Session Details - Tuesday, April 22
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Session papers will be posted on this page soon. Click here for speaker bios (PDF, 814KB).

Tuesday, April 22, 2003	
Session 1 *Preston Auditorium*	**THE WORLD BANK GROUP AND THE PSD AGENDA**
9:00 - 10:30	**Moderator** Nemat T. Shafik, Vice President and Head of Network, Private Sector Development and Infrastructure (PSIVP), World Bank **Speaker** Bradford DeLong, Professor of Economics, University of California at Berkeley Michael Klein, Director, Private Sector Advisory Services (PSADR), World Bank John D. Sullivan, Executive Director, Center for International Private Enterprise This session will take a critical look at the World Bank Group's work on private sector development in the light of its poverty reduction mandate and the world-wide experience with development. The evolution of the World Bank Group's work on private sector development over the last decade will be presented. This will include a look at the issues addressed, the subjects covered, and the instruments used. Drawing upon the historical world-wide experience with development, two external speakers will present their views of the private sector development agenda. The discussion will critically examine the World Bank Group's approach to private sector development and identify areas where the Group needs to re-think its strategic approach, instruments and topics covered. **Organizers** Syed A. Mahmood, Senior PSD Specialist, Investment Climate (PSAIC), Private Sector Advisory Services, World Bank Neil D. Roger, Adviser, Private Sector Advisory Services (PSADR), World Bank
Session 2a *Preston Auditorium*	**PRIVATE SECTOR INTEREST IN INFRASTRUCTURE INVESTMENT: IS THE DOWNTURN TRANSITORY OR ENDURING?**
11:00 - 12:30	**Moderator** Pierre Guislain, Manager, Policy Division (CITPO), Global Information and Communication Technologies, World Bank **Speakers** William H. Chew, Managing Director, Standard & Poor’s David J. Donaldson, Manager, Privatization Transactions (PSAPT), Private Sector Advisory Services, World Bank-IFC Thomas R. Gibian, Managing Director, Emerging Markets Partnership Private-sector investment in developing-country infrastructure has fallen from a peak of US$128 billion in 1997 to US$58 billion in 2001. One reason is the financial troubles that have beset traditionally important corporate investors from the Europe and the United States—Enron, AES, Vivendi, and others. Another is the setback that private investment has received from economy-wide crises in many developing countries and well-publicized project-specific problems, in Cochabamba, Manila, and elsewhere. The downturn raises two sets of questions. First, is the reduction in private-sector interest likely to be transitory or should we expect it to endure? Second, what is the appropriate response? Is it to seek more public investment or to continue to try to improve the political-and-regulatory climate for private investment in infrastructure? **Organizer** Timothy C. Irwin, Senior Economist, Private Provision of Public Services (PSAPP), Private Sector Advisory Services, World Bank

