The Moscow Case
Private Sector Development Training and Consulting in Economies in Transition

Djordija Petkoski
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EDI Case Studies
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CHAPTER 1
The First Time in Moscow

In Moscow again! Seven years had passed since Alexander Markovski’s first visit to Moscow. That was when he was on his way to Beijing to present a training program on managing complex systems for the Institute of Systems Sciences at the Academy of Sciences. He had a stopover of twelve hours and was looking forward to spending the day sight-seeing. But the customs officer at the airport failed to issue the necessary visa and without any explanation took Alexander’s passport, informing him that it would be returned one hour prior to his departure. His greatly anticipated visit was spent in the transit zone of Moscow’s airport. It had not been a very pleasant experience. Alexander swore then that he would never come back to Moscow, or to the country that at the time was claiming to be “in the final stages of socialism, just a few years from communism.” Yet there he was in Moscow again, seven years later. What had happened in the meantime that made it necessary for Alexander to return?

The New Trainer

In June 1991, after spending four years as the director of an agroindustry restructuring project in his country jointly sponsored by United Nations Development Programme (UNDP) and the World Bank, Alexander went to Harvard University as a Fulbright visiting scholar. Although he already had two Ph.D’s, one in engineering and one in economics, he decided, much to the surprise of his colleagues, to pursue an M.S. in public administration at the Kennedy School of Government in tandem with his research work. He felt that a formal training program was the most efficient way for him to enter the new field he had selected: policies for enterprise management in economies in transition. This arrangement would enable him to interact regularly with a number of professors at Harvard University (in the Business School, Department of Economics, and the Kennedy School of Government); individual research would put him in touch with only a few in this group.

When the telephone rang one day in December 1991, Alexander had no way of knowing that his life was about to begin a whole new chapter. The call was from the World Bank. The gentleman at the other end of the line introduced himself as Steve, a task manager at the Bank’s Economic Development Institute (EDI) who was responsible for public enterprise management. He invited Alexander to write a report on a forthcoming conference on privatization in Central and Eastern Europe. Although his colleagues warned him that the World Bank was a huge, bureaucratic institution, a difficult place to implement new ideas, Alexander decided without hesitation to accept the offer.
One month after he had completed the conference report, he was asked to join a World Bank mission to Moscow and to help Steve organize a Senior Policymakers Seminar on Privatization. The partner institution was the Mosco Mimushestvo (the Privatization Agency of Moscow). The seminar, organized jointly with the European Bank for Reconstruction and Development, was attended by forty senior policymakers from Russia, Azerbaijan, Belarus, Kazakhstan, Kirgizstan, Moldova, Turkmenistan, Uzbekistan, and Ukraine.

The First Seminar

The seminar brought Alexander back to Moscow. Luckily, several people from the International Business School (IBS) of Moscow were around to help the EDI team with the organization of the seminar. Several months before, some of them had visited EDI for a few weeks and were quite familiar with its operations. The team also found they could rely on the director of Moscow Mimushestvo for strong organizational support. The day before the seminar was to begin, however, someone took off with all the tables from the conference room, and the organizers had to spend the whole afternoon moving tables from other offices.

The three-day seminar focused on the privatization experiences of other countries, rather than on any particular way to design and implement a privatization program. Most of the participants were government officials who did not speak English. Although Alexander did not speak Russian, his Slavic background and the puzzled reactions of the participants to some of the speakers’ statements made him realize that there were some serious problems with the translation on several occasions. The interpreters all had degrees in English from well-known schools in Moscow, but they clearly were not yet fluent.

Nevertheless, the seminar went quite well; each foreign lecturer related his country’s experience with privatization to the participants. On their way home, Alexander and Steve were pleasantly surprised to read the following remarks in London’s Financial Times (11 February 1992):

Apart from pushing British companies’ “expertise” on privatisation, a Russian-British seminar in January ranged from kindly generalisations (“Keep a steady course and don’t lose heart,” advised Mr. Edward Leigh, a junior minister from the Department of Trade and Industry) to over-sophisticated advice on public share flotations.

The Russian officials attending the seminar had not even begun a crucial first stage of privatising small shops and the trade sector, so it was not surprising that what many of them really wanted from their trip to Moscow were long-promised government instructions on how privatisation was to be carried out.

But a heartening contrast was provided by a simultaneous privatisation seminar which was co-sponsored by the World Bank in another part of Moscow.

Its purpose was to train representatives from several former Soviet republics to form their own privatisation experts and agencies.
The advice was practical, drew on concrete experience, and was designed to help republics help themselves.

Foreign Speakers included the likes of Mr. Marco Simoneti, from Slovenia’s privatisation agency.

He urged participants to decide clearly what they wanted from their western advisors, and also gave timely advice on how to side-step old-style communist politicians when running a privatisation agency.

**Preparation for the Workshop**

A month later, in February 1992, Alexander and Steve were back in Moscow. This time, they were joined by Mr. Simeon, their division chief. Alexander’s task was to organize a pilot workshop entitled “Improving Training Skills” for trainers that would help EDI design a more comprehensive program on enterprise management for countries undergoing restructuring and privatization.

The workshop included five main sessions, or “modules” (further details concerning the workshop are provided in Appendix 1-1):

- I. Background
- II. Managing Groups
- III. Case Method
- IV. Field Exercise (visits to enterprises)
- V. Evaluation and Conclusions.

IBS was again the World Bank’s partner institution. This time, the language used was English. After the first morning session, it was clear that some of “the most prestigious” professors participating in the workshop spoke limited English. Alexander wondered whether his decision to hold the seminar in English had reduced the number of highly qualified participants. He also feared that once they came to the case method, participants would be reluctant to discuss their own cases because of their poor English. But it was too late to change the program now.

The participants included a number of senior and well-known professors in accounting and corporate finance, political economy, and international economic relations from schools in Moscow, as well as several young assistants from IBS.

Problems arose even before the workshop began. The IBS group became highly annoyed when Steve and Alexander asked them to fill their binders with training material and informally discuss the design of the forthcoming workshop. “Why should we do this?” they complained. Alexander tried to explain that this activity would help them better understand the overall process of organizing EDI training activities, create a team spirit, and give them a sense of ownership over the workshop. His comments were not well received. For most of the group, the task was an utter waste of time—they had not the slightest inkling of the significance of team spirit or of developing a sense of ownership. “This is supposed to be just a workshop—several lectures—and what is the big deal about it?” they responded. “Why should we be involved in preparing the binders, and discussing the context of the
workshop, and so forth? This is the responsibility of the organizers from EDI, not of IBS or the other participants."

The day before the workshop officially began, participants were invited to an informal afternoon session to give them an opportunity to introduce themselves and discuss the objectives of the workshop. Things went smoothly until the participants were asked to write two paragraphs describing their personal goals or vision for a year-and-a-half and five years down the road. This exercise was designed to break the ice, but the responses were stiff and had little substance. These people simply were not used to talking, or even thinking, about their personal visions, and they did not have the foggiest notion of what the whole exercise was about.

Things seemed to go from bad to worse when Steve and Alexander explained that this workshop was intended to be a training—or learning—experience for both the participants and EDI. Thus the program might be modified on a daily basis, depending on the progress made and their perception of the topics covered.

The participants grew even more confused: “Why and what should EDI be learning with us? We know that EDI has had a lot of experience conducting training programs all over the world. It should know how to deliver a week-long workshop.” They also failed to understand why Mr. Simeon, “an important person from the World Bank,” was going to spend the whole week with them. “Does he really need to learn something? Why is he conferring such importance on this workshop by his presence? After all, it is a seminar for trainers, not for high-level government officials.”

The Workshop

The workshop opened with a series of formal lectures. Alexander lectured on the strategy and mission of a firm. He told the audience that they should feel free to interrupt him whenever they wanted to make a comment or ask a question, but no one uttered a word. He was equally unsuccessful in stimulating discussion. When he asked questions, no one wanted to answer. When he was more direct and asked a specific individual a question, the reply was extremely short, and no one else offered a comment. Any attempt to get a longer answer, and thus help participants arrive at a better understanding of the underlying assumptions, also failed. All that Alexander managed to elicit were possible reasons why a particular problem could not be solved, rather than the options available to resolve it.

On the second day, an expert from the World Bank on mission in Moscow was invited to talk about the initial lessons of experience in privatization in the former Soviet Union (FSU). The participants were informed about this the day before. As a part of the preparation for the lecture, they spent some time working in groups to identify questions they would eventually ask the experts. To the great relief of Steve and Alexander, this exercise proved quite useful. The participants listened to the lecturer carefully and then asked a number of questions. On the third day, however, participants again became reticent. They had not been informed that someone from the International Finance Corporation of the World Bank was going to lecture on private sector development and equity investment in the FSU, with particular emphasis on joint ventures. Therefore they were not asked to prepare questions in
advance. Although they listened to the lecturer intently, almost no discussion ensued. Everybody looked embarrassed. Alexander could only hope this represented some kind of creative tension that would facilitate the learning process, lead the participants to be more active in classroom discussion, and help them understand that well-designed questioning is a valuable learning tool.

Alexander's hopes were crushed when he tried to demonstrate some points about quality control by referring to a case from Harvard's Kennedy School of Government. "We do not need to be taught quality," participants balked, "especially not through some childish game—in which envelopes are set up with invitations to potential donors for an imaginary research project. We know quite well what quality is about."

After considerable negotiation, the participants formed five groups to perform the task. Each group had one observer, who was to monitor the group's performance and then describe the process to the other participants. Neither the group members nor the observers had the slightest idea of how a group was supposed to be organized and work. The exercise was a disaster. The participants paid no attention to the quality of the letters (for example, addresses and signatures were missing, and some used poor photocopies), nor did they package them in groups of exactly ten envelopes, as instructed.

Much later, Steve and Alexander learned that several "eminent" professors were very interested in participating in the workshop but decided not to come the opening day. They first wanted to hear how the whole thing was going to be organized and presented. As soon as they were told about the group work and the "childish" exercise, they decided they definitely did not want to come.

There was yet another crisis when Alexander tried to introduce the first business case study, the Harvard Business School (HBS) case on McDonald's. In response, the participants said they wanted lectures, not empty discussions with their younger colleagues, some of whom did not even have an M.S. degree. They failed to see that the case method is useful because there is seldom a single correct answer to complex business problems. "Why doesn't the lecturer know the answer? It must be somewhere in the books," they complained.

Eventually Alexander managed to persuade the participants to analyze the case in groups and then have a group presentation and plenary discussion. Once again, working in groups was quite a new experience for most. Alexander himself felt something of a shock when he saw how ill-prepared they were for "face-to-face" interactions with one another. They showed almost no interest in learning how to listen and appreciate their colleagues' suggestions. Each group was dominated by the most senior member and this was discouraging to the younger members. Even when there was some kind of discussion, the objective was to win the argument, not to increase the group's capacity to come up with better solutions to the problem being discussed. They refused to share even their basic assumptions about the problem. And just when Alexander thought he was finally in control of the situation, Elena, a twenty-one-year-old assistant, caused an eruption when she tried to present the conclusions of her group. The older professors thought that this was absolutely unacceptable. "Only the most senior member of the group should make the presentation," they said.
At every opportunity, they voiced more complaints. "The McDonald’s case is too simple," they muttered. "Why is it so important to know how to make a hamburger?" To demonstrate the complexity of business problems in the fast-food business, Steve and Alexander took them to a McDonald’s restaurant that same day. Once there, the participants seemed to get a better feeling for the case. They could now appreciate the confusion surrounding the McDonald’s employee. For example, they saw a worker receive a group order for ten participants from just one person. This was beyond what the worker had been trained for, and even his counting machine was not programmed to deal with so many orders on one receipt. The point of the exercise was still not getting through to some of the participants, however. "If McDonald’s was organized well enough to be included in an HBS case, why were their staff experiencing difficulties with these types of orders?" To further reinforce the learning process, Alexander decided to present the HBS case on Burger King, even though it had not been included in the original program. This gave the participants an opportunity to analyze two different approaches to seemingly "the same, simple problem—how to make a hamburger and how to meet the needs of the clients." They were still not appreciating the complexity of making managerial decisions, even when confronted with "simple problems."

To prompt the participants to produce timely feedback, they were asked to prepare two lists every morning, one indicating what they liked or considered relevant from the previous day, and one indicating what they did not like. The second list was usually two to three times longer than the first one. Again, they called for (a) lectures rather than discussions or case studies and (b) blueprint solutions for the problems under discussion. They did not want to contend with any "confusing" case study unless it had a "unique, fixed solution that cannot be questioned." They spent far more time on what they did not like than on what was good or relevant for them, and how to expand the workshop in that direction.

On the third day of the workshop, the manager of a Moscow manufacturing company was invited to share his experience with the participants. This lecture was not originally planned. Nevertheless, Alexander and Steve felt that they should do something to bring the participants closer to "reality," to foster their understanding of and how local managers think and operate. This presentation was also intended to give the participants an idea of the kind of management training that would be needed in the future and the nature of potential clients.

"What useful things can a manager with a B.S. in engineering tell professors with Ph.D.s from elite Moscow universities?" the participants grumbled. "This is just a waste of our time." The participants were about to leave the seminar. It took some convincing by Alexander and Steve before they agreed to listen to the manager. Fortunately, Alexander was equipped to cope with the situation because he had taken two courses in negotiation after joining EDI, and he was thoroughly familiar with Roger Fisher's book Getting to Yes.

It was obvious that the manager and the trainers were on completely different tracks. The manager spent most of his time describing the problems his enterprise was experiencing with the launching of Russia's market economy. Although he did a reasonably good job of identifying some of the current problems, he concen-
trated on the problems created by those outside his enterprise. Just two years before, his enterprise could sell everything it could produce. "Of course, the quality of the products was okay. Otherwise how could we have sold everything we produced?" he queried. "The problems are definitely the fault of others: the government; the privatization agency, which is not allowing us to privatize the enterprise before the privatization law is passed; the banks, which only give us short-term loans with high interest rates; the lost links with the suppliers, distributors, and customers from the other republics of the FSU; and so forth. We are not in charge of our own reality; therefore, how can we have a proactive role in changing that reality? We should wait—sooner or later, someone who is responsible for all these problems will come to rescue us." After the lecture, the participants were extremely upset. They refused to believe that they could learn anything from an enterprise manager. "What we need most are more lectures and books on the market economy. The answers are there. Above all, we are not in the business of training managers. If they don't respect what we know and if they don't want to learn from us, managing enterprises is their problem. We are in a different business; we teach what we know, and that knowledge is based on what is in the books. We are not interested in details, in learning what their real-life problems are. We have our regular students."

Their reaction was much the same when a government official from a sectoral ministry was invited to present his views on the role of the government in creating a policy environment supportive of privatization and restructuring. This was another visit that had not been scheduled in the original program. Alexander and Steve thought that the participants should also be exposed to the government's ideas about the transition process in Russia. He knew that the government had an important role to play in creating an environment supportive of private sector development. He also knew that the effectiveness of government and public sector relations were critical elements in a smooth transition to a market economy. The level of effectiveness would depend on whether the two sides could find a common language, understand each other's problems, and develop a shared vision of the future. As a result, some government officials will also require training in how the private sector operates in a market economy. In other words, government officials are also potential "clients" for the business schools.

Nevertheless, participants were still not entirely convinced that it was useful to listen to enterprise managers and government officials. They continued to object to the idea of visiting some enterprises and conducting interviews with the managers in order to identify the most critical problems enterprises face in the transition to a market economy. They eventually agreed to make the effort. Divided into groups, they visited three enterprises.

