Table V.1. summarises the regulatory evolution and the state of competition of the MEDA countries examined here. Although they have all done at least some restructuring, self-sustaining competitive market structures have not emerged yet[70]. In this sense, depending on the case the situation can best be described as one of “managed monopoly/oligopoly”.

Only one traditional operator has been sold off, and partially at that, and the lack of liquidity in global equity markets suggests that many would-be investors have lost their appetite for telecoms stocks for the time being. In mobile telephony there has been considerable private investment, and license terms differed markedly, which makes strict per-capita-comparisons not very accurate. For example, the Egyptian government collects hefty annual license fees on each subscriber from the two operators while the Moroccan, Algerian, and Tunisian governments simply collect the up-front license fees and even offer tax incentives for the operators. Moreover, Algeria and Tunisia stand to collect the fees in two instalments. Algeria, Tunisia, and Morocco offered international gateway rights for the operators and in the cases of Tunisia and Algeria extendable license duration. Hefty license fees are financed by loans that operators will have to pay back. As such, license fees eventually come out of the pockets of consumers, who will pay higher rates than the global average. Moreover, operators burdened from the start by license fee loans, may be less inclined to invest heavily in their infrastructure and quality of coverage.

---

70. In the MENA region, three countries have always had private participation in the telecom operator (UAE, 1976; Bahrain, 1981; Yemen, 1990); four countries not covered in this paper partially privatized the operator (Sudan, 1994; Qatar, 1998; Jordan, 2000; Mauritania, 2001); and only Kuwait has not established an independent operator.

Table V.1. **Regulatory Evolution of the Telecommunications Industry in the MEDA-5 Countries**

Country	Incumbent operator (state ownership)	Level of competition	Regulatory authority (appointment authority)	Regulatory evolution
Algeria	Algeria Telecom (100%)	Monopoly in every segment of the market.	ARPT (President)	•*May 2001:* Establishment of the new regulatory authority ARPT by presidential decree.
				•*August 2000:* Law 03 introduces changes by opening the way to competition between private operators.
Egypt	Telecom Egypt (100%, privatisation prepared)	Monopoly in local, long distance and international calls, telex, leased lines, data and fixed and mobile satellite; duopoly in cellular digital; competition in ISP and GMPCS.	TRA (non-independent)	•Telecom Egypt being partly privatised: 20% of shares should be sold in 2001. A further 10% will be offered to its employees.
				•Creation of the Ministry of telecommunications and information in 1999 aimed at modernising the sector. Its objectives include developing intelligent services, value-added services and ISDN.
				•Some telecommunications services are open to competition since 1998 mobile telecommunications (2 operators), pay-phones (2 concessions), pre-paid international calling card services, Internet access (60 ISPs recorded).
Morocco	Maroc Telecom (ex IAM) (65% following sale of equity stake to strategic investors)	Monopoly in local, long distance and international calls, telex, leased lines and fixed satellite; duopoly in digital cellular; competition in mobile satellite, ISP and GMPCS.	ANRT (King)	• Several licences for universal service will be offered in 2002 in function of market demand.
				• Partial privatisation (35%) of Maroc Telecom in 2001, set up of a second mobile operator, Medi Telecom (Telefonica, Portugal Telecom, BMCE, Afriquia) in mid 1999. ANRT issued three VSAT licenses in 2000.
				• The Telecommunications law of 7 August 1997 specifies the new regulatory framework, preparing the opening of the sector to competition; the liberalisation of this sector should be completed by the end of 2002.
Tunisia	Tunisie Telecom (100%)	Monopoly in local, long distance and international calls, telex, leased lines, fixed satellite and in digital cellular; competition in ISP.	INT	•Liberalisation of the telecommunications is being discussed to take place from the year 2003 onwards.
				•Currently there are 7 ISPs serving the public sector and two serving the private sector; a call for proposal is announced in the next months for the approval of new ISP.
Turkey	Turk Telekom (100%)	Monopoly in local, long distance and international calls, telex, leased lines, data and fixed and mobile satellite and in GMPCS.	TK	•The Telecommunications Council, which is the independent regulatory body in telecommunication established according to the new telecom law, started to work in the last quarter of 2000.
		Competition in ISP, IMT 2000, data and partial competition in cellular digital.		•The new telecommunications law enacted in 2000 forecasts in particular the end of Turk Telekom's monopoly on basic services for 1 January 2006, the partial privatisation of Turk Telekom by the end of 2003. Some sectors - including value-added services, Internet access (80 ISPs) and mobile (two operators) - are already highly competitive.

Source: text.

Table V.2. **The political Economy of the Telecommunications Industry in the MEDA-5 Countries**

	Algeria	Egypt	Morocco	Tunisia	Turkey
ECONOMIC VARIABLES					
Fiscal crisis	√				√
Urbanization					√
Weight of financial services					
POLITICAL VARIABLES					
Leadership			√		
Willingness to use political resources					
Strong majority		√		√	
Reform-minded technocrats			√		√
Outside pressure			√		√
IDEAS AND PUBLIC ATTITUDES					
Support for private ownership			√		√
Links to international epistemic communities	√		√		√
Informal constraints on changing the regulatory system					
IDIOSYNCRASIES					
Personal qualities			√		
Skilled exercise of authority					

Source: text.

This means that the progress made towards pro-investment microeconomic reforms — one of the prerequisites of the "success and prosperity" MEDA scenario for the year 2010 (Derviş and Shafik, 1998) — has been minor so far. And unfortunately the telecom case is not unique: in electricity progress has also been modest, with very little in terms of sector reforms and some private investment in the BOT mode, but with rather disastrous results (Galal, 2001 and OECD, 2002*a*). In general, efforts have been stalled by an array of false starts, snags, and scandals. Insofar as SOEs' main source of revenue remains fixed telephony and, to a lesser extent, mobile telephony, their medium-term profitability rests on the success of strategies to defend market share in the face of looming competition in all market segments. Turkey's policy to limit the incumbent until competition becomes viable in the market illustrates how in partially regulated markets the incumbent may find it expedient to invest suboptimally in infrastructure, thus decreasing the welfare of the society. Regulators have so far failed to provide the necessary incentives to both entrants and the incumbent for a more efficient use of new technologies and the development of alternative networks. The provision of new services (high-speed Internet, Wireless Application Protocol, etc.) requires a well-developed

infrastructure and regulators should provide incentives for the development of alternative access networks. Long run efficiency is better achieved by the construction of alternative networks but regulatory schemes as they are currently applied by the regulatory institutions in the MEDA countries do not provide the necessary incentives for their development. From a normative standpoint, regulators in these countries should consider the trade-offs resulting from applying ex post and/or ex ante control mechanisms[71]. *Ex post* control mechanisms provide greater flexibility for the development of new infrastructure facilities and innovative activities, but they do limit in the short term the benefits to individual consumers. Furthermore, *ex ante* control mechanisms do limit incumbent market power allowing consumers to reap the benefits of competition immediately but they retard innovation and infrastructure development in the long run.