Session 2b *MC2-800*	**ASSESSING THE IMPACT OF THE INVESTMENT CLIMATE ON FIRM PERFORMANCE**
11:00 - 12:30	**Moderator** Marilou Jane D. Uy, Director and Chair of Financial Sector Board, Financial Sector Operations and Policy Department (OPD), World Bank **Speakers** David Dollar, Research Manager, Development Research Group (DECRG), World Bank Farooq Sobhan, President, Bangladesh Enterprise Institute How much will productivity increase if the investment climate is strengthened? How much does an unreliable power sector hamper sales growth? How much do bureaucratic hassles, delays and corruption curtail investment? To help answer some of these questions, DECRG in collaboration with PSAIC and country partners are collecting new quantitative measures of the investment climate. This work is part of a Bank-wide mandate and represents one of the IDA replenishment triggers. This session will discuss some of the first cross-country results coming out of this initiative. Using the time or monetary cost of different bottlenecks, objective indicators can be used to compare and benchmark countries. They can also be directly linked to firm performance, providing insights into the impact of different bottlenecks on growth, investment and productivity. The presentation will draw on the most recently completed firm-level surveys in Bangladesh, China, Ethiopia, and Pakistan. For many of the investment climate indicators, the obstacles are lower in China than in Bangladesh or Pakistan, which in turn are superior to Ethiopia. However, there is strong evidence that local governance matters; there is also systematic variation across regions within countries. The analysis show that total factor productivity is systematically related to the investment climate indicators, as are wages and profit rates. These higher returns then have dynamic effects: accumulation and growth at the firm level is higher where investment climate is good. These results can be used to prioritize the areas most in need of reform and can give a sense of the magnitude by which firm performance can be raised if reforms were undertaken to strengthen the investment climate. **Organizer** Mary Hallward-Dreimeier, Senior Economist, Development Research Group (DECRG), World Bank
Session 2c *MC4-800*	**EVALUATING PRIVATIZATION OUTCOMES: HOW SHOULD THIS BE DONE?**
11:00 - 12:30	**Moderator** Ahmed Galal, Executive Director and Director of Research, Egyptian Center for Economic Studies **Speakers** Leroy P. Jones, Professor of Economics, Boston University John Nellis, Senior Fellow, Center for Global Development Robert R. Taylor, Principal Financial Analyst, Privatization Transactions (PSAPT), Private Sector Advisory Services, World Bank-IFC This session will examine the question of how to evaluate privatization outcomes, and what criteria to use to determine whether privatization has been a "success" or a "failure"—a topic of increasing controversy these days. Most available assessments examine financial and operational performance at the firm level, comparing productivity and profitability before and after sale, and changes in output, investments, and capacity utilization. But for economists the ultimate test of privatization is the change produced in economic welfare, i.e. the net addition or subtraction to societal wealth produced by privatization, and the allocation of gains and/or losses to relevant stakeholders. The data and methodological demands of the strict welfare approach have led to relatively few studies of this kind though in recent years a growing number of "partial" or "limited" analyses have been undertaken to assess the distributive impact of privatization. Practitioners tend sometimes to question the need for and validity of welfare type studies, given not only the difficulties in measuring the counterfactual and isolating the effects of privatization vs. other reforms, but also their interest in measuring the direct impact on consumers. This session will examine various approaches and methodologies for measuring privatization outcomes, taking into account different country and market circumstances (for example, competitive vs. network sectors). The following are some of the main questions for discussion: 1) Is there a "best" way to measure privatization outcomes? Or should different types of criteria and approaches be used for different sector or country circumstances? 2) What do recent assessments—whether at the firm level or of the broader welfare type—tell us about privatization outcomes? 3) Is the Bank doing enough or should we be doing more in terms of impact

	assessments, and in terms of disseminating the findings of such assessments? 4) How can impact assessments feed into improving the design and implementation of privatization components in Bank operations? **Organizer** Sunita Kikeri, Program Coordinator, Privatization Policy (PSASP), Private Sector Advisory Services, World Bank
Session 2d *MC7-W150*	**ARE PROMOTION AGENCIES EFFECTIVE AT ATTRACTING FOREIGN DIRECT INVESTMENT?**
11:00 - 12:30	**Moderator** Jacques Morisset, Lead Economist, FIAS Program (PSAFI), Private Sector Advisory Services, World Bank-IFC **Speakers** Aminata Niane, Managing Director, APIX, Senegal Louis T. Wells, Herbert F. Johnson Professor of International Management, Harvard Business School This session will focus on the debate over the effectiveness of investment promotion in attracting foreign direct investment. In spite of the presence of more than 150 investment promotion agencies around the world, little is known about these agencies. In the absence of serious empirical analysis, the idea is to confront two "schools of thought". One favors promotion, while the other is more cautious. The debate will attempt to answer questions such as: 1) How does the amount of spending on investment promotion affect its effectiveness? 2) To what extent does the business environment or the country's characteristics affect the effectiveness of investment promotion? 3) Is the effectiveness of promotion influenced by the different characteristics of the investment promotion agencies? 4) Should the World Bank Group or other donors finance investment promotion efforts? **Organizer** Jacques Morisset, Lead Economist, FIAS Program (PSAFI), Private Sector Advisory Services, World Bank-IFC
Session 3a *Preston Auditorium*	**WORLD BANK GROUP RESPONSES TO THE EVOLVING MARKET FOR PRIVATE INFRASTRUCTURE**
2:00 - 3:30	**Moderator** Jamal Saghir, Director, Energy and Water Department (EWDDR), World Bank **Speakers** Christian Delvoie, Sector Director, East Asia Infrastructure (EASIN), World Bank Usha Rao-Monari, Manager, Infrastructure Department (CINDI), IFC Gerald T. West, Director, Policy and Environment Department (MIGPE), Multilateral Investment Guarantee Agency Michel Wormser, Director, Project Finance and Guarantees Department (PFG), World Bank The last 5 years have seen declining investment flows to private infrastructure projects in developing countries. In the light of reduced investor interest, what strategies are different parts of the World Bank Group adopting to try to ensure that the private sector remains engaged in and contributes to these sectors in our client countries? This session will feature speakers from different parts of the World Bank Group who will discuss how they are modifying their approaches and products in the light of this changing market environment. **Organizer** Clive G. Harris, Acting Manager, Private Provision of Public Services (PSAPP), Private Sector Advisory Services, World Bank
Session 3b *MC2-800*	**INNOVATION, PRODUCTIVITY, AND COMPETITIVENESS**
2:00 - 3:30	**Moderator** Frannie A. Leautier, Vice President, World Bank Institute (WBIVP) **Speakers** Jose Luis Guasch, Regional Advisor, Regulation and Competition, Latin America and the Caribbean Finance, Private Sector and Infrastructure (LCSFP), World Bank