The purpose of these visits was to learn more about the enterprise's mission and objectives, problems, strengths, weaknesses, and the business and policy environment in which it operates. The participants were also asked to assess the enterprise's training needs and to suggest some possible designs for a management training program. To facilitate their task, Alexander prepared a simple guideline on how to perform the field exercise (see Appendix 1-2). Mr. Simeon was in charge of
one of the groups, and his presence sent a strong signal to the participants of the importance of these visits to the EDI representatives.

This was the first visit to an enterprise for most of the participants, and it was a truly eye-opening experience. Their task—which was to screen the current management problems at the enterprise level—was too complex for them. As a result, the managers did most of the talking. From time to time, there was an unproductive parallel conversation. The participants did not have the slightest idea of how to communicate with the chief executive officer or conduct an interview that would elicit the necessary information. Most of them found this to be an awkward and upsetting experience. Participants complained that the enterprise managers were arrogant and closed-minded. Alexander and Steve wondered whether their criticism was a defense mechanism to save face. In spite of their difficulties, the participants learned some vital lessons. They discovered that financial information based on the old Soviet accounting system was not of much use, and they realized that the current accounting system was not designed to help managers make better business decisions.

The next day the participants were quite surprised when some managers from the enterprises they had visited came to the classroom to listen to their assessments of the main problems they faced as they moved to a market economy and the kind of management training they need. At first the participants felt uncomfortable about presenting their findings in front of the managers, but the ice was broken when Elena made her presentation. It was an informal and forthright discussion that created just the right atmosphere for a reasonably open dialogue. Although no one admitted it, both the participants and the managers seemed to have finally learned the essential lesson that they needed to work together.

Alexander continued to push the participants to speak out about their underlying assumptions when they were proposing solutions to the problems discussed. A number of the participants later told him that they found his approach unpleasantly aggressive, but he was only trying to learn more about their “mental models”—the way they perceived reality—and to help them recognize their own misperceptions of reality. Many were irritated by his constant barrage of questions to individuals during informal discussions, particularly when he asked: “What is your vision”? and “Where do you want to be four or five years from now?” The more they resisted his advances, the friendlier and more talkative he was, while keeping the pressure high.

The five days passed quickly. By the end of the seminar, Alexander and Steve sensed a decided change in the attitudes of the participants. The intense communication outside the classroom—during the coffee breaks, lunches, and dinners—had improved personal relationships. The participants felt more comfortable sharing their problems. This had been the first time in their lives that they had experienced such training—no wonder it rattled them. Nevertheless, by the end of the workshop they had started to (a) appreciate the complexity of decisionmaking at the enterprise level when the external environment is undergoing fundamental changes and (b) question the relevance of the previous methods of formal training and their own preparedness to tackle the new problems emerging during the transition.
Alexander's Dilemma

For both the participants and EDI, this workshop turned out to be an unsettling experience. After the success of the privatization seminar, Alexander felt that he was back to square one. Although a born optimist, he was now quite depressed. His final task was to design a more comprehensive training program on enterprise management for restructuring and privatization, but he could not decide how to proceed because he suddenly found himself with far more questions than answers:

- Should he risk organizing a program of several related training activities, or should he do more independent seminars before designing a more complex program?
- Who should be invited to the training and how should the participants be selected in order to provide relevance, dissemination, and quality?
- Should participants be younger people without important decisionmaking positions, or older participants, well-positioned in society?
- Should participants all be from Moscow (the most advanced city in international communication), to reduce the risk of initial resistance to this new kind of training, or should the participant pool include the other regions of Russia, or even other republics of the former Soviet Union?
- Should the program be free of charge, or should participants be asked to contribute to the cost of training, either in full or in part?
- How long should the program be?
- Should the emphasis be on more fundamental, academic issues in order to provide a solid foundation, or should the program cover more “soft” issues?
- Where should the program be organized, in Russia or abroad?
- Should the program be based on the case method of training, or should it follow a more traditional approach based on lecturing, which is more acceptable to the Russians?
- Should the program be delivered in English or Russian? If the program is going to be presented in Russian, should simultaneous or consecutive translation be provided? Who should the interpreters be, those fluent in English or individuals with other qualifications?
- What type of training material should be used?
- What is the best way to disseminate knowledge broadly—through programs to train the trainers, or some other approach? Should the program attempt to reach thousands of managers, or should this “mass training” be left to somebody else?
- To what extent should partner institutions be involved?

Too many questions had no clear answers. Alexander was more worried than ever. He had only three months to design and start implementing the training program. In addition, he had no idea whether Mr. Simeon, his division chief, was satisfied with the seminar. Mr. Simeon had spent the past five days carefully monitoring the training process, but he did not directly intervene. Alexander was looking for-
ward to his feedback, because Mr. Simeon had considerable experience in both the private sector and training. He also had impressive academic credentials: degrees from the Harvard Business School and the Massachusetts Institute of Technology.

That evening, Mr. Simeon congratulated Alexander on his performance. "I did not want to intervene and disrupt the process. We all learned a lot and this was an exciting experience. Put together the first draft of the program and we will discuss it. Be creative, do not be afraid to take a risk, and be ready for some failures. They are unavoidable. This is quite a new situation for us, and there are a lot of things we have to learn in the process."

To Alexander's surprise, Mr. Simeon's comments were encouraging. At least his boss was supportive. He also remembered several long discussions with Ray Goldberg, one of his favorite Harvard Business School professors, on the necessity of combining "formal" training with the practical activities of the participants in their professional lives. His inspiring guidance was crucial in the design of the new program. Each time he recalled Professor Goldberg's way of handling case study discussions, he was energized to confront the complex tasks that faced him.

The next two months passed quickly. At the end of that time, Alexander had indeed put together the draft of the training proposal.
APPENDIX 1-1.
Description of the Workshop Modules
and Workshop Schedule

Improving Training Skills Workshop

Module I. Background

This module identifies the principal causes of current global changes, including the technological explosion, globalization of markets, demographic changes, changes in taste, and growing environmental concerns. Attention is also given to the implications of these changes in the business environment, enterprise management, and the role of the state in the economy. The discussion then turns to the implications of these changes for management training. Next, the module introduces the concept of enterprise goals and strategies in the new competitive environment. It concludes with a discussion of the Harvard Business School (HBS) case on McDonald’s.

The module should lead to a better understanding of the changing world within which enterprises operate and the steps required to manage the changes.

Module II. Managing Groups

This module deals with managing group behavior. The purpose is to help managers develop the skills they need to diagnose problems that are an impediment to group effectiveness and take the appropriate action to solve them. Therefore, the emphasis is on both understanding the underlying dynamics of group behavior and using that understanding to take responsible and effective action. Through activities that simulate actual situations, participants are involved in a teamwork endeavor, which increases their awareness of the importance of the following:

- Teamwork and differences between people
- The framework for analyzing work groups.

Module III. The Case Method

Participants are now introduced to the case method. A case depicts a real business situation that an executive has faced. The case method is anchored in the concept of learning by doing. Participants are stimulated to conduct their own individual analysis of the situation and to arrive at their own decisions. In the next phase, parti-
pants are divided into groups; each group analyzes a case, decides on action plans, and presents a formal outline of the plan. The emphasis here is on:

- The main features of the case
- The use of cases in training
- Selection of the case subject
- Outline and structure of cases.

Some sessions are devoted to privatization and joint ventures to facilitate the analysis of the Harvard Business School case, *Pioneer in the Soviet Union*.

**Module IV. Field Exercise: Visit to an Enterprise**

This module introduces the participants to real-life situations through visits to enterprises. Following the visit, participants are asked to make a brief group presentation related to the following elements of the enterprise:

- Mission and strategy
- Problems: strengths and weaknesses
- Business environment analysis
- Action plan.

Representatives of the enterprise will take part in evaluating the presentations.

**Evaluation and Conclusions**

In this segment, participants learn that evaluation of individual performances is an integral part of organizational life. They are asked to develop criteria for class participation and evaluation, and they are invited to perform self-evaluation.

The workshop ends with a discussion about future training needs of the trainers who are providing support to privatization and restructuring processes in the former Soviet Union. Participants are asked to present concrete proposals on how to adapt and modify the approaches used at this workshop.
### Workshop Schedule

**International Business School, Moscow, and the Economic Development Institute of the World Bank**

Improving Training Skills Workshop  
February 3–7, 1992, Moscow

#### Monday, February 3

<table>
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<th>Time</th>
<th>Event</th>
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| 9:00–10:30 a.m.   | • Opening  
                   • Introduction of Participants  
                   • Objectives and Approaches |
| 10:30 a.m.        | COFFEE                                                               |
| 11:00–12:30 p.m.  | Global Changes and their Implications in Management Training         |
| 12:30–2:00 p.m.   | LUNCH                                                                |
| 2:00–3:30 p.m.    | • Framework for Analyzing Groups  
                   • Group Exercise                                                      |
| 3:30–4:00 p.m.    | COFFEE                                                               |
| 4:00–5:00 p.m.    | Strategy and Mission of a Firm                                       |
| 5:00–5:30 p.m.    | Visit to Moscow McDonald’s                                           |
| Evening           | Harvard Business School Case: McDonald’s (individual preparation)    |

#### Tuesday, February 4

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| 9:00–10:30 a.m.   | Evaluation of the First Day                                           
                   Privatization in the USSR                                         |
| 10:30–11:00 a.m.  | COFFEE                                                                |
11:00–12:30 p.m. Privatization in the USSR (continued)
12:30–2:00 p.m. LUNCH
2:00–3:30 p.m. Case: McDonald’s
Mission Identification Preparation (group preparation)
3:30–4:00 p.m. COFFEE
4:00–5:30 p.m. Case: McDonald’s
• Mission Identification
• Privatization (group presentation)

Evening Harvard Business School Case: Pioneer in the Soviet Union
(individual preparation)

Wednesday, February 5

9:00–10:30 a.m. Evaluation of the Second Day
Introduction to the Case Method
10:30–11:00 a.m. COFFEE
11:00–12:30 p.m. Joint Venture in the USSR
12:30–2:00 p.m. LUNCH
2:00–3:30 p.m. Case: Pioneer in the Soviet Union (group preparation)
3:30–4:00 p.m. COFFEE
4:00–5:30 p.m. Case: Pioneer in the Soviet Union (group preparation)

Evening Readings: How to Run a Meeting
M. Porter: Selected Readings

Thursday, February 6

9:00–10:30 a.m. Field Exercise: Visit to Enterprises
10:30–11:00 a.m. COFFEE
11:00–12:30 p.m. • Mission/Objectives
• Problems, Strengths, Weaknesses
• Business Environment
• Draft Action Plan
12:30–2:00 p.m. LUNCH
2:00–3:30 p.m. Field Exercise: (group preparation)
### Workshop Schedule

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<th>Time</th>
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<tr>
<td>3:30-4:00 p.m.</td>
<td>COFFEE</td>
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<td>4:00-5:30 p.m.</td>
<td>Field Exercise: (group preparation)</td>
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**Friday, February 7**

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<tr>
<td>9:00-10:30 a.m.</td>
<td>Field Exercise: (group presentation)</td>
</tr>
<tr>
<td>10:30-11:00 a.m.</td>
<td>COFFEE</td>
</tr>
<tr>
<td>11:00-12:30 p.m.</td>
<td>Strategy for Transfer of Training Skills to Business Schools</td>
</tr>
<tr>
<td>12:30-2:00 p.m.</td>
<td>LUNCH</td>
</tr>
<tr>
<td>2:00-3:30 p.m.</td>
<td>Class Participation</td>
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<td></td>
<td>• Criteria for Self-evaluation</td>
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<td>• Self-evaluation</td>
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<tr>
<td>3:30-4:00 p.m.</td>
<td>COFFEE</td>
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<tr>
<td>4:00-5:30 p.m.</td>
<td>Final Review of the Workshop</td>
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<td></td>
<td>Future Program</td>
</tr>
</tbody>
</table>
### APPENDIX 1-2.
Simple Guidelines on How to Perform the Field Exercise

<table>
<thead>
<tr>
<th>Some evaluation questions</th>
<th>Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What is the mission of the enterprise?</td>
<td>Interview management</td>
</tr>
<tr>
<td>2. What are the strategic goals of the enterprise?</td>
<td>Observe job performance</td>
</tr>
<tr>
<td>3. What job results are most important for success?</td>
<td>Analyze job description</td>
</tr>
<tr>
<td>4. Which job performances are most successful now?</td>
<td>Analyze other industries</td>
</tr>
<tr>
<td>5. What skills do managers need?</td>
<td>Observe job performances</td>
</tr>
<tr>
<td>6. Are there any training materials?</td>
<td>Interview management</td>
</tr>
<tr>
<td>7. If yes, how appropriate are the current training materials?</td>
<td>Review enterprise training materials</td>
</tr>
<tr>
<td>8. What is the least training we can do?</td>
<td>Analyze job requirements</td>
</tr>
<tr>
<td>9. How willing and able are managers to participate in training?</td>
<td>Interview managers</td>
</tr>
<tr>
<td>10. How “job-like” are the exercises we planned?</td>
<td>Interview managers</td>
</tr>
</tbody>
</table>
This was Alexander’s third trip to Moscow in six months. During the first four weeks, he joined a World Bank mission working on a privatization loan to the Russian government. His task was to prepare the technical assistance training component of the loan. During the fifth week he was to deliver the first module of the seven-part Trainers’ Program on Enterprise Management for Restructuring and Privatization.

Although only six months had passed since his last visit, Alexander could see that there had been some changes at Moscow’s airport. It now cost a few dollars to use a luggage cart. The customs officer had to borrow Alexander’s pen to fill in the forms because, he said, he had left his at home. To Alexander’s surprise, the customs officer put the pen in his pocket and proceeded to tell the next passenger the same story. This incident was soon forgotten, however, when Alexander saw a gentleman holding a sign with his name on it. He felt greatly relieved; he had heard a number of stories about the horrific problems experienced by foreigners taking taxis at Moscow Airport.

Operational Mission and Preparation for the Seminar

This was only Alexander’s third visit to Russia and he was already being asked to join an important World Bank mission. All the privatization “gurus” from the Bank had come to Moscow to help design an ambitious privatization program for Russia. It was quite a challenge. Nothing on this scale had ever been done for a country before. To better assess training needs, Alexander visited the privatization agencies of Russia and Moscow; the former Ministries of Agrochemistry and Machine Tool Industry; the Moscow Association of Food Industry; a number of enterprises, including the four that would participate in the upcoming seminar; and a few banks and training institutions.

Visits to Enterprises

His visits to the enterprises gave Alexander insight into a “new world.” He spent many hours talking with managers, not just two or three hours, as he had during his second visit to Moscow. He found that managers still tended to blame external factors for most of the problems their enterprises faced. Some of their strongest complaints were about the lost links with customers and suppliers from the other republics of the former Soviet Union (FSU), the high inflation, and the banking system, which was so inefficient that it was unable to support any restructuring
programs or financial transactions with other republics of the FSU, let alone the enterprises’ regular business activities. “How can I restructure my enterprise when I do not even know much about my customers? All the sales of our machine tools were transacted by the ministry. We have not had any direct contact with our buyers or suppliers,” complained one of the managers. He became quite confused when Alexander asked, “Have you tried to get this information from the ministry?” Somewhat on the defensive, the manager replied: “Even if we could get hold of them, they are no longer in a financial position to buy new equipment from us.” He was not too interested in discussing the possibility, mentioned by Alexander, of putting more emphasis on providing spare parts and maintenance services to those who already used their machine tools.

In addition to the day-to-day measures needed to survive in the highly hostile business and policy environment, the managers’ major concern continued to be how they could obtain government support—directly or indirectly. They talked about attracting foreign investors, issuing new shares, valuing shares, and distributing dividends, but not about restructuring and improving the profitability of their enterprises. Despite substantial losses, layoffs, and reductions in output, most enterprises were still in a wait-and-see mood; they had no idea what to do and continued to hope that the government's budget constraints might be relaxed again.

