Learning Together with Clients
Private Sector Development
Training and Consulting in Economies in Transition

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EDI Case Studies

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Contents

Foreword

Executive Summary: Lessons Learned
- Challenges
- Key Lessons

1. Introduction: Major Challenges
   - The Legacy of the Old System
   - Complexity and Dynamics of Change
   - Resistance to Change: Changing Mind-sets and Underlying Assumptions
   - Key Stakeholders

2. Design of the Training Program
   - Identifying Training Needs and Overcoming Impediments to Learning
   - Audience Identification and Selection of Participants
   - Programs versus Self-Standing Seminars
   - Regional versus National Seminars
   - Partner Institutions
   - Selection of Trainers and Lecturers
   - Training Material

3. Delivery of the Training Program
   - Initial Phase
   - Selection of Teaching Methods


5. Feedback System: Impact and Evaluation

6. Summary and Conclusions
   - The Legacy of the Old System
   - Complexity and Dynamics of Change
   - Resistance to Change: Changing Mind-sets and Underlying Assumptions
   - Some of the Key Lessons Learned
Appendixes

A. A Checklist for Training Program Design and Delivery:
   To Do and Not to Do

B. EDI Training Material Published for the Private Sector Development Program

C. Background Readings
This volume addresses the main issues of training and technical support for private sector development, particularly privatization, post-privatization restructuring, development and implementation of business plans, attracting strategic investors, and developing a country’s vision of its economic future. The paper is based on the author’s personal experience with more than 100 different training activities—ranging from training-of-trainers programs to self-standing seminars for senior policymakers, parliamentarians, opinionmakers, and practitioners—attended by more than 6,000 participants from almost every country with an economy in transition from central planning to a free market. These activities were designed to assist development of the private sector by supporting local talent, fostering the exchange of lessons, and stimulating reflection and debate on issues of great concern to the participants. The author has also had in-depth conversations with hundreds of enterprise, bank, and investment fund executives; legislators; government officials; and opinionmakers involved in economic transition.

In order to systematize the main messages and to bring them into the context of everyday life—that is, to facilitate their use in practice—we use three supporting tools: boxes that contain detailed descriptions of some of the EDI training activities; practical examples that illustrate some of the conclusions and recommendations made; and checklists of things to do.¹

We hope that the overall lessons presented in this study clarify the complexity of designing and delivering private sector development training and consulting in economies in transition. This complexity is reinforced by the boxes and examples incorporated in the text. Furthermore, we highly recommend the use of the case studies on conducting training in transitional economies² and the corresponding teaching notes, in order to get a better understanding of the overall requirements of designing effective training programs for economies in transition. In this way, one can gain a better understanding not just of what should be done, but also why and how it should be done.

The author would like to thank the participants of the training programs he has organized for giving him the opportunity to learn together with them. Without the support and collaboration of a number of World Bank colleagues, it would be impossible to deliver so many training programs in such a short period of time.

¹. We are fully aware of the dangers of providing checklists; they can create the illusion that merely following the checklists is sufficient for the design and delivery of a good training program. In using the checklist, one should also be aware that this general checklist is not specifically designed for the concrete training of senior policymakers or parliamentarians. The instructors should distill only the elements that are relevant to their specific training program.

members of the EDI Private Sector Development Network of Transitional Economies played a crucial role in delivering most of the seminars. The author would also like to thank Professor Tom Piper of the Harvard Business School for several exchanges of experiences in doing training in the former Soviet Union. Special thanks go to Professor Ray Goldberg of Harvard Business School, whose inspiring guidance and friendly coaching provided the crucial ingredients for launching the first training program in Russia.

Institutions providing consulting services and training in private sector development to economies in transition, particularly to partner institutions of the EDI Private Sector Development Network in Transitional Economies, should find this paper very useful. Furthermore, as the World Bank comes to realize that many of its clients need learning as much as they need loans, the discussion can facilitate the process of integrating these two activities, helping client countries to synthesize and adapt knowledge for private sector development more effectively.
Executive Summary: Lessons Learned

Challenges

The challenge of designing training programs for private sector development in transitional economies is truly daunting. One legacy of the old system that trainers must confront is the stubborn resistance of many trainees to participatory learning and teamwork. Private sector development training programs must therefore focus as much on changing mind-sets and underlying assumptions as they do on disseminating knowledge and information. This is crucial—the complexity, speed, and dynamics of private sector development in transitional economies are all likely to increase in the near future.

Key Lessons

Design of the Training Program

A successful private sector development program must include identification of training needs, establishment of training objectives, and selection of appropriate participants, lecturers, training materials, and instructional methods. All of these must be well thought out before training begins. In general:

• Training must take into consideration both the increasing sophistication of participants and the rapid changes in the policy environment in which they operate. The focus should be on getting participants to see the big picture. Use of simplistic situations and textbook solutions must be avoided.
• At least initially, trainees should be selected from among those who have the greatest impact on the learning and change process at the organizational or country level (such as senior managers).
• Activities programs have proven to be more effective than traditional seminars in addressing the issues of private sector development in transitional economies.
• Close cooperation with partner institutions is vital. Partnership training should be considered not merely as a single episode, but as an ongoing activity, part of a long-term relationship based on mutual interests. It is critical to work closely with partners during the design phase to help them develop a sense of ownership of the training program and shared responsibility for its results.
• Training materials must be tailored to the objectives of a given training program to ensure their relevance to the participants.
• Relying exclusively on foreign trainers is not necessarily the most efficient way to conduct a training program. Local experts with expertise in the country's circumstances should be identified during the design phase and used to the maximum extent possible.

Delivery of the Training Program

It should always be remembered that the real learning does not occur merely through attending lectures. Training must emphasize participatory learning and teamwork, and it should allow participants to connect their new knowledge to the problems they face in their daily professional work. The precise method of delivery selected depends on the objectives and duration of the training program, audience expectations, and the like.

Cooperation with Bank Operations

Training activities with the joint participation of Bank staff and representatives from member countries can contribute to the development of open dialogue and cooperative team spirit, facilitating the implementation of Bank-funded development programs. Integration of learning into country assistance strategy improves borrower capacity for more effective use of development loans.

Feedback System—Impact and Evaluation

Impact and evaluation can best be measured if the objectives of the training program have been clearly defined. Daily feedback and evaluation, as well as discussion of the long-term impact of the program, should be integral to the training activity. Follow-up is also necessary. To assess the long-term impact of the training program, it is important to establish a continuing relationship with the participants and to keep track of their activities. Effective learning has not occurred unless the participants actually apply their newly acquired knowledge when they return to their institutions.
CHAPTER 1  
Introduction: Major Challenges

Overcoming deficiencies in the knowledge, technology, and information exchange processes required in a competitive free market system poses a critical challenge to countries in transition from a central planning regime that seek a place in the global economy. A common characteristic of these countries, not surprisingly, is that their education and training institutions did not transmit to their graduates the skills necessary to manage organizations in a market-based environment. Despite the excellence of much of the scientific and technical education, insufficient attention was given to staff development and little encouragement was offered for individuals to stay at the cutting edge of their disciplines. The absence of modern managerial skills and the persistence of old attitudes have impeded the process of upgrading and reconfiguring industries and other institutions to enable them to participate effectively in the world economy.

Many countries in transition now find that the old development models and paradigms have been discredited, but new ones have not yet become internalized. Only recently have their leaders realized that retraining and changing the mind-set of their industrial managers is as important to their success as is the ability to attract capital.

The presence of economic, political, and policy uncertainties; the growing interdependence of world markets; increased global competition; and persistent internal social unhappiness with some of the side effects of change points to the need for more efficient private sector development in transitional economies. All of the countries involved are grappling with the problem of instituting coherent policies and regulatory frameworks that will encourage their private sectors to grow and flourish, while at the same time developing the capacity to support this process.

Managers in newly privatized industries have been shocked by the complexity of decentralized decisionmaking—a complexity that was unknown in central planning systems, where orders flowed down from the top and were followed mechanically. For the first time in their lives, managers at all levels, overwhelmed by a flow of information that they had no capacity to absorb, problems they were not trained to handle, and rapid changes in the political and economic environment, are being called upon to make, and be personally responsible for, decisions. The quite recent rise of many policymakers and managers to senior positions exacerbates the problem. While arguably more open to change than their predecessors, the new managers lack experience.

Clearly, then, the transition process requires a major reeducation and reorientation program for managers and policymakers. It is important, however, that such a program be more than just the delivery of knowledge to passive recipients. It is imperative that learning be understood as an ongoing and continuous process that
prompts the learner to contribute as well as to receive. Training programs must change mind-sets so that the new knowledge can effectively influence the decisionmaking process. Programs must provide an enabling environment that will help policymakers, executives, and other participants—administrators, legislators, educators, and the like—feel empowered to adapt and apply what they have learned to the process of transforming their economies and societies.

To sum up, in designing training programs for private sector development, the main challenges include overcoming the impediments to learning created by the old economic, political, social, and educational system; changing mind-sets and underlying assumptions; and understanding the dynamics of private sector development in terms of decisionmaking and problem-solving capacities.

The Legacy of the Old System

One of the most damaging legacies of the old system is a formidable resistance to participatory learning. In a centrally planned economy, the decisionmaking process—indeed, the entire educational system—was predicated on the assumption that there was only one correct answer to a problem. Neither students nor managers were encouraged to look for different solutions when attacking complex problems, and they were not rewarded for questioning the answers and directions provided by their superiors. For most of those involved, learning meant absorbing information delivered by their superiors. Interrupting the instructor with questions, said someone who was trained under the old system, was considered "just wasting time."

The preference for simple, one-time solutions to complex problems encouraged static thinking. The ideal was one single, static solution that required no change for long periods of time. Simplified analysis ultimately resulted in fragmentation and dissipation of policy results—the constant emphasis on short-term and localized problems led to diverse and far-reaching problems on a grand scale—and contributed to a culture in which short-term solutions were favored at the expense of long-term sustainability. In addition, the old mentality focused on finding reasons that some problems could not be overcome—a negative attitude, opposed to problem-solving.

The educational system—a paradox in a society that ostensibly elevated the interests of the group over those of the individual—tended to create educated loners who never developed the skills or tolerance necessary to be team players. As a result, many participants in current training programs arrive with the belief that there is no need to talk to or listen to one another. They have never developed the interactive skills that would allow them to share their assumptions and propose solutions, and, in turn, hear and discuss the views of others. In addition, where discussion and debate did occur in the former system, the emphasis was on winning the argument rather than encouraging groups to search for the best solution.

Suffice it to say that the former system for educating and training policymakers and managers was inadequate for the needs of a free market economy. The impact of this inadequacy extends far beyond the classroom environment. It has damaged
the ability of managers and others participating in economic transition training programs to implement the new skills and broader concepts offered by the program, limiting their capacity for continuous learning through doing.

**Complexity and Dynamics of Change**

Policymakers and practitioners dealing with private sector development in transitional economies face complex problems. Causes and effects cannot be distinguished easily, and the dynamics of change and interaction are not readily apparent. In this context, training based on simplistic answers will only further obstruct the process of discovering sustainable solutions. A critical challenge for both instructors and participants is to understand the dynamics of change and how to deal with complex and conflicting issues. Managers and policymakers must come to understand the big picture, to see the long-term and national implications of their short-term and local actions.

In the case of private sector development, the understandable desire to achieve immediate results is usually self-defeating. While fragmented linear thinking (the failure to see the overall picture) can sometimes alleviate the symptoms of problems in the short run, such an approach fails to address the roots of problems, ultimately making matters worse.

Inappropriate training techniques can reinforce the tendency to seek static solutions to problems considered in isolation and inhibit development of the trainees’ ability to see complex relationships among the elements of a problem and understand the dynamics of change.

Most of the private sector stakeholders in transitional economies are convinced that they are not in a position to contribute to reshaping their situations. They insist that their problems are created by somebody else in the external environment, and that somebody else must resolve them.

One consequence of this mentality is that the policymakers and managers tend to absolve themselves of their mistakes and blame foreign consultants for their failures. Participants in private sector development seminars are often passive in their learning relationship with consultants and reluctant to assume responsibility for devising solutions to problems. As suggested above, the more that foreign assistance provides ready-made solutions, the longer such attitudes will persist. Moreover, sometimes the consultants themselves become part of the problem. With short-term assignments and no long-term responsibility, some consultants confronted by trainees who resist change and avoid taking responsibility find it easier to go along with the single-solution mind-set than to undertake the difficult, long-term task of changing habits and attitudes in a way that can develop local capabilities.³

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³ For example, some foreign consultants commonly recommend that big enterprises in transitional economies should be broken up to increase competitiveness and adaptability. But these consultants are usually not aware that a number of these enterprises became big because of their efficiency relative to other enterprises in the same sector. Without the necessary skills for deeper analysis at the enterprise
The approach of some consultants—"writing a report on what they think reality is, and then collecting fees"—is not going to change without strong pressure from a local cadre that is highly motivated to learn, or equally strong pressure from sponsoring agencies that insist on results.

**Resistance to Change: Changing Mind-Sets and Underlying Assumptions**

Private sector development in transitional economies is complicated; a new environment requires not only new skills, but also new mind-sets and cultural patterns. In transitional economies, most past knowledge and experience is irrelevant, or even inimical, to private sector development. The old mental models affect the way participants perceive reality. These models have to be abandoned and new ones acquired.

Many senior policymakers and managers in transitional economies will resist the process of attitudinal change. The problem is further reinforced by the following:

- Many managers come from enterprises and banks that were very successful—by the measures of the time—during the era of central planning.
- A large number of those currently setting policy either had successful careers in the previous regime or are young, fast-moving stars in the newly established governmental bodies. They have little time or motivation to upgrade their knowledge.
- Most of the leading trainers are professors from prestigious universities or other educational institutions, with high academic credentials from the old system.

In other words, most managers and policymakers had successful professional careers in the old framework, which makes it extremely difficult for them to admit that they must make fundamental changes in the way they think and work. Helping these highly educated and established professionals accept the need for institutional, let alone personal, change is a formidable challenge.

Most of these individuals have not had much experience handling professional embarrassments, and they are not ready to admit that they have many things to learn. When confronted by a problem that does not immediately yield to their repertoire of solutions, they generally resist acknowledging the conundrum. This often results in the continuous implementation of protective and backward-looking strategies.