Possibly more interesting, however, are the conclusions that, albeit still tentative, can be reached concerning the interplay between political, institutional, and cognitive explanations for the general lack of progress in telecom reform, on the one hand, and the more auspicious results achieved in two of the five countries in the sample (Table V.2.). In broad terms, most standard hypotheses derived from the literature on the political economy of reforms and increasing the possibilities of implementing them seem to be confirmed. In particular, in all countries except Turkey the executive branch strongly concentrates power within the state apparatus; external factors — balance of payments necessitating help from Bretton Woods institutions and the challenges and opportunities opened by the Euro-Mediterranean Partnership process — increase the degrees of freedom of reformers; and the same elements of policy learning and institutional isomorphism that have been central in the spread of IRAs and other non-majoritarian institutions (independent central banks, in particular) in Europe and in Latin America are becoming increasingly important in the MEDA region. Except for Turkey, however, what is missing in MEDA is a full-blown macroeconomic crisis that prompts policy-makers into action.

However, if the (relative) similarity of these “left-hand” variables does not translate into identical progress in telecoms reform additional explanatory variables are required. First, the fact that Morocco and Turkey are more advanced in building democratic institutions, reducing the arbitrary powers of the executive, and strengthening the rule of the law (including in the non-economic realm) cannot be a mere coincidence. Certainly the same external pressures that may *directly* bear on the implementation of pro-market reforms also play a role in the political sphere. Second, more should be known about the strength of pro-reform business interests. Although in Algeria and Egypt export performance has been far from satisfactory, in the other countries the number of exporting firms has risen, and so has the importance of domestic firms’ participation in global supply chains that are intensive users of telecommunications. This however may not be sufficient to unblock the reform stalemate. In Tunisia — a small open economy with a pro-market government (at least in theory) and no counterpowers to the executive — very little regulatory progress has been achieved. Business elites (not to mention other social interests) have been kept in a subordinate position, “helping to realise the regime’s socio-economic objectives without daring to interfere with political/strategic affairs — let alone to question its political supremacy/monopoly” (Erdle, 2002, p. 25).

71. This paragraph greatly benefited from suggestions by Anastassios Gentzoglanis.

Lastly, the serious predicament of the Moroccan regulator, in theory the success story of MEDA telecoms, underlines how difficult it is to advance simultaneously on the path of economic and political reforms. ANRT largely gained its autonomy thanks to an act of “enlightenment” by an otherwise autocratic monarch. From the “North”, what appears at stake is the very legitimacy of an independent, rule-making regulator in an institutional environment in which the executive frowns at any attempt of acting outside government control (Zibi, 2002*b*). It now risks being the victim of the fights between the latter’s son, so far an even more dedicated reformist, and the first opposition politician to become head of a MEDA government. The temptation is strong to conclude that only the reproduction of all the classical elements of liberalism allows the emergence of the rule of the law. If, however, culture and ideas are core elements of the institutional endowment, then the centrality of the monarch as commander of the faith means that arbitrary practices can only be curtailed from the top. In other words, this process may itself be authoritarian and may not include, at least for the foreseeable future, all the basis features of Western democracy. In other MEDA countries, where the popular legitimacy of rulers is more contentious, even this little window of reforms has to emerge.

BIBLIOGRAPHY

ABDALA, M. (2000), "Institutional Roots of Post-Privatization Regulatory Outcomes", Telecom Development, Volume 24, Nos. 8-9.

ARAB ADVISORS GROUP (2002*a*), "Orascom Telecom Snatches Tunisia's Second GSM License".

ARAB ADVISORS GROUP (2002*b*), "Morocco's Fixed Line Service Stagnates: Bad News for Morocco's Imminent Liberalization!"

ARMIJO, L. (1999), "Balance Sheet or Ballot Box? Incentives to Privatize in Emerging Democracies", *in* P. OXHORN and P. STARR (eds.), *The Problematic Relationship between Economic and Political Liberalization,* Lynne Rienner Publishers, Boulder.

ASSAAD, R. (2001), "An Analysis of Compensation Programmes for Redundant Workers in Egyptian Public Enterprises", *in* M. CELASUN (ed.), *State-Owned Enterprises in the Middle East and North Africa*, Routledge, London.

ATIYAS, I. (2000), *The Regulatory Functions of the State: Privatization and Competition in the Turkish Electricity and Telecommunications Sectors*, Turkish Economic and Social Studies Foundation (TESEV), State Reform Series.

AYBAR, B., G. SERHAT and S. HASAN (2001), "Privatization and Regulation in Turkish Telecommunications: A Preliminary Assessment", *mimeo*.

BAUDRIER, A. (2001), "Characteristics of the Regulator and the Telecommunications Infrastructure Development: An Institutional Analysis", presented at the 5th ISNIE Annual Meeting, Berkeley, 13-15 September.

BELLIN, E. (2001), "The Robustness of Authoritarianism in the Middle East: A Comparative Perspective" presented at the workshop on "Bringing the Middle East Back In ... To the Study of Political and Economic Reform," Yale University, 7-8 December.

BEZZINA, J. (2002), "Are There Fair Economic Conditions for Allocating GSM Licences in North Africa? The Case of Algeria, Morocco, Mauritania and Tunisia", *mimeo*, IDATE.

BOYLAUD, O and G. NICOLETTI (2001), "Regulation, Market Structure and Performance in Telecommunications", *OECD Economic Studies*, Vol. 32, Paris.

CAMMETT, M. (2001), "Fat Cats and Self Made Men: Producer Mobilization and Institutional Change in Morocco", presented at APSA meetings, San Francisco, 30 August-2 September.

CAMPOS, J.E. and H.S. ESFAHANI (2000), "Credible Commitment and Success with Public Enterprise Reform", *World Development*, Vol. 28, No. 2.

CHANG, H.-J. (2002), "Breaking the Mould: An Institutionalist Political Economy Alternative to the Neo-Liberal Theory of the Market and the State", *Cambridge Journal of Economics*, Vol. 26, No. 5.

COMMISSION OF THE EUROPEAN COMMUNITIES (2001), *Regular Report on Turkey's Progress towards Accession*, document SEC(2001) 1756.

DE BIJL, P. and PEITZ (2002), "New Competition in Telecommunications Markets: Regulatory Pricing Principles", *CESifo Working Paper Series*, No. 678.

DERVIŞ, K. and NEMAT SHAFIK (1998), "The Middle East and North Africa: A Tale of Two Features", *Middle East Journal*, Vol. 52, No. 4.

DESSUS, S. and A. SUWA (2000), *Regional Integration and Internal Reforms in the Mediterranean Area*, Development Centre Studies, OECD, Paris.

DILLMAN, B. (2001), "Facing the Market in North Africa", *Middle East Journal*, Vol. 55, No. 2.

DÖHLER, M. (2002), "Institutional Choice and Bureaucratic Autonomy in Germany", *West European Politics*, Vol. 25, No. 1.

DREE (2001), "Les Télécommunications au Maroc", *Fiche de synthèse*, Ambassade de France, Casablanca.

EL-ERIAN, M.A. and M.S. KUMAR (1995), "Emerging Equity Markets in Middle Eastern Countries", *IMF Staff Papers*, Vol. 42, No. 2.

ESFAHANI, H.S. (2000), "Political Economy of Growth in MENA Countries: A Framework for Country Case Studies", *mimeo*, University of Illinois at Urbana-Champaign.

ESTACHE, A. and D. MARTIMORT (2000), "Transaction Costs, Politics, Regulatory Institutions, and Regulatory Outcomes", *in* L. MANZETTI (ed.), *Regulatory Policy in Latin America: Post-Privatization Realities*, Lynne Rienner Publishers, Boulder.

FINK, C., A. MATTOO, and R. RATHINDRAN (2002), "Liberalizing Basic Telecommunications: The Asian Experience", HWWA-Institut für Wirtschaftsforschung, *Discussion Paper*, No. 163.