Managers found their old skills of little help in the kinds of maneuvers practiced in market economies. On several occasions, Alexander asked them whether he could see their new business plans. “What business plans are you talking about?” was their usual reaction. “Of course, we have new investment proposals. We have to build new buildings and buy new equipment in order to increase our production. We need credits from the government because the interest rates of the commercial banks are too high. Foreign investment is also okay. We just need money. We know how to run our enterprises. We have been doing this for the past twenty years. We are one of the biggest and most successfully run enterprises in the FSU. By the time we complete our new investments and increase production, we will also have identified our customers. Of course we will sell everything. Our products are of the highest quality.” Once again, Alexander was shocked to learn that the managers were incapable of developing simple business plans.

“What about our financial statements?” they responded, when asked if their statements were now in line with international standards. “We have no problems using our accounting standards,” was the usual reaction. Most managers were quite taken aback when Alexander pointed out that “the primary function of accounting in the Soviet Union was to provide evidence that the plan had been implemented. It was rarely used as a planning tool itself.”

“Of course, our accounting system provides accurate and timely information and is an essential input to management decisionmaking,” the managers countered. “No, we still do not use computers, but we have enough people in our accounting departments to provide us with timely information. Certainly we are familiar with the international accounting standards, but more on a general rather than a specific level. We simply do not see why we should use them. Indeed, the government still does not require us to use them. Its members know better than we do.” As the
discussion ran on, the managers steadfastly refused to admit that their financial statement needed to be in a form more suitable for management decisionmaking.

Another surprise awaited Alexander when he turned to the problem of privatization. Although the managers declared they were looking for "the best possible ways to privatize their enterprises" and wanted to know what steps should be taken, they were soon mired in technical details. Alexander suddenly realized that they still lacked a broad understanding of the ownership structure and its relationship to business strategy at the enterprise level. They had no inkling of the impact of ownership structures on the implementation of business strategy. A number of managers were not even aware of the serious obstacles that closed joint-stock companies face in attracting strategic investors, for example. The managers of enterprises that were already privatized or were about to be privatized, by taking advantage of the scheme of "leased companies" introduced at the time of perestroika, were concerned primarily with how to maintain their enterprises as closed joint-stock companies and what needed to be done to obtain as many shares as possible. They were not at all interested in talking about the distribution of shares within the enterprise. Their remarks revealed—yet again—their complete lack of understanding of market-based management practices, particularly the relationship among management, owners, and investors.

It was also clear that enterprises did not have the necessary skills to turn themselves into efficient competitors in a market economy. These visits helped Alexander understand why privatization had not brought comprehensive changes at the enterprise level, and why financial problems were increasing even in enterprises that had been allowed to privatize through the leasing agreements from the Gorbachev period.

In cases where managers had expressed a willingness to undertake initial restructuring measures (which did not necessarily require considerable financial investment and often included layoffs), no significant results had been achieved because managerial skills and relevant information were both in short supply. Many managers were aware of their limited skills, although they were loath to admit it openly. Many of them had made uninformed, unsupported, and consequently unsuccessful efforts to adopt the best Western business practices. Incapable of restructuring their enterprises, some managers focused instead on solving their own personal financial problems by creating small enterprises within the larger enterprise. Although their legal structure was not entirely clear, these mini-enterprises were enabling the managers to transfer some of their firms' assets and capital into their own pockets.

Nevertheless, as Alexander knew well, they were still the only managers available in Russia to carry out restructuring programs, and thus bring about major change. As long as their managerial skills remained limited, however, they would focus on what they knew how to do best—stripping enterprises of assets for their own benefit.

In the course of several informal discussions during lunch, the managers admitted that a number of restructuring issues (including organization, new ownership structures, corporate finance, cost-cutting, marketing, inventories, and
The Moscow Case

subcontracting) were under their control and that they could be addressed without substantial new investments. But they lacked the necessary skills to do it.

During the enterprise visits, Alexander was also informed that a number of training programs had been organized in Moscow by training and consulting institutions from abroad. The general impression, according to the managers, was that the Russians were dissatisfied with many of these programs because “the foreign partners were unaware of the real needs facing enterprise managers,” and “the method of implementing the programs had not been adapted to the mind-set and culture of the participants.” Programs organized by domestic training institutions received their fair share of criticism as well: they were considered too theoretical.

Meanwhile, other enterprise managers Alexander spoke with remained preoccupied with yesterday’s problems and continued to behave as if they were in an administrative, centrally planned economy. They were clearly not expending enough effort to influence the design and delivery of training activities.

Visits to Training Institutions

The training institutions Alexander visited were among the leaders in Russia. After the last EDI workshop in Moscow on improving training skills, he feared that professors there might still be dreaming of the old glory days and focusing on theory rather than the real needs at the enterprise level. This proved to be all too true. The conversations were almost exclusively about how prestigious their schools were; who among the high-ranking politicians from the era of central planning, as well as the transitional period, had graduated from their schools; how they had obtained copies of curricula from the leading business schools in the West and many books on accounting, finance, and management; and what new management courses they were about to introduce for undergraduate students. They had failed to make a single contact among the enterprises, banks, or privatization agencies, and they did not consider them their new clients.

Visit to Branch Ministries and Associations

The most depressing experience for Alexander was his visit to the branch ministries and associations. The bureaucratic atmosphere was as oppressive as ever. Offices were piled high with documents and packed with employees who looked neither busy nor happy. Their favorite topics of conversation were how large their ministry had been under the Soviet Union, the various production plans they were developing for thousands of enterprises, and the numerous goods they were moving all over the FSU. When the discussion turned to privatization, they grew quite animated. Although they did not openly admit it, Alexander could readily see they were not too keen on privatization, but since there was no hope of stopping it, they could only point out that “enterprise managers have had no experience managing enterprises in a market economy. Once enterprises are privatized, it will be a real disaster—they will immediately go bankrupt. We have to help them. The best solution is to transfer our ministry to a holding company. We will provide the managers
with all the necessary assistance, develop business plans together, and help them reestablish lost links with suppliers and customers. Being a large holding company, we would be able to retain a dominant position in the market and sell everything we produce.” Whenever Alexander asked how privatization should take place, he was told: “We have to maintain control over the enterprises. This is the only way to stay big and control the market.”

Visits to Privatization Agencies

Alexander’s visits to the privatization agencies were equally revealing. The government officials were primarily concerned with policy issues. “Should restructuring be done before or after privatization? Is mass privatization the right answer for Russia? Should privatization coupons be issued to the population free of charge, or should people have to pay for them? If so, what would the price be? How do we distribute millions of privatization coupons? How do we develop a simple scheme that will allow us to carry out efficiently the administrative burden of privatizing thousands of enterprises within a few months? Should the privatization document be five or ten pages long? Speed is what counts. Once we privatize the enterprises, everything will proceed smoothly. Restructuring will be completed quickly.” These were some of the comments frequently made. Alexander realized that too much emphasis was being put on the formal privatization process. For him, it was more than obvious that a formal change in ownership was not enough for successful restructuring. Nearly two years had passed without any major restructuring activities at the enterprise level.

Nevertheless, the attitude was, “We need to start developing capital markets right away. The Moscow Stock Exchange will be opening in just a few months, and as soon as that happens investors will take care of restructuring. In the meantime, the banks and investment funds that are about to be created will initiate restructuring measures at the enterprise level.” As they spoke, these officials grew more and more enthusiastic, perhaps much as they might have done in the old days when discussing a new, five-year, centrally planned development program. Alexander felt uneasy. He knew that it would be extremely dangerous for the overall economic and political stability of the country if another two years were lost waiting for someone outside the enterprises—the banks and investment funds (or other newly established, specialized institutions)—to take care of enterprise restructuring. He shared his concerns with his colleagues.

Alexander was particularly worried about the thousands of enterprises in Russia that were waiting for restructuring. It was unrealistic, he noted, to think that the major restructuring activities could be achieved through the involvement of banks and investment funds in the absence of strong support from knowledgeable managers, both within and outside these enterprises. Russia clearly had only a limited pool of people knowledgeable enough to initiate, develop, and implement restructuring activities. The major problem, Alexander thought, was how to enlarge this pool and place them where they would be more productive through market mechanisms. This process could not be centrally controlled. The focus should be on creat-
ing local talent capable of carrying out the restructuring process. Then, through decentralized decisionmaking within enterprises, banks, investment funds, consulting firms, governmental agencies, and the like, the process of restructuring would begin in accordance with local circumstances and needs. But perhaps he was wrong. He decided to visit a few banks and discuss the issues with them.

Visits to Banks

Theoretically, commercial and investment banks, as well as investment funds, were among the logical candidates to begin acting as restructuring agents. Nonetheless, Alexander's discussions with bankers and investment fund managers were not very encouraging. The bank executives seemed to think that once they had control over the enterprises, they would take care of them. "Just give us several months, and we will restructure them. Of course, the first thing we are going to do is to replace the old managers. They don't know how to run the enterprises in a market economy because their professional development took place in a centrally planned economy. They have no relevant experience, nor are they ready to accept change. To restructure an enterprise is not so difficult. We will focus on their financial statements. If the enterprise or some of their departments are not profitable, we will liquidate them. We will sell their assets. The key is financial restructuring. There should be no problem with this. There are so many books in the West with detailed procedures on how to do this. We are already translating some of this material into Russian."

Alexander knew that most of the country's enterprises were in dire financial straits and lacked access to the financial resources they needed to remain in business. The bank managers clearly were were unaware of the complexities of enterprise restructuring. Equally worrying were (a) the problems of asymmetric information, which made it difficult to distinguish enterprises that were potentially viable from those that were not, and (b) the limited capacity of banks and investment funds to successfully screen and monitor creditworthy restructuring programs, as well as to track and control enterprises in need of restructuring. The bank managers failed to recognize that restructuring activities—including debt settlement and estimations of enterprise-earning capacity—depended greatly on closer cooperation with skilled enterprise managers, as well as experts from developing banks and investment funds, consultants, and a variety of sectors.

Alexander's Thoughts

In the course of four weeks, Alexander had learned that most of the people with management experience were in the enterprises. In the centrally planned economy of earlier years, banks did not participate in activities related to enterprise management. As he mulled over the current situation, Alexander came to a few important conclusions. First, most financial institutions in Russia would not be able to function effectively until they were restructured. In the best-case scenario under the present circumstances, they could only initiate restructuring measures at the enterprise level. Developing the expertise to manage, monitor, and restructure enter-
prises would be time-consuming and costly, particularly if there were no significant economies of scale between such activities and the main lines of bank business. But the enterprises could not wait until the financial systems were restructured. Second, the situation was not hopeless; a number of restructuring activities could take place without considerable financial investment. In parallel with the activities aimed at restructuring banks and establishing investment funds, it would be essential to develop in-house expertise at the enterprise level. This expertise would protect the enterprises from the opportunism (including very short-term goals) of the banks and investment funds. Third, even if the turnaround activities proved successful with external help, the enterprise managers must still be capable of managing the enterprise after restructuring.

Alexander was convinced that it was unrealistic to think that bank restructuring could take place in a vacuum; enterprises must also be restructured, thus wiping out the bad loans of banks. The major enterprise restructuring activities could take place before the enterprises themselves were able to design and implement restructuring programs through the use of outside expertise and private and government services. The efforts should focus not only on how to improve banks, investment funds, and the capability of consulting firms to restructure enterprises, but also on how to improve management skills within the enterprises (privatized or still public) to enable them to initiate and implement restructuring activities.

Furthermore, Alexander argued, “privatization on its own has proved insufficient to initiate and sustain fundamental changes in enterprise behavior and therefore has not exerted enough pressure on governments to create a business and policy environment that is fully supportive of private sector development. It is necessary to overcome the existing communication gap, caused by the lack of a common language among government officials; enterprise, bank, and investment fund managers; members of professional and industrial associations; consultants; and trainers. This lack of communication has a negative impact on the privatization process and enterprise reform. It is important to reach a consensus and to stir stakeholders’ consciences. In other words, it is vital to develop a critical mass of support from those on whom the actual success of sustainable transition depends. Dialogue could help the stakeholders recognize fairly and thoughtfully the legitimate interests of other parties and could create a sense of ownership over enterprise restructuring programs, related government policies, and regulation.”

Alexander was grateful for the new insight he had gained during these four weeks. It would, he felt, help to fine-tune the forthcoming training program. He had only the weekend to pull all his thoughts together. He wished he had been able to schedule his visits a few months earlier, which would have given him more time to design his training program. But now it was too late. On Monday he was to start with the first module. “Well, we are dealing with economies in transition. Not everything can be planned in detail in advance. This is real life, and we have to be able to adjust to continuous change,” he told himself. At least he was getting a better idea of what it was like to work under tremendous pressure in a rapidly changing environment, as well as how the managers and government officials in Russia felt about what was happening.
The First Module

Alexander had just gotten out of a taxi when a young man from Central Asia asked him, in Russian, "Excuse me, sir, do you know where the International Business School is located?" "Well," thought Alexander, "the old culture is already changing, not only in Russia but also in Central Asia:" The man had addressed him as "sir" and not as "tovarish." Alexander felt quite pleased with himself for having understood the question. In the six months since his last visit, he had learned some Russian, at least enough to understand simple questions and to give even simpler answers, such as "The IBS is in the building in front of us." He now felt confident enough of his Russian to ask the young man, "Why are you looking for the IBS?" The man replied, "I am going to attend a training program organized by the Economic Development Institute of the World Bank." "What a coincidence," thought Alexander, and switched to English. He asked the young man where he was from, when he arrived in Moscow, and so on. The man looked confused. Obviously he spoke almost no English. Alexander was quite surprised. The invitation for the seminar had specifically stated that the training would be conducted in English. This had been mentioned in several places and was either underlined or printed in bold letters.

It was unnerving to Alexander that the first participant he met did not speak adequate English. Had he made a mistake in deciding on English for the training program? At this point, it was too late to change things. He wondered whether the other decisions he had to made in Washington, D.C., regarding the training program were also a mistake. He would soon find out.

Alexander had decided to organize the training program around the approaches used in Western business schools (see Appendix 2-1, "Activity Brief"). Its main features would be as follows:

- It would to be a training-of-trainers program.
- It would consist of seven parts (modules).
- It would be primarily for Russians (only two or three participants would be from other FSU republics).
- The participants would be enterprise and bank executives, government officials, and trainers.
- The first module would be organized in Moscow, and fifty to sixty participants would attend. Of this group, forty core trainers would be selected to continue the program.
- The second module would take place in Vienna, Austria.
- The next four modules would be organized in Russia, and the lectures would be delivered jointly with the core group of trainers.
- The last module would be organized in the World Bank's headquarters in Washington, D.C.

The time had now come to open the first module. Alexander welcomed the seminar's forty-six, supposedly English-speaking, participants. They hailed from (a) training institutions in Armenia, Uzbekistan, Moscow, Nizhny Novgorod, Irkutsk,
Back in Moscow

Kaliningrad, Voronezh, and St. Petersburg; (b) federal and regional privatization agencies in Russia, Moscow, Nizhny Novgorod, and Irkutsk; and (c) enterprises and banks in Moscow, Tula, Kaliningrad, and Nizhny Novgorod. As he looked around the room, he saw a number of familiar faces. About half of the group had attended the previous EDI workshop in Moscow on improving training skills.