Poorly designed training programs only increase the tendency of senior policymakers and executives to react defensively. As a result, these potential catalysts act instead as obstacles to change. During the course of training, policymakers will often conceal their defensive behavior by keeping their underlying assump-

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level, including identification of strategic business units and development of sound business strategies for each unit, political decisions to break up big enterprises without sound assessments can lead to deterioration of the sector. Such analysis cannot be done only by using foreign consultants; active involvement of skilled managers from within enterprises is the critical precondition for success.
tions private, thus missing opportunities to test these assumptions objectively with their colleagues to create a learning environment.

The reassessment of underlying assumptions entails profound cultural change, an examination of their accuracy and consistency, and a determination of how different assumptions can be combined or modified to provide better understanding of complex problems. Training will fail to produce sustainable, practical results when old assumptions remain unchallenged and unchanged. If training programs are to contribute to the achievement of long-term solutions, they must, in both design and implementation, make it a priority to deal with the issue of cultural change at both the personal and institutional levels.  

Key Stakeholders

Private sector development in transitional economies involves many different stakeholders, most of whom, despite their common cultural legacy, have differing objectives and diverse professional and technical backgrounds. When these individuals are faced with the same problem, they usually describe it differently. Each stakeholder has his or her own view of the problem, but in many cases is unable to see how the measures he or she would take to resolve it will affect other stakeholders. One of the main challenges, therefore, is to include the key stakeholders in joint training programs.

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4. In this context, stakeholders could include policymakers; parliamentarians, enterprise, bank, and property and investment fund executives; NGO representatives; trainers; consultants; and opinionmakers.
In light of the challenges posed in the effort to initiate change in the transitional economies, there are steps that must be taken in the design of a training program.

**Identifying Training Needs and Overcoming Impediments to Learning**

**Basic Rules**

The first rule is that the design and delivery of training programs should be driven by demand rather than by supply. Of course, it is necessary in some cases, in the preparatory phases, to help the potential clients understand their needs. To accomplish this, it is useful to visit a variety of institutions, assemble their executives and experts and discuss experiences from other institutions and countries, and so forth. The amount and quality of time devoted to identifying training needs, participant interests, and delivery methods is critical to the success of the training program.

Even the best training program will be ineffective if the participants fail to see its relevance. The main objectives must be clearly communicated, particularly the linkages between the training and the strategic goals of the participating organization or country, and those conducting the training program must be constantly aware of the background and mind-set of the participants. Issues must be presented in such a manner that participants recognize the problems that they and their organizations are likely to face in the near future. Furthermore, an organization is more likely to respond positively to training proposals if support comes from a variety of sources, including participants in previous programs, and not just from those offering the training. The response will probably be even more positive if members of the organization (or officials of the country) are actively involved in identifying training needs and designing the program.

Despite the continuing negative influence of past training and experience, it is extremely important for instructors to recognize the increasing sophistication of many trainees. Training designed only one year ago could be completely irrelevant for new participants. The policy and business environment is changing so rapidly that new issues constantly need to be addressed. Also, many participants have now had significant experience with the free market and the transition process. Training programs must be adjusted to address this, and training material requires adaptation to address the current needs and level of sophistication of the participants. Trainers should not be patronizing or presume ignorance on the part of train-
ees, and, above all, they must avoid presenting simplified, blueprint solutions to the complex problems of transition to a market economy.⁵

**Overcoming Major Obstacles**

The preceding chapter identified some of the main challenges of designing and delivering training programs for private sector development. One of these challenges is to understand and overcome impediments to learning—the legacies of the old social, economic, political, and educational system—as they affect participants' capacity to develop alternative ways of thinking. The problem in addressing these impediments is that most participants are unaware of their existence. They cannot be detected unless participative training is used. That is why the initial effort should emphasize identifying and minimizing the effect of these obstacles on the learning process.

The training program should help participants identify inconsistencies between their understanding of reality and reality itself, and how this contributes to their individual and organizational problems. As soon as participants realize that their views are based primarily on assumptions rather than facts, they become much more open to accumulating new knowledge and are better able to cast off the biases and deeply imbedded false beliefs that keep them from concentrating on the real causes of problems.

For example, during the training program on business planning for textile and garment enterprise managers from one of the Central Asian republics, the main explanation given for the difficulties their enterprises were experiencing was a lack of new technology. The managers insisted that once long-term loans become available and they buy new technology, they will not only be able to regain the domestic market share, but they will also be able to compete internationally. When they were offered the opportunity to go to Thailand for a study tour, they initially refused. Their reason was that “Thailand is not developed enough and we want to see the state-of-the-art technology in the USA.” Having no choice, they finally accepted the invitation. They were shocked to see enterprises in Thailand competing internationally with great success, even with technology that was far behind that of their own enterprises. The study tour helped them to abandon their underlying assumption that productivity and competitiveness arise solely from technology and to finally realize that there are many other opportunities for improvement in the value chain that go beyond technology.

This new awareness can help them to (a) become better team players; (b) develop the capacity to extract greater learning from each other; (c) be more systematic in drawing on their individual and organizational experience; (d) see each new experience as an opportunity to learn; (e) consider each problem identified as a blessing, in that it represents an opportunity for improvement; and (f) avoid over-

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⁵ Even if it is necessary in some cases to give participants samples of Bank analysis and findings, this must be complemented by reviewing contrasting views and/or the different experiences of other countries.
emphasizing winning arguments, concentrating instead on learning through shared best practices.

The next critical element that should be taken into consideration is that participants probably learn as much, if not more, through exchanging experiences among themselves as from attending lectures and private study. In the case of transitional economies, this exchange of experience is essential because many critical problems of private sector development (for example, implementation of privatization and restructuring measures and policies) have no textbook solutions and are usually little understood by foreign consultants or trainers.

Our experience is that the participants can learn more about the complexity of post-privatization restructuring from case studies from their own countries than by relying on "sophisticated manuals on restructuring" prepared by Western consultants. For example, the Harvard Business School cases of two Polish shipyards\(^6\) undergoing restructuring demonstrated nicely that two quite similar companies within the same policy and business environments can achieve fundamentally different results, depending on the mind-set of the general managers. Therefore, in addition to "sophisticated manuals," it is very important to give the participants an opportunity to discuss the problems within a framework of real-life examples.

A training program must help policymakers and practitioners to understand the dynamics of private sector development. Therefore, one of the key problems for program designers is how to create the capacity for seeing the pattern of change and the structures that underlie such development. Helping participants develop the ability to detect the historical causes of problems that they must deal with today, as well as to identify the most important issues they will have to address in the future, helps them to take a long-term view.

One way of overcoming this problem is through careful selection of a series of case studies. For example, it is helpful to start with case studies from economies in transition that illustrate the past causes of problems that managers are forced to confront today. They should then be introduced to case studies from market economies. We have been quite successful in using Harvard Business School cases on Caterpillar and Kamatsu\(^7\) to help participants gain a better understanding of what competition in the global economy is about and the challenges their sector will face when exposed to international competition.

The focus of training should not be on solving specific problems but rather on the development of a far deeper understanding on the part of each participant of his or her responsibility as a member of a group involved in private sector development. Participants should be able to understand how their actions contribute to the overall problem (or its solution) of other stakeholders. They should realize that if they have a limited understanding of the big picture and lack communication skills,

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or blame problems on other stakeholder groups, they may try to solve the wrong problems, and consequently worsen the national situation. In other words, training for private sector development should go far beyond problem-solving to involve all key stakeholders in dynamic and positive interaction.

Most of our training programs have been geared toward key stakeholders in the transitional process (government officials, parliamentarians, private sector executives, and opinionmakers). Once they are involved in joint policy papers and/or developing business plans and have begun to appreciate the need to create an enabling policy and business environment for private sector development, they immediately start to appreciate the complexity of the transition process and the need for fruitful communication and cooperation among the key players. We also found that discussion of country competitive advantage and a vision of the future could be used for this purpose with equal success.

If participants are helped to better understand the complexities of change, they become more open to training that will expand their capacity to understand its dynamics and they will avoid short-term solutions that produce long-term problems.

The issue of passivity also needs to be addressed. Despite the increasing knowledge and sophistication of participants, many are still deeply convinced that they had no responsibility for creating their current situation, and therefore cannot contribute to changing it. They tend to react to change rather than generating it.

One objective of the training program is thus to help destroy the old paradigm of blaming others. Involving the key stakeholders in joint training programs is again an efficient way to overcome this problem. If the training is focused on just one group of stakeholders—for example, enterprise managers—that group will place all the blame elsewhere, including the underdeveloped and inefficient financial sector, the lack of consistent and transparent government policy, the lack of an appropriate local framework, and the like. Once the different stakeholders are brought together, however, they quickly begin to realize that transition is not about a segmented sequence of unrelated steps, but is a complex, dynamic process where a number of parallel, mutually reinforcing processes are taking place. For example, the full restructuring of the financial sector could not take place without appropriate measures at the enterprise level.

Designers of training programs should realize that the legacy of the old education system and the lack of experience relevant to private sector development have made the processes of learning and changing not only difficult for the trainees, but also painful. Resistance to learning comes from participant reluctance to accept this discomfort. The critical question for program designers is how to use the apprehension and fear of the participants to develop and sustain creative tension as an integral part of training. Such tension will increase the efficiency of the learning process by instilling a sense of urgency that something should be done while there is still time to do it.

The initial target for programs intended to overcome this resistance or fear should be senior policymakers and managers. If they can be persuaded to acknowledge publicly their own need to approach problems in a new way and show a commitment to doing so, subordinates will be encouraged, indeed, feel compelled, to do
likewise. Conversely, even if junior officials or middle managers are able to overcome their inhibitions and embrace the new methods presented in training programs on their own, they will probably find it difficult to implement them if their seniors feel threatened by what many of them will inevitably see as insubordination.

The real challenge of training programs in countries making the change from central planning to the free market is to help participants accept that a significant portion of the intellectual capital they have accumulated is actually an obstacle to future development. A good deal of training will be unlearning. This does not mean abandoning all past knowledge or training, only the elements that hinder future development.

Audience Identification and Selection of Participants

Key Stakeholders

Selection of the right participants is critical to the success of a training program. The overall benefit of the program will be directly proportional to its relevance to participants' jobs and their institutional or national goals.

Training focused only on one group of stakeholders keeps participants from seeing the overall picture, thus limiting the possibilities for interaction and exchange of experiences. Isolation also reinforces the conviction of many participants that their problems are created largely by external forces, and that they either cannot resolve them or are not responsible for doing so. Including a spectrum of key stakeholders in a training program helps participants realize that resolving complex systemic problems requires the establishment of relationships with members of other groups and the sharing of best policy and business practices across country and organizational boundaries (see box 2-1). This realization is an important result of the training. When participants return to their parent organizations, there is a ripple effect as their colleagues experience the benefits that come from building teamwork skills.

In this context, it is important to understand the critical tradeoffs that must be made between the coverage of a wide variety of problems that are relevant to the different stakeholders and the variations in the backgrounds and experiences of stakeholders that will affect the benefits of the training program. This issue has to be carefully addressed. Otherwise, unbalanced participant backgrounds or an attempt to cover too broad a spectrum of problems could damage the learning process. In addition to the necessary work in the preparatory phase, this issue should also be addressed and discussed with participants at the very beginning of the training activity.

The complexity of private sector development in transitional economies requires that all key shareholders be included in training programs. This means going beyond the traditional EDI audiences of central government officials, bank and enterprise managers, and trainers. Local government officials, legislators, representatives of nongovernmental organizations (NGOs), opinionmakers, other representatives
Box 2-1. Training on Privatization in Buriatia

In early 1993, EDI organized a seminar on privatization in the Republic of Buriatia, Russia. The request for training came directly from the president of the Republic, who complained that although he had received general guidelines on privatization from “the center,” no detailed explanation of the process or training for those actually responsible for carrying it out was provided. EDI designed a one-week training course for forty government officials. It was intended to familiarize them with the privatization experience of other Eastern European countries. Two days before the seminar, the president gave an ultimatum: either there would be 200 participants—including government officials, but also parliamentarians and enterprise and bank executives—or there would be no seminar. Thanks to local partner institutions (Baikal Training Center, Irkutsk State University) and strong support from the local government, the necessary changes were made to accommodate the president’s requirement. In addition to the participation of key stakeholders, the seminar received broad coverage in the local media, sessions were chaired by key government officials, and the closing remarks were given by the president himself. Furthermore, the public dialogue on crucial privatization issues facilitated the implementation process.

Affected by private sector development, and all who can bring important points of view to the discussions and influence private sector development in their countries should also be included. This kind of broad involvement has the potential to create the vitality and support needed to empower individuals and communities to carry out the transition to a market economy.

Journalists

Increasing the participation of journalists and other media specialists in training activities is an important strategy in opening a public dialogue on private sector development (see box 2-2). The role of journalists is twofold. As participants, they acquire the intellectual tools needed to understand the process of transition to a market economy; as commentators and critics, they contribute to public understanding and discussion of that process.

The media are crucial in the provision of much-needed information about, and analysis of, economic policymaking, yet they have only recently become active in this area. The role of the press under the old system was not to analyze, but merely to praise the economic decisions of the political leadership. Consequently, many journalists have little understanding of the connection between economics and political decisionmaking in a market economy. Participation in training programs is critical not only for developing the ability of the media to provide informed coverage, but also to foster their ability to prompt productive and meaningful public dialogue.
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Box 2-2. Excerpts from Local Coverage by Journalists Who Participated in EDI's Programs on Private Sector Development

In all fairness, it must be noted that the officials themselves understood the degree of their ignorance in how to deal with foreign investors and that already is major progress. They unanimously agreed that further training is among the most important priorities for local officials. . . . All this means that it is not just the West, but Russia itself that is changing its attitude toward Russia. More and more, Russia seems to be realizing that the resources to develop the new Russia are not all located in the West.

—Moscow Times

The old saying “teamwork is what makes the difference” is even more important now. . . . The business plan we developed is guiding us in introducing a new production structure, new products, drastic fixed costs cuts . . .

—Zhuma, Almaty

The World Bank program is helping Russian businesses to reach world standards.

—Soviet Youth, Baikal Region

We realized that we had emerged from a dark forest . . . . The lectures helped each participant to re-evaluate his own enterprise critically . . . without waiting for outside help to initiate changes today.

—Business Siberia

Regional Seminars

It is important that the participants in regional seminars have reasonably equivalent backgrounds. Large differences in background can have a very negative impact on the learning process—for some participants, the training could overshoot or undershoot, completely disrupting the learning process and exchange of experiences. As already mentioned, the necessary tradeoffs between different backgrounds and experiences and the need to cover a broader spectrum of problems and issues of importance to participants from different countries should be carefully addressed in the preparatory phase, as well as at the very beginning of the training activity.