Shahid Yusuf, Economic Adviser, Development Research Group (DECRG), World Bank

The rising tempo of innovation and the concomitant shortening of product life cycles are changing the rules of international competition. While expertise and efficiency remain among the key determinants of business competitiveness in the leading sub-sectors (whether in manufacturing or in services), they are being overtaken by the capacity to create and use knowledge to achieve competitiveness. In such an environment, continuous innovation, not just in a few leading sectors but in the economy overall, will determine the pace of growth in the future. The session will have presentations on the topic from the perspectives of two regions: East Asia and Latin America and the Caribbean.

Organizer
Uma Subramanian, Senior PSD Specialist, Investment Climate (PSAIC), Private Sector Advisory Services, World Bank

Session 3c
MC4-800

SOUTH AFRICAN NATIONAL PARKS' COMMERCIALIZATION PROGRAM

2:00 - 3:30

Moderator
David J. Donaldson, Manager, Privatization Transactions (PSAPT), Private Sector Advisory Services, World Bank-IFC

Speakers
Peter Fearnhead, Head of Commercialization Program, South Africa National Parks

S. Brian Samuel, Principal Investment Officer, Privatization Transactions (PSAPT), Private Sector Advisory Services, World Bank-IFC

South African National Parks adopted a system of private high-value private ecotourism concessions for a small percentage of the tourists using the parks system. These were competitively bid, with IFC/PSAS acting as the adviser. Not only do the concessions now generate significant revenues needed to conserve the South African National Parks’ wilderness assets, the concessions were also instrumental in empowering black South Africans and local communities as owners, operators, suppliers and employees. The process also formalized a set of environmental guidelines for tourism within the parks system. These three dimensions of sustainability were central to this program, one of the few successes South Africa has had in creating genuine private-public partnerships out of state assets. The panel will discuss whether private eco-tourism is compatible with genuine wilderness conservation and if the South African model is replicable in other countries, particularly in other African countries?

Organizer
S. Brian Samuel, Principal Investment Officer, Privatization Transactions (PSAPT), Private Sector Advisory Services, World Bank-IFC

Session 3d
MC7-W150

INSTITUTIONAL DIVERSITY: MOVING ON FROM THE NGO MICROFINANCE MODEL

2:00 - 3:30

Moderator
Anne Ritchie, Senior Financial Sector Specialist, Consultative Group to Assist the Poor (PSDCG)

Speakers
Lucy Ito, Vice President, World Council of Credit Unions (WOCCU)

Elizabeth Rhyne, Senior Vice President, African Operations and Research, ACCION International

Over the past two decades, NGOs have played a leading role in developing the methodologies and tools for the microfinance industry. Most NGOs, however, face limitations to their growth and the services that they can provide because they are not part of the formal financial sector. Banks have been reluctant to provide financial services to the poor and credit unions have, in many cases, had difficulty reaching the poor in a sustainable way. Recently, several new models have emerged that offer promise for scaling up to reach large numbers of the poor. This session will present ACCION International’s two models for involving commercial banks in microfinance, and the World Council of Credit Unions model for integrating village banking within a traditional credit union structure. The Consultative Group to Assist the Poor (CGAP) will moderate, and will open the session with a short presentation on the key pillars of CGAP’s new Phase III strategy.