The first module was Basic Accounting/Corporate Finance (see Appendix 2-2, "Summary Activity Brief"). Alexander was the only foreign lecturer. Early on, he had decided to do most of the lecturing himself so that he could have full control over the learning process, and thus more easily fine-tune the rest of the training program. He was assisted by three participants from the workshop on improving training skills, who acted as resource persons. In the design phase, they helped Alexander select appropriate topics and training materials for the FSU reality. They also did some lecturing on basic financial English, provided a comparative analysis of Western and FSU accounting systems, and facilitated the group work. Alexander designed the seminar with an emphasis on participation, mainly through group work, group presentations, and case studies.

Several of the participants had serious difficulty with English. There obviously had been inadequate attention given to the request that participants speak good English. For some, this was simply another opportunity these "strange foreigners" were giving them to come to Moscow and continue the program abroad. They had taken advantage of similar opportunities before, created by an array of foreign training and consulting institutions eager to have some presence in the FSU. Despite the language difficulties of some participants, the first day, which consisted primarily of lectures, went reasonably smoothly.

Thanks to the participative mode of the seminar, it did not take long for Alexander to realize that even those who had excellent English found it difficult to understand some of the new concepts in accounting and corporate finance. Russian does not have equivalent expressions for some of these concepts, although the resource persons from IBS were doing an excellent job of giving lectures on basic financial English.

The second day, Alexander was confronted by one young participant: "You only pretend not to speak Russian, in order to spy on us." Alexander was dumbfounded. At first he could not tell whether this was a joke, but it soon became apparent that the speaker was quite serious. Alexander quickly collected his senses and tried to explain the role of the World Bank, and EDI in particular. He pointed out that one of the shareholders of the World Bank is the Russian government, that no loan can be implemented without the approval of the Bank's Board of Directors, and that one of the board's members is a representative of the Russian government. He also noted that EDI provides most of this training without charge. It is financed by the Bank's budget, drawn from the portion of the Bank's profits that are not distributed to the owners (including the Russian government). The training, he also noted, is expected to promote the overall development of the member countries, and thus increase the effectiveness of future Bank loans. Therefore, the training activities are equally important for the Bank and its clients.

As far as his Russian was concerned, Alexander said, "I am very flattered if my faltering Russian makes you think that I can speak the language, but trust me, it
will be some time before I am able to spy on you in Russian." After this, the mood of the seminar was less tense.

Alexander took this opportunity to remind the participants that at the end of the module only thirty-five to forty participants would be chosen to continue in the program, and that the basis for selection would be the results of the daily tests and the final test they would take on the last day, as well as their participation in classroom discussion. Most of the participants were unhappy with this news. "Why are you trying to make us compete with one another?" Alexander was asked. "Do you want to turn us into adversaries? We are highly educated people and we do not need tests and competition. Why is classroom discussion so important?" Again, Alexander found himself having to explain what were, for him, elementary concepts: "Competition is part and parcel of a market economy, and it needs to become an integral part of your professional life. This is a very expensive training program, and I have to make sure that EDI's money will be spent in a most beneficial way, not just for your personal benefit but also for the benefit of your institutions and the countries you come from. At the end of the program, all of you are going to face the extremely challenging task of teaching others how to do things differently. The class discussion will provide an idea of the progress you are making in internalizing the new knowledge and of your capacity to share that knowledge with others."

The training material for this seminar had been selected with an eye to material development, and thus included predominantly self-study material, with many exercises. This helped the participants not only to think beyond what was presented in the classroom, but also to prepare for the daily tests. Alexander also hoped that the participants would return to the training material after they had tried to implement some of their new knowledge and be able to learn more from it. As soon as Alexander introduced the first case study, however, he found that the resistance to participatory training was just as great as it had been during the previous seminar. Alexander was fully aware that this was unfamiliar territory for most of the participants and that his lecture on the case study method would be insufficient to help them appreciate this kind of learning experience. In the course of the case analysis, Alexander reviewed some of the main advantages of using case studies in management training. To his relief, he received critical support from those who had participated in the previous EDI workshop. They began leading the discussion, encouraging the other participants to become involved. They were equally helpful in group work.

For Alexander, this participatory training seemed the only way to gain feedback from the participants and to determine how much of the new knowledge was becoming an integral part of their way of thinking. As long as they stuck to the old "simplified" and "common-sense" arguments to attack new, more complex problems, it was clear that they were only improving their English vocabulary, not their business knowledge. Unfortunately, many of them were not even aware of what was really happening. "Well, it is only the beginning of the first module," Alexander thought as he tried to convince himself that everything was going reasonably well.

Every morning, participants were asked to discuss the relevance of the topics covered during the previous day to make sure that they were not missing the point. The participating professional trainers, it seemed, were pleased to learn about the
practical side of a number of theoretical topics. Although the topics were familiar to
them, they had never tried to link them to real life. But the government officials and
enterprise and bank managers were more critical and continued to ask how the
topics related to their daily work. They insisted that it would take years before a
market economy could evolve, and they did not see why they should be learning
about new concepts developed in Western countries when international account-
ing standards had not even been introduced in their countries. By the end of the
seminar, however, they had finally begun to appreciate the usefulness of case stud-
ies as a tool to better understand reality and had also become less critical. Further-
more, they benefited greatly from the considerable time spent working in groups,
which consisted of representatives from all the participating stakeholders.

At the end of the week, Alexander selected thirty-five participants to continue
in the program. He divided the participants into four groups and placed an enter-
prise manager in each one. They had three months to prepare business plans for
participating enterprises and bring the plans to Vienna.

To facilitate the learning process, participating managers made their own enter-
prises available as laboratories in which trainers and government officials could
apply the theoretical concepts taught during the first module. The purpose of this
exercise was to analyze the problems of the enterprises; examine government poli-
cies supportive of restructuring and private sector development; design, test, and
adapt solutions; and write up the experience as a potential case study. This sounded
like a good idea to Alexander, but he was not quite sure how it was going to work.

He was very pleased to learn that several young assistants from IBS who had
participated in the training program had joined missions from the International
Finance Corporation (IFC) of the World Bank during their visits to various regions
in Russia. These assistants acted as interpreters and handled the logistics of the
visits. Alexander felt that it was vital to expose the participants to real-life situations
where they could use some of the knowledge presented during the first module.

The Second Module

The Vienna module was presented by a Massachusetts-based consulting company
with extensive experience in management training. For most of the participants,
this was their first visit abroad. At first, many participants were tempted to spend
more time window shopping than preparing case studies. A good number clearly
had a negative attitude toward the cases and complained that the material was not
relevant to their countries. The cases and topics were no longer limited to account-
ing and financial issues; they now covered a broad range of managerial problems,
which were far more complicated and intellectually demanding than the issues
covered during the first module. Moreover, in the few months that had elapsed
between the modules, participants had grown less enthusiastic about working in
groups. Their team spirit needed revitalization.

The participants were divided into the same four groups that had been set up
after the first module in Moscow. Each group consisted of trainers, managers, and
government officials. Many objected to working in groups, and minor confrontations ensued. Several incidents developed into crises. Earlier, Alexander had decided to assign specific tasks to individuals in order to place the participants in equal positions and break down hierarchical barriers. Nevertheless, the more senior professors were still irritated by the aggressiveness of their younger colleagues, while the government officials were extremely sensitive to the criticism of other participants.

There were other problems as well. Although at the outset each “stakeholder subgroup” was quite candid, members droned on and on in monologues that presented their own views. The outcome was an unproductive parallel conversation. It was obvious that the trainers, enterprise and bank managers, and government officials had very different views of reality. Using their old mental models, they jumped to conclusions all too quickly. They were incapable of working together to assemble the big picture and take a long-term view of private sector development. A negative attitude was prevalent once again, which led participants to blame other stakeholders for the slow privatization and the inability of enterprises to restructure themselves. By constantly turning attention away from their own contribution to the overall problem, the subgroups succeeded in blocking the learning process. Whether consciously or unconsciously, they refused to take stock of themselves, to examine their behavior and the reasons for their limited knowledge and experience with market economies, and to see how all of this had slowed the process of privatization and to understand why their restructuring efforts had been ineffective.

This was one of the most difficult problems Alexander faced. Before him was a group of highly educated and successful individuals, but they were not yet ready to admit that there were still many new things for them to learn. He began to wonder if they could ever accept their past failure and be willing to learn from it, and whether they could admit that the entirely new challenges they now faced made it essential to work effectively in teams and to develop productive relationships with team members.

Alexander’s strategy at this point was to avoid becoming overly involved in group work; he did not want to give them every detail of what might be expected from them. Instead, he wanted to offer them only general guidelines and let group members work out their own roles. Furthermore, he first wanted to motivate them to look at the problems within the institutions under their “control,” and then assess their own, overall impact on the problem of privatization and restructuring. In this context, it was important for the participants to see that if they pushed to solve the “wrong” problems, they would simply create new problems for the other stakeholders. In discussing the availability of financial resources for enterprise restructuring, for example, Alexander hoped to convey two messages. First, the banks’ policy of providing only short-term loans with high interest rates—primarily for “speculative trade” activities—was not only limiting the ability of enterprises to restructure, but it would also have a negative long-term impact on the banks by discouraging the development of the internal capacity for long-term investment activities. Second, as long as enterprises failed to alter their method of preparing investment proposals, and clung to the approach used during the cen-
trally planned period, they would not secure loans from domestic or foreign financial institutions.

As a first step in the challenging task of helping individual participants look inward, Alexander decided to try an exercise that would focus on problems at the institutional level. He used work on the business plans as a vehicle for this exercise. His idea was to lay the groundwork for teamwork and continuous improvement through learning and change. Groups of stakeholders were asked to analyze aspects of privatization and restructuring that were under "their direct control." The enterprise managers were asked to develop a new business strategy and assess the impact of selected ownership structures (for example, closed and open joint-stock companies) on implementation of the strategy. They were also asked to develop a short-term plan that would solve the enterprise’s current liquidity problem, while at the same time emphasizing restructuring measures that did not require substantial up-front investment.

Bank managers were asked to determine what kind of financial assistance they could provide the enterprises to facilitate the restructuring process, as well as to discuss (a) the slow financial flow between enterprises created by the inefficient banking system, (b) the impact of high interest rates and the availability of only short-term loans on the capabilities of enterprises to restructure, and (c) the capacity of the banks to play a more active role in helping enterprises develop and implement restructuring projects.

Government officials were asked to prepare short policy papers. These documents were to assess the impact of the formal transfer of ownership through mass privatization on corporate governance and to identify the additional government measures (including regulation and deregulation) required to develop a policy and business environment supportive of privatization and post-privatization restructuring.

Trainers and consultants were asked to assess the technical assistance that enterprises, banks, and government institutions needed in order to move privatization and restructuring forward, their role in providing this technical assistance, and possible ways of cooperating with international consulting companies and training institutions working in Russia.

Alexander was aware that the old pattern of thinking would not shift overnight, and that it would take some time before managers stopped externalizing their problems and blaming them on other stakeholder groups. Nevertheless, he was committed to do his best to boost the intellectual capacity, agility, and resourcefulness of the participants.

The first few days were a nightmare for Alexander. The pressure was intense. To make matters worse, his division chief, Mr. Simeon, would be arriving next week. Alexander used every coffee break, lunch period, and the time after class to speak with participants individually or in small groups. He arranged several after-class walks to discuss individual concerns. At first, many objected to these meetings, but Alexander was patient and worked hard to avoid losing ground during his consultations and interventions. He remembered all too well the participant who had accused him of spying during the first module. He kept encouraging participants...
to talk. He tried not to take their derogatory remarks—such as “Why are you so interested in my future plans? You only think you understand the situation in Russia, but you are wrong. Foreigners will never understand it. Russia is a big country with a unique culture. Why do you think we should change anyway?”—personally. The last thing Alexander wanted to do was put participants on the defensive.

For several days, participants were not even aware that their orientation was changing. Despite the complexity of the exercise, Alexander remained enthusiastic. He used every opportunity to offer the participants feedback on their work, but he was extremely careful to point out their strengths, and not to be too critical. He preferred to offer feedback when a segment of work had been done well, not when something had gone wrong. The participants watched to see which people received the greatest amount of Alexander’s time. For his part, Alexander tried to be accessible to all the participants, and to encourage those who were not very talkative.

At one point, he approached a young participant and asked her, “Why haven’t you come to talk to me? I have not seen you say much to the other participants either, particularly managers and government officials.” She replied: “Why should I? Everything is clear to me, and I do not see any reason to talk to you, or to the managers or government officials.” Here was another participant on the defensive, thought Alexander. But the next day she approached him with several questions related to the business plan she was preparing. She also started taking part in more and more group discussions. The other participants welcomed her comments—it was as though they were rediscovering her. She was completely transformed from a quiet, retiring person to an effective discussion leader who was not too pushy. The impact on the other participants was obvious. Her transformation had taken place before their eyes in a most natural way. Suddenly, several other participants who had not been too talkative had the courage to follow her example: “If she can do it, so can we.”

To create a friendlier atmosphere, Alexander used every available opportunity to speak Russian with the participants, and to share his personal experiences with them. Like them, he had gone through a tremendous change. He had been an engineer, university professor, and economist; now he was deeply involved in the problems of private sector development in transitional economies. He had spent years of his life writing technical, theoretical books and papers; now he was training others to solve the daily, practical problems of privatization and restructuring. He talked about his failures, but also of his vision: that one day he would go to the Massachusetts Institute of Technology and Harvard University. He told them how he had achieved this goal through hard work and deep personal commitment. He hoped that by giving them a chance to air their concerns and by providing them with support and advice, he could imbue them with their own new vision, and at the same time obtain critical feedback on their newly acquired skills.

Alexander certainly did not want to appear to be talking about castles in the air, so he tried to link the discussion to the immediate experiences of the participants. He explained how training programs on enterprise restructuring, similar to the one they were attending, could speed up the restructuring process, and therefore demonstrate the first positive effects of privatization; that acquisition of managerial
Back in Moscow

skills and changed mind-sets are critical in identifying and addressing real restructuring issues; that these qualities would help transform the participants from passive observers of an inefficient business environment into the dynamic creators of the market environment; and that participation in this kind of multipart training program, with intensive follow-up activities between segments, could be an effective way of changing their overall capacity to deal with the problems of private sector development. He also spent some time explaining the concepts of “windows of opportunity” and “opportunity recognition,” which were both quite alien to seminar participants.

Alexander made sure that he arrived at his office at least an hour before the beginning of his lectures, and he stayed for several hours afterward. His door was always open for consultation. He also used every free minute to continue his preparation of the program for the five forthcoming modules. Participants could not help but notice how hard he was working, although some were not sure just why he was doing it. They knew that this was also Alexander’s first visit to Vienna, and they were amazed that he spent almost no time visiting the city.

All the while, Alexander was gradually gaining their trust. He could feel it, especially when some of the participants began inviting him to share their “home-made vodka.” Vodka with red hot peppers was quite a new experience for Alexander. If that was the price he had to pay to get closer to them, he was ready to pay it, including the inevitable headache that followed a long evening’s discussion combined with vodka. These were some of the occasions when real trust and friendship developed.

During the first week of the seminar, a group of Austrian customs office trainees who were staying in the same building as the EDI participants invited them to play volleyball. Although Alexander kept a close eye on the learning process and tried to make the best use of every minute available for training, he saw this as an important opportunity, and he let the participants leave the training session an hour early to prepare for the match.

Alexander was sitting with the rest of the participants as they waited for the match to start. Some of the “EDI team” members were barefoot, because they did not have the right shoes for volleyball. The only “appropriately dressed” player on their team was the foreign lecturer. Suddenly the Austrian players were on the court, all dressed in real uniforms and singing the team’s anthem. Alexander expected the EDI team to go down in a catastrophic defeat. The beginning of the match did not look too promising, and the Austrians easily won the first set. Although the foreign lecturer was trying his best, all he managed to do was bolster team spirit rather than win points. He made numerous mistakes because he was unfamiliar with the “European” rules of the game. He behaved like a “typical consultant” in an unknown country, strong on general pointers but weak on specifics. Then the tide changed. The EDI team played better and better. Miracle of miracles, in the end it won the match.