Critical Mass of Participants and Interpersonal Skills

As participants realize that radical change within their organizations requires radical change within their minds, they must understand that institutional change is usually impossible if one has to work alone. Current policies and practices cannot be changed without changing the mind-set of a sufficient number of the major players in an organization. Many participants are frustrated immediately after training,
when they realize that they cannot, on their own, successfully change current practices with the application of their newly acquired knowledge. This is particularly true if only one participant from a given institution is involved in the training program. Without a critical mass in the training program, it is difficult to garner sufficient support within an organization to develop and sustain new capabilities. It is important to realize that individual brilliance is not enough.

Nevertheless, a participant's interpersonal skills, particularly the ability to foster change within their institutions, can make a critical difference. Once he or she graduates from the training program, the ability to present appropriate training or consulting alternatives to the right manager or policymaker—in the right way and at the right time—often determines whether the new knowledge will be adopted or a new training program accepted. Participants, on their return to their organizations, should also be capable of creating an atmosphere in which training needs come to the fore. This can facilitate the integration of training and consultancy into the organization. Gathering the critical mass capable of initiating and sustaining change should thus be one of the criteria used to select participants.

For example, in our third Training-of-Trainers Program on Policies for Enterprise Restructuring and Privatization, we trained three people from the Ukraine Center for Post-Privatization Support. A request soon came from another fifteen members, achieving the critical mass needed to make the implementation of the Bank’s Enterprise Development Adjustment Loan more effective, as well as to make a crucial difference in the way this center will operate in the future.

**Selection of Channels and Criteria**

Participation in EDI's training programs on private sector development is by invitation only. Selection is usually done jointly with partner institutions. The first step in the selection process is the identification of potential candidates. When there is not much experience with training in a particular country, it is highly recommended that several channels be used to identify potential participants (see box 2-3).

Selection criteria include:

- The relevance of the program to the current or prospective duties of a nominee
- The current level of responsibility held by a nominee and the likelihood that his or her institution will increase its influence on private sector development by acquiring appropriate knowledge
- The nominee’s potential for training others
- The nominee’s performance during the first module or first part of the training program, including formal testing of acquired knowledge and his or her level of participation in group work and class discussion
- The need to have one or more participants from each institution (a critical mass)
- The nominee’s motivation.

If the training is a program of several activities or modules, then the first activity can be used for the final selection of the participants who will continue with the program (see box 2-4).
Box 2-3. Channels for Identifying Participants

In most cases the selection process uses several channels, including interviews with potential candidates, suggestions from partner institutions and former participants in EDI training activities, consultation with appropriate government agencies and institutions, collaboration with Operations, and the like. For example, the selection process for the Trainers’ Program on Enterprise Management for Restructuring and Privatization used:

- Suggestions from partner institutions and individuals who had previously participated in related EDI training activities, particularly those with a regional character
- Appropriate training and government agencies
- Bank resident missions, including the local cadre working for the mission
- Suggestions from Operations regarding locals who worked or would work on implementing relevant Bank projects
- Participants in short-term, self-standing seminars on private sector development
- Interviews with potential candidates.

Programs versus Self-Standing Seminars

In designing a training program, it is very important to assess the time participants require to understand, internalize, and begin implementing what has been taught. Realism is critical. Participants have varying attention spans and capacities for accumulating and internalizing new knowledge. This should be taken into consideration during the design phase.

Private sector development is an inexact science; combined with the lack of market economy experience of the majority of participants, this dictates that most training be organized as programs of activities rather than self-standing seminars. This is particularly important if considerable shift in participant knowledge is expected and if the need for broader and faster dissemination requires the training of trainers. It is unrealistic to expect that participants will be able to master fundamentally new knowledge unless they have enough time to think, internalize, and react, both individually and as a group.

If appropriately designed, a programmatic approach built around several modules can help trainers evaluate the learning rate of individuals and groups, and it allows for an ongoing learning process within and between modules, continuously increasing participants’ absorption capacity. Effective learning is not going to occur unless participants can implement their new knowledge as part of the training. Participants should return to their own organizations between modules to implement some of the new concepts they have learned in activities such as restructuring, planning, policy implementation, in-house training, and negotiations with potential partners.
Box 2-4. Participant Selection

Study Tour Program for Kazakhstan

The selection process for those who would go on study tours after the completion of the training program was continuous. A few days before the training program began, participants submitted their business plans to the program staff. The quality of the plans gave an indication of each manager's background and capacity for training. In addition to small daily tests, managers spent several hours each night modifying their business plans based on what they had learned during the day. At the end of the seminar the instructors assessed the improvements made in the business plans, the participants' contribution in classroom and group discussions, and their ability to communicate with their colleagues.

Seven-Module Program on Policies for Enterprise Restructuring and Privatization

In this seven-module program (see box 2-5), the first module provides the fundamentals needed for further participation in the program. The instructional emphasis of the module is on financial analysis for decisionmaking, and the performance of participants determines who will continue in the program. Initial screening usually starts before the first module, during interviews with potential candidates. Because of the regional character of the program, interviews are conducted in different countries, usually by participants in the previous program. During the first module, daily tests measure participants' progress in financial analysis. The instructor also monitors participants' involvement in group work and their contribution to classroom discussion. On the last day, participants take a final examination on the course material and have formal interviews with the staff to determine their English language abilities. On average, about 60 percent of the participants will be selected to continue with the program.

This intermodular activity gives participants an opportunity to test their new knowledge and adapt it to local circumstances. Private sector development issues are usually specific to the organization and subject to continuously changing circumstances. Solutions, therefore, must be found by trying new strategies and policies and assessing their impact through experimentation in real-life situations. Follow-up courses should be designed as the logical continuation of the training program to allow participants to continue practical experimentation. They need to test the implementability of their new knowledge and identify the possibilities for meeting local needs more effectively with guidance and critiques from program staff. Designing training and consulting programs in this way provides the flexibility to respond to the needs of participating countries, needs that will often be discovered through the training process.
Box 2-5. Seven-Module Program on Policies for Enterprise Restructuring and Privatization

Module I. Financial Analysis for Decisionmakers
This module covers: (a) financial management, (b) assessment of business performance, (c) projection of financial requirements and analysis of capital investment decisions, (d) the case study method, and (e) group work.

Module II. Policies for Sustainable Enterprise Restructuring and Privatization
This module focuses on (a) critical issues in privatization and restructuring in the 1990s; (b) redefining the role of the state in creating policies and business environments supportive of private business development; (c) post-privatization assistance to enterprises; (d) emerging capital markets; (e) the role of the banking system in enterprise restructuring; (f) core competence/portfolio restructuring, ownership and organizational restructuring, and financial restructuring; (g) best practices from other countries; (h) corporate management; (i) managing change and creating learning corporations; and (j) case studies, policy papers, and business plan development.

Module III-VI. Enterprise Management: Case Development and Presentation of Enterprise Managers and Government Officials
Four workshops are organized in different transitional economies. Government officials, parliamentarians, enterprise and bank managers, trainers, and consultants attend the seminars. Participants are introduced to government measures supportive of private sector development and methods for sustainable restructuring. Using the guidelines provided in Module II, government officials, trainees, and managers prepare policy papers and case studies in order to facilitate the selection of appropriate restructuring and privatization programs for enterprises. Under EDI supervision, the seminars are delivered primarily by local trainers who participated in Module II.

Module VII. Policies for Enterprise Restructuring and Privatization: Implementation, the Role of Government and the Private Sector, and Case Analyses
This two-week seminar integrates training and consulting experiences gained throughout the program. The main goals are to: (a) assist government officials, trainers, consultants, and policymakers; (b) select an appropriate restructuring and privatization approach and policies supportive of private sector development; (c) understand selected experiences of the World Bank and other countries; and (d) analyze the policy papers and case studies of the participating enterprises. Through group and plenary discussions, the policy papers and case studies are analyzed and improvements proposed.
A programmatic approach can effectively increase the capacity of participants to independently formulate and implement policies and other activities supportive of private sector development. It also sends the message to participants that they need to continually upgrade their own capabilities.

The first module of a training program is customarily used to plan the curriculum for the rest of the modules with the active involvement of the participants, to select the method of delivery, to identify appropriate resource persons and training material, and to select the participants who will continue with the training. The first module should help participants express their underlying assumptions, develop their learning capabilities, improve their ability to work in groups, and translate their new knowledge into decisions and actions (see box 2-5). The same participants take part in modules I, II, and VII, while modules III–VI are mostly organized and delivered by graduates from the first two modules.

Short-term training usually does not bring about change unless it is a part of some other training or project implementation activity. If not well designed, short-term training can do more harm than good. It can send the wrong message: that simple solutions (which can be reviewed within a seminar of only a few days) are sufficient for the complex problems of private sector development. Within such a short period of time, only general and theoretical solutions, which usually do not reflect a country's real problems, can be presented. After this kind of experience, the participants (or the trainers) sometimes conclude not that anything was wrong with the design and delivery of the seminar, but that local stakeholders are incapable of using the knowledge from the seminar to undertake complex restructuring activities, or that something is wrong with the restructuring approach itself.

Nevertheless, well-designed short-term seminars can be powerful training tools, especially for senior policymakers and executives who cannot afford the time to participate in a complete program and are primarily interested in policy issues and exchanges about country experiences. In this case, the short seminars can be combined with longer training for mid-level officials and managers (see box 2-6). Short-term seminars can also provide the basis for future training (see box 2-7).

**Box 2-6. Executive Development Program on Attracting Strategic Investors**

This three-phase program combines training for managers and mid-level government officials with senior policymaker training. The first two phases offer an introduction to financial analysis, business planning, communication and negotiation, and attracting strategic investors. In the third phase some of the participants join senior policymakers in drafting recommendations about the role of the government in attracting strategic investors. During this phase, the experiences of other countries are presented and policy recommendations proposed.
Box 2-7. Abstract from a Back-to-Office Report

Traditional three-day seminars (with only lecturing) are not going to make a fundamental change. Our seminars, however, used participative forms of training. This was a good way to start the program of dissemination of knowledge that was acquired by the participants of the Trainers Program on Enterprise Management for Restructuring and Privatization. The seminars also helped managers to get broader understanding of the complexity of implementing restructuring programs in the FSU and, together with us, to identify the topics that should be covered in greater detail in future seminars. After these seminars, participants could more easily assimilate and process the new knowledge provided through our training materials and other future seminars, which will be organized by our partner institutions with minimal EDI assistance. This type of seminar is equally important for managers and officials from privatization agencies, property and investment funds, and banks that in one way or another are directly involved in enterprise management after privatization.

1. During each of these seminars, EDI organized a roundtable discussion on the need for management training in the FSU.

Regional versus National Seminars

Although each transitional economy faces different problems, careful selection of training program topics and participating countries can lead to the translation of regional concepts into action at the national level. This is particularly true for the countries of the former Soviet Union. Regional seminars have proven to be very useful because they allow for the exchange of different country experiences, which helps participants learn from one another's successes and failures. This aids in the formulation of better policies for dealing with common problems of private sector development. The current EDI program on the role of financial-industrial groups (FIGs) in transitional economies is a good example of a regional seminar (participants are from Russia, Ukraine, Belarus, and Kazakhstan). Although Russia is several steps ahead in creating FIGs and in establishing an appropriate policy and legal environment, the participants from other countries learn from the difficulties Russia is facing in this area. At the same time, exposure to international experiences...

8. There is a clear gap between management and policy practices in the Russian Federation and the other republics of the former Soviet Union. This is a direct consequence of the early start of the reform process in the Russian Federation. One should be aware of this when designing training programs for other republics, which need to cover more basic topics.
Box 2-8. Seven-Module Program on Policies for Enterprise Restructuring and Privatization—A Regional Character

This program has a regional character. In its first delivery it focused on Russia and a few other countries from the former Soviet Union. In its second delivery, representatives from Ukraine, Belarus, and the Caucasus participated in the program. Participants from the Central Asian Republics (CAR) took part in the third delivery. In the fourth, in addition to participants from CAR, several people came from Mongolia and Vietnam. The program not only provided participants with an opportunity to share their own experiences, but also exposed them to other countries' experiences as described by experts from the World Bank, particularly during the last module (which took place in Washington, D.C.).

permits the participants from Russia to gain a better understanding of the complexity of managing these huge conglomerates in a global, competitive environment.

Regional seminars allow different ideas on private sector development to be viewed in light of the most recent developments in the participating countries. Furthermore, by using Bank experiences from other parts of the world, regional seminars can contribute to the dissemination and enrichment of the experience of the Bank and its member countries, facilitating the search for solutions to private sector development problems. This approach also strengthens participants' knowledge of the best policy design and implementation practices, giving them an opportunity to apply this learning in their own countries (see box 2-8).

Partner Institutions

Another important element in program planning is identification of a capable and motivated partner institution that will be closely involved in the design and delivery of the training activity. This is not only critical to the success of the training program, but also to follow-up activities, dissemination of results, and the development of a pool of local talent capable of carrying out future training and consulting activities on its own.

The identification of partner institutions should be guided by two principles. First, partnership is not just a preferred option, it is a near necessity. Second, partnerships are not to be considered as episodic and only training-related, but as strategic relationships based on long-term mutual interests.

The identification of training objectives and participants, design and delivery of the training program, and selection of lecturers and training material should all be carried out jointly with the partner institution. Bringing several representatives from partner and/or participating institutions to EDI prior to program delivery has proved very useful (see box 2-9).
Box 2-9. Design of Follow-up Activities

To design the follow-up activities to the Trainer’s Program on Enterprise Management for Restructuring and Privatization, four participants from Ukraine, Belarus, and Russia spent one month at EDI in 1993 working with a task manager. In addition to developing the curriculum for the follow-up activities, they also recommended local experts for lectures, selected training materials, and helped translate some material into Russian. During that month, work on EDI’s *Glossary on Enterprise Management for Restructuring and Privatization* (English-Russian/Russian-English) was started. Now it is established practice to involve local participants, not only in designing training activities but also in their implementation in the field.

In the case of private sector development training, partner institutions should not merely be training specialists. Partnerships should also be established with privatization agencies, property and investment funds, enterprises, banks, and consulting firms, all of which play critical roles in the transition to a market economy. Many of these organizations have a superior understanding of client needs, and their representatives often can present development topics more successfully than professional trainers (see boxes 2-10 and 2-11).