ACCION International's presentation will illustrate the service company and specialized microfinance bank models. The first involves establishing a loan servicing company as a subsidiary of a mainstream commercial bank. The loan servicing company originates and services microloans that are booked on the bank's own balance sheet. ACCION is working with this model in Haiti, Ecuador and Brazil, and with a variant in Zimbabwe. The second model involves establishing a small commercial bank or finance company with a strong specialization in microfinance. ACCION is involved with this model in Ecuador, Venezuela and Tanzania.

The World Council of Credit Unions, Inc. (WOCCU) presentation will focus on its

	program in Mindanao, Philippines. With the objective of extending savings and credit services to more and poorer women, WOCCU and several credit unions have supplemented individual lending with a village-banking group loan product and an aggressive savings-driven methodology. By emphasizing the role of household savings (and the concomitant need for savings protection) and by offering an array of different savings and credit products to a diverse outreach clientele, these credit unions are directly intermediating funds between more than 200,000 micro-savers and borrowers on a fully commercial basis. **Organizer** Anne Ritchie, Senior Financial Sector Specialist, Consultative Group to Assist the Poor (PSDCG)
Session 4a *Preston Auditorium*	**IMPROVING HEALTH CARE: IS THERE A ROLE FOR PSD PRACTITIONERS?**
4:00 - 5:30	**Moderator** Alexander S. Preker, Lead Health Economist, Health, Nutrition & Population Team (HDNHE), Human Development Network, World Bank **Speakers** Guy M. Ellena, Director, Health and Education (CHEDR), IFC Catherine C. O'Farrell, Consultant, Privatization Transactions (PSAPT), Private Sector Advisory Services, World Bank-IFC Jeff E. Ruster, Lead Financial Analyst, Private Provision of Public Services (PSAPP), Private Sector Advisory Services, World Bank Robert R. Taylor, Principal Financial Analyst, Privatization Transactions (PSAPT), Private Sector Advisory Services, World Bank-IFC This session will focus on improving health care through private sector provision of publicly-funded services. The speakers will provide a range of World Bank and IFC experience, focusing on country-specific examples to illustrate: • Potential health care services which could be contracted • Legal, policy and regulatory requirements • Structuring of contracts, transactions and tenders • Challenges • Investor expectations and requirements • Future prospects Some of the key questions that will be discussed in this session are as follows: 1) Will health become an important part of the PSD agenda? 2) How does private participation in health differ from infrastructure? 3) Is there sufficient private sector capacity and interest? 4) What is PSD's value added? 5) What must the World Bank Group staff be concerned about? **Organizer** Robert R. Taylor, Principal Financial Analyst, Privatization Transactions (PSAPT), Private Sector Advisory Services, World Bank-IFC
Session 4b *MC2-800*	**LABOR MARKET POLICIES AND THE INVESTMENT CLIMATE**
4:00 - 5:30	**Moderator** Robert Holzmann, Director, Social Protection, Social Protection Team (HDNSP), Human Development Network, World Bank **Speakers** John Haltiwanger, Professor of Economics, University of Maryland Stefano Scarpetta, Adviser, Social Protection Team (HDNSP), Human Development Network, World Bank Hong W. Tan, Lead Economist, Human Development Division (WBIHD), World Bank Institute Although labor market policy and institutions are primarily designed to ensure socially desirable outcomes, they also affect the investment climate in different ways. Wage-setting practices, for example, directly affect labor costs and consequently decisions of firms on the best combination of factor inputs, adoption of new technologies and ultimately output growth. At the same time, overly restrictive regulations on hiring and firing, while providing job security for covered workers, may also raise the cost of workforce reorganization that is often required when adopting growth-enhancing new technologies. Moreover, overly strict regulations tend to tilt incentives for firms towards the informal sector. The labor market also contributes to