“Is this going to change the overall situation in the training program?” wondered Alexander. Things did improve. The participants started working on their business plans more intensively. Much to Alexander’s surprise, it was now the for-
eign lecturers who were grumbling: “They are spending too much time on their business plans, and we cannot accomplish what was planned for the day. They do not have enough time to carefully read the cases. Why do they need to work on their business plans? They can learn much more from the cases we brought with us. Most of these cases are from Harvard Business School, and just look at their business plans. They are far from any reasonable kind of business plan. What can they learn working on such plans? Nothing!”

“Changing someone’s mind-set is a tough job,” thought Alexander. Before him were consultants who had spent their entire professional lives teaching or advising others how to change, and now here they were rejecting an idea just because it did not fit in with their usual way of thinking and doing. Alexander tried to keep this problem hidden from the participants. In spite of his efforts, they could clearly see that something was amiss between Alexander and the consultants, and that the consultants were not very enthusiastic about modifying their schedules so that participants could be given more time to work on their business plans.

Considerable discussion and negotiation took place before the problem was resolved. Each party learned a great deal in the process. Most important, the moment that participants began to incorporate what they had learned during the day in their business plans, the progress was obvious. They became more and more enthusiastic about learning new things. For the first time during the module, they started participating in the discussions; they did not want to make the effort before. They also admitted that they had not taken care of many things under their control, and they appreciated the opportunity to work together with other groups of stakeholders. On the other side, the foreign lecturers now had better feedback on how to lecture, what to include in their lectures, and what they needed to emphasize in the case study discussions.

Alexander now found the foreign lecturers very supportive. All of these people had practical experience providing consulting services to clients the world over. This impressed the participants, for they realized they were not receiving theoretical advice, but advice based on real-life experience, and this realization boosted Alexander’s credibility. At the same time, the lecturers were careful not to suggest that they had ready-made solutions. On the contrary, they listened intently to the participants’ comments and encouraged discussion before mentioning possible alternative solutions.

With the case study discussions, participant attitudes seemed to change drastically. The first case, which addressed the problem of privatization in one of the Western European countries, set them thinking: “Why are there different values for the same company? Why did the consultants to the government and the consultants to the potential investors have different prices? Didn’t they use the same mathematical formula and software package? There should be one market value. Something is wrong here! There must be a simpler solution. Why aren’t they using the company’s book value? It is easy and straightforward. Why isn’t financial analysis enough? Why are they putting so much emphasis on nonfinancial, nonquantifiable methods?” After a particularly long discussion that continued after class, they
finally seemed to grasp the complexity of “simple” problems such as company valuations.

The excitement continued the next evening when the participants saw the movie “Other People’s Money.” They were amazed to learn about “hostile” takeovers in the United States and to discover that “emotionless” investors from Wall Street can create shareholder value. Alexander brought popcorn and sodas, as well as wine and beer, to create a friendlier atmosphere. After all, this was supposed to be an after-class social event. To help the participants fully benefit from the movie, the foreign lecturer stopped the tape now and then and provided some useful explanations. Everything went very well.

The main breakthrough came with the government officials. On several occasions, the debate revolved around how to accelerate restructuring and privatization activities and make them more “sensitive” to the specific characteristics of individual enterprises. From the discussion it was clear that officials from privatization agencies and property funds needed to better understand not only the technical, legislative, and legal issues but also the dilemma created by the ongoing processes and dynamics of changes at the enterprise level.

Similar developments took place among the managers. Their initial doubts about the possibility of implementing “Western-style management techniques” began to dissipate once they started to discuss and relate these techniques to the real-life problems they faced managing enterprises in an emerging market economy. They were particularly impressed by the wealth of information available from Western approaches to accounting and financial analysis, which could greatly facilitate the decisionmaking process. With each passing day, they learned more about how enterprises really work in market economies and began incorporating this new knowledge in their own business plans.

The more that participants were able to present parts of their business plans to the rest of the group, the more self-confident they became, and the more they sensed their ownership of the program. Above all, they felt they were finally doing something important for their professional development.

The arrival of Mr. Simeon was also an important event. It signaled EDI’s strong commitment to learning from the participants and a willingness to adjust the training program to their needs. Mr. Simeon spent several evenings with various groups, helping them improve their business plans. His private sector experience was greatly appreciated by the participants.

It took nearly a week for “real” and intensive learning to begin taking place. The progress with the business plans was particularly striking. The initial “business plans” that participants brought from Russia were more like wish lists to be financed by some state-owned bank that was not too concerned about recovering the investment. Indeed, they were a far cry from documents that could be used as a basis for adjusting the enterprise to a policy and business environment in a state of evolution and change. By the end of three weeks, they had four quite reasonable business plans that would provide a good foundation when they returned home. Alexander hoped to use these business plans as a basis to develop case studies. He
discussed the idea with the participants and spent some time collecting additional information for the cases.

To keep enthusiasm for business plans alive, Alexander happily announced that on the last day of the seminar, the participants would be asked to present their plans to the class and then select the one they considered the best. It would be awarded a prize. "We have already bought a present. It is going to be a nice surprise for the winners," he said. The real surprise came when they refused to select a best plan. "We don't need this kind of competition. We became good friends, and we would like to keep it that way," they said. For Alexander, this was yet another painful reminder of how difficult it was to predict the participants' reactions to what he thought was a simple and straightforward proposal. "Have they really started changing their mind-set?" wondered Alexander. "Some changes appear to have occurred on the surface, but what is actually going on inside their minds? Is three weeks long enough to make even a dent in the old paradigms? Is it long enough to convey new knowledge and expect that knowledge to have immediate and powerful learning consequences? Is it really long enough to open their minds to new ideas and persuade them that change is in their own best interest?"

**Alexander's Dilemmas**

From the outset, Alexander worried about how this seven-part training-of-trainers program was going to end. One of his main concerns was whether the whole idea of having seven modules, with many activities between the segments, was going to work. Among his many questions were the following:

- Are the participants going to be able to start lecturing jointly with foreign trainers after the second module?
- How are the managers and government officials going to perform as lecturers?
- How are future seminar participants going to react to this idea?
- Was his decision to use some of the participating enterprises and privatization agencies as partner institutions going to work out?
- Was it wise to invite participants who lived so far from Moscow, in areas where people still have limited contact with Western culture?
- Did they have the necessary background to acquire the same knowledge as their colleagues from Moscow, who had already been exposed to market economy management training?
- What was going to happen when the managers returned home? Were they going to be able to sell their business plans to their colleagues?
- Were the government officials going to use the new knowledge in preparing laws and regulations?
- Were they going to organize in-house training for their colleagues?
- Was the decision to invite very young participants far-sighted or not?
- Were they going to be able to resist the pressure from their older colleagues?
• Did it make sense to use the business plans as a basis for developing cases and other training material?
• Was there much point in bringing the participants to Washington at the end of the training program, or would the trip add to their knowledge?
• Was Alexander taking too many risks by exposing participants to his traditionally critical colleagues in the World Bank?
• Were his colleagues going to appreciate the opportunity to spend some time with trainers, enterprise and bank managers, consultants, and government officials from all over Russia?

Once again, Alexander found himself with too many questions and too few answers.
Background

Profound changes are taking place in the economic, political, and social environment in the Commonwealth of Independent States (CIS). Enterprise reform is an integral part of overall macroeconomic reform and a prerequisite for developing an efficient and competitive market. The objective is to transform enterprises into profitable companies that can compete in the domestic and international markets. Under these conditions, it is necessary for enterprises to thoroughly review business strategy, ownership, corporate structure, managerial styles, financial structure, and other major management issues.

To address these needs, EDI's Finance and Industry Division (EDIFI) has designed a program for trainers, with a view to building institutional capacity in a cost-effective manner through "wholesale" rather than "retail" training and assistance. The purpose of this program is to generate indigenous training capacities in the CIS within a relatively short period of time. The program also covers the training of smaller groups of experts, including selected staff members of privatization agencies and enterprise managers. Their participation will provide operational feedback on the relevance of the training materials and topics covered.

The program consists of seven modules:

a) I. Basic Accounting/Corporate Finance (one week, June 1992)
b) II. Enterprise Analysis for Restructuring and Privatization Programs (three weeks, September 1992)
c) III–VI. Enterprise Analysis: Case Development and Presentation to Enterprise Managers (two days each, December 1992)
d) VII. Enterprise Analysis for Restructuring and Privatization: Case Analysis and Implementation (one week, April 1993).
Objectives

The program’s more specific objectives are as follows:

a) To strengthen the capability of management training institutions to develop and implement training programs, prepare case studies for training, and provide consulting services for restructuring and privatization

b) To provide trainers with a set of practical skills in enterprise financial and organizational analysis for restructuring and privatization

c) To demonstrate the role of business planning and strategy in assessing the restructuring and privatization options for an enterprise.

Participants

Program participants include twenty-four to twenty-eight trainers, four to eight experts from privatization agencies, and eight managers from four enterprises in the CIS, for a total of about forty participants.

Partner Institution

The main partner institution for the program is the International Business School (IBS), Moscow, but an effort will be made to identify and cooperate with other institutions from the CIS.

Content

Module I. Basic Accounting/Corporate Finance

This module covers (a) the basic concepts of accounting and corporate finance, (b) basic financial English, and (c) the differences between Western and CIS accounting systems. The seminar also provides a basic understanding of the personal computer and introduces Lotus 1-2-3 software programs.

Module II: Enterprise Analysis for Restructuring and Privatization Programs

This seminar provides a set of practical skills in enterprise financial and organizational analysis for restructuring and privatization. The seminar is divided into three parts: (1) managerial finance and accounting; (2) enterprise assessment and analysis; and (3) business strategy, restructuring, and privatization options.
PART 1. MANAGERIAL FINANCE AND ACCOUNTING
Part 1 covers basic accounting principles, international accounting principles, financial statements (balance sheets, income statements, and cash-flow statements), ratio analysis, performance measurement, cash-flow analysis, capital budgeting systems, discounted cash-flow techniques, and profitability analysis.

PART 2. ENTERPRISE ASSESSMENT AND ANALYSIS
Part 2 covers internal analysis (organizational structure, management skills and styles, employee skills assessment, operational systems analysis, information systems, financial and accounting systems, and quality management methods) and external analysis (competitive analysis, market configuration, market segmentation, market signals, market share, environmental regulations, enterprise-related government policies, and privatization regulations).

PART 3. BUSINESS STRATEGY AND PRIVATIZATION OPTIONS
This part focuses on the development of an enterprise’s long-term strategic plan and understanding the main business strategy as a condition for restructuring and privatization.

Modules III–VI. Enterprise Analysis: Case Development and Presentation to Enterprise Managers

One workshop is organized for each of the participating enterprises. Participants include managers from these four enterprises, along with managers from other enterprises in the same sector. The workshops introduce managers to the basic techniques of financial and organizational analysis in enterprises. Following the guidelines presented during the second module, the trainers and the managers prepare case studies in order to facilitate the selection of appropriate restructuring and privatization programs for the four enterprises. Under EDI supervision, the workshops are delivered by CIS trainers who participated in the second module.

Module VII. Enterprise Analysis for Restructuring and Privatization: Case Analysis and Implementation

This module integrates training and consulting experiences gained throughout the program. The main goal here is to help trainers and managers (a) prepare a business plan, (b) select an appropriate restructuring and privatization approach, and (c) analyze the case studies of the four enterprises. Cases are analyzed in group and plenary discussions, and appropriate improvements proposed.

To ensure that the analysis is relevant to the CIS, EDI will be actively involved in the selection and adaptation of case studies and other training materials throughout the program.
Impact

The program will help management training institutions in the CIS strengthen their capability to (a) develop and implement training programs in restructuring, privatization, and related fields; (b) prepare case studies for training; and (c) provide consulting services for restructuring and privatization.

In addition, the program will help CIS institutions fill the communication gap created by the lack of a common language among trainers, officials from privatization agencies, and enterprise managers. The lack of communication has had a negative impact on the privatization process and enterprise reform in the CIS.
APPENDIX 2-2.
Some Tradeoffs in Designing Training Activities in Private Sector Development in Transitional Economies

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<thead>
<tr>
<th>Audience and selection of participants</th>
<th>One group of stakeholders</th>
<th>Several groups of stakeholders</th>
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<td>One representative per institution</td>
<td>Several representatives per institution: a “critical mass”</td>
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<td>Geographical distribution</td>
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<td>Program vs. seminar</td>
<td>Self-stand seminar</td>
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<td>Partner institutions</td>
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<td>Training institution but also government agencies, enterprises, and consulting agencies</td>
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<td>Trainers</td>
<td>Exclusively foreign</td>
<td>Foreign and local</td>
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<td>Exclusively university professors</td>
<td>Professors but also managers, government officials, and consultants</td>
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<td>Language</td>
<td>English</td>
<td>Russian/local</td>
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<td>Simultaneous translation</td>
<td>Consecutive translation</td>
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APPENDIX 2-3.
Basic Accounting and Corporate Finance,
Summary Activity Brief

International Business School, Moscow
Economic Development Institute of The World Bank

Basic Accounting/Corporate Finance
June 15–20, 1992, Moscow

Summary Activity Brief
Trainers Program on Enterprise Restructuring and Privatization

Title: Module I: Basic Accounting/Corporate Finance
Language: English
Venue: Moscow, Russia
Duration: Six days
Audience: 24–28 trainers, 4–8 experts from privatization agencies, and 8 managers from 4 enterprises from the CIS, for a total of 45 participants
Objectives: To prepare and select candidates for the next phase of the EDI/IBS Program on Enterprise Restructuring and Privatization
Content: (a) Basic concepts of accounting and corporate finance, (b) basic financial English, and (c) an understanding of the main differences between Western and CIS accounting systems
Partner Institution: International Business School (IBS), Moscow
Responsible Division: EDI's Finance and Industry division (EDIFI)
Staffing: Alexander Markovski, EDIFI, Seminar Director
Ashot G. Seferyan, IBS, Seminar Codirector
Resource Persons: D. Petkoski, O. Likhatchev, S. Pouchkova, and N. Zhigalova
Background

Profound changes are taking place in the economic, political, and social environment in the Commonwealth of Independent States (CIS). Enterprise reform is an integral part of overall macroeconomic reform and a prerequisite for developing an efficient and competitive market. The objective is to transform enterprises into efficient and profitable companies that can compete in the domestic and international markets. Under these conditions it is necessary for enterprises to thoroughly review business strategy, ownership, corporate structures, managerial styles, financial structure, and other major management issues.

This seminar is the first module of a seven-part program designed to train trainers on enterprise restructuring and privatization in the CIS. The program consists of the following modules: Module I, Basic Accounting/Corporate Finance; Module II, Enterprise Analysis for Restructuring and Privatization Programs; Modules III–VI, Enterprise Analysis: Case Development and Presentation to Enterprise Managers; and Module VII, Enterprise Analysis for Restructuring and Privatization: Case Analysis and Implementation. The main objective of the program is to (a) strengthen the capabilities of management training institutions to develop and implement training programs, prepare case studies for training, and provide consulting services for restructuring and privatization; (b) provide trainers with a set of practical skills essential to conducting the kind of financial and organizational analysis required in the restructuring and privatization of enterprises; and (c) demonstrate the role of business planning and strategy in assessing the restructuring and privatization options for an enterprise.