Box 2-10. Moscow Machine Tool Company—an EDI Partner

One of EDI’s partners for delivering modules III through VI of the Enterprise Management for Restructuring and Privatization Program (1992–93) was the Moscow Machine Tool Company. Two senior managers from this company helped organize a seminar on enterprise restructuring in the machine tool industry. Participants included managers from different machine tool enterprises in Russia, as well as policymakers from the sectoral ministry. The partner institution made multiple contributions. It helped identify the main topics relevant to restructuring in the machine tool industry, selected local lecturers (including senior policymakers from the ministry), and helped prepare the training material. The seminar proved highly relevant to the participants and stimulated an exchange of experiences, particularly on what the resource persons (core participants) learned during the first two modules of the EDI program. The seminar also helped establish business links among the participating enterprises.
Box 2-11. Attracting Strategic Investors in the Kyrgyz Republic

When the Bank’s director for Resource Mobilization and Private Sector Development in Europe and Central Asia asked EDI to assist in preparing participants from the Kyrgyz Republic for the Investor Conference (Paris, December 1994), one of the first steps was to select a partner institution. Instead of looking for a traditional training institution, EDI decided to ask the State Commission on Foreign Investments and Economic Assistance (GOSKOMINVEST) to be the partner in organizing a seminar on Business Planning—Attracting Strategic Investors. There were several reasons for selecting this institution. It was actively involved in organizing the Paris Investor Conference, and its officials knew the main problems related to attracting strategic investors in their country, the local participants likely to come to the conference, and the help local enterprise managers needed to prepare business plans for bank consideration. It was also able to assist in developing the training program, assembling training materials, and selecting local lecturers. Finally, GOSKOMINVEST could inform the Kyrgyz managers about the recent policy measures undertaken by the government to attract strategic investors in the country. The overall success of the seminar—and later the Investor Conference—confirmed the decision to use GOSKOMINVEST instead of a training institution.

Selection of Trainers and Lecturers

The nature of private sector development in transitional economies requires going beyond the concept of professional trainers (including academics attached to training institutions) to include practitioners from business enterprises, banks, investment funds, government, and consulting firms. Experience has also proven that relying solely on foreign trainers is not the most efficient way to address client needs. Specific conditions in the countries often defy textbook solutions and require the involvement of local talent familiar with the situation.

While there are a number of advantages to using local resource persons, it should be pointed out that unless they have experience in participatory training, they cannot easily change their traditional use of formal lectures. This is particularly true with “soft” topics such as privatization in general, restructuring, management, and policy issues that do not have a well-defined structure, unlike accounting or corporate finance, for example. Local trainers’ backgrounds are frequently academic, and often they do not understand the practical problems facing enterprise and bank managers and government officials. Furthermore, their concept of case studies tends to be oversimplified. In many cases, local trainers are unable to carry out training

9. Policymakers who assist in the definition and selection of policy options and the mid-level government officials who implement policy decisions.
Box 2-12. Extract from a Back-to-Office Report

The strongest messages to the audience were sent not by “professional” trainers but by managers (participants in the Trainers Program) who have implemented the new management concepts (accounting, corporate finance, investment, restructuring, etc.) in their own enterprises. The presentation of Antenna Smimova, a manager from a textile company in Nizhni Novgorod, and Mr. Genady Konstantinov, from an investment fund in Irkutsk, made a strong impact. Ms. Smimova presented the use of cost accounting, cash flow analysis, and break-even analysis in determining the product mix of her company. Although her company is a closed type joint-stock company (they used the Russian law on privatization through leasing with an option of buyout), they are now seriously considering the possibility of opening the company as a way of attracting strategic and/or foreign investors. Mr. Konstantinov presented his experiences of working closely with enterprise managers on restructuring programs. The seminars fully confirmed our original idea of extending the concept of trainers to include enterprise and investment funds managers and officials from privatization agencies. (Djordjija Petkoski, Back-to-Office and End of Seminars Report: “Enterprise Management Strategies in a Time of Transition,” Vladivostok, June 28–July 2, 1993; “Enterprise Management and Investments after Privatization,” Irkutsk, July 5–9, 1993; and “Privatization and Restructuring in the Machine Tool Industry: The Lessons from Experience,” Irkutsk, July 5–7, 1993.)

Training Material

The focus should be on developing training material appropriate to the objectives of particular training programs and the real circumstances of participating countries. A frequent mistake is to rely too heavily on translations of materials originally
developed for entirely different purposes and completely different audiences. Direct translation can only be justified if the material addresses very technical questions (such as accounting, finance, or project analysis) or illustrative cases of relevant best practices from other countries. Such material can also be valuable if it is combined with other materials, particularly case studies that reflect the real problems faced in transitional economies.

When using translated training materials, particular attention should be given to whether the trainees will be able to absorb the major concepts and messages. Glossaries with detailed explanations of important terms can facilitate understanding.

If the case method is used, it is highly recommended that the trainer’s notes and other background material be distributed to the participants. This is particularly important if the cases are to be used by partner institutions and if the trainees have no access to libraries where they can find the other materials they need to fully comprehend the case. Simply reading a case study without having relevant background knowledge of its main elements will not allow for the necessary deepening of participants’ knowledge. Case studies should help them internalize the theoretical knowledge they have acquired through lectures or training material.

There is a great need for background and course material that distills the lessons of the Bank’s sustainable private sector development experience and research findings into some form that is accessible to training program participants. Those interested in developing training material covering the relevant experience of other countries should be able to draw on the Bank’s rich resources, including country and sector studies, research projects, case studies of Bank projects, and Operations Evaluation Department findings.

The development of training material could also be considered an integral part of the training and learning process, particularly if the training program consists of several parts or modules. Between modules and as part of follow-up activities, participants could be asked to work on concrete business plans and policy papers (box 2-13), or to develop other cases from their own experience and to prepare them as training material in different forms. This activity is useful in the following ways:

- Through developing business plans, policy papers, case studies, and other training materials, participants can more readily internalize some of the new concepts and justify the relevance or implementability of the theoretical concepts delivered by the training program.
- The draft version of this material can be used in several training activities with different audiences and be polished and edited before being published as formal training material.
- Those who developed the training material can be used as resource persons in follow-up training activities, thus facilitating dissemination of the knowledge.
- Working on training material will also help the participants develop a sense of ownership in the current and follow-up training programs and facilitate their involvement in designing and delivering training activities.

Training materials can be divided into two groups: course materials and background/resource materials. Course material is usually shorter and directly relevant.
Box 2-13. Experience with Business Plans and Policy Papers

Business Plan Development—An Experience from Poland

Business plan development has been used in different EDI private sector development training activities (for example, the Trainers' Programs on Policies for Enterprise Restructuring and Privatization and self-standing seminars on business planning and attracting strategic investors). The business plans prepared for a seminar organized jointly with Bank Operations in Poland in 1994 provide interesting insights. Most of those submitted were prepared by two local consulting firms that were more concerned with the form of the plans than with their substance. Although each business plan fulfilled the program's general requirements (they were based on a standardized software package), they did not deal adequately with the specifics of the enterprises concerned, which made them all but useless to the local commercial banks that were to disburse the World Bank loan. Furthermore, during discussions at the seminar, it was obvious that the enterprise managers had not participated actively in the development of the business plans, and thus did not use the opportunity to improve their managerial skills. The seminar helped both the enterprise and the bank managers appreciate the difficulty of developing a business plan and the need to participate actively in the learning process. As a result, they asked for more training in this field.

Policy Papers from the Joint Vienna Institute

Team drafting of policy papers is effective in helping government officials internalize the knowledge presented during the training program. As a part of the Joint Vienna Institute Comprehensive Program, participants formed groups of representatives from various countries to draft restructuring and privatization policy papers. Working in this way helped them to get a broader, multinational perspective on the issues of privatization and restructuring in economies in transition. More intensive training occurred during the segment on Private Sector Development, when participants had the opportunity to discuss their policy papers with enterprise managers and get a better understanding of the policy implications of the activities taking place at the enterprise level. The final drafts of the papers were then presented as part of the segment, Managing Transition.

to topics covered during the training activity (see box 2-14). The second group of materials, usually a larger pool, is complementary reference material. The availability of a comprehensive set of up-to-date background materials is critical for transitional economies because they still lack easily accessible reference material within their countries. The course organizer should not try to restrict the amount of background material in an effort to minimize reproduction costs. If cost or quantity is a problem, the solution is to give one set of the reference materials to participating institutions, not to each participant. This facilitates the dissemination of knowl-
Design of the Training Program

Box 2-14. Training Material for Study Tour Program for Kazakhstan

For the pre-study tour seminar designed to prepare participants to visit companies abroad, the training material was divided into two binders. The first contained the training material to be covered during the seminar, and it was sent to each of the participants several weeks in advance to help them prepare for the lectures and case studies, as well as to help in preparing the business plans they were asked to bring to the seminar. The second binder, a much larger one, contained reference materials that might help the participants in their daily management activities after the seminar. This binder was given to the participating enterprises, not to each participant, and it was thus made available to managers who did not participate in the training program. The training material also included three EDI booklets: “Data Collection Forms: Packet for Business Planning,” “How to Write a Business Plan,” and “Questionnaire: Company Visit Aid.” The first two booklets were intended to help participants prepare business plans for their companies, while the third was aimed at helping managers have meaningful discussions during the study tour. A business plan assessment form was also included to help the resource persons evaluate the business plans submitted by the participating enterprises. The questionnaire helped the resource persons gain a better understanding of the training that managers needed to prepare their business plans.

edge by making the reference material available to members of the participating institution who did not attend the training program. It will also prevent the problems experienced during the training programs when some participants did not want to share materials with nonparticipating members of their organizations.

Finally, it should be pointed out that broader dissemination of knowledge—beyond formal EDI training—also required the development of appropriate self-study training material.
CHAPTER 3
Delivery of the Training Program

The training delivery method depends on the objectives and duration of the training program, the audience, and the topics to be covered. In most cases, a variety of instructional methods—formal lecturing, case studies, role-playing, audiovisual aids, multimedia, and the like—is more effective than any single approach. In the design process and in the initial stages of the program, trainers must identify and seek to minimize the effect of learning impairments such as defensive attitudes and reluctance to share underlying assumptions and reasoning patterns. The method or methods employed should help participants feel that they can be “in charge of shaping their reality” and help the trainers gain a better understanding of the needs of the participants.

Another consideration in selecting the most appropriate teaching methods is the need to create an environment that will foster the development of group discussions and teamwork skills and allow the participants to feel free to experiment with different strategies and policies. The method of delivery should also help participants to connect what they are learning with other professional responsibilities and to understand the importance of developing a vision for themselves, their organization, and their country.

Initial Phase

One of the first steps in the delivery of a training program is to help participants express their underlying assumptions explicitly. This is a necessary precondition for meaningful group discussions in which the other participants can respond to these assumptions, which will allow trainers to make the necessary program modifications.

There are several ways of initiating a discussion that will motivate the participants to express some of their underlying assumptions. On the very first day, the participants could be asked to comment on the objectives of the training program and what they expect to learn from it. Another possibility is to initiate a discussion of the participants’ future plans, their vision of the future, and how the training program relates to that vision. We also found that the initial discussion of the major challenges they are facing in their daily professional lives could be an effective way of breaking the traditional resistance to open discussion. If “providing the right answers” proves to be too challenging for them, part of the first day could be devoted to identifying “the right questions.” We found that focusing on identifying the right questions is a far more effective way of understanding the participants’ paradigms than looking for right answers. Similarly, holding discussions in small groups, followed by a presentation of the group’s conclusions at plenary sessions,
is also far more effective than immediately launching a discussion with all participants at a plenary session.

The method of delivery, as well as the training itself, should help participants to understand clearly the reality of their policy and business environment and prepare them for active involvement in shaping the future. It should make them feel more comfortable with the idea that by working with other stakeholders, they can contribute to positive change. Participants must learn that positive change is unlikely unless they, through partnership with other stakeholders, develop new approaches to meet the challenges of private sector development. Just having new theoretical knowledge is not enough.

As mentioned on several occasions, training in private sector development should include all stakeholders. To help them fully benefit from their time together, it is advisable to divide participants by stakeholder group—enterprise managers, bank executives, government officials, trainers, and so forth—at the beginning of the training program, and then to ask each group to address the same problem. In this way, a high polarization will emerge; each group will blame the other for most of the problems. In the next step, each group should include representatives of all stakeholder categories. The fundamentally different discussions and conclusions that will emerge from each approach will help the participants clearly see the differences in their perceptions following their experience in the mixed groups. The benefits of bridging stakeholder groups will allow the participants to take full advantage of the opportunity to work together.

Once participants feel in control of their reality, they can be motivated to see the overall picture and to commit to continuous learning. For this to take place, they must become involved in open discussions and exchanges of experience, and they must feel comfortable enough to expose their conclusions to critical questioning. If properly done, this can drive participants out of their comfort zones and develop creative tension. Once this happens, they become more open to new suggestions and new concepts, which initiates the transformation of their reasoning patterns.

The strategy of first working in groups divided by stakeholder designation, and then forming groups that include different stakeholders not only helps participants to see the overall picture, but also prompts them to start exchanging experiences, thus developing the creative tension that initiates more active discussion. In this context, we found two topics—vision of the future (on both the individual and the institutional level) and the competitiveness of their countries—to be general enough, and at the same time relevant enough, to help them to start questioning their reasoning patterns. Through the exchange of their own experiences and the practices of other countries, they usually start to appreciate the need for a spectrum of approaches in addressing the complex problems of private sector development and to see how different reasoning patterns could lead to fundamentally different conclusions.

**Selection of Teaching Methods**

A number of teaching methods can help participants integrate their new knowledge with the problems they face in their work.
Experimentation

Real-life implementation of private sector development requires taking risks, and participants need to start experimenting with new strategies and policies in a classroom environment. Exposure to the criticism of instructors and coparticipants simulates the sort of negative responses some of their new ideas and suggestions inevitably will receive in their organizations. Participants should learn to deal with disappointments and feelings of rejection in the classroom rather than facing them for the first time when they try to implement new approaches.

There are many ways of simulating a "real-life implementation." In a broad sense, the case study method offers many simulation opportunities. We found that a very effective way to allow the participants to develop detailed strategies is to arrange for work in small groups before the plenary discussion. This puts them in a position to present and defend a "complete strategy," rather than merely being involved in shorter discussions during the sessions. Furthermore, cases or other exercises based on negotiating among groups have proven to be equally effective in achieving the same objective: it encourages participants to take risks and learn to deal with disappointments if their coparticipants disagree with them.