GALAL, A. (1997), "Telecom Egypt: Status and Prospects", The Egyptian Center for Economic Studies, *Working Paper*, No. 23.

GALAL, A. (2001), "Utility Regulation Versus BOT Schemes: An Assessment of Electricity Sector Reforms in Arab Countries", The Egyptian Center for Economic Studies, *Working Paper*, No. 63.

GENTZOGLANIS, A. (2001), "Reforms and Optimal Regulatory Design in MENA Countries", presented at the conference Challenges and Reforms of Economic Regulation in MENA Countries, Cairo, 27-29 June.

GENTZOGLANIS, A., N. SUNDBERG and S. SCHORR (2001), "Case Study: Morocco", *Effective Regulation Series*, ITU.

GIBSON, E. L. (1997), "The Populist Road to Market Reform: Policy and Electoral Coalitions in Mexico and Argentina", *World Politics*, Vol. 49, No. 3.

HALL, P. and R. TAYLOR (1996), "Political Science and the Three New Institutionalisms," *Political Studies*, Vol. 44, pp. 936-957.

HENISZ, W.J. and B.A. ZELNER (2001), "The Institutional Environment for Telecommunications Investment", *Journal of Economics and Management Strategy*, Vol. 10, No. 1.

HIBOU, B. (1999), "Les marges de manœuvre d'un «bon élève» économique: la Tunisie de Ben Ali", *Les Études du CERI*, No. 60.

HIBOU, B. and M. TOZY (2002), "De la friture sur la ligne des réformes: la libéralisation des télécommunications au Maroc", *Critique Internationale*, No. 14.

IKENBERRY, G.J. (1990), "The International Spread of Privatization Policies: Inducements, Learning and 'Policy Band Wagoning'", *in* E. SULEIMAN and J. WATERMAN (eds.), *The Policitical Economy of Public Sector Reform and Privatization*, Westview, Boulder Co.

KARATAS, C. (2001), "Privatization in Turkey: Implementation, Politics of Privatization and Performance Results", *Journal of International Development*, Vol. 13, No. 1.

KARAKELLE, I. (2000), "Privatization and Competition in the Context of Electricity and Telecommunications Sectors", in Atiyas, *op. cit*.

KHATTAB, M. (2001), "The Egyptian Privatization Experience", *PCSU Quarterly Review*, July-September.

KHOSROWSHAHI, C. (1997), "Privatization in Morocco: The Politics of Development", *The Middle East Journal*, Vol. 51, No. 2.

KINGSTONE, P. (2002), "Executive Strategies and the Privatization of Telecommunications in Latin America", *mimeo*, University of Connecticut.

LEVY, B. and P. SPILLER (1994), "Regulation, Institutions, and Commitment in Telecommunications", *in Proceedings of the World Bank Conference on Development Economics 1993*.

LI, W., C.Z.-W. QIAN, and L.C. XU (2001), "To Privatize or Not to Privatize? Evidence from the Telecommunications Sector around the World", *mimeo*, Darden Graduate School of Business Administration.

MAGHRAOUI, A. (2001), "Monarchy and Political Reform in Morocco", *Journal of Democracy*, Vol. 12, No. 1.

MANZETTI, L. (1999), *Privatization South American Style*, Oxford UP.

MEGGISON, W. and J NETTER (2001), "From State to Market: A Survey of Empirical Studies on Privatization", *Journal of Economic Literature*, Vol. 39, No. 2.

MURILLO, M.V. (2001), "Conviction Versus Necessity: Public Utility Privatization in Argentina, Chile and Mexico", Yale Center for International and Area Studies, *Leitner Working Paper*, No. 2001-17.

NOLL, R. (1989), "Economic Perspectives on the Politics of Regulation", *in* R. SCHMALENSEE and R. WILLIG (eds.), *Handbook of Industrial Economics*, North Holland.

OBERLANDER, S.E. (2001), "Indicators of Independence in Regulatory Commissions", presented at the Telecommunications Policy Research Conference, October.

OECD (2002*a*), "Regulatory Reform in the Turkish Telecommunications Industry", *in Review of Regulatory Reform in Turkey*, first draft, Organisation for Economic Co-operation and Development, Paris.

OECD (2002*b*), "Restructuring Public Utilities for Competition", *Policy Brief*, February, Organisation for Economic Co-operation and Development, Paris.

OECD (2001), *Economic Survey of Turkey*, Organisation for Economic Co-operation and Development, Paris.

OECD (1997), *The OECD Report on Regulatory Reform: Synthesis*, Organisation for Economic Co-operation and Development, Paris.

ONIŞ, Z. (2000), "States, Markets and the Limits of Equitable Growth: the Middle Eastern NICs in Comparative Perspective", *mimeo*, Koç University.

ONIŞ, Z. and S.B. WEBB (1994), "Turkey: Democratization and Adjustment from Above", *in* S. HAGGARD and S.B. WEBB (eds.), *Voting for Reform*, World Bank.

ÖZBUDUN, E. (1996), "Turkey: How Far from Consolidation?", *Journal of Democracy*, Vol. 7, No. 3.

PETRAZZINI, B.A. (1992), "The Politics of Telecommunications Reform in Developing Countries: Asia and Latin America in Comparative Perspective", prepared for the Pacific Telecommunications Council, Department of Communication, University of California, San Diego.

PIRES, J.C.L. and A. GOLDSTEIN (2001), “Agências Reguladoras Brasileiras: Avaliação e Desafios”, *Revista do BNDES*, Vol. 8, No. 16.

POSUSNEY, M.P. (2001), “Labor and Structural Adjustment in Non-Oil Arab Countries: Egypt, Jordan and Morocco Compared”, presented at the workshop on “Bringing the Middle East Back In ... To the Study of Political and Economic Reform,” Yale University, 7-8 December.

RICHARDS, A. (2001), “The Political Economy of Economic Reform in the Middle East: The Challenge to Governance”, prepared for RAND Project “The Future of Middle East Security”.

RIESS, A., P. VANHOUDT, and K. UPPENBERG (2001), “The Mediterranean Region: A Special Report”, *EIB Papers*, Vol. 6, No. 2.

SAMARAJIVA, R. (2001), “Regulating in an Imperfect World: Building Independence through Legitimacy”, *TelecomReform*, Vol. 1, No. 2.

SCHAMIS, H. (1998), “Distributional Coalitions and the Politics of Economic Reform in Latin America”, *World Politics*, Vol. 51, No. 3.

SMITH, W. (1997*a*), “Utility Regulators: Roles and Responsibilities”, Public Policy for the Private Sector, World Bank, *Viewpoint*, No. 128.

SMITH, W. (1997*b*), “Utility Regulators: Decisionmaking Structures, Resources, and Start-up Strategy”, World Bank, Public Policy for the Private Sector, *Viewpoint*, No. 129.

SPILLER, P. (1993), “Institutions and Regulatory Commitment in Utilities’ Privatization”, *Industrial and Corporate Change*, Vol. 2, No. 3.

SÜEL, H (2000), “Redefining the Role of the State in the Context of Liberalization and Privatization in the Telecommunications Sector”, *in* Atiyas, *op. cit*.

TAN, T. (2000), “Independent Administrative Authorities”, *in* Atiyas, *op. cit*.

THATCHER, M. (2002), “Delegation to Independent Regulatory Agencies: Pressures, Functions and Contextual Mediation”, *West European Politics*, Vol. 25, No. 1.