Rather than train enterprise managers at the retail level, this program is designed for trainers. Its purpose is to generate indigenous training capabilities in the CIS within a relatively short period of time. Through the participation of smaller groups of enterprise managers and experts from privatization agencies, the program provides operational feedback on the relevance of the training materials and topics covered.

Objectives

Participants will learn (1) the basic concepts of accounting/corporate finance, (2) basic financial English, (3) the differences between Western and CIS accounting systems, and (4) the basics of using personal computers, including Lotus 1-2-3 software programs. The objectives of this seminar are to prepare and select candidates for the next phase of the EDI/IBS Program on Enterprise Restructuring and Privatization.
Participants

Seminar participants will consist of 24–28 trainers, 4–8 experts from privatization agencies, and 8 managers from 4 enterprises from the CIS, for a total of about 45 participants.

Partner Institution

The main partner institution for the seminar is the International Business School (IBS), Moscow, but an effort will be made to identify and cooperate with other institutions.

Content

This seminar covers the following topics:

Part 1

a) Using Accounting Information
b) Understanding Financial Statements
c) Business Transactions and their Effect on Financial Statements
d) Making Financial Projections
e) Financial Ratio Analysis.

Part 2

Case Studies:
a) E. C. W. Canning Company: Construction of Financial Statements
b) E. C. W. Canning Company: Financial Projections
c) E. C. W. Canning Company: Interpretation of Financial Statements
d) Metal Productions, Inc.: Work Experience
e) Typical Industries.

Part 3

a) Basic Financial English

Part 4

a) Western and CIS Accounting Systems
Part 5

a) Lotus 1-2-3  
b) Introduction to Lotus Spreadsheets  
c) Spreadsheet Basics  
d) Spreadsheet Design  
e) Introduction to Formulas  
f) Using and Editing Formulas.

Most of the seminar topics will be presented by resource persons from IBS who attended the EDI/IBS seminars on privatization and improving training skills held in Moscow in January and February 1992. The seminar will consist of formal presentations on each topic, followed by case studies and the presentations and discussions of the work groups. The introduction to Lotus 1-2-3 software programs will take place in a computer laboratory.

A list of training materials is included here. It consists of EDI training materials and case studies, Harvard Business School training materials, and two textbooks on accounting and finance.

Impact

By increasing the participants' understanding of the key concepts of corporate accounting and finance, the seminar will enable them to actively participate in the next phase of the program on enterprise analysis for privatization and restructuring and increase their understanding of the basic concepts of enterprise financial analysis.
SESSION SUMMARY

Monday, June 15, 1992

Session 01

Using Accounting Information
The session briefly examines Generally Accepted Accounting Principles, some recent developments affecting their application, and the limitations of using accounting information.

Session 02

Understanding Financial Statements
The session reviews the basic elements of finance. It introduces balance sheets, income statements, and funds flow statements. Attention is also given to the effects of individual financial transactions.

Session 03

Basic Financial English I
The participants are introduced to the glossary of Accounting and Financial Terms and their interpretation in Russian.

Session 04

Introduction to the Lotus Spreadsheet (Computer Laboratory)
This session introduces the Lotus 1-2-3 Spreadsheet. Participants learn how to load files, move around the worksheet, insert additional columns, name and save files, and operate the “slash” command system.

Tuesday, June 16, 1992

Session 05

Business Transactions and their Effect on Financial Statements
This session describes typical business transactions through a real-life example. The participants are asked to show how the financial statement is affected by each transaction. The emphasis is on the main components of a financial statement: (1) the balance sheet; (2) the income statement, and (3) the cash flow statement.
Session 06

E. C. W. Canning Company (Case Study I)
This session introduces the first case study, *E. C. W. Canning Company: Construction of Financial Statements*. It is a two-part case study that applies the lessons learned in the previous sections to a real-life situation. Part I deals with the construction of the three main parts of a financial statement, and Part II presents the assumptions used in projecting the same statements into the future.

Session 07

Basic Financial English II
Continuation of Session 3.

Session 08

Spreadsheet Basics (Computer Laboratory)
Participants learn how to interpret formulas, copy formulas, create relationships and dependencies among cells, revise existing entries, and change cell width.

Wednesday, June 17, 1992

Session 09

Making Financial Projections
Using brief explanations and simple exercises, the session shows how to make simple financial projections.

Session 10

E. C. W. Canning Company (Case Study II)
This case study expands on Case Study I. It provides assumptions to be used in projecting the same financial statements into the future.

Session 11

Western and CIS Accounting Systems I
The session describes the main differences between Western and CIS accounting systems.

Session 12

Basic Financial English III
Continuation of Session 7.
Session 13

Spreadsheet Design (Computer Laboratory)
The session introduces spreadsheet design. It covers the main features of formatting cells, paging through the worksheet, and inserting blocks of rows.

Thursday, June 18, 1992

Session 14

Financial Ratio Analysis
The session describes the main financial ratios. The ratios are classified into three broad categories designed to encompass (a) liquidity and creditworthiness, (b) efficiency, and (c) profitability. The analysis applies, in principle, to all entities that keep accounts on an accrual basis, whether private or government-owned.

Session 15

E. C. W. Canning Company (Case Study III)
This case study demonstrates how to apply typical financial ratios to the analysis of the simple set of financial statements developed in Case Studies I-II.

Session 16

Measurement of Project Worth
This session introduces several tests for evaluating investments: benefit-cost ratio, net present value, and internal rate of return.

Session 17

Introduction to Formulas (Computer Laboratory)
Participants are introduced to formulas in Lotus 1-2-3. They learn how to create and copy labels, edit labels, and enter new formulas.

Session 18

Using and Editing Formulas (Computer Laboratory)
This session demonstrates how to use and edit formulas in Lotus 1-2-3, create formulas by pointing, copy formulas from one cell to a block of cells, and format cells to a specified number of decimal places.
The Moscow Case

Friday, June 19, 1992

Session 19

Metal Productions, Inc., Work Experience (Case Study IV)
Participants are given an opportunity to apply the discount cash flow method to several parameters used in investment analysis (benefit-cost return, net present worth, and internal rate of return).

Session 20

Typical Industries
Participants learn how to identify relevant and characteristic financial ratios and balance sheet structures of different industries. They also examine the strengths and weaknesses of particular financial ratios as indicators of liquidity, solvency, asset use, and profitability.

Session 21

Seminar Review
Participants for the next seminars will be selected on the basis of their responses to the questionnaire covering the main topics of Basic Accounting/Corporate Finance.

Saturday, June 20, 1992

Session 22–24

Western and CIS Accounting Systems II–IV
Continuation of Session 12.
LIST OF BACKGROUND MATERIALS

World Bank Materials


Harvard Business School Materials

*Notes on Statement of Changes in Financial Position* (9-182-261)

*Notes on Financial Reporting* (9-183-025)

*Notes on Financial Forecasting* (206-048)

*Notes on Financial Analysis* (206-047)

*Note on Financing the Working Capital Cycle* (9-279-054)

*The Concept of Present Value in Investment Decisions* (9-155-005)
The Moscow Case

Other Materials

International Business School, Moscow, and the Economic Development Institute of the World Bank

Basic Accounting/Corporate Finance Program Calendar, June 15–20, 1992, Moscow

**Monday, June 15**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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| 9:00–10:30 a.m. | • Opening  
• Introduction of Participants  
• Program Overview |
| 10:30 a.m.     | COFFEE                                                                  |
| 11:00–12:30 p.m.| Using Accounting Information                                           |
| 12:30–2:00 p.m.| LUNCH                                                                   |
| 2:00–3:15 p.m. | Understanding Financial Statements                                      |
| 3:15–3:45 p.m. | COFFEE                                                                  |
| 3:45–4:30 p.m. | Basic Financial English I                                              |
| 4:30–5:30 p.m. | Computer Lab  
Introduction to Lotus 1-2-3                                          |
| Evening        | Case Study I: E. C. W. Canning Company: Construction and Individual Projection of Financial Statements |

**Tuesday, June 16**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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| 9:00–10:30 a.m.| Evaluation of 1st Day
Business Transactions and their Effects on Financial Statements (Group preparation and presentation) |
| 10:30 a.m.     | COFFEE                                                                  |
| 11:00–12:30 p.m.| E. C. W. Canning Company (Case Study I)  
(Group preparation) |
| 12:30–2:00 p.m.| LUNCH                                                                   |
| 2:00–3:15 p.m. | Case Study I (continued)  
(Group preparation and presentation) |
The Moscow Case

3:15-3:45 p.m. COFFEE
3:45-4:30 p.m. Basic Financial English II
4:30-5:30 p.m. Computer Lab
Spreadsheet Basics

Evening: Case Study II: E. C. W. Canning Company: Financial
Individual Preparation

<table>
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<th>Wednesday, June 17</th>
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<td>9:00-10:30 a.m.</td>
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| 4:30-5:30 p.m.    | Computer Lab
Spreadsheet Design |
| Evening:          | Case Study III: E. C. W. Canning Company: Interpretation |
| Individual        | of Financial Statements                            |
| Preparation       |                                                    |

<table>
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<th>Thursday, June 18</th>
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<td>9:00-10:30 a.m.</td>
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3:15-3:45 p.m.     COFFEE
3:45-4:30 p.m.     Computer Lab
                 Introduction to Formulas
4:30-5:30 p.m.     Computer Lab
                 Use/Edit Formulas
Evening:
                 Case Study IV: Metal Productions, Inc.
                 Individual Preparation

**Friday, June 19**

9:00-10:30 a.m.   Evaluation of 4th Day
                 Metal Productions, Inc.
                 Work Experience (Case Study IV)
                 (Group preparation and presentation)
10:30 a.m.         COFFEE
11:00-12:30 p.m.  Typical Industries
                 (Group preparation and presentation)
12:30-2:00 p.m.   LUNCH
2:00-3:15 p.m.    Seminar Review
                 (Participant Evaluation)
3:15-3:45 p.m.    COFFEE

**Saturday, June 20**

9:00-10:30 a.m.   Western and CIS Accounting Systems II
10:30 a.m.        COFFEE
11:00-12:30 p.m.  Western and CIS Accounting Systems III
12:30-2:00 p.m.   LUNCH
2:00-3:15 p.m.    Western and CIS Accounting Systems IV
3:15-3:45 p.m.    COFFEE
3:45-5:30 p.m.    Final Review of the Seminar
CHAPTER 3
Epilogue: Three-and-a-Half Years Later

Alexander could not believe that he had actually received a personal letter from the president of the World Bank (see Appendix 3-1). "The bank is definitely changing its culture," was his immediate reaction. Then he thought, "What happened in Vladimir was really on target with what the new president wants to achieve: to give equal importance to the Bank’s lending and nonlending (learning) activities."

The forum in Vladimir took place from October 24 to 26, 1995. Although it was Alexander who asked EDI management if the forum could be included in Mr. Wolfensohn’s itinerary for his visit to Russia, he felt that this was one of the most difficult decisions he had ever made.

It all began with an electronic message informing EDI staff that Mr. Wolfensohn was going to visit Russia and requesting proposals for some EDI activities that Mr. Wolfensohn could attend while there. Alexander happened to be in the final stages of planning a seminar that was to take place just at the time of the visit. He approached his division chief and the EDI deputy director with his idea. After two intensive brainstorming sessions with them, Alexander finalized the activity brief for the forum (see Appendix 3-2, "Summary Activity Brief"). The plan was to invite thirty-five participants of previous training-of-trainers programs and help them identify the problems their countries are facing in the transition to a market economy, as well as ways in which they might overcome some of these problems. The ultimate objective was to create a network of partner institutions that could mobilize other groups, including the private sector, to carry out training programs and consultancy in private sector development in the former Soviet Union (FSU).

The participants were divided into three groups: (1) executives from the private sector, primarily enterprise, bank, and investment fund executives; (2) government officials from local and central governments, including privatization and property funds officials, experts from different ministries, and parliamentarians; and (3) trainers and consultants.

Most of the participants were from Russia, but several were from Ukraine, Belarus, and Kazakhstan. A few journalists and one representative from a non-governmental organization also participated in the forum. The director of EDI and Alexander’s division chief, Mr. Simeon, also attended the forum.

For the first day and a half, each of these three groups focused on identifying the main obstacles to private sector development, post-privatization restructuring, and attracting strategic investors. They also discussed how the World Bank, and EDI in particular, could help them overcome these obstacles. In the afternoon of the second day, each group presented its recommendations to EDI’s director. This was his second opportunity to meet some of the participants of the Policies for Enterprise Restructuring and Privatization Training Program. He wanted to learn more
about the impact of the programs and how they had been adjusted since the EDI relaunching initiative began about a year ago, which was when he joined EDI (see Appendix 3-3, "EDI’s Strategy—An Update"). He concentrated mainly on the most recent changes in the programs on private sector development.¹

The big day finally arrived. At about 9:00 a.m., Mr. Wolfensohn came in, accompanied by a group of officials from the central government in Moscow and the local administration in Vladimir, as well as managers from the World Bank responsible for projects in Russia. Alexander made some brief introductory remarks outlining the main objective of the forum and introducing the participants, and then the others took over. The first presentation, about five minutes long, was given by Elena, a representative of the private sector group and one of the youngest participants in the first training program. She was currently studying at the Harvard Business School. Elena made a strong impression on Mr. Wolfensohn; he immediately started to take notes. By the time Elena had finished, he had several questions to ask, starting with one about the nature of the impact of privatization on enterprise performance in Russia. Another member of the group offered to reply. Immediately after privatization, he said, nothing changed. It had been “just an administrative transfer of ownership. The new ownership structure did not reflect the long-term business strategy; rather, it was determined on the basis of law. Real change did not come until later, when managers began increasing their capacity to deal with the emerging market economy and changes in the policy and business environment in Russia.” The enterprise and bank managers pointed out that market-oriented skills are still low, and that this problem is making post-privatization restructuring and attracting foreign investors extremely difficult. They presented several cases of actual restructuring being carried out by the participants in the program (for example, at a garment company in Nizhny Novgorod with 10,000 employees and at an electronics company in Minsk with 12,000 employees).

Next, a member of the Russian parliament spoke on behalf of the central and local government representatives. “Many enterprise managers,” he noted, “still live in the old world and are seeking cheap government credits. They are unwilling to push for more substantial changes in management practices. The government should minimize its involvement in regulating the market and should focus its attention on facilitating the process; and finally, there is a tremendous need for additional training at all levels of society. Unless the old culture and mind-sets change, it will be difficult to speed up the reform process and spread its benefits to the broader population.” He felt it was essential for the government to play a more active role in supporting different forms of training. Additional training is needed, he pointed

¹. Some of the steps taken were to (a) increase the policy content by including more policy issues; (b) clarify and enhance the role of the government in establishing an environment that promotes private sector development; (c) present best practices in policy design and implementation; (d) open a dialogue among the major shareholders, government officials, parliamentarians, enterprise and bank executives, consultants, and trainers; (e) increase collaboration with other parts of the Bank; (f) share experiences between participants and Bank staff in an environment fundamentally different from traditional “negotiation”; and (g) broaden the audience by including parliamentarians and decisionmakers.
out, particularly at the regional level, in order to ensure that the policy and business environment is supportive of private sector development. Some in his group mentioned that during their recent visit to the World Bank, they had helped Bank staff better understand the problems their local governments face. One of them (a member of the Russian parliament) mentioned that, thanks to this visit, he is preparing two investment proposals for the International Finance Corporation.

Another of Mr. Wolfensohn’s questions was “Have there been any changes on the institutional level as a result of this training program?” A young division chief from the Belorussian Ministry of Foreign Economic Relations replied: “After the completion of the training programs, at the beginning of this year, I was promoted. I immediately started to disseminate my new knowledge within the division, increasing the capacity for assessment of foreign investment proposals. One of the most frequently used EDI case studies is the one in which I was involved during the seminar in Vienna. The impact, on the personal as well as the institutional level, has been tremendous.”