In addition to the delivery of new information and new ideas, emphasis should also be placed on learning through action during training by stimulating participants to develop case studies and business plans, draft legislation, and prepare policy papers closely related to their professional responsibilities. Participants' efforts are unlikely to translate into sustainable learning and improved performance unless the training has specific application to the needs of their country or organization. They have to be challenged by unfamiliar tasks that are associated with their professional work. This sort of learning requires not only time but space. In addition to the main classroom, other areas, such as computer rooms and breakout rooms for group work, will be needed.

On many occasions we required the participants to bring draft business plans from their enterprises to the training sessions. After each block of lectures, participants were asked to implement the new theoretical concept (perform unfamiliar tasks) in their own enterprises; that is, to include them in their draft business plans. The same learning experience could be achieved if the government officials are asked to prepare policy papers, and in the course of training, make necessary modifications. If the training program consists of several modules, then the work on business plans and policy papers should continue between the modules, once the participants return home. This could be an excellent addition to the more classical approach of using breakup rooms, computer simulations, and the like.

Case Studies, Business Plans, and Policy Papers

The case study method makes effective use of time and space. The more complex the problem, the more justifiable the use of the case method. Cases, however, must reflect real-life situations in transitional economies and create the necessary connections between what is taught and the participants' professional work. As men-
Box 3-1. Enterprises as Laboratories

Participating managers in EDI’s Trainers’ Program on Policies for Enterprise Restructuring and Privatization make their enterprises available as laboratories in which trainers and policymakers can apply the concepts taught in the program. The purpose is to analyze enterprise problems; examine government restructuring and private sector development policies; design, test, and adapt solutions; and write up the experiences as case studies. As they progress through the program modules, trainees discuss the topics and case studies with other government officials and managers. Presentation of these restructuring and policy papers, including a description of how their results are being applied in the participating enterprises and the corresponding role of government, deepens the trainees’ understanding of the material. Having applied restructuring concepts in actual enterprises and analyzed corresponding government actions, trainees gain the authority that comes from first-hand experience. Graduates of the program go on to conduct training for government officials and managers.

mentioned earlier, the effectiveness of the learning process depends very much on how it addresses the future needs of an organization or country. Only well-prepared case studies can capture the complexities confronting policymakers and managers in transitional economies. Discussion of case studies also helps participants to examine and reevaluate their own underlying assumptions.

Another effective training method is to have participants develop business plans and/or draft policy papers. The objective here is to develop their capacity to continuously improve business plans and policy papers as the environment changes (Box 3-1). Working in teams on case studies, business plans, and policy papers and taking part in group critiques have helped many participants improve their capacity to communicate and cooperate with each other. It is of critical importance that the training program help participants build the capacity to learn from their own and others’ mistakes and successes. Those who run training programs must find ways to teach participants how to appreciate the suggestions of others and to operate in face-to-face interactions. This is, of course, extremely difficult, and the participants should be prepared for this task carefully and gradually from the very beginning of the training program. Starting with discussions within very small groups and using more general issues, such as vision of the future, could be an effective way of initiating this process.

Group Work

Subjecting their ideas to group examination helps participants analyze their thought processes and discover their underlying assumptions. Group dynamics will help them overcome their learning impairments.
Working in teams helps participants overcome cultural barriers and can reduce the time needed to accept new training practices and change mind-sets by helping them become aware of the problems they have with internalizing new knowledge. Group discussion brings their assumptions and possible inconsistencies into the open. This is critical to helping individuals and groups think about complex problems and assimilate diverse views, while at the same time being forceful and open in the presentation of their own ideas and objectives.

Participants will feel more comfortable placing their assumptions, dilemmas, and conflicts out in the open if group discussion is carefully managed. This can help depersonalize conflicts and reduce tension, leading to a better understanding of one's own behavior and reaction to new ideas, as well as those of others. Open exchanges give all participants the opportunity not only to admit their own mistakes, but also to learn from them. As a consequence, ideas and solutions will emerge clearly, and participants will develop a sense of responsibility for their actions. Group work is essential to prompt participants to experiment with their new knowledge, internalizing and modifying it in order to meet the needs of their organizations and countries. Again, it is very important to start with discussions within very small groups and to develop a more comprehensive understanding of the overall picture. Participants usually prefer face-to-face discussions within small groups to plenary discussions. It is also better to focus first on identifying the critical issues and questions related to a particular topic or problem than to immediately start searching for definite answers or solutions. The initial identification of possible options and opportunities should not be limited by introducing selection criteria or value judgments in advance of the discussions. The groups could become larger in the course of the training process, and the search for more definite answers increasingly focused.

**Changing an Individual's Paradigm**

Although changing individual attitudes is not enough to produce changes at the organizational level, no organizational change will take place unless there are changes within the individual. That is why it is so important that training initially emphasize shifting the individual’s old paradigms before it emphasizes new organizational structures, systems, and policies. These will never produce real changes unless individual learning takes place first. Recognition of the need for employees to change and grow as the organization adapts to changes in the policy and business environment creates an atmosphere conducive to both individual and collective learning.

**Developing a Personal Vision**

Training is not simply transmitting knowledge. It must help participants develop their own vision—a capacity to clearly see a desired future. Unless they have a personal vision, it is unrealistic to expect participants to have a long-term view of the problems facing their organization or country and be able to devote creative energy to seeking sustainable solutions. Participants should be encouraged not to
follow textbook solutions slavishly, as was the pattern during the time of central planning, but to use these resources as a starting point in the search for innovative solutions to real-life problems.

Work on business plans, case studies, and policy papers is not only good practical training for participants. This experience can also serve as a vehicle to develop their personal vision of a desired future.

Preparing the Participants

It is very important to allow time for participants who have been educated through formal lecturing to adapt to this new kind of training. Trainers must also provide detailed information about the business, sociopolitical, and economic situations involved in case studies if the participants are to have meaningful discussions.

Beyond the Classroom Environment

Learning can be achieved not only through preparation of case studies, business plans, and policy papers in a classroom, but also through direct experience. This can include study tours (box 3-2), sharing knowledge with others through lecturing and training, taking part in actual enterprise and bank restructuring, negotiating

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**Box 3-2. Study Tour Training Program in Kazakhstan**

To maximize participants' absorptive capacity, the program is divided into five parts. This allows the participants to assimilate "alien" concepts in manageable portions over a healthy time span, while constantly reinforcing the previous lessons. Participants divide into teams, and then alternate between the formal lectures in the classroom and teamwork to adapt solutions to local conditions. The first part is an individual study module in which participants use training materials provided a month in advance. The second is an intensive training seminar that covers general management subjects, including business planning, accounting, production operation management, corporate strategy and implementation, culture change management, and organizational dynamics. In the third part, the specialists, who will accompany the participants during their trips abroad, familiarize participants with the participating Kazakhstan subsectors. The participants bring business plans and information to the seminar, using data collection forms specially designed for this purpose. In the seminar, they work to improve the business plans, incorporating the new knowledge they gain during the seminar. The quality of the business plan is one of the main criteria for the final selection of participants in the study tour. The fourth part is the study tour itself. Finally, after the tour, there are subsector-specific seminars with the participating managers and Kazakhstan trainers aimed at dissemination of the lessons learned.
with strategic investors, working on new legislation related to private sector development, and so forth.

Combining different training methods can help participants understand the complexity and necessity of team learning, while also making it easier for them to realize that:

- Acquiring new knowledge is not enough.
- Maintaining professional expertise is a continuous process.
- Once they return home, sharing their knowledge with their colleagues is essential.
- Initiating a process of turning their respective institutions into learning institutions is vital.
Having recognized that human capital is as important as financial capital for transition to a market economy, the World Bank is moving to embrace the concept that learning is as important as lending. EDI is already at the forefront of assisting countries with learning tailored to their needs so that they can make the best use of their resources, including loans provided by the Bank. From the start, EDI’s training programs on private sector development have been closely related to a number of the Bank’s operational activities in economies in transition. Examples of Bank operational projects with associated training activities include the following:

- **Russia**: Privatization Implementation Assistance Project.
- **Russia**: Management and Financial Training Project.
- **Kazakhstan**: Financial and Enterprise Development Projects.
- **Kazakhstan**: Study Tour and Action Pilot Project (jointly with Private Sector Development).
- **Poland**: Export Development Loan.
- **FYR of Macedonia**: Financial and Enterprise Sector Adjustment loans.
- **Kyrgyz Republic**: Rehabilitation Credit.
- **Kyrgyz Republic**: Training Program on Attracting Foreign Investors (jointly with Resource Mobilization and Private Sector Development, Europe and Central Asia Region Vice Presidency).
- **Former Soviet Union**: The Role of Government in Promoting Private Sector Development with emphasis on Foreign Investment (jointly with Resource Mobilization and Private Sector Development, Europe and Central Asia Region Vice Presidency).
- **Azerbaijan**: Executive Development Workshop on Attracting Strategic Investors (jointly with Resource Mobilization and Private Sector Development, Europe and Central Asia Region Vice Presidency).
- **Georgia**: Loan on Agricultural and Industrial Sector Development.
- **Ukraine**: Executive Development Workshop on Attracting Strategic Investors (jointly with Resource Mobilization and Private Sector Development, Europe and Central Asia Region Vice Presidency).
- **Ukraine**: Enterprise Development Adjustment Loan.

Making the identification of training needs part of the Country Assistance Strategy (CAS) process should have a significant beneficial effect on future training programs. Integrating learning into the CAS phase will increase borrowers’ capacity for more effective use of development assistance, thus making the training of strategic importance to them. (For detailed descriptions of some of these activities see boxes 4-1 through 4-6).
A recent program to help develop a national vision for the future of the FYR of Macedonia illustrates the benefits of increased cooperation between EDI and Bank Operations. As part of the effort to create new development for FYR of Macedonia, EDI, in cooperation with the Bank country team, helped the Macedonian government organize a forum for senior policymakers.

This forum, organized at the request of the government of FYR of Macedonia for Bank nonlending support, was a historic event for the country. For the first time, the major stakeholders in the nation were brought together to create a vision of its development over the next fifteen years (see box 4-1).

This kind of training could also be used to facilitate the disbursement of the Bank's loans. For example, EDI, in cooperation with the Bank's Industry and Energy Department, organized another training program in Poland to facilitate the use of the Export Development Loan (see box 4-2).

Attracting strategic investors is critical for economies in transition. One goal of

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**Box 4-1. Developing A Country's Vision**

Extensive preparatory work for the forum was carried out between March and November, 1995. Two missions from EDI visited FYR of Macedonia to review training needs and to hold a seminar on privatization and restructuring for enterprises, banks, and government institutions involved in the Structural Adjustment Loan (SAL) in April and June. There were also discussions with policymakers (including the president, speaker of parliament, prime minister, and several ministers) and representatives from academia, the private sector, and NGOs about the content and process of the forum, as well as several coordination meetings between Bank country team members and EDI representatives (May–October, 1995). EDI also commissioned eight background papers on the major sources of growth of FYR of Macedonia, prepared by local government officials, leading academicians, and private sector representatives (October–December, 1995).

Just prior to the forum, several related events—including a roundtable meeting of forum organizers, a press conference with Macedonian journalists, and a press tour of the country (organized jointly with External Affairs) for journalists from *The Financial Times, Le Monde, Neue Zürcher Zeitung, and the Economist Group*—were successfully carried out.

Among the reasons for the forum's success was the close cooperation established among the key stakeholders within the country (government, academics, the private sector, NGOs, and the media) and between these stakeholders and the offices of the World Bank (Operations, Executive Directors, External Affairs, and EDI) and UNDP during the preparation phase. There was also strong support from the country (involvement of major stakeholders in preparing background papers, support from the media), which made it possible for the forum to address the country's real needs. Careful selection of resource persons (key policymakers from countries whose patterns of growth and lessons learned were considered relevant to FYR of Macedonia) was another positive element, as was the Swiss government's
private sector development training should be to develop the ability to identify and recruit investors who can provide not only financial resources, but also access to management know-how, new markets, new technology, and product development skills (box 4-3).

A related contribution could be made by organizing study tours for enterprises that are potential beneficiaries of Bank loans (see box 4-4).

Another contribution could be made by focusing some or all of the training program on mobilizing the knowledge base within the World Bank Group, pulling together a wealth of material on successful and unsuccessful experiences in development. This could help countries synthesize and adapt knowledge for development (see box 4-5).

Roundtable discussions with representatives from member countries and Bank staff represent another efficient way of broadening communication with clients (see box 4-6).

provision of financial support and, equally important, the assignment of two high-level experts who participated actively. The reception hosted by the president sent a clear signal of the importance of the forum to the country, while detailed media coverage ensured broad dissemination of the main messages.

Strong commitment from the Bank, stated in videotaped messages from President Wolfensohn and Executive Director Herfkens, was greatly appreciated by the audience, and helped create an enabling environment for discussion of the future of the country. The participation of Mr. Kenneth Lay (Director, ECU) also emphasized the Bank’s commitment to supporting FYR of Macedonia’s transition to a market economy through both lending and nonlending support. At the same time, EDI/Bank representatives made it clear through their participation in the discussion that there was no intention of imposing a World Bank-designed development plan on the country.

The Macedonian participants benefited from the experiences of other countries that have successfully promoted sustainable economic growth. These experiences generated ideas that enabled the participants to synthesize best practices and adapt them to Macedonian conditions. The dialogue on development policy among major stakeholders will lead to partnerships among them, with the private sector playing an active role in developing and implementing action in support of the government’s long-term strategy. This should make the private sector and society at large more aware of their responsibility to help realize the country’s vision. The forum will also enhance the dialogue between FYR of Macedonia and the World Bank, leading to more focused and effective country assistance. Visits by the Macedonian participants to some of the foreign experts’ home countries will produce a number of possibilities for collaboration and joint action in selected areas. Finally, the forum will be used as a starting point for deeper, systematic thinking and discussions of the country’s vision and will lead to a series of mutually reinforcing actions aimed at long-term development.
Box 4-2. Business Planning Workshop, Gliwice, Poland, October 1994 (Excerpts from a BTO Report)

The need for a program on business planning grew out of discussions with the Ministry of Industry and Trade (MIT) in April 1994, in which Bank assistance was requested for restructuring the steel sector. The Bank proposed to assist with business planning and, at the same time, increase awareness of the availability of the Bank’s lines of credit, particularly the Export Development Loan. A follow-up Bank mission in July 1994 developed the workshop idea after a meeting with local banks, steel sector enterprises, and trading companies associated with the steel sector showed that lack of understanding of business plans and the business planning process was a major reason why the steel enterprises were having difficulty accessing funds available in local banks.