THATCHER, M. and A. STONE SWEET (2002), “Theory and Practice of Delegation to Non-Majoritarian Institutions”, *West European Politics*, Vol. 25, No. 1.

TUNC, H. (2001), “Slowly But Not So Surely: Turkish Privatization in the 1990’s”, presented at the Middle East Studies Association Annual Meetings, Orlando.

UNDP (2002), *Arab Human Development Report*.

US STATE DEPARTMENT (2000), *FY 2001 Country Commercial Guide: Tunisia*.

VERMEREN, P. (2001), *Le Maroc en transition*, La Découverte, Paris.

WATERBURY, J. (1992), “The Heart of the Matter? Public Enterprise and the Adjustment Process”, *in* S. HAGGARD and R.R. KAUFMAN (eds.), *The Politics of Economic Adjustment*, Princeton University Press, Princeton.

WATERBURY, J. (1993), *Exposed to Innumerable Delusions: Public Enterprise and State Power in Egypt, India, Mexico, and Turkey*, Cambridge University Press, Cambridge.

WEISS, D. and U. WURZEL (1998), *The Economics and Politics of Transition to an Open Market Economy: Egypt*, Development Centre Studies, OECD, Paris.

WELLENIUS, B. and C.M. ROSSOTTO (1999), “Introducing Telecommunications Competition through a Wireless License: Lessons from Morocco”, World Bank, *Public Policy for the Private Sector Note*, No. 199.

WORLD BANK (2000), *Republic of Tunisia: Private Sector Assessment Update*, Washington.

YILMAZ, K. (2000), "Reform in the Turkish Telecommunications Sector: Privatization, Regulation and Liberalization", *in* ATIYAS, *op. cit.*

ZENGINOBUZ, Ü. and S. OĞUR (2000), "Restructuring, Privatization and Regulation in the Turkish Electricity Sector", *in* ATIYAS, *op. cit.*

ZIBI, G.E. (2002*a*), "Morocco: The Making of a Juggernaut", Pyramid Research, *Perspective*, 7 January.

ZIBI, G.E. (2002*b*), "Morocco: Is The Government Messing with a Winning Formula?", Pyramid Research, *Perspective*, 25 January.

OTHER TITLES IN THE SERIES/ AUTRES TITRES DANS LA SÉRIE

The former series known as "Technical Papers" and "Webdocs" merged in November 2003 into "Development Centre Working Papers". In the new series, former Webdocs 1-17 follow former Technical Papers 1-212 as Working Papers 213-229.

All these documents may be downloaded from:
http://www.oecd.org/dev/papers or *obtained via e-mail* (cendev.contact@oecd.org)

Working Paper No.1, *Macroeconomic Adjustment and Income Distribution: A Macro-Micro Simulation Model*, by François Bourguignon, William H. Branson and Jaime de Melo, March 1989.
Working Paper No. 2, *International Interactions in Food and Agricultural Policies: The Effect of Alternative Policies,* by Joachim Zietz and Alberto Valdés, April, 1989.
Working Paper No. 3, *The Impact of Budget Retrenchment on Income Distribution in Indonesia: A Social Accounting Matrix Application*, by Steven Keuning and Erik Thorbecke, June 1989.
Working Paper No. 3a, *Statistical Annex: The Impact of Budget Retrenchment,* June 1989.
Document de travail No. 4, *Le Rééquilibrage entre le secteur public et le secteur privé : le cas du Mexique*, par C.-A. Michalet, juin 1989.
Working Paper No. 5, *Rebalancing the Public and Private Sectors: The Case of Malaysia,* by R. Leeds, July 1989.
Working Paper No. 6, *Efficiency, Welfare Effects, and Political Feasibility of Alternative Antipoverty and Adjustment Programs,* by Alain de Janvry and Elisabeth Sadoulet, January 1990.
Document de travail No. 7, *Ajustement et distribution des revenus : application d'un modèle macro-micro au Maroc*, par Christian Morrisson, avec la collaboration de Sylvie Lambert et Akiko Suwa, décembre 1989.
Working Paper No. 8, *Emerging Maize Biotechnologies and their Potential Impact*, by W. Burt Sundquist, October 1989.
Document de travail No. 9, *Analyse des variables socio-culturelles et de l'ajustement en Côte d'Ivoire*, par W. Weekes-Vagliani, janvier 1990.
Working Paper No. 10, *A Financial Computable General Equilibrium Model for the Analysis of Ecuador's Stabilization Programs,* by André Fargeix and Elisabeth Sadoulet, February 1990.
Working Paper No. 11, *Macroeconomic Aspects, Foreign Flows and Domestic Savings Performance in Developing Countries: A "State of The Art" Report*, by Anand Chandavarkar, February 1990.
Working Paper No. 12, *Tax Revenue Implications of the Real Exchange Rate: Econometric Evidence from Korea and Mexico,* by Viriginia Fierro and Helmut Reisen, February 1990.
Working Paper No. 13, *Agricultural Growth and Economic Development: The Case of Pakistan*, by Naved Hamid and Wouter Tims, April 1990.
Working Paper No. 14, *Rebalancing the Public and Private Sectors in Developing Countries: The Case of Ghana,* by H. Akuoko-Frimpong, June 1990.
Working Paper No. 15, *Agriculture and the Economic Cycle: An Economic and Econometric Analysis with Special Reference to Brazil,* by Florence Contré and Ian Goldin, June 1990.
Working Paper No. 16, *Comparative Advantage: Theory and Application to Developing Country Agriculture,* by Ian Goldin, June 1990.
Working Paper No. 17, *Biotechnology and Developing Country Agriculture: Maize in Brazil,* by Bernardo Sorj and John Wilkinson, June 1990.
Working Paper No. 18, *Economic Policies and Sectoral Growth: Argentina 1913-1984,* by Yair Mundlak, Domingo Cavallo, Roberto Domenech, June 1990.
Working Paper No. 19, *Biotechnology and Developing Country Agriculture: Maize In Mexico,* by Jaime A. Matus Gardea, Arturo Puente Gonzalez and Cristina Lopez Peralta, June 1990.
Working Paper No. 20, *Biotechnology and Developing Country Agriculture: Maize in Thailand*, by Suthad Setboonsarng, July 1990.
Working Paper No. 21, *International Comparisons of Efficiency in Agricultural Production*, by Guillermo Flichmann, July 1990.
Working Paper No. 22, *Unemployment in Developing Countries: New Light on an Old Problem*, by David Turnham and Denizhan Eröcal, July 1990.