In introducing the next presenter, Alexander said, “Over 10,000 enterprises have been privatized in Russia. All of them require some form of restructuring. Even if all the big consulting firms in the world were to come here and all the World Bank’s resources were going to be spent on this, it would not be enough. The real restructuring cannot take place unless hundreds of thousands of local managers and consultants are deeply involved in this process. And they need a new kind of knowledge to do this.”

Then Angelina, a young lady from Kaliningrad who is the manager and owner of a private consulting firm with eleven employees (ten of whom were women, she proudly noted), spoke on behalf of the trainers and consultants. “We learned a lot during the training program, the follow-up activities, and the implementation of the new knowledge in real life,” she said, “and we are successfully disseminating this knowledge.”

The trainers and consultants mentioned that they are already involved in establishing a network of partner institutions that can facilitate the implementation of Bank loans in the region (particularly technical assistance components). Some of the network members (for example, in Moscow, Almaty, Kiev, and Minsk) are already working on Bank projects. Several consultant firms (for example, one in Kaliningrad, with eleven employees, and another in Moscow, with offices in four other cities and a total of sixty-five employees) and business schools have been created as a result of the training programs.

This was a unique event that helped Mr. Wolfensohn and the other Bank officials interact directly with clients and learn firsthand whether their experiences working with the Bank have been satisfactory and how they feel the Bank can best assist them in the difficult process of moving to a market economy.

Mr. Wolfensohn was impressed by the number of partner institutions already involved in the programs: more than twenty-five. Furthermore, about 200 seminars have been held, and nearly 10,000 participants have attended them. The impact was clearly visible: many enterprises have been restructured; new legislation has been passed; a broader segment of the population has become involved in training.
and learning activities (because decisionmakers are in the program); mechanisms are in place to ensure the sustainability of the training and consulting efforts, now mostly under the control of the local partner institutions; and so on.2 Mr. Wolfensohn was so moved by the discussion that at the end of the presentations he called on the participants to suggest what the World Bank could do to facilitate the transition to a market economy and asked if they could prepare their recommendations in written form. They submitted their suggestions the very same day (see Appendix 3-4, “Participants’ Recommendations”).

***

In May 1996, the Board of Directors of the World Bank approved the budget for fiscal 1997. Although the Bank’s overall budget was reduced by 4 percent, the share going to EDI was increased significantly.

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Mr. Djordija Petkoski  
EDIFP  
Room M6049  

Dear Mr. Petkoski:  

I want to tell you personally how much I appreciated my visit to EDI's seminar on restructuring held in Vladimir. This was my first visit to an EDI program. I came away impressed with what has been done and what more can be done in the future. In fact, I promised the Government that there would be some expansion of EDI activities.

Sincerely yours,

James D. Wolfensohn
Title: The Role of Local Governments in Private Sector Development: Attracting Strategic Investors and Post-Privatization Restructuring

Activity Code: 7UED39601

Objectives: The forum has four main objectives:

a. To assess the impact of the training program.

b. To identify some key issues pertaining to the role of local governments in private sector development, with an emphasis on restructuring and attracting strategic investors.

c. To help adapt the level and techniques of training to respond to the needs of government officials and parliamentarians in these areas and other audiences (NGO representatives and journalists) that influence public opinion and attitudes toward reform.

d. To help develop a training program for local government officials, parliamentarians, and journalists that covers regulatory and policy issues relevant to private sector development and restructuring and can be carried out by local partner institutions with limited EDI assistance.

The ultimate objective is to create a network of partner institutions that can mobilize others, including the private sector, to carry out the training program. EDI will play a catalytic role: its primary contribution will be to help partner institutions develop curriculums, supply best practices from other countries, facilitate access to similar institutions from the economies in transition and Western countries, and provide training materials.

Participants: Ten government officials and parliamentarians, five enterprise and bank managers, ten trainers and consultants, and five journalists from the Russian Federation; five to ten government officials, business people, and journalists from
Ukraine, Belarus, Uzbekistan, and Kazakhstan. All participated in the previous EDI programs on restructuring and privatization.

Dates: October 24–26, 1995

Location: Regional Administration, Governor's Building, Vladimir, Russia

Languages: English, Russian

EDI Managing Division: Regulatory Reform and Private Enterprise, EDIRP

Task Manager: Alexander Markovski

Project Coordinator: Valerij Virdajev, Vice Governor, Vladimir Region; Gennady Konstantinov, Irkutsk University

Partner Institutions: Parliament of Russia, Association of Governors, local administrations from Pereslavie and Vladimir, and Irkutsk University

Funding: Divisional Budget, government of Canada, and Dutch government
The Economic Development Institute of the World Bank in collaboration with the Parliament of Russia, Association of Governors, Local Administrations from Pereslavie and Vladimir, and Irkutsk University Expert Group Forum

The Role of Local Governments in Private Sector Development: Attracting Strategic Investors and Post-Privatization Restructuring

Background

Although thousands of enterprises have been transferred to the private sector since the beginning of privatization, it has been difficult to maximize the benefits of this transfer through post-privatization restructuring because of a lack of knowledge and information at the central and regional levels. Another problem has been the limited participation of foreign investors in developing the economies of the regions. To address these needs, the Economic Development Institute's Regulatory Reform and Private Enterprise Division (EDIRP) has designed a Training of Trainers Program on Policies for Restructuring and Privatization. This program will build on past EDIRP work.

In the past three-and-a-half years, five Training-of-Trainers Programs have been organized, with a total of 180 core participants from the former Soviet Union, including government officials; parliamentarians; enterprise, bank, and investment funds managers; trainers; and consultants. Under EDIRP supervision, the core group of trainers, working together with over 20 partner institutions, organized 70 seminars with nearly 4,000 participants. These participants include:

- 1,600 officials from central and local governments and parliamentarians
- 1,800 top- and middle-level managers from 500 enterprises and banks
- 200 managers from investment funds
- 400 trainers and consultants from 150 training institutions and consulting firms.

Two of these five Training-of-Trainers Programs had participants from the Russian Federation. The seminars were conducted in a number of regions, ranging from Kaliningrad, Nizhny Novgorod, and Irkutsk to Vladivostok in the Far East.

The program has developed curriculums for seminars on numerous aspects of private sector development, including:

- The role of local governments in private sector development
- Privatization
- Post-privatization restructuring

1. The other programs were organized for Central Asian Republics, Mongolia, Ukraine, Belarus, Moldova, Azerbaijan, Armenia, and Georgia.
Developing investment and business plans
Attracting strategic investors
Developing a country's vision.

To facilitate the training process, numerous case studies, teaching notes, background notes, and glossaries were also developed.

This program has a sustainable impact. Its intensive activities and partnership with local institutions and individuals span more than three-and-a-half years. Following are some of the program's early results:

- Actual restructuring of some large, privatized enterprises (Russia, Belarus, Ukraine, and Kazakhstan)
- Early commencement of privatization activities in Irkutsk, Siberia (Russia)
- Legislative activities (laws have been drafted for Moscow City, the Russian Federation, Belarus)
- Greater involvement of regional administrations in privatization (Russia, Uzbekistan)
- Involvement of some participants in Bank Operations' activities (Ukraine, Russia, Moldova, Kyrgyz Republic, Kazakhstan)
- Enlistment of foreign investors (France's L'Oreal in Moscow, Kazakhstan, Belarus)
- Involvement of the media in promoting public dialogue on private sector development (Russia, Ukraine, Uzbekistan).

Because of the constantly changing needs of the clients and the new EDI relaunching strategy, the time is ripe to assess the impact of this program and to define the next steps. The vast size of participating countries, with their enormous training needs, suggests that EDI should focus its efforts on the cadre of former EDI participants and on providing necessary assistance to partner institutions. This will ensure that the benefits of training activities are compounded and that they have maximum impact on private sector development.

This forum follows the new EDI strategy of placing more emphasis on policy and regulatory issues relevant to government officials, parliamentarians, and others who influence public opinion and attitudes toward reform. The forum is a continuation of the intensive cooperation with several regions in Russia (Kaliningrad, Pereslavl, St. Petersburg, Nizni Novgorod, Surgut, Irkutsk, the Republic of Buryatia, and Vladivostok), as well as the recent EDI seminar for government officials, parliamentarians, and business people in Washington, D.C. (April 3–7, 1995). The idea for this forum was an outgrowth of the Washington seminar (see letter to Mr. Bruno in this Appendix).

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2. The seminar focused on the role of local governments in private sector development. It was organized jointly with the State of Maryland and the Office of the Director for Resource Mobilization and Private Sector Development in Europe and Central Asia. It was also attended by ten government officials and businesspeople from the state of Maryland and twenty-five World Bank staff.
Objectives

The forum has four main objectives:

a. To assess the impact of the training program
b. To identify some key issues pertaining to the role of local governments in private sector development, with an emphasis on attracting strategic investors and post-privatization restructuring
c. To help adapt the level and techniques of training to respond to the needs of government officials and parliamentarians in these areas, as well as other audiences (NGO representatives and journalists) that influence public opinion and attitudes toward reform
d. To help develop a training program for local government officials, parliamentarians, and journalists that covers regulatory and policy issues relevant to private sector development and post-privatization restructuring and can be carried out by local partner institutions with limited EDI assistance.

The ultimate objective is to create a network of partner institutions that can mobilize others, including the private sector, to carry out the training program. EDI will play a catalytic role: its primary contribution will be to help partner institutions develop curriculums, supply best practices from other countries, facilitate access to similar institutions from the economies in transition and Western countries, and provide training materials.

Strategy

The forum’s strategy is to bring together some of the participants from the previous EDI program on Policies for Restructuring and Privatization from the Russian Federation, including government officials, parliamentarians, businesspeople, consultants, academics, and journalists. The participants will include those who have now become trainers themselves or who are actively implementing restructuring or new legislation. The forum will conduct an open dialogue aimed at identifying the major policy and regulatory issues in private sector development, with an emphasis on post-privatization restructuring and attracting strategic investors. Special attention will be given to the major barriers to private sector development, including the lack of discipline, the rigidities constraining mobility, and the limited availability of resources. Other points of interest will be necessary central and local government actions (removal of policy distortions, introduction of rules and mechanisms to offset perceived market failures); the creation of new institutions and the strengthening of existing central and local institutions to implement and enforce those rules; and the desired private sector response. Dialogue findings will be used to develop appropriate training programs to address some of these issues.

The forum will also give participating journalists an opportunity to better understand the role local governments can play in private sector development and the support other stakeholders can provide in facilitating the transition to a market economy. They could help disseminate some of the experiences in this area.
Participants

Thirty to forty individuals who took part in previous EDI programs on restructuring and privatization will participate. These will include government officials (vice governors and heads of departments in various ministries and privatization agencies), parliamentarians, enterprise and bank managers (CEOs), trainers, consultants, and journalists (primarily from Russia, as well as some from Ukraine, Belarus, Kazakhstan, and Uzbekistan). These participants have had a long-term relationship with EDI as resource persons in many follow-up activities and hold (or have been promoted to) high positions in their respective institutions. Since most of the participants speak English, translation problems should be minimal.

Forum Design

The forum will follow an interactive and participatory approach. That is, it will consist of presentations, discussions, group work, and plenary sessions. On the first day (see schedule in this Appendix), the emphasis will be on the program’s impact and lessons from the experience of both the partner institutions and their clients (government officials, parliamentarians, and enterprise and bank managers). This will help participants share their experiences and systematize their thinking. Future needs will be assessed during the second day. The discussion will be organized in plenary sessions and thematic working groups. The views of the key stakeholders in private sector development will be presented. The third day will focus on the recommendations of the previous day, and follow-up activities will be specified.

First Day: Program Impact and Lessons from Experience
A. Opening
B. Forum Objectives
C. Partner Institutions: Report on Training and Consulting Activities
   • Training for local government officials
   • Post-privatization restructuring
   • Attracting strategic investors.
D. Training Program’s Impact: A Summary
E. Lessons from Experience

Second Day: Future Needs
A. Group Work: Perspectives
   • Government officials
   • Enterprise and bank managers
   • Consultants and trainers
   • Opinion makers.
B. Plenary Sessions: Perspectives
   • Government officials
   • Enterprise and bank managers
• Consultants and trainers
• Opinionmakers.

**Third Day: Next Steps**
A. Planning Session: Report on Future Needs
B. Group Work: Perspectives
• Government officials
• Enterprise and bank managers
• Consultants and trainers
• Opinionmakers.
C. Plenary Session
• Establishing a network of training and consulting institutions
• Forms of cooperation among network members
• Links with other economies in transition
• Use of INTERNET and other means of communication
• Role of EDI.
D. Recommendations for Future Work
  * **Action Plan:** Agreement on the next steps (coordinating institutions, new partner institutions), sponsoring institutions, the role of the private sector, who is responsible for what, and the like.

**Follow-Up**

Should the forum prove successful in strengthening the capacity of local training and consulting institutions to assist local government in addressing some key issues pertaining to private sector development, it can serve as a model for similar activities in other economies in transition.

**Impact**

By helping government officials and parliamentarians better understand the major issues they face in private sector development and post-privatization restructuring, the forum will ensure that training programs, training levels, and techniques meet the needs of these audiences. A network of partner institutions could help mobilize others, including the private sector itself, to carry out training programs and provide consulting services. The involvement of opinionmakers could contribute to (a) the current public dialogue on private sector development and the role of the key stakeholders responsible for it and (b) help motivate other training and consulting institutions to join the network.
To: Michael Bruno  
Vice President and Chief Economist  
Development Economics, The World Bank

As government officials who participated in the EDI program on the role of local governments in private sector development, post-privatization restructuring and attracting foreign investment, we would like to commend you on the effort you have put into organizing policy seminars for local government officials from Russia.

The EDI programs organized in Russia are already making an important contribution to our capacity to bring about a smooth transition to a market economy.

We strongly support the statement made in your annual report that the World Bank should place more emphasis on support to, and cooperation with, regional administrations in Russia. These administrations are playing a more active role and are taking more responsibility for private sector development and post-privatization restructuring in Russia.

Our visit to the World Bank also confirmed this. We greatly appreciate the opportunity to exchange our ideas with World Bank experts on the above topics. We believe that this exchange of ideas has helped both sides better understand one another and thus has facilitated our cooperation not only with EDI but also with other parts of the World Bank.

We are pleased that this program has included enterprise managers and journalists, alongside government officials. We are aware that the complex transition problems Russia is currently facing cannot be resolved without the close cooperation of all these parties and without a clear understanding of these problems at the regional level. It was also important to invite journalists because we will need the strong support of the population at large if the transition is to work, and that support can be fostered by professional journalists who can provide relevant information.

This visit also proved useful in our joint work with EDI experts in that it helped us identify future training needs that must be met in our regions if we are to become fully involved in future EDI activities. We would like to thank the World Bank for the opportunity to work with you.