The workshop fully achieved its objective of producing detailed discussions of the sort of business plans and investment projects the industry needed for the strategic restructuring of its plants. It appeared to increase the participants’ understanding of the business planning process and the need lenders have for a sound business plan when they consider financing. Most banks, trading companies, and government officials became involved in the process. In the roundtable discussion that closed the workshop, the local banks reiterated that there are sufficient funds for investment but that, in their view, projects have not been properly presented. The participating banks were optimistic about the opportunities for utilization of the Bank lines of credit due to changes made recently by the World Bank in the subloan review process and procurement requirements to streamline the commitment and disbursement process.

There are no illusions that this workshop alone resolved all the problems related to the utilization of the Bank lines of credit, in particular the Export Development loan. However, it showed the Bank’s responsiveness to interests and requests, stimulated awareness of the availability of Bank lines of credit, and resulted in dialogue among the interested parties. Building on the success of this workshop, it might be worthwhile to expand coverage in the future to other sectors, such as the machine-building or chemical industries, as suggested on several occasions by participating bank managers, particularly the representative of Bank Slaski.

One possibility would be to organize a longer, more in-depth training program on preparing business plans and long-term investment projects. Most of the participants, especially enterprise managers, said that the workshop was too short and that they were eager to continue their training. Improving the quality of business plans and loan proposals, along with increased management involvement in the critical aspects of business planning, is vital to improving the banks’ (and other private investors’) confidence in the enterprises. Longer training could be a very important step in this direction.
Box 4-3. Executive Development Program on Attracting Strategic Investors—Three-Phase Program

EDI and the Office of the Director for Resource Mobilization and Private Sector Development in Europe and Central Asia have conducted training programs in the Kyrgyz Republic, Azerbaijan, and Ukraine to help these countries develop local training staff and institutional capacity for attracting both domestic and foreign strategic investors. The training was designed to (a) help participants improve their capacity for preparing business plans and investment proposals; (b) facilitate the process of communication and information exchange, strengthening linkages and consensus building among institutions and actors (such as executives from private/public enterprises and investment funds, bankers, government officials, and the like) involved in attracting strategic investors to the country; (c) expand managers’ and government officials’ understanding of how these investors make decisions; and (d) overcome possible communication problems with Westerners by improving local abilities to understand and apply Western business concepts.

These programs provided a solid background for subsequent investors’ conferences that were organized for each of the participating countries. These activities were organized, at the direct request of the governments, to provide technical assistance aimed at private sector development. In their requests, the governments pointed out that post-privatization experiences in most economies in transition have proven that mere privatization does not make enterprises efficient and internationally competitive. It is essential that corporate governance and ownership structures be changed and improved to support the implementation of business strategy. In this respect, attracting strategic investors (both domestic and foreign) that could supply not only money, but also management experience, new technology, markets, and product development is of critical importance for private sector development in these economies.

Box 4-4. Pre-Study Tour Seminars—A Component of the Study Tours Training Program for Kazakhstan

The World Bank Financial and Enterprise Development Project in Kazakhstan organized study tours to help managers better understand the way a market economy operates. Before each tour, the participating managers attended a nine-day preparatory seminar to help them relate what they would see to their own situations and to improve their ability to understand and apply Western business concepts from a common frame of reference, despite differences in culture and management experiences.
Box 4-5. Video Conference on the World Bank Experiences in Privatization and Restructuring

EDI organized this video conference in cooperation with the Private Sector Development Department of the World Bank in April 1996. A speaker from Washington gave a televised address to an audience of forty government officials from economies in transition who attended the Private Sector Development Module of the joint Vienna Institute Comprehensive Program. For several months prior to the conference, groups of participants, using mainly World Bank material, worked on policy papers that dealt with issues of privatization and post-privatization restructuring. They summarized the main challenges confronting their countries and asked the speaker to discuss them during the video conference. Participants declared the conference a success, noting that it helped them synthesize and adapt knowledge on private sector development, not only by drawing on the expertise of the World Bank but also through sharing their own experiences.

Box 4-6. Russian Officials in Washington

This seminar, organized at the World Bank in April 1995, had three main objectives: (a) to define the role of local governments in private sector development, post-privatization restructuring, and attracting foreign investors to Russia; (b) to help World Bank staff achieve a better understanding of the main policy obstacles to private sector development in the Russian Federation and how institutions like the World Bank can help overcome these obstacles; and (c) to design a training program on private sector development and post-privatization restructuring regulatory and policy issues for local government officials, parliamentarians, and journalists.

The strategy was to bring together some of the key Russian Federation players in private sector development with government officials and business people from the state of Maryland and World Bank staff. The attendees included ten government officials and parliamentarians, ten business people, and five journalists from the Russian Federation; five-to-ten government officials and business people from Maryland; and about thirty World Bank staff. The dialogue helped identify the main policy and regulatory obstacles to private sector development and post-privatization restructuring at the local level. Among the remedies suggested were that local governments change policies that distort the privatization process and establish rules and mechanisms to offset perceived market failures; the creation and/or strengthening of local institutions to implement and enforce those rules; and appropriate private sector responses to policy changes and new rules. The seminar also provided an opportunity for the participants, especially journalists, to gain a better understanding of what the World Bank—and EDI in particular—is doing to aid in the transition to market economies.
Cooperation with Bank Operations

This kind of joint training requires a genuinely participatory approach. There is no formal teacher-student relationship. While the staff of member countries usually have superior knowledge of their country’s environment and specifics, including the complexity of implementing concrete policies, the Bank staff have better access to global experiences. A two-way, open dialogue helps Bank Operations hear from clients and exchange views with them in an environment that differs fundamentally from that found in traditional Bank-client negotiations. Only genuine sharing of experiences (failures as well as successes) can lead to an open and cooperative partnership relationship among Bank staff and their counterparts.
High quality and cost-effective activities require an evaluation and feedback system, a continuous assessment of the impact, and consequent improvement of training activities.

In addition to the usual end-of-seminar questionnaire, it is also important to get daily feedback during the training. Starting each morning with a discussion and assessment of what was achieved during the previous day is an effective means for making instant course corrections in the training process.\textsuperscript{10} In this regard, it is extremely important to reiterate the main objectives of the training program clearly, emphasizing the development goals of the participants, their institutions, and their countries.

Parallel work on developing business plans, preparing policy papers, and analyzing cases, particularly from transitional economies, can provide first-hand experience in assessing the relevance of the new concepts. But learning by doing is only effective when participants provide immediate feedback to the lecturers and consultants. This feedback helps the foreign trainers, who usually have only limited experience in implementing their knowledge in a transitional environment, which is radically different from that of established market economies. It also helps to bridge the gap that sometimes exists between what is presented in the classroom and the real problems faced by participants, providing an opportunity for spontaneous adaptation of the training.

To assess the long-term impact of the training program, it is important to establish a continuing relationship with participants and to monitor their post-training activities. This requires considerable field work and use of outside consultants. Work on business plans, case studies, policy papers, and other implementation of the training should be instituted, not only as an integral part of the learning process, but also as a follow-up activity after the program is completed (see box 5-1). Moreover, the assessment of impact on individual participants is usually extended to their institutions (see box 5-2).

Visits by program training staff to participating enterprise and government institutions several months after the completion of training can also help assess the impact of the program. Some of the questions asked of former trainees and their associates during these visits:

\textsuperscript{10} For example, asking the participants to make two lists, one of things they felt were most beneficial and one of things they felt least useful from a previous day, and then comparing and discussing these lists.
Box 5-1. EDI Private Sector Development Network (PSDN)

This network consists of institutions and individuals who participate in enterprise restructuring and privatization programs. Examples of PSDN activities include the International Business School in Almaty, set up with EDI assistance and still receiving EDI support under a World Bank loan, which now offers ten enterprise management training courses using local teachers and materials. Another is a Russian consulting firm founded by Mr. Alexander Nestorov, which now employs sixty-five people in five cities. Ms. Olimpia Gino from Albania, Ms. Itatiana Schesbina from Uzbekistan, and Mr. Tibor Curderlik from the Slovak Republic are among several other graduates of EDI training programs who have been involved as lecturers in Bank courses on accounting and corporate finance. Mr. Andrzej Jodkowski actively participated in a World Bank mission and then in the delivery of a business planning workshop in Poland aimed at facilitating the utilization of Bank loans. Mr. Alexander Gurianov from Belarus assisted a Bank mission in identifying training needs and designing a training program on privatization and restructuring for Georgia. Mr. Dimitri Gulishvili from Georgia and Mr. Murad Sadykhov from Azerbaijan are helping EDI organize a training program on attracting strategic investors for the Caucasus.

- Have you designed and implemented any in-house training?
- Has the business plan been further improved and implemented?
- What types of restructuring activities have been initiated?
- Has a new accounting system, based on international standards, been instituted?
- How effective were restructuring measures or introduction of international accounting standards when appropriate training was planned and implemented simultaneously?
- Has some form of cooperation with strategic investors been established?

Box 5-2. Restructuring a Textile Conglomerate

The career of Mrs. Smimova, a deputy director of the textile conglomerate Mayak in Nizhny Novgorod, illustrates the benefits of the program. Fresh from training, she had Mayak introduce international accounting standards before they were required by law and retrained company accountants. She then initiated Mayak's breakup into thirteen independent companies. Her business plan for Mayak won an international award. Mrs. Smimova organized a conference on business planning for Russian textile enterprises that led to the creation of a number of business associations and, working together with other graduates, she has advised companies throughout Russia, Kazakhstan, and Uzbekistan.
• Has your department been involved in drafting new legislation, loan regulations, and the like?
• How has the knowledge you acquired during the training program been incorporated?
• What value was added to policy design and implementation when partners from other countries were available and shared the process, and so forth?

Box 5.3. Feedback: the Bank’s Forum for Senior Policymakers in FYR of Macedonia

Day 1: Country Team Meeting

On March 6, 1996, a meeting of the World Bank country team for FYR of Macedonia was held to discuss the implications of the forum held in Ohrid, FYR of Macedonia, in January 1996. Special note was taken of the way in which Operations, EDI, External Affairs, and the government of FYR of Macedonia had cooperated in planning and staging the forum. Discussion included the possibility of applying this model to other countries in the region (such as Albania and Bulgaria).1 All agreed that it had been a good idea to hold this sort of forum in FYR of Macedonia, but that in order to preserve the momentum generated by this activity, there is need for greater inter-Bank coordination to improve the effectiveness of Bank activities in the country and to match them with the local absorptive capacity.

Day 2: Bankwide Meeting

On March 7, 1996, the meeting was opened to Bank staff. The importance of the meeting was underlined by the attendance of the executive directors for Switzerland and FYR of Macedonia and the director for ECI. Most attendees concluded that activities such as the forum in Ohrid are important and highly relevant. The need to complement lending with learning was stressed. The year of preparatory work with the government of FYR Macedonia to produce background papers for the forum enhanced the Macedonian sense of ownership of the event. In addition, the use of external resource people from New Zealand, Chile, Malaysia, Ireland, and Switzerland and the absence of any World Bank lecturing or preaching enhanced both the credibility and acceptability of the recommendations made. The general outline of the future painted by the participants was highly positive, but the detailed sectoral challenges that remain to be faced are unclear, especially in agriculture. There is a need for common frameworks to be shared among sectors, especially regarding the role of the state. There was general support for greater EDI involvement in Operations activities, and the feedback was very well received.

1. At the end of 1996, EDI launched a two-year project aimed at developing capacity in Southeast Europe (Albania, Bulgaria, Bosnia and Herzegovina, FYR of Macedonia, and Romania) at the government and private sector level to better understand and develop the competitive advantages of the region. Particular emphasis is given to developing national and regional visions for the future.
Through these and other questions, the evaluators can gain a better understanding of the long-term impact of the training program.

Training should not only contribute to reaching short-term goals, but also to the achievement of the strategic objectives of the organization or country. Continuing evaluation, as part of the training program, can demonstrate to enterprise managers and government policymakers that there are quantifiable connections between training and the strategic goals of the organization or country. This helps correct the misperception that training is simply an expense incurred to fix old mistakes and problems or an activity that can be handled by the least essential personnel. Continuing evaluation also allows trainers to assess their own work. In this way, both decisionmakers and trainers can see the contribution of training more clearly. Box 5-3 describes two activities that took place in the Bank in order to share the experience from the FYR of Macedonia, and box 5-4 contains information on a forum that was organized in Russia to assess the impact of EDI’s private sector development programs and to design follow-up activities.

Quality evaluation and feedback can only be achieved if the trainees are an integral part of the process. A frequent mistake is to rely exclusively on consultants from developed countries to assess the impact of a training program. Such consultants should only be part of a team including local experts, some of whom took part in the training activity. The outsiders should be well-informed about the training program (main objectives, method of delivery, participants, and the like) before the

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Box 5-4. Feedback to Mr. Wolfensohn

In October 1995, at a forum organized in Vladimir, Russia, thirty-five government officials, banking and enterprise executives, trainers, consultants, NGOs, and journalists—all participants in past EDI Private Sector Development programs—told World Bank President James Wolfensohn what they thought the Bank should do to avoid past mistakes, to be more responsive to local needs, to become more client-oriented, to boost performance, and generally improve its work with economies in transition. The Vladimir forum drove home three basic points. First, loans and foreign consultants alone are not enough for a successful project. Since 1991, Russia has privatized more than 10,000 enterprises, but, as many at the forum pointed out, the Bank cannot restructure them alone; this can happen only with active local involvement. Second, projects must be sustainable over the long term. As one participant pointed out, “Consultants leave, but people in the country need continuing support during the transition.” Third, the capacity to implement projects in transitional economies already exists, but it needs to be strengthened and updated. After the forum, Mr. Wolfensohn gave strong support to the new role EDI is going to play in training as an integral part of Bank nonlending activities. One of the first results of the forum was establishment of the EDI Private Sector Development Network of institutions and individuals who participate in the programs.
evaluation exercise. While conducting the field study, it is important to rely less on advance questionnaires than on open discussion that takes into consideration the circumstances of the institutions being assessed and the individuals being interviewed. There is little point in just sending questionnaires and performing elaborate statistical analysis of the answers without conducting real field work.
Although the obstacles facing economies in transition are formidable, much has been learned about how these obstacles might be overcome. Some of the main challenges for designers of training programs and consultancies for private sector development in transitional economies are included here, along with the lessons that have been learned in addressing these challenges.