Working Paper No. 23, *Optimal Currency Composition of Foreign Debt: the Case of Five Developing Countries*, by Pier Giorgio Gawronski, August 1990.
Working Paper No. 24, *From Globalization to Regionalization: the Mexican Case*, by Wilson Peres Núñez, August 1990.
Working Paper No. 25, *Electronics and Development in Venezuela: A User-Oriented Strategy and its Policy Implications*, by Carlota Perez, October 1990.
Working Paper No. 26, *The Legal Protection of Software: Implications for Latecomer Strategies in Newly Industrialising Economies (NIEs) and Middle-Income Economies (MIEs)*, by Carlos Maria Correa, October 1990.
Working Paper No. 27, *Specialization, Technical Change and Competitiveness in the Brazilian Electronics Industry*, by Claudio R. Frischtak, October 1990.
Working Paper No. 28, *Internationalization Strategies of Japanese Electronics Companies: Implications for Asian Newly Industrializing Economies (NIEs)*, by Bundo Yamada, October 1990.
Working Paper No. 29, *The Status and an Evaluation of the Electronics Industry in Taiwan*, by Gee San, October 1990.
Working Paper No. 30, *The Indian Electronics Industry: Current Status, Perspectives and Policy Options*, by Ghayur Alam, October 1990.
Working Paper No. 31, *Comparative Advantage in Agriculture in Ghana*, by James Pickett and E. Shaeeldin, October 1990.
Working Paper No. 32, *Debt Overhang, Liquidity Constraints and Adjustment Incentives*, by Bert Hofman and Helmut Reisen, October 1990.
Working Paper No. 34, *Biotechnology and Developing Country Agriculture: Maize in Indonesia*, by Hidjat Nataatmadja *et al.*, January 1991.
Working Paper No. 35, *Changing Comparative Advantage in Thai Agriculture*, by Ammar Siamwalla, Suthad Setboonsarng and Prasong Werakarnjanapongs, March 1991.
Working Paper No. 36, *Capital Flows and the External Financing of Turkey's Imports*, by Ziya Önis and Süleyman Özmucur, July 1991.
Working Paper No. 37, *The External Financing of Indonesia's Imports*, by Glenn P. Jenkins and Henry B.F. Lim, July 1991.
Working Paper No. 38, *Long-term Capital Reflow under Macroeconomic Stabilization in Latin America*, by Beatriz Armendariz de Aghion, April 1991.
Working Paper No. 39, *Buybacks of LDC Debt and the Scope for Forgiveness*, by Beatriz Armendariz de Aghion, April 1991.
Working Paper No. 40, *Measuring and Modelling Non-Tariff Distortions with Special Reference to Trade in Agricultural Commodities*, by Peter J. Lloyd, July 1991.
Working Paper No. 41, *The Changing Nature of IMF Conditionality*, by Jacques J. Polak, August 1991.
Working Paper No. 42, *Time-Varying Estimates on the Openness of the Capital Account in Korea and Taiwan*, by Helmut Reisen and Hélène Yèches, August 1991.
Working Paper No. 43, *Toward a Concept of Development Agreements*, by F. Gerard Adams, August 1991.
Document de travail No. 44, *Le Partage du fardeau entre les créanciers de pays débiteurs défaillants*, par Jean-Claude Berthélemy et Ann Vourc'h, septembre 1991.
Working Paper No. 45, *The External Financing of Thailand's Imports*, by Supote Chunanunthathum, October 1991.
Working Paper No. 46, *The External Financing of Brazilian Imports*, by Enrico Colombatto, with Elisa Luciano, Luca Gargiulo, Pietro Garibaldi and Giuseppe Russo, October 1991.
Working Paper No. 47, *Scenarios for the World Trading System and their Implications for Developing Countries*, by Robert Z. Lawrence, November 1991.
Working Paper No. 48, *Trade Policies in a Global Context: Technical Specifications of the Rural/Urban-North/South (RUNS) Applied General Equilibrium Model*, by Jean-Marc Burniaux and Dominique van der Mensbrugghe, November 1991.
Working Paper No. 49, *Macro-Micro Linkages: Structural Adjustment and Fertilizer Policy in Sub-Saharan Africa*, by Jean-Marc Fontaine with the collaboration of Alice Sindzingre, December 1991.
Working Paper No. 50, *Aggregation by Industry in General Equilibrium Models with International Trade*, by Peter J. Lloyd, December 1991.
Working Paper No. 51, *Policy and Entrepreneurial Responses to the Montreal Protocol: Some Evidence from the Dynamic Asian Economies*, by David C. O'Connor, December 1991.
Working Paper No. 52, *On the Pricing of LDC Debt: an Analysis Based on Historical Evidence from Latin America*, by Beatriz Armendariz de Aghion, February 1992.
Working Paper No. 53, *Economic Regionalisation and Intra-Industry Trade: Pacific-Asian Perspectives*, by Kiichiro Fukasaku, February 1992.
Working Paper No. 54, *Debt Conversions in Yugoslavia,* by Mojmir Mrak, February 1992.
Working Paper No. 55, *Evaluation of Nigeria's Debt-Relief Experience (1985-1990)*, by N.E. Ogbe, March 1992.
Document de travail No. 56, *L'Expérience de l'allégement de la dette du Mali*, par Jean-Claude Berthélemy, février 1992.
Working Paper No. 57, *Conflict or Indifference: US Multinationals in a World of Regional Trading Blocs*, by Louis T. Wells, Jr., March 1992.
Working Paper No. 58, *Japan's Rapidly Emerging Strategy Toward Asia*, by Edward J. Lincoln, April 1992.
Working Paper No. 59, *The Political Economy of Stabilization Programmes in Developing Countries*, by Bruno S. Frey and Reiner Eichenberger, April 1992.
Working Paper No. 60, *Some Implications of Europe 1992 for Developing Countries*, by Sheila Page, April 1992.
Working Paper No. 61, *Taiwanese Corporations in Globalisation and Regionalisation*, by Gee San, April 1992.
Working Paper No. 62, *Lessons from the Family Planning Experience for Community-Based Environmental Education*, by Winifred Weekes-Vagliani, April 1992.
Working Paper No. 63, *Mexican Agriculture in the Free Trade Agreement: Transition Problems in Economic Reform*, by Santiago Levy and Sweder van Wijnbergen, May 1992.
Working Paper No. 64, *Offensive and Defensive Responses by European Multinationals to a World of Trade Blocs*, by John M. Stopford, May 1992.
Working Paper No. 65, *Economic Integration in the Pacific Region*, by Richard Drobnick, May 1992.
Working Paper No. 66, *Latin America in a Changing Global Environment*, by Winston Fritsch, May 1992.
Working Paper No. 67, *An Assessment of the Brady Plan Agreements*, by Jean-Claude Berthélemy and Robert Lensink, May 1992.