Anatoliy Barakin, Vice Governor of Yaroslavie Region  
Alexander Saraev, Vice Governor of Omsk Region  
Anatoliy Jiltsov, Deputy President of the Government of the Republic of Buryatia  
Yuriy Kustov, Vice Governor of Irkutsk Region  
Yuriy Ten, Member of the Russian Parliament
The Economic Development Institute of the World Bank
in collaboration with
the Parliament of Russia, Association of Governors,
Local Administrations from Pereslavie
and Vladimir, and Irkutsk University
Expert Group Forum

The Role of Local Governments in Private Sector Development:
Attracting Strategic Investors and Post-Privatization Restructuring

October 24–26, 1995, Vladimir, Russian Federation

Tuesday, October 24

8:30–10:00 a.m. I. Registration
10:30–12:00 p.m. II. Registration
2:00–3:30 p.m. III. Opening
Forum Objectives
4:00–5:30 p.m. IV. Program Impact and Lessons from Experience
• Partner Institutions: Reports on Training and Consulting Activities
• Training Program’s Impact: A Summary

Wednesday, October 25

8:30–10:00 a.m. I. Future Needs
• Group Work: Key Stakeholders’ Perspectives
  - Government officials
  - Enterprise and bank managers
  - Consultants and trainers
  - Opinionmakers
10:30–12:00 p.m. II. Future Needs
• Group Work: Key Stakeholders’ Perspectives
  - Government officials
  - Enterprise and bank managers
  - Consultants and trainers
  - Opinionmakers
The Moscow Case

2:00–3:30 p.m. III. Future Needs
  • Plenary Session: Key Stakeholders’ Perspectives
    - Government officials
    - Enterprise and bank managers
    - Consultants and trainers
    - Opinionmakers

4:00–5:30 p.m. IV. Future Needs
  • Plenary Session: Key Stakeholders’ Perspectives
    - Government officials
    - Enterprise and bank managers
    - Consultants and trainers
    - Opinionmakers

Thursday, October 26

8:30–10:00 a.m. I. Next Steps
  • Plenary Session: Report on Future Needs

10:30–12:00 p.m. II. Next Steps
  • Group Work: Key Stakeholders’ Perspectives
    - Government officials
    - Enterprise and bank managers
    - Consultants and trainers
    - Opinionmakers

2:00–3:30 p.m. III. Next Steps
  • Group Work: Key Stakeholders’ Perspectives
    - Government officials
    - Enterprise and bank managers
    - Consultants and trainers
    - Opinionmakers

4:00–5:30 p.m. IV. Next Steps
  • Recommendations for Future Work
    - Action Plan
    - Conclusions and Recommendations
Meeting the Needs of a Changing World

Since its inception forty years ago, the Economic Development Institute (EDI) has become a valuable resource to member countries and the World Bank. Through its training programs and publications, EDI has helped countries better understand what works for growth and development, what does not, and why. More than 40,000 policymakers from the Bank’s borrower countries have benefited from the lessons learned.

EDI has been adapting its programs and approaches to meet the emerging needs of its constituents. Now, more than ever, countries need to be alert and responsive to the rapid and dramatic political, economic, social, and technological changes taking place around the world.

To prepare to meet its new challenges, EDI carried out a strategic planning exercise that resulted in the Board document Investing in People and Ideas: EDI’s Strategy for the Future (June 22, 1994). The strategic work was carried forward with the guidance of an advisory committee of development specialists and the recommendations of a panel of individuals who had participated in EDI activities. The advice and counsel of country representatives, donors, and people from various parts of the World Bank have been of immeasurable assistance in this strategic work.

As a result of this process, EDI decided to expand its mandate. From its long-held position as a training institute, EDI became a learning institute, helping to share the lessons of experience from around the world. In setting out on these new paths, EDI has had to restructure its programs, products, and management so that it can move quickly to meet the needs and interests of the countries it serves. EDI views these far-reaching changes as a partnership with client countries, other institutions, and units within the Bank. This collaboration will generate new ideas in pursuit of the World Bank’s overarching mission of helping countries achieve sustainable and equitable development.

Changes at the Economic Development Institute

Changes in today’s world continue to be rapid and dramatic. The emergence of new democratically elected governments, the entry of many new countries into the World Bank following the breakup of the Soviet Union, changes in development strategies worldwide, the increasing availability of information, and the proliferation of global information links present exciting challenges and opportunities to the World Bank and EDI.
The World Bank's greatest contribution in the coming years will be to help countries strengthen their capacities to manage change and economic reform by sharing knowledge about best practices in policy design and implementation. EDI is uniquely positioned to be the key link within the Bank to achieve this goal. To realize its potential, EDI has expanded its mandate and begun to engineer changes in its program and business structure.

From Training Institute to Center for Global Learning

EDI was created in 1955 as a training institute to help officials from developing countries with economic planning and management. EDI's expanded mandate builds on this strong foundation and calls on EDI to serve as a center for global learning and for the dissemination of knowledge about development.

To this end, EDI is making three changes:

- It is expanding its programs beyond the teaching of basic skills to selected audiences in order to communicate policy lessons to broader audiences.
- It is promoting the development of an information network among countries and facilitating communication between the Bank and its clients.
- It is adopting a consolidated and more flexible structure that focuses on major programs, assures quick responsiveness to changing needs, and fosters collaboration within the Bank and with outside partners.

New Programs and Audiences

EDI functions as a center for the exchange of practical knowledge with a view to advancing the development process. It has thus long emphasized training in basic skills, and it will maintain a core capacity in this area because basic skills remain a priority for economies in transition. EDI's goal now is to gradually move away from the direct provision of basic skills training by collaborating with other training institutions so that they can assume this role. EDI's increasing emphasis will be on assistance in policy formulation and implementation. It could take advantage of its unique potential to draw on the Bank's rich resources of research, knowledge, and experience in development practice to become the catalyst for sharing the lessons learned in development worldwide.

Expanding the Audience. EDI's primary clients are senior officials and other influential persons who make development policy. But the spread of democracy and global access has made it necessary to bring others into the policy dialogue. EDI intends to broaden its participant pool to include some of these important voices. Future EDI programs could include policymakers at the central, state, and municipal level; parliamentarians; local opinion leaders; nongovernmental development organizations; labor unions; trainers from other institutes; journalists; and the public. This has been the trend in some of the recent programs in South Africa, Tanzania, and Ukraine. The diverse and important points of view of these new participants will encourage innovation and enhance EDI's capacity as a consensus-builder.
CONNECTING THE WORLD. Although seminars and publications continue to be essential EDI products, the Institute will begin to take greater advantage of opportunities to share knowledge through new information technologies. Because of its unique ties within the Bank and with countries and training institutes worldwide, EDI can help connect all parts of the world. Recent seminars for journalists in Cameroon and Senegal using television and teleconferencing to link participants with Bank experts are successful examples. EDI will develop new products—video cassettes, CD-ROM, radio, electronic mail, and other electronic media—to increase its reach and impact.

STRENGTHENING THE NETWORK. In the future, EDI will serve a more catalytic role in policy reform. It will become more of a facilitator than an expert, promoting open exchange and two-way communication among countries and between the Bank and its clients. This will make it possible to address questions of high priority in a timely and efficient fashion. EDI will strive to strengthen relations with country institutions, the IMF and other multilateral organizations, and regional banks. It will also expand its links with training institutions worldwide in order to serve its clients more efficiently and effectively.

Development Themes and Priorities

EDI will continue to develop products and themes that address crucial client concerns. Countries have placed priority on developing and implementing policy and regulatory frameworks in several critical areas: economic policy, human resources, environment and natural resources policy, and private sector development.

REGIONS AND COUNTRIES. In recent years, 70 percent of EDI's combined resources have been devoted to Sub-Saharan Africa and the countries of the former Soviet Union. The dimensions of Africa's problems and the conditions of transition in the former Soviet Union justify this emphasis. EDI will continue to be flexible in responding to new demands in other developing regions. In countries where basic training in market economics is well under way, EDI will work to strengthen its activities with other institutions, so that it can better respond to the needs of countries that are initiating reform programs.

In disseminating best practices, EDI must pay close attention to low-income countries everywhere. At the same time, EDI will maintain a meaningful involvement with countries that have succeeded in their development efforts in order to learn from their experiences and communicate their successes to others. The regional distribution of EDI's global presence will continue to be determined by assessing country needs and through discussions with the Bank's regional staff.

PROGRAM EMPHASIS. Areas of emphasis in the coming years include decentralization and fiscal policy, girls' education and reproductive health, poverty programs, environmental action, water programs, and regulatory reform, as well as the development of new EDI product lines to help manage change and increase dissemination.
activities. Areas of declining emphasis for EDI programs include energy, some aspects of infrastructure that the private sector can absorb, and the direct provision of basic training in general. Staff changes reflect these realignments. EDI will make further adjustments as appropriate.

Management Approaches

FORGING CLOSER LINKS WITHIN THE BANK. By forging closer links with Operations and other parts of the Bank, the Institute can serve increasingly as a conduit for the exchange of knowledge and the flow of information between the Bank and its client countries. It can also be a vehicle for validating the country priorities for the research and policy questions the Bank pursues.

EDI could assume a much more vigorous role in disseminating research results through training materials and other programs. EDI's activities in response to the World Development Reports are a step in this direction. Joint preparation of training materials and the delivery of training activities with other units of the Bank could be important initiatives.

Working with the Bank's resident missions, EDI can help the rest of the Bank manage information exchange and dissemination among a growing range of stakeholders. The Bank will be able to use EDI as a forum for the exchange of country experiences. Staff can follow through on economic and sector work by joining with EDI in designing seminars and other learning events.

EDI could also support the training of Bank staff. Joint seminars on selected topics for Bank staff and country participants would spark their discussion of new ideas and encourage them to share their experiences. The Institute has started to conduct such courses in project management, social sector policy, and resettlement.

ORGANIZATIONAL STREAMLINING. EDI has adopted a structure that should allow it to focus directly on core activities, phase out lower priorities, and reduce administrative overhead. It has simplified its divisional structure, realigning work programs from seven divisions to five, and concentrating the thematic focus on new products and outreach, macroeconomic management and policy, human resources and poverty, environment and natural resources, and regulatory reform and private enterprise. Alternatives for greater staff rotation between EDI and the rest of the Bank need to be explored. This movement will help promote interaction and allow for changes in staffing profiles within budget constraints.

RESIDENT OFFICES. EDI will continue to support resident missions in Moscow and Kiev because of the exceptional conditions in the transition economies of the former Soviet Union. In the long term, EDI will provide support mainly through partnerships with local institutions that work closely with the Bank's resident missions.

THE BUDGET. A tighter Bank budget constrains EDI, too. Cofinancing has constituted about half of EDI's total budget. Even within a tighter budget, EDI will plan for greater financial flexibility so that it can acquire expertise from inside or outside the
Bank as needed. It will need to leverage its resources further by pursuing partnerships with other institutions.

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In today's rapidly changing world, EDI is finding it essential to embrace new initiatives on issues of policy, reach out to broader audiences, pursue substantive themes affecting regions and countries, seek closer interactions with the rest of the Bank, and make full use of electronic technologies. These initiatives are opening up fresh and exciting opportunities to EDI. But this broad new mandate also presents an enormous challenge. Now that it is strategically repositioned, the Institute is ready and able to meet this challenge.
October 26, 1995

Dear Mr. Wolfensohn,

We would like to convey to you and Mrs. Wolfensohn the heartfelt appreciation of the participants at the EDI seminar today. You raised the question of how best the World Bank might use EDI in the future. I attach the responses that three groups have put together concerning EDI's work in private sector development.

In sum, they seem to be saying that the EDI program should
- expand two- to threefold
- do more at the local and regional levels
- move into new areas of business to meet emerging needs
- continue to stress the training of trainers, local partnerships, and networks.

Best regards and have a safe trip back,

Alexander Markovski
Comments

Group of Private Sector Enterprises and Banks

1. The needs of enterprises have changed over time, and issues have become much more complex. The context of the training program needs to be continuously adjusted and brought to a more advanced level. The topics to be covered include:

   - Market-oriented management skills (turnaround skills, experience of other companies)
   - Debtors' issues/aging accounts receivable (also contract law issues, bankruptcy/insolvency, trade incentives, discounts, management of new working capital, and the like)
   - Cost accounting
   - Foreign competition (competition and strategy)
   - Mechanisms to encourage investment.

These topics can be covered by EDI's Regulatory Reform and Private Enterprise Division (EDIRP).

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<th>Need for Long-Term Financing</th>
<th>Banks</th>
<th>Capital markets</th>
<th>Direct investments</th>
<th>Government policies</th>
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<td>Short-term versus long-term loans</td>
<td>Weakness</td>
<td>Risks</td>
<td>Tax incentives and so forth</td>
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<td>Government guarantees</td>
<td>Lack of regulation</td>
<td>Returns</td>
<td>Nonbusiness risks</td>
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2. Although the program operated at the regional level, it did not cover many regions because of its limited resources. We recommend expanding the program threefold. We also believe that substantial resources should be allocated to other countries of CIS where privatization and restructuring are taking place at a much slower pace (for example, in the Republic of Belarus).

3. Networking and a database are needed at the enterprise level. Local infrastructure does not have resources to do this; EDI assistance is crucial.

4. There is a strong need for a regional banking program to address issues of long-term financing, asset valuation, and so on.
Considerable effort has already gone into disseminating the knowledge gained from this program. For example, after participating in EDI’s training seminars, Ms. Smirnova, Deputy General Director of the apparel enterprise Mayak, became actively involved in seven seminars in different regions of the CIS and trained about 220 people. In addition, she introduced quarterly seminars for mid-level managers in her enterprise (which has over 10,000 employees).

**Group of Government Officials**

1. Financial, organizational, and training support is needed from EDI/World Bank. At the state level (local and central government officials), training is needed in:

   - Improvement of legislation (taxation, financial markets regulations, export-import operations, and so on)
   - Infrastructure development (support of local investment promotion agencies, funds, banking system, insurance, and consulting companies)
   - Privatization or post-privatization and restructuring problems
   - Private sector development programs
   - Financial resources management.

   EDI/World Bank programs for this group should be differentiated on the basis of the interests of specific regions, their level of development, and current needs. Furthermore, the programs should concentrate on both top-level government officials and regional representatives, paying close attention to the scope of their activities.

2. Training programs for institutional investors and enterprise managers and managers of national and local investments funds are needed in the following areas:

   - Privatization techniques and post-privatization problems
   - The need to attract foreign investors and negotiate and cooperate with them (and to address problems connected with business plan appraisal, evaluation, and implementation)
   - Problems of restructuring (financial, technical, organizational)
   - Corporate finance and company management
   - International and national competition (mechanism and instruments)
   - Capital market.

   Representatives of governmental structures and other organizations that are interested and involved in coordinating the problems mentioned above should also be invited to these programs.

3. It is especially important to provide training and retraining to local trainers in the areas mentioned in sections 1 and 2, above. This would help to develop national potential and experience in organizing educational and training programs; to create and support the necessary basis for World Bank loans; and to make the most efficient use of technical aid.
Coordination of donor assistance in Russia and the former Soviet Union is needed to ensure efficient use of the resources. EDI will need to increase its activities two- to threefold (by increasing the number of programs and regions covered) to implement these proposals. This could be done through the existing network of EDI’s partner institutions and the participants in its previous programs.

Proposal from the Group of Consultants and Trainers

1. General Goals
   EDI resources must be used to:
   - Link the World Bank and other foreign investments to the CIS
   - Strengthen the market-oriented mentality and the analytical techniques used by managers.

2. Directions of Development
   - Participation of EDI network in project development, assessment, and monitoring (the target: medium-size enterprises)
   - Further targeted training of trainers through internship in leading international consulting companies and periodic (over two years) seminars to upgrade their knowledge
   - Threefold expansion of training programs: training in finance and general management.

3. New Products
   - Participation in upgrading teaching materials
   - Access to databases on projects and industry research
   - Participation in the development of databases in the EDI network of regional markets, industries, and participants in EDI’s programs.
The Economic Development Institute (EDI) was established by the World Bank in 1955 to help promote international development. EDI conducts learning programs for officials from developing countries to assist them in planning and managing their investments more productively. The Institute produces and disseminates publications and electronic information products that support these objectives.

For information on EDI publications write to:

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