The Legacy of the Old System

- Many trainees will resist participative learning; the old system focused on passive learning, getting the correct answers.
- Stakeholders often focus on the reasons that some problems cannot be overcome rather than on finding solutions.
- Trainees were not rewarded in the past for questioning the answers provided by professors, nor were practitioners rewarded for questioning the decisions and policy measures of their superiors.
- Overemphasis on simplified problem-solving (for example, either/or situations) has encouraged trainees to expect blueprint solutions for problems they believe were created by someone else in the external environment.
- The skills necessary for teamwork were not developed. Little value was placed on becoming team players and too much emphasis was given to winning the argument.

Complexity and Dynamics of Change

- The complexity and speed of change of private sector development in transitional economies is without precedent.
- Decisionmakers need to understand the big picture. Snapshot images and static thinking only impede the process of searching for sustainable solutions.
- The problems of private sector development cannot be successfully attacked unless all major stakeholders are involved in the process.

Resistance to Change: Changing Mind-sets and Underlying Assumptions

- Most senior policymakers and executives who can have a significant impact on learning and change at the organizational or country level have had successful
professional careers, which makes it difficult for them to admit the need for individual and personal change.

- Defensiveness and an unwillingness to challenge their underlying assumptions will usually result in the continual implementation of protective and backward-looking strategies.
- Most people are not aware of their learning disabilities.
- Change is not just difficult—it is often painful.

Some of the Key Lessons Learned

Training Needs

- Sufficient time should be devoted to activities that precede the actual training, such as identifying training needs, developing training objectives, selecting the best mix of instructional methods, choosing participants and lecturers, and selecting reading materials.
- Training centered around general advice or textbook solutions should be avoided. The focus should be on changing mind-sets and developing the skills necessary to select and implement appropriate solutions to policy and management problems.
- The training program should take into consideration the increasing sophistication of participants and the rapid changes in their policy and business environments.
- Design and delivery should allow for a better understanding of the big picture and for balanced presentations of opposing views and other countries' experiences—failures as well as successes. Participants should be encouraged to take an active role in changing their organizational and national environment.

Audience

- Initial training should focus on (a) those who have the greatest impact on the change process at the organizational/country level and (b) identifying and minimizing the impact of impairments to learning, including defensive attitudes, through participative training.
- Training should bring together major stakeholders, including central and local government officials, bank and enterprise executives, trainers, consultants, entrepreneurs, legislators, leaders of NGOs, and other opinionmakers, to facilitate communication, consensus-building, and commitment.
- To ensure institutional learning and change, it is essential to select a critical mass of participants from the same institution who are capable of initiating and sustaining change.
- Participants should also possess, or be trained to develop, interpersonal skills that will allow them to lobby for change and create an atmosphere that will allow training needs to emerge from the bottom.
Summary and Conclusions

Training Programs

- Programmatic training has proven to be more effective than self-standing seminars in addressing private sector development issues and in developing local talent capable of taking an active role in the transition process and disseminating acquired knowledge.
- Regional training programs provide an enabling environment for the exchange of the experiences of different countries, facilitating the process of policy formulation and helping countries deal more effectively with private sector development issues.

Partner Institutions

- Close cooperation with partner institutions should be established in all phases of the design, delivery, and follow-up of training activities. Partner institutions should include government entities (sectoral ministries, privatization agencies, property and investment funds), business enterprises, banks, and consulting firms, as well as training institutions.
- The process of identifying partner institutions should be guided by two principles: (1) partnership is a necessity and (2) partnerships are not temporary alliances, but continuing relationships based on long-term mutual interests.
- It is essential to work closely with clients in the conception, design, delivery, and evaluation phases to help them develop a sense of ownership and responsibility for the training programs.

Trainers

- Trainers can be enterprise, bank, and investment fund managers; government officials (primarily from privatization agencies, property funds, sectoral ministries, and post-privatization support units); and parliamentarians and others with teaching skills who have credibility and practical experience in relevant areas of private sector development topics.
- Relying exclusively on foreign trainers is not necessarily the best way to address clients' needs. Local talent familiar with country-specific circumstances should also be included.

Training Material

- Training material should be tailored to the particular objectives of the training program and to the real circumstances of participating countries. Development of training material is an integral part of the training and learning process.
- Teaching notes and other relevant documentation should be included in the case study material provided to trainees and their institutions.
- Training material should include Bank country and sectoral studies, research papers, and other project documents.
Delivery of the Training Program

- The method of delivery depends greatly on the objective and duration of the training program, the audience, the topics to be covered, and so forth.
- Real learning never occurs through lecturing and passive study alone.
- Training should allow participants to connect the new knowledge to important and strategic problems they face in their daily lives.
- Case studies should reflect the complexity and pressures that confront policymakers and executives in transitional economies.
- An effective training method is to require participants to develop business plans and/or policy papers.

Cooperation with Bank Operations

- Integrating learning into country assistance strategy is a good method of increasing borrower capacity to use development assistance more effectively.
- Relating training programs to ongoing or upcoming Bank investment operations can facilitate the design and implementation of Bank loans.
- Participation of Bank staff and representatives from member countries in training—on an equal footing with the other participants—contributes to open dialogue, builds team spirit, and develops a sense of shared responsibility in the implementation of lending activities.

Feedback System: Impact and Evaluation

- The main objectives of the training program, particularly how the training is linked to the strategic goals of the organization or country, should be clearly spelled out to facilitate program evaluation.
- Daily feedback and evaluation, as well as discussion of the long-term impact of the program, should be an integral part of the training activity.
- To assess the long-term impact of the training program, it is important to establish a continuing relationship with participants and to keep track of their activities.
- Effective learning will not occur unless the participants begin to implement the newly acquired knowledge in their institutions.
- Different follow-up activities (additional seminars; continuing work on business plans, policy papers, case studies, and other training materials; in-house training; study tours; real-life implementation of the new knowledge; and so forth) should be part of the training program.
## APPENDIX A.
A Checklist for Training Program Design and Delivery: To Do and Not to Do

### Training Program Design

#### Identifying Training Needs and Overcoming Disabilities

*Training Needs and Objectives*

<table>
<thead>
<tr>
<th>DO</th>
<th>DON'T</th>
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<tbody>
<tr>
<td>Make the design and delivery of the training program demand-driven. Devote the necessary quantity and quality of time needed to identify training needs, participants’ backgrounds, mind-sets, interests, and appropriate delivery method.</td>
<td>Make the program supply-driven and try to minimize preparatory time.</td>
</tr>
<tr>
<td>Make the training relevant to the participants’ needs. Help the participants to be fully aware, not only of their short-term, but also their strategic needs. Use previous participants from the client institutions to identify the institution’s training needs.</td>
<td>Underestimate the efforts needed in identifying training needs and building shared ownership of the training program.</td>
</tr>
<tr>
<td>Define clear objectives that are SMART (specific, measurable, accountable, realistic, and time-bound).</td>
<td>Use vaguely defined objectives that can mislead the participants and harm the learning process.</td>
</tr>
<tr>
<td>Synchronize the duration of the training program with the learning objectives and the participants’ time constraints.</td>
<td>Overcrowd the program with different issues, minimizing the opportunity for participatory learning and the exchange of experiences.</td>
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</table>
### DO

- Design the training program around "how" rather than "what."

- In the design of the training program, be mindful of the sometimes very different levels of political, economic, and social reforms in participating countries.

- Consider the increasing sophistication of participants and the rapid changes in their knowledge base, as well as in the policy environment in which they operate.

### DON'T

- Destroy the credibility of the training program by pushing policy recommendations without carefully covering the related implementation issues and necessary country conditions.

- Use the same curricula and material for countries at different levels of transition (for example, a privatization seminar in Russia, which started privatization early and at an accelerated speed, should be different from a seminar in the Central Asia Republic).

- Even if the program was designed and delivered only a year earlier and in the same country, use exactly the same curricula and training material.

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### Changing Old Paradigms

- Foster an understanding of the comparative impacts of the central planning and the market economy frameworks on opportunity recognition and the decisionmaking process.

- Be aware of the fundamental differences in cultural background and teaching approaches in market and central planning economies.

- Empower participants to adopt and apply the new knowledge to the process of transforming their institutions and societies.

- Expect that participants will easily internalize the differences between the old mind-set and the outlook needed for successful decisionmaking in a market economy.

- Expect that participants will accept participatory learning and teamwork without careful preparation.

- Expect that acquiring/"memorizing" new knowledge will be enough for the participants to start implementing it in practice.
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<tr>
<th><strong>DO</strong></th>
<th><strong>DON'T</strong></th>
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<tbody>
<tr>
<td>Focus on overcoming the impediments to learning created by the old economic, political, social, and educational system. Also concentrate focus on changing mind-sets and the underlying assumptions.</td>
<td>Restrict the training to the transfer of new knowledge, neglecting the importance of the “soft side” of the learning process.</td>
</tr>
<tr>
<td>Training should put at least equal emphasis on improving participants’ communication and teamwork skills as on acquiring new “factual knowledge.” In most cases, participants can do additional “knowledge upgrading” on their own, but they need highly organized and sophisticated help to change their old paradigms.</td>
<td>Focus solely on increasing “factual knowledge,” which will not make a fundamental difference as long as the old mind-set is still in place.</td>
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**Audience Identification and the Selection of Participants**

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<th><strong>DO</strong></th>
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<tr>
<td>Include a broad but carefully selected spectrum of key stakeholders in the transitional process in the training program.</td>
<td>Focus the training on only one group of stakeholders. This might keep participants from seeing the big picture, thus limiting the possibilities for the interaction and exchange of experiences.</td>
</tr>
<tr>
<td>Whenever possible, include local government officials, NGOs, and opinionmakers who can have an important influence on private sector development.</td>
<td>Focus only on participants from the capitals. (They usually have already had a lot of training opportunities. The further one is from the capitals, the less the opportunity for potential participants to get even basic information about training opportunities.)</td>
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<td><strong>DO</strong></td>
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<tr>
<td>Whenever appropriate, increase the participation of journalists and other media specialists. As participants, they will acquire the intellectual tools needed to understand the process of transition to a market economy. As commentators and critics, they will contribute to public understanding and discussion of that process.</td>
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<tr>
<td>Do your best to select participants with reasonably comparable backgrounds, but avoid groups with overly homogenous views, especially for regional seminars.</td>
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<tr>
<td>Use the partner institutions in selecting participants. They have the advantage of knowing local circumstances.</td>
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<tr>
<td>Use as many different candidate selection channels as possible, thus facilitating access to quality candidates.</td>
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<tr>
<td>Whenever possible, use clear selection criteria and a transparent process. Formal tests and interviewing could be very helpful.</td>
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<tr>
<td><strong>DON'T</strong></td>
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<tr>
<td>Follow the “old Bank” mind-set of minimizing communication with the media.</td>
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<tr>
<td>Underestimate the consequences of large differences in backgrounds. (Training could overshoot or undershoot their level of comprehension, completely disrupting the learning process and exchange of experiences.)</td>
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<tr>
<td>Rely exclusively on the partner institutions in selecting participants. (The final selection should be left with you, which will help the partner institution avoid local pressure to accept favorite candidates of influential individuals.)</td>
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<tr>
<td>Rely on only one channel or on local partner institutions (this not only limits the applicant pool, but also restricts the identification of training needs).</td>
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<tr>
<td>Rely on vague criteria (Locals are often very creative in circumventing them. Do not settle on a predetermined number of participants; accept the local proposals, which are sometimes based on family or private connections and relations.), without clearly communicating the criteria.</td>
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**DO**

Focus the initial training on individuals who have the greatest impact on the learning and change process at the organizational or country level.

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**DON'T**

Expect that major changes will take place at the organizational and country level without the inclusion of a critical mass of participants in the training process.

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### Programs versus Self-Standing Seminars

Private sector development is an extremely complex problem, without scientific certitude. Training organized as a program of activities is usually more efficient than self-standing seminars in understanding, internalizing, and implementing the new knowledge.

Use programs whenever immediate implementation and continuous upgrading of new knowledge is essential. Allow the participants to internalize and implement the knowledge between different modules and stages of the program.

Use well-developed, short-term seminars, especially (a) for senior policymakers and executives who cannot afford to be away from their jobs for long, (b) in combination with long-term programs for mid-level policymakers and executives, and (c) as a basis for identifying training needs and refining program design.

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Expect that self-standing seminars will allow participants to master the fundamentally new knowledge, thereby sending the wrong message: simple solutions, which can be covered within only a few days, are sufficient for the complex problems of private sector development.

Unnecessarily extend the duration of a single seminar (check whether several connected activities could provide greater benefit than just one, long seminar).

Focus on short-term, self-standing seminars designed to deliver theoretical knowledge, not programs focused on policy issues and the exchange of best practices.
Regional versus National Seminars

**DO**

Use regional seminars as a basis for the exchange of best practices and when the countries in the region are facing similar problems.

**DON'T**

Use regional seminars solely to bring together participants from different countries; ignore the possible variations in their progress in the transitional process and their consequent differing training needs.

Partner Institutions

**Consider the need for follow-up activities, the dissemination of results, and the development of local talent capable of carrying out future training and consulting activities on their own in selecting partner institutions.**

**Underestimate the complexity of selecting a capable and motivated partner institution.**

Whenever appropriate, partnerships should also be established with privatization agencies, property and investment fund banks, and consulting firms.

Select partner institutions exclusively from among training specialists if the primary focus is on the implementation and policy issues of private sector development.

Build close and long-standing cooperation with partner institutions. Good partner institutions are instrumental in the design and dissemination phase, as well as to assure the sustainability of local capacity building, bringing it to the point where it can continue after you leave the country, or if you are going to restrict your future activities to providing limited pedagogical assistance.

Expect substantial positive organizational and dissemination contributions from the local partner institution without the “change process” having already taken place, and without the partner institution having accumulated relevant knowledge and experience.
### DO

Share the ownership of the training program (in the design and delivery phase) with the partner institution as a first step in sharing the responsibility for its success.

### DON'T

Establish partnership purely on a commercial basis, even when there is no long-term professional interest in the subject matter of the training program.

### Selection of Trainers and Lecturers

Go beyond the concept of professional trainers and include practitioners from the private sector—enterprise and investment fund executives and government officials—as consultants.

Rely exclusively on professional trainers who lack practical experience in a market economy (they have neither the authority nor the credentials to cover all the relevant topics related to private sector development).

Check the capacity of local trainers to deliver participatory learning programs (including case studies), as well as their qualifications and experience in facilitating the overall learning process.

Rely exclusively on the theoretical knowledge of the local trainers (this, on its own, is not going to change participants' old paradigms).

Use local practitioners and/or foreign consultants to cover "soft" topics, such as privatization, management, and policy issues that do not have a well-defined structure.

Neglect the importance of how and who is presenting the "soft" issues to the participants.