Working Paper No. 68, *The Impact of Economic Reform on the Performance of the Seed Sector in Eastern and Southern Africa*, by Elizabeth Cromwell, June 1992.
Working Paper No. 69, *Impact of Structural Adjustment and Adoption of Technology on Competitiveness of Major Cocoa Producing Countries*, by Emily M. Bloomfield and R. Antony Lass, June 1992.
Working Paper No. 70, *Structural Adjustment and Moroccan Agriculture: an Assessment of the Reforms in the Sugar and Cereal Sectors*, by Jonathan Kydd and Sophie Thoyer, June 1992.
Document de travail No. 71, *L'Allégement de la dette au Club de Paris : les évolutions récentes en perspective*, par Ann Vourc'h, juin 1992.
Working Paper No. 72, *Biotechnology and the Changing Public/Private Sector Balance: Developments in Rice and Cocoa,* by Carliene Brenner, July 1992.
Working Paper No. 73, *Namibian Agriculture: Policies and Prospects*, by Walter Elkan, Peter Amutenya, Jochbeth Andima, Robin Sherbourne and Eline van der Linden, July 1992.
Working Paper No. 74, *Agriculture and the Policy Environment: Zambia and Zimbabwe*, by Doris J. Jansen and Andrew Rukovo, July 1992.
Working Paper No. 75, *Agricultural Productivity and Economic Policies: Concepts and Measurements*, by Yair Mundlak, August 1992.
Working Paper No. 76, *Structural Adjustment and the Institutional Dimensions of Agricultural Research and Development in Brazil: Soybeans, Wheat and Sugar Cane,* by John Wilkinson and Bernardo Sorj, August 1992.
Working Paper No. 77, *The Impact of Laws and Regulations on Micro and Small Enterprises in Niger and Swaziland*, by Isabelle Joumard, Carl Liedholm and Donald Mead, September 1992.
Working Paper No. 78, *Co-Financing Transactions between Multilateral Institutions and International Banks*, by Michel Bouchet and Amit Ghose, October 1992.
Document de travail No. 79, *Allégement de la dette et croissance : le cas mexicain*, par Jean-Claude Berthélemy et Ann Vourc'h, octobre 1992.
Document de travail No. 80, *Le Secteur informel en Tunisie : cadre réglementaire et pratique courante*, par Abderrahman Ben Zakour et Farouk Kria, novembre 1992.
Working Paper No. 81, *Small-Scale Industries and Institutional Framework in Thailand,* by Naruemol Bunjongjit and Xavier Oudin, November 1992.
Working Paper No. 81a, *Statistical Annex: Small-Scale Industries and Institutional Framework in Thailand,* by Naruemol Bunjongjit and Xavier Oudin, November 1992.
Document de travail No. 82, *L'Expérience de l'allégement de la dette du Niger,* par Ann Vourc'h et Maina Boukar Moussa, novembre 1992.
Working Paper No. 83, *Stabilization and Structural Adjustment in Indonesia: an Intertemporal General Equilibrium Analysis*, by David Roland-Holst, November 1992.
Working Paper No. 84, *Striving for International Competitiveness: Lessons from Electronics for Developing Countries*, by Jan Maarten de Vet, March 1993.
Document de travail No. 85, *Micro-entreprises et cadre institutionnel en Algérie,* par Hocine Benissad, mars 1993.
Working Paper No. 86, *Informal Sector and Regulations in Ecuador and Jamaica*, by Emilio Klein and Victor E. Tokman, August 1993.
Working Paper No. 87, *Alternative Explanations of the Trade-Output Correlation in the East Asian Economies*, by Colin I. Bradford Jr. and Naomi Chakwin, August 1993.
Document de travail No. 88, *La Faisabilité politique de l'ajustement dans les pays africains,* par Christian Morrisson, Jean-Dominique Lafay et Sébastien Dessus, novembre 1993.
Working Paper No. 89, *China as a Leading Pacific Economy*, by Kiichiro Fukasaku and Mingyuan Wu, November 1993.
Working Paper No. 90, *A Detailed Input-Output Table for Morocco*, 1990, by Maurizio Bussolo and David Roland-Holst November 1993.
Working Paper No. 91, *International Trade and the Transfer of Environmental Costs and Benefits*, by Hiro Lee and David Roland-Holst, December 1993.
Working Paper No. 92, *Economic Instruments in Environmental Policy: Lessons from the OECD Experience and their Relevance to Developing Economies*, by Jean-Philippe Barde, January 1994.
Working Paper No. 93, *What Can Developing Countries Learn from OECD Labour Market Programmes and Policies*?, by Åsa Sohlman with David Turnham, January 1994.
Working Paper No. 94, *Trade Liberalization and Employment Linkages in the Pacific Basin*, by Hiro Lee and David Roland-Holst, February 1994.
Working Paper No. 95, *Participatory Development and Gender: Articulating Concepts and Cases*, by Winifred Weekes-Vagliani, February 1994.
Document de travail No. 96, *Promouvoir la maîtrise locale et régionale du développement : une démarche participative à Madagascar*, par Philippe de Rham et Bernard Lecomte, juin 1994.
Working Paper No. 97, *The OECD Green Model: an Updated Overview*, by Hiro Lee, Joaquim Oliveira-Martins and Dominique van der Mensbrugghe, August 1994.
Working Paper No. 98, *Pension Funds, Capital Controls and Macroeconomic Stability*, by Helmut Reisen and John Williamson, August 1994.
Working Paper No. 99, *Trade and Pollution Linkages: Piecemeal Reform and Optimal Intervention*, by John Beghin, David Roland-Holst and Dominique van der Mensbrugghe, October 1994.
Working Paper No. 100, *International Initiatives in Biotechnology for Developing Country Agriculture: Promises and Problems*, by Carliene Brenner and John Komen, October 1994.
Working Paper No. 101, *Input-based Pollution Estimates for Environmental Assessment in Developing Countries*, by Sébastien Dessus, David Roland-Holst and Dominique van der Mensbrugghe, October 1994.
Working Paper No. 102, *Transitional Problems from Reform to Growth: Safety Nets and Financial Efficiency in the Adjusting Egyptian Economy*, by Mahmoud Abdel-Fadil, December 1994.
Working Paper No. 103, *Biotechnology and Sustainable Agriculture: Lessons from India*, by Ghayur Alam, December 1994.
Working Paper No. 104, *Crop Biotechnology and Sustainability: a Case Study of Colombia*, by Luis R. Sanint, January 1995.
Working Paper No. 105, *Biotechnology and Sustainable Agriculture: the Case of Mexico*, by José Luis Solleiro Rebolledo, January 1995.