	shape the investment climate by contributing to the build up of the human capital (via training, life long learning, and so on), an essential factor in the decision of private firms to invest. It should be stressed that, while certain labor market institutional and policy factors may reduce incentives for entrepreneurs to invest in some countries, the lack of basic labor market institutions (or the lack of enforcement of such rules) in others not only raise inequalities but also raise uncertainties for entrepreneurs, reducing investment in new firms or in new technologies and human capital. This session will discuss some of these issues with reference to the experience of industrialized and developing countries. **Organizer** Uma Subramanian, Senior PSD Specialist, Investment Climate (PSAIC), Private Sector Advisory Services, World Bank
Session 4c *MC4-800*	**BUILDING SUPPORT FOR PRIVATIZATION: What Role Does Communications Play?**
4:00 - 5:30	**Moderator** Joseph P. Saba, Country Director for Iran, Iraq, Jordan, Lebanon, and Syria (MNCO2), World Bank **Speakers** Sam Del Brocco, President and CEO, PCI Communications Paul D. Mitchell, Manager, Communications Development (EXTCD), External Affairs, World Bank Michael Opagi, Director, Privatization Unit, Uganda Alfonso C. Revollo, World Bank Alternate Executive Director for Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay, Former Minister of Capitalization, Bolivia, EDS08 Robin Simpson, Policy Advisor, Consumers International, United Kingdom Despite the largely positive economic assessments, recent public opinion surveys reveal declining support for privatization. The causes of public discontent are several. Though small in comparison to the total number of transactions, some badly managed privatizations have gone wrong, helping to mobilize popular opposition. The lack of transparency in many cases has also played a role in creating further public suspicion about fair economic pricing, corruption and the use of privatization proceeds. Moreover, while the benefits of privatization are diffused and tend to occur over time, the costs are likely to be concentrated and felt in the short-term–and borne by groups (such as workers) that are frequently organized and vocal in their opposition. Privatization may also have been oversold as the critical element for an economic turnaround, and subsequently received much of the blame when general economic conditions failed to improve. Many countries are increasingly recognizing the importance of consensus building and communication efforts as a way to manage the politics of reform, in particular to understand the concerns of affected groups such as consumers and labor representatives; manage public discontent about issues such as the pace of reform, service expansion and tariff increases, and transparency of the process; mitigate the risks for investors; and establish government commitment to reform. This session will examine the role of communications in privatization, how such programs have worked in practice, and what the issues are going forward. Some of the key questions for discussion include: 1) What are the benefits of undertaking communications, what are some of the risks? 2) What has been done to date, and how have such efforts worked in practice on the ground? How do you measure the results or impact of such programs on the success or failure of privatization? 3) Can governments and companies do more to increase transparency in privatization, and thus improve public understanding and acceptance? 4) What are the main things the World Bank Group should be doing going forward? **Organizers** Sunita Kikeri, Program Coordinator, Privatization Policy (PSASP), Private Sector Advisory Services, World Bank Jordan Z. Schwartz, Senior PSD Specialist, Public-Private Infrastructure Advisory Facility (PSAPF)
Session 4d	**IMPLEMENTING CORPORATE GOVERNANCE REFORM: BUILDING CAPACITY FOR**

MC7-W150	**DIRECTOR PROFESSIONALISM**
4:00 - 5:30	**Moderator** Anne Simpson, Program Manager, Global Corporate Governance Forum (PSAGF) **Speakers** Mierta Capaul, Senior PSD Specialist, Corporate Governance (PSACG), Private Sector Advisory Services, World Bank Group Mike Lubrano, Principal Financial Specialist, Corporate Governance (CGFCG), Global Financial Markets Department, IFC Behdad M. H. Nowroozi, Senior Financial Management Specialist, Operation Support (EAPCO) East Asia and Pacific Regional Office, World Bank Djordjija B. Petkoski, Lead Enterprise Restructuring Specialist, Finance and Private Sector Development Division (WBIFP), World Bank Institute Chris Pierce, Director, UK Institute of Directors Sue L. Rutledge, Senior PSD Specialist, Europe and Central Asia Finance and Private Sector Development (ECSPF), World Bank A well functioning corporate governance framework should ensure that corporate boards effectively monitor managerial performance and achieve an adequate return for shareholders, while preventing conflicts of interest. As such a well functioning board is key to the performance of companies and in turn to economic growth and poverty alleviation. Yet in order for boards to effectively fulfill their responsibilities, board directors need to act in a fully informed basis, in a fair manner and in good faith with a degree of independence from management. Most developing countries nevertheless lack the institutional capacity to provide adequate training and foster director professionalism. Most Corporate Governance Reports on the Observance of Standards and Codes (ROSC) assessments have consequently recommended setting up local institutes of directors to help implement capacity building for director professionalism. As a practical step to implement the ROSC recommendation and support local institutions in building capacity to improve director professionalism the GCGF has developed a toolkit which packages experience and lessons learned on various institutional approaches to train directors and achieve self-sufficiency through quality services. **Organizer** Marie-Laurence Guy, Projects Officer, Global Corporate Governance Forum (PSAGF)

Note: Many papers from last year's forum are available for download.