Use local experts, particularly if they have attended training-of-trainers programs, and experts from other economies in transition.

Rely exclusively on foreign trainers, especially from Western countries.
### DO

Whenever possible, use only resource persons with policymaking experience and salient reputations to discuss policy issues and present best practices. For example, former policymakers could be far more open and honest than individuals who currently hold high-level political positions.

Use local people who have already participated in similar training programs as facilitators.

### DON'T

Rely on academics without active, personal involvement in related activities to present policy lessons.

Underestimate the importance of facilitators when participatory learning is used.

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#### Training Materials

Tailor the training materials to the objectives of a particular training program, participants' current needs, and levels of sophistication in the group to ensure relevance and support in the learning process.

Whenever appropriate, send the training material well before the seminar, thus allowing more time to discuss and internalize the knowledge and discouraging mere memorization of the new knowledge.

Use direct translation to local languages only when the training material addresses very technical questions (such as accounting, finance, project analysis, or illustrative cases of relevant best practices from other countries).

Rely too heavily on translation of material originally developed for entirely different purposes and completely different audiences.

Overwhelm the participants with a lot of training material without establishing its clear connections with the program objectives and program delivery.

Overwhelm participants with too many facts, which will not allow them to reflect on what they just learned and to link the new knowledge to their professional responsibilities.
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<tr>
<th><strong>DO</strong></th>
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<tbody>
<tr>
<td>Provide participants with background notes and other relevant material to support and facilitate their understanding of the key messages in the case studies.</td>
<td>Rely exclusively on case studies without giving participants access to the related background material.</td>
</tr>
<tr>
<td>Use, whenever possible, background material that distills the lessons of the Bank’s experience and research findings.</td>
<td>Directly translate Bank documents before making sure that the participants will fully understand the key messages and circumstances surrounding the preparation of specific recommendations.</td>
</tr>
<tr>
<td>Consider the development of training materials as an integral part of the training process (particularly in the case of programs of activities and training of trainers).</td>
<td>Underestimate the capabilities of participants and local resource persons to develop some of the training material on their own (but under strict supervision), particularly materials that reflect a country’s specific conditions and experiences.</td>
</tr>
<tr>
<td>Use the development of training material (through preparing policy papers, business plans, and case studies) to improve efficiency and create a sense of ownership of the learning process.</td>
<td>Publish locally developed training materials without carefully testing them in several training activities and comparing them with international experiences.</td>
</tr>
<tr>
<td>Use a proper amount of training material, sufficient to fully support the training process.</td>
<td>Restrict the amount of background material in order to minimize reproduction cost. (If cost or quantity is a problem, the solution is to give one set of the reference materials to participating institutions, not to each participant.)</td>
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## Delivery of the Training Program

### Initial Phase

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<th><strong>DO</strong></th>
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<tr>
<td>Discuss with the participants the objectives of the training program. This can give you timely feedback and help you fine-tune the program at the last minute.</td>
<td>Expect that all participants will have shared expectations about the training program and similar learning objectives.</td>
</tr>
<tr>
<td>Cancel the training activity if all the elements required for success are not in place. Expectations for training activities delivered by EDI are usually very high.</td>
<td>Make fundamental changes in the training program without thoroughly testing some of the main elements. This is particularly critical in senior policymakers’ seminars.</td>
</tr>
<tr>
<td>Use of small-group discussions to help participants express their underlying assumptions and mental models, as well as to address the issues of the relevance of program objectives to their professional development, to develop visions of the future, and to identify the competitive advantages of their organizations and countries could be very supportive of achieving the objective.</td>
<td>Underestimate the complexity of getting the participants involved in sharing their thoughts or experiences. (If overly pressured, they can become silent until the end of the training program.)</td>
</tr>
<tr>
<td>Create small groups that include a variety of stakeholders. They will have greater appreciation of the importance of understanding the “big picture,” partnership, learning from each other, and the need to change their paradigms.</td>
<td>Place too much emphasis on giving them as much theoretical knowledge as possible without helping them to start changing their mind-sets (the knowledge could be easily misunderstood and/or misused).</td>
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</table>
### DO

Present the “big picture” (including understanding the dynamics of private sector development through the need to develop greater decisionmaking and problem-solving capacities) before going to more specific topics.

Understand the tradeoff between general and specific knowledge. The understanding should be specific enough to see the implementation potential, but general enough to be applied under differing and ever-changing circumstances.

Allow the participants to connect their own knowledge to the problems they face in their professional work.

Use as much time as needed to explain the importance of a specific case study or policy lesson to the participants.

### DON'T

Use simplistic, “static” examples and textbook solutions and expect that participants possess the capacity to transform specific facts and decisions into meaningful, specific recommendations on their own.

Rely on simple checklist guidelines to manage the tradeoffs. They have to be specific to the training program.

Focus exclusively on delivering knowledge that only deals with countries with market economies and might only be relevant for the participants in the future.

Expect that participants will read two to three cases daily (as in a business school) without being told about their relevance to their professional work and career development.

### Selection of Teaching Methods

Select teaching methods according to the objectives and duration of the training program, the participants’ profiles, the topics to be covered, expectations, and follow-up activities.

Use single teaching methods and “one size fits all” methodology. (A combination of several methods could be far more effective in supporting the learning process.)
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<tr>
<th><strong>DO</strong></th>
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<tr>
<td>Use participatory training only when all sufficient conditions (including preparation of participants for this kind of training and careful selection of the topics and trainers) are satisfied.</td>
<td>Underestimate the complexity and the skills needed to use case studies. Badly prepared case study presentation and discussion could destroy the learning process.</td>
</tr>
<tr>
<td>Use participatory learning and team/group work whenever appropriate.</td>
<td>Rely exclusively on formal lecturing to transfer knowledge and means of utilization.</td>
</tr>
<tr>
<td>Use “learning by doing” by stimulating the participants to develop case studies and business plans, draft legislation, and prepare policy papers.</td>
<td>Rely too much on delivering new information and knowledge when it is not clearly related to participants’ professional responsibilities.</td>
</tr>
<tr>
<td>A combination of cases from both transitional economies and Western countries can help participants better understand current problems and future challenges.</td>
<td>Restrict discussion of cases to either the transition economies or Western economies. (This can give a distorted picture of the reality.)</td>
</tr>
<tr>
<td>Use formal training about the advantages of case study methods if participatory learning will be used.</td>
<td>Expect that participants can easily switch from one teaching method to another.</td>
</tr>
<tr>
<td>Give participants an opportunity to experiment and make them feel more comfortable taking risks. This could be done through use of case studies, group and plenary discussions, developing business plans and policy papers, and so forth.</td>
<td>Expect they will be capable of immediately implementing the new concepts without taking opportunities to experiment with them in a classroom environment.</td>
</tr>
</tbody>
</table>
## A Checklist for Training Program Design and Delivery

### DO

Use teamwork, personalized discussion, and inclusion of participants from different countries to overcome cultural barriers and reduce the time needed to accept new training practices and acquire new knowledge.

Whenever appropriate, help participants think/develop a personal vision—a capacity to see clearly a desired future.

Use participative learning to help participants to further upgrade their knowledge beyond the classroom environment (through developing business plans, case studies, policy papers, going on study tours, and the like) and implement this knowledge in real-life situations.

### DON'T

Push participatory learning without creating the appropriate conditions in the initial phase of the training program.

Talk/teach exclusively about organizational changes without addressing the importance of changes at the individual level and the shifting of old paradigms.

Underestimate the difficulties participants will face in upgrading and sharing their knowledge after the formal training is completed.

### Cooperating with Bank Operations

#### DO

Use the initial phase of training program design to involve people in lending operations in order to assess integration in current or forthcoming Operations activities.

Use the initial discussions on the Country Assistance Strategy (CAS) to assess training needs and recognize the support that this training program could provide to CAS development.

#### DON'T

Wait for Operations to take the lead in incorporating training in their lending activities.

Expect that the Bank’s traditional way of preparing CAS will be easily changed in order to give the necessary attention to identifying training needs, the development of a local cadre, and the integration of knowledge with lending.
DO

Use joint training programs for both representatives from client countries and the Bank's Operations as an effective means of facilitating the dialogue between them, thus facilitating implementation of the loans.

Use people from Country Operations as resource persons whenever appropriate; they can share their broad experiences in different countries.

DON'T

Assume that the traditional framework of negotiation between the country's representative and the Bank's Operations could be easily replaced with a more participatory approach.

Initiate or support any discussion regarding the Bank work unless appropriate representatives from Washington headquarters or resident missions are present at the training session.

Feedback System: Impact and Evaluation

DO

Measure the impact and evaluation against the objectives of the training program.

Integrate daily feedback and evaluation, as well as discussion of the long-term impact of the training program, as an integral part of the activities.

Use follow-up activities and a continuing relationship with partner institutions and participants to increase the impact of the training program.

Use a formal system of reporting future impact as an additional motivation for the participants to start applying the new knowledge immediately when they return to their institutions.

DON'T

Neglect the need for evaluation and measurement of the impact in the design phase of the training program.

Rely exclusively on end-of-the-seminar evaluation.

Expect that self-standing, short seminars can have a sustainable impact without developing local capacity to continue the activities.

Expect an important impact in the absence of the conditions needed for immediate implementation of new knowledge.
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<th><strong>DO</strong></th>
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<tbody>
<tr>
<td>Motivate and help participants to share their newly acquired knowledge with their colleagues.</td>
<td>Expect that the participants will voluntarily start sharing their newly acquired knowledge; in most cases, this culture has not been developed.</td>
</tr>
<tr>
<td>Establish continuing relationships with the participants to facilitate the measurement of the impact of the training program by keeping track of their activities and career development. Visit the participating enterprises, banks, and government institutions to assess the impact of the training program.</td>
<td>Use overly simple questionnaires or rely exclusively on foreign consultants unfamiliar with the training program to measure the impact of the program.</td>
</tr>
<tr>
<td>Use different kinds of follow-up activities to increase the impact of the training program.</td>
<td>Expect that any sustainable, fundamental changes will take place without the availability of a clearly defined action plan at the end of the program.</td>
</tr>
<tr>
<td>Listen carefully to participant presentations. Unless they are already using some of the new concepts during the course of the training program (during discussions, formal presentations, improvement of business plans, and so forth), this is unlikely to happen after the training program is over.</td>
<td>Allow the participants to rely solely on common sense in handling new situations/problems presented during the training program.</td>
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APPENDIX B.
EDI Training Material Published for the Private Sector Development Program

Joint Venture with a Tobacco Company in One of the Economies in Transition.
D. Petkoski

This case uses an actual business plan brought to an EDI seminar on business planning organized in one of the transition economies. The case highlights some of the main decisions that should be made among the major parties: the government, the local tobacco company management, and the management of the multinational company. In order to facilitate the use of the case, a teaching note has been prepared.

Emilia, Harvard Business School Case Study No. 9-597-053.
D. Petkoski and A. Yamnova (under the supervision of Professor Ray A. Goldberg)

This case study presented the main problems an entrepreneur faces in economies in transition. Although the case is from agrobusiness, it addresses generic issues about the role of different stakeholder groups (government, private sector, academia, and the like) in developing a policy/business environment that supports the development of entrepreneurship. Particular emphasis is given to developing a vision of the future and the importance of continuous learning and upgrading. The case also addresses the role of international financial and development institutions in supporting private sector development.

Emilia: Background Note, Harvard Business School Case Study No. 9-597-054
D. Petkoski and A. Yamnova (under supervision of Professor Ray A. Goldberg)

This background note, which is based on the operational work of the World Bank in the home country of the case, provides the macroeconomic context for the Emilia case study. The note describes the main activities undertaken by the government, with assistance from the World Bank and other international financial institutions, to stabilize the macroeconomic environment in the country.

Case of TEMP Part A: From State-Owned Enterprise to Joint-Stock Company
D. Petkoski

While Part A of the case focuses on the period 1985–91, Part B describes what happened with AO MNPO TEMP after all necessary documents were submitted for privatization. This case clearly illustrates the complexity of the privatization process and the unexpected obstacles to its implementation. The case consists of two parts and a teacher's note, including transparencies.
The Case of TEMP: Teacher's Note
D. Petkoski

The teacher's note provides detailed instructions on how to use the case in the classroom. It analyzes the transformation of the economic and political systems that took place in the FSU and shows why some reforms did not improve the efficiency of the traditional economic system. The case consists of two parts and a teacher's note, including transparencies.

The Case of Molodoy Bolsheviki Part A: Conversion to the New Accounting System
A. Yamnova and D. Petkoski

This case focuses on the accounting system of a Moscow-based machine-tool enterprise during the transition to a market economy, using the fictional name, Molodoy Bolshevik. Before perestroika, the situation for Molodoy Bolshevik seemed rather stable, but many new issues arose once the transition began. The following questions are addressed in the case: (1) What happened when the transition to a market economy first began? (2) What caused the director of this leading enterprise in the machine-tool industry of the FSU to think about reorganizing the plant? (3) Why did he insist on speeding up the process of introducing market-oriented accounting practices? The case is presented in two parts, with a separate teaching note for each part. The conversion to the new accounting system is covered in Part A, while Part B covers the application of the new accounting system. The case also includes several exhibits of accounting charts.

The Case of Molodoy Bolsheviki Part A: Conversion to the New Accounting System: Teacher's Note
A. Yamnova and D. Petkoski

This case focuses on the accounting system of a Moscow-based machine-tool enterprise during the transition to a market economy. The teacher's note provides a detailed guideline on classroom use of the case. It helps (1) to demonstrate the differences in accounting concepts underlying the financial statements in use in the FSU prior to 1992 and those used in market-oriented economies, and (2) to show the difficulty of restating the old balance sheets according to the new accounting principles introduced in the Russian Federation after 1991.

The Case of Molodoy Bolsheviki Part B: Application of the New Accounting System
A. Yamnova and D. Petkoski

This case focuses on the accounting system of a Moscow-based machine-tool enterprise during the transition to a market economy. Although the case is a continuation of Part A: Conversion to the New Accounting System, it can also be used independently. It contains sixteen typical business transactions for this enterprise during its production cycle. Part B is aimed at illustrating the application of the new accounting system in the Russian Federation.
The Case of Moloday Bolshevik Part B: Application of the New Accounting System:
Teacher's Note
A. Yamnova and D. Petkoski

The teacher's note is a detailed guideline for using this case in the classroom. It explains the new Chart of Accounts in use in the Russian Federation since 1992, and how the new accounting charts can be used to prepare meaningful financial statements (such as balance sheets and income statements).