Working Paper No. 106, *Empirical Specifications for a General Equilibrium Analysis of Labor Market Policies and Adjustments*, by Andréa Maechler and David Roland-Holst, May 1995.
Document de travail No. 107, *Les Migrants, partenaires de la coopération internationale : le cas des Maliens de France*, par Christophe Daum, juillet 1995.
Document de travail No. 108, *Ouverture et croissance industrielle en Chine : étude empirique sur un échantillon de villes*, par Sylvie Démurger, septembre 1995.
Working Paper No. 109, *Biotechnology and Sustainable Crop Production in Zimbabwe*, by John J. Woodend, December 1995.
Document de travail No. 110, *Politiques de l'environnement et libéralisation des échanges au Costa Rica : une vue d'ensemble*, par Sébastien Dessus et Maurizio Bussolo, février 1996.
Working Paper No. 111, *Grow Now/Clean Later, or the Pursuit of Sustainable Development?*, by David O'Connor, March 1996.
Working Paper No. 112, *Economic Transition and Trade-Policy Reform: Lessons from China*, by Kiichiro Fukasaku and Henri-Bernard Solignac Lecomte, July 1996.
Working Paper No. 113, *Chinese Outward Investment in Hong Kong: Trends, Prospects and Policy Implications*, by Yun-Wing Sung, July 1996.
Working Paper No. 114, *Vertical Intra-industry Trade between China and OECD Countries*, by Lisbeth Hellvin, July 1996.
Document de travail No. 115, *Le Rôle du capital public dans la croissance des pays en développement au cours des années 80*, par Sébastien Dessus et Rémy Herrera, juillet 1996.
Working Paper No. 116, *General Equilibrium Modelling of Trade and the Environment*, by John Beghin, Sébastien Dessus, David Roland-Holst and Dominique van der Mensbrugghe, September 1996.
Working Paper No. 117, *Labour Market Aspects of State Enterprise Reform in Viet Nam*, by David O'Connor, September 1996.
Document de travail No. 118, *Croissance et compétitivité de l'industrie manufacturière au Sénégal*, par Thierry Latreille et Aristomène Varoudakis, octobre 1996.
Working Paper No. 119, *Evidence on Trade and Wages in the Developing World*, by Donald J. Robbins, December 1996.
Working Paper No. 120, *Liberalising Foreign Investments by Pension Funds: Positive and Normative Aspects*, by Helmut Reisen, January 1997.
Document de travail No. 121, *Capital Humain, ouverture extérieure et croissance : estimation sur données de panel d'un modèle à coefficients variables*, par Jean-Claude Berthélemy, Sébastien Dessus et Aristomène Varoudakis, janvier 1997.
Working Paper No. 122, *Corruption: The Issues*, by Andrew W. Goudie and David Stasavage, January 1997.
Working Paper No. 123, *Outflows of Capital from China,* by David Wall, March 1997.
Working Paper No. 124, *Emerging Market Risk and Sovereign Credit Ratings,* by Guillermo Larraín, Helmut Reisen and Julia von Maltzan, April 1997.
Working Paper No. 125, *Urban Credit Co-operatives in China,* by Eric Girardin and Xie Ping, August 1997.
Working Paper No. 126, *Fiscal Alternatives of Moving from Unfunded to Funded Pensions,* by Robert Holzmann, August 1997.
Working Paper No. 127, *Trade Strategies for the Southern Mediterranean*, by Peter A. Petri, December 1997.
Working Paper No. 128, *The Case of Missing Foreign Investment in the Southern Mediterranean*, by Peter A. Petri, December 1997.
Working Paper No. 129, *Economic Reform in Egypt in a Changing Global Economy*, by Joseph Licari, December 1997.
Working Paper No. 130, *Do Funded Pensions Contribute to Higher Aggregate Savings? A Cross-Country Analysis*, by Jeanine Bailliu and Helmut Reisen, December 1997.
Working Paper No. 131, *Long-run Growth Trends and Convergence Across Indian States,* by Rayaprolu Nagaraj, Aristomène Varoudakis and Marie-Ange Véganzonès, January 1998.
Working Paper No. 132, *Sustainable and Excessive Current Account Deficits,* by Helmut Reisen, February 1998.
Working Paper No. 133, *Intellectual Property Rights and Technology Transfer in Developing Country Agriculture: Rhetoric and Reality,* by Carliene Brenner, March 1998.
Working Paper No. 134, *Exchange-rate Management and Manufactured Exports in Sub-Saharan Africa,* by Khalid Sekkat and Aristomène Varoudakis, March 1998.
Working Paper No. 135, *Trade Integration with Europe, Export Diversification and Economic Growth in Egypt,* by Sébastien Dessus and Akiko Suwa-Eisenmann, June 1998.
Working Paper No. 136, *Domestic Causes of Currency Crises: Policy Lessons for Crisis Avoidance,* by Helmut Reisen, June 1998.
Working Paper No. 137, *A Simulation Model of Global Pension Investment,* by Landis MacKellar and Helmut Reisen, August 1998.
Working Paper No. 138, *Determinants of Customs Fraud and Corruption: Evidence from Two African Countries,* by David Stasavage and Cécile Daubrée, August 1998.
Working Paper No. 139, *State Infrastructure and Productive Performance in Indian Manufacturing,* by Arup Mitra, Aristomène Varoudakis and Marie-Ange Véganzonès, August 1998.
Working Paper No. 140, *Rural Industrial Development in Viet Nam and China: A Study in Contrasts,* by David O'Connor, September 1998.
Working Paper No. 141,*Labour Market Aspects of State Enterprise Reform in China,* by Fan Gang,Maria Rosa Lunati and David O'Connor, October 1998.
Working Paper No. 142, *Fighting Extreme Poverty in Brazil: The Influence of Citizens' Action on Government Policies,* by Fernanda Lopes de Carvalho, November 1998.
Working Paper No. 143, *How Bad Governance Impedes Poverty Alleviation in Bangladesh,* by Rehman Sobhan, November 1998.
Document de travail No. 144, La libéralisation de l'agriculture tunisienne et l'Union européenne : une vue prospective, par Mohamed Abdelbasset Chemingui et Sébastien Dessus, février 1999.
Working Paper No. 145, *Economic Policy Reform and Growth Prospects in Emerging African Economies,* by Patrick Guillaumont, Sylviane Guillaumont Jeanneney and Aristomène Varoudakis, March 1999.
Working Paper No. 146, *Structural Policies for International Competitiveness in Manufacturing: The Case of Cameroon*, by Ludvig Söderling, March 1999.
Working Paper No. 147, *China's Unfinished Open-Economy Reforms: Liberalisation of Services*, by Kiichiro Fukasaku, Yu Ma and Qiumei Yang, April 1999.

Working Paper No. 148, *Boom and Bust and Sovereign Ratings*, by Helmut Reisen and Julia von Maltzan, June 1999.
Working Paper No. 149, *Economic Opening and the Demand for Skills in Developing Countries: A Review of Theory and Evidence*, by David O'Connor and Maria Rosa Lunati, June 1999.
Working Paper No. 150, *The Role of Capital Accumulation, Adjustment and Structural Change for Economic Take-off: Empirical Evidence from African Growth Episodes,* by Jean-Claude Berthélemy and Ludvig Söderling, July 1999.
Working Paper No. 151, *Gender, Human Capital and Growth: Evidence from Six Latin American Countries,* by Donald J. Robbins, September 1999.
Working Paper No. 152, *The Politics and Economics of Transition to an Open Market Economy in Viet Nam,* by James Riedel and William S. Turley, September 1999.
Working Paper No. 153, *The Economics and Politics of Transition to an Open Market Economy: China,* by Wing Thye Woo, October 1999.
Working Paper No. 154, *Infrastructure Development and Regulatory Reform in Sub-Saharan Africa: The Case of Air Transport,* by Andrea E. Goldstein, October 1999.
Working Paper No. 155, *The Economics and Politics of Transition to an Open Market Economy: India,* by Ashok V. Desai, October 1999.
Working Paper No. 156, *Climate Policy Without Tears: CGE-Based Ancillary Benefits Estimates for Chile,* by Sébastien Dessus and David O'Connor, November 1999.
Document de travail No. 157, *Dépenses d'éducation, qualité de l'éducation et pauvreté : l'exemple de cinq pays d'Afrique francophone*, par Katharina Michaelowa, avril 2000.
Document de travail No. 158, *Une estimation de la pauvreté en Afrique subsaharienne d'après les données anthropométriques*, par Christian Morrisson, Hélène Guilmeau et Charles Linskens, mai 2000.
Working Paper No. 159, *Converging European Transitions,* by Jorge Braga de Macedo, July 2000.
Working Paper No. 160, *Capital Flows and Growth in Developing Countries: Recent Empirical Evidence,* by Marcelo Soto, July 2000.
Working Paper No. 161, *Global Capital Flows and the Environment in the 21st Century,* by David O'Connor, July 2000.
Working Paper No. 162, *Financial Crises and International Architecture: A "Eurocentric" Perspective,* by Jorge Braga de Macedo, August 2000.
Document de travail No. 163, *Résoudre le problème de la dette : de l'initiative PPTE à Cologne*, par Anne Joseph, août 2000.
Working Paper No. 164, *E-Commerce for Development: Prospects and Policy Issues,* by Andrea Goldstein and David O'Connor, September 2000.
Working Paper No. 165, *Negative Alchemy? Corruption and Composition of Capital Flows,* by Shang-Jin Wei, October 2000.
Working Paper No. 166, *The HIPC Initiative: True and False Promises,* by Daniel Cohen, October 2000.
Document de travail No. 167, *Les facteurs explicatifs de la malnutrition en Afrique subsaharienne*, par Christian Morrisson et Charles Linskens, octobre 2000.
Working Paper No. 168, *Human Capital and Growth: A Synthesis Report,* by Christopher A. Pissarides, November 2000.
Working Paper No. 169, *Obstacles to Expanding Intra-African Trade,* by Roberto Longo and Khalid Sekkat, March 2001.
Working Paper No. 170, *Regional Integration In West Africa,* by Ernest Aryeetey, March 2001.
Working Paper No. 171, *Regional Integration Experience in the Eastern African Region,* by Andrea Goldstein and Njuguna S. Ndung'u, March 2001.
Working Paper No. 172, *Integration and Co-operation in Southern Africa,* by Carolyn Jenkins, March 2001.
Working Paper No. 173, *FDI in Sub-Saharan Africa,* by Ludger Odenthal, March 2001
Document de travail No. 174, *La réforme des télécommunications en Afrique subsaharienne,* par Patrick Plane, mars 2001.
Working Paper No. 175, *Fighting Corruption in Customs Administration: What Can We Learn from Recent Experiences?*, by Irène Hors; April 2001.
Working Paper No. 176, *Globalisation and Transformation: Illusions and Reality,* by Grzegorz W. Kolodko, May 2001.
Working Paper No. 177, *External Solvency, Dollarisation and Investment Grade: Towards a Virtuous Circle?,* by Martin Grandes, June 2001.
Document de travail No. 178, *Congo 1965-1999: Les espoirs déçus du « Brésil africain* », par Joseph Maton avec Henri-Bernard Solignac Lecomte, septembre 2001.
Working Paper No. 179, *Growth and Human Capital: Good Data, Good Results*, by Daniel Cohen and Marcelo Soto, September 2001.
Working Paper No. 180, *Corporate Governance and National Development,* by Charles P. Oman, October 2001.
Working Paper No. 181, *How Globalisation Improves Governance*, by Federico Bonaglia, Jorge Braga de Macedo and Maurizio Bussolo, November 2001.
Working Paper No. 182, *Clearing the Air in India: The Economics of Climate Policy with Ancillary Benefits,* by Maurizio Bussolo and David O'Connor, November 2001.
Working Paper No. 183, *Globalisation, Poverty and Inequality in sub-Saharan Africa: A Political Economy Appraisal*, by Yvonne M. Tsikata, December 2001.
Working Paper No. 184, *Distribution and Growth in Latin America in an Era of Structural Reform: The Impact of Globalisation*, by Samuel A. Morley, December 2001.
Working Paper No. 185*, Globalisation, Liberalisation, Poverty and Income Inequality in Southeast Asia,* by K.S. Jomo, December 2001.
Working Paper No. 186, *Globalisation, Growth and Income Inequality: The African Experience,* by Steve Kayizzi-Mugerwa, December 2001.
Working Paper No. 187, *The Social Impact of Globalisation in Southeast Asia*, by Mari Pangestu, December 2001.
Working Paper No. 188, *Where Does Inequality Come From? Ideas and Implications for Latin America*, by James A. Robinson, December 2001.
Working Paper No. 189, *Policies and Institutions for E-Commerce Readiness: What Can Developing Countries Learn from OECD Experience?*, by Paulo Bastos Tigre and David O'Connor, April 2002.
Document de travail No. 190, *La réforme du secteur financier en Afrique,* par Anne Joseph, juillet 2002.
Working Paper No. 191, *Virtuous Circles? Human Capital Formation, Economic Development and the Multinational Enterprise*, by Ethan B. Kapstein, August 2002.

Working Paper No. 192, *Skill Upgrading in Developing Countries: Has Inward Foreign Direct Investment Played a Role?*, by Matthew J. Slaughter, August 2002.
Working Paper No. 193, *Government Policies for Inward Foreign Direct Investment in Developing Countries: Implications for Human Capital Formation and Income Inequality*, by Dirk Willem te Velde, August 2002.
Working Paper No. 194, *Foreign Direct Investment and Intellectual Capital Formation in Southeast Asia*, by Bryan K. Ritchie, August 2002.
Working Paper No. 195, *FDI and Human Capital: A Research Agenda,* by Magnus Blomström and Ari Kokko, August 2002.
Working Paper No. 196, *Knowledge Diffusion from Multinational Enterprises: The Role of Domestic and Foreign Knowledge-Enhancing Activities*, by Yasuyuki Todo and Koji Miyamoto, August 2002.
Working Paper No. 197, *Why Are Some Countries So Poor? Another Look at the Evidence and a Message of Hope*, by Daniel Cohen and Marcelo Soto, October 2002.
Working Paper No. 198, *Choice of an Exchange-Rate Arrangement, Institutional Setting and Inflation: Empirical Evidence from Latin America*, by Andreas Freytag, October 2002.
Working Paper No. 199, *Will Basel II Affect International Capital Flows to Emerging Markets?*, by Beatrice Weder and Michael Wedow, October 2002.
Working Paper No. 200, *Convergence and Divergence of Sovereign Bond Spreads: Lessons from Latin America,* by Martin Grandes, October 2002.
Working Paper No. 201, *Prospects for Emerging-Market Flows amid Investor Concerns about Corporate Governance,* by Helmut Reisen, November 2002.
Working Paper No. 202, *Rediscovering Education in Growth Regressions,* by Marcelo Soto, November 2002.
Working Paper No. 203, *Incentive Bidding for Mobile Investment: Economic Consequences and Potential Responses,* by Andrew Charlton, January 2003.
Working Paper No. 204, *Health Insurance for the Poor? Determinants of participation Community-Based Health Insurance Schemes in Rural Senegal,* by Johannes Jütting, January 2003.
Working Paper No. 205, *China's Software Industry and its Implications for India,* by Ted Tschang, February 2003.
Working Paper No. 206, *Agricultural and Human Health Impacts of Climate Policy in China: A General Equilibrium Analysis with Special Reference to Guangdong,* by David O'Connor, Fan Zhai, Kristin Aunan, Terje Berntsen and Haakon Vennemo, March 2003.
Working Paper No. 207, *India's Information Technology Sector: What Contribution to Broader Economic Development?,* by Nirvikar Singh, March 2003.
Working Paper No. 208, *Public Procurement: Lessons from Kenya, Tanzania and Uganda,* by Walter Odhiambo and Paul Kamau, March 2003.
Working Paper No. 209, *Export Diversification in Low-Income Countries: An International Challenge after Doha,* by Federico Bonaglia and Kiichiro Fukasaku, June 2003.
Working Paper No. 210, *Institutions and Development: A Critical Review,* by Johannes Jütting, July 2003.
Working Paper No. 211, *Human Capital Formation and Foreign Direct Investment in Developing Countries,* by Koji Miyamoto, July 2003.
Working Paper No. 212, *Central Asia since 1991: The Experience of the New Independent States,* by Richard Pomfret, July 2003.
Working Paper No. 213, *A Multi-Region Social Accounting Matrix (1995) and Regional Environmental General Equilibrium Model for India (REGEMI),* by Maurizio Bussolo, Mohamed Chemingui and David O'Connor, November 2003.
Working Paper No. 214, *Ratings Since the Asian Crisis,* by Helmut Reisen, November 2003.
Working Paper No. 215, *Development Redux: Reflactions for a New Paradigm,* by Jorge Braga de Macedo, November 2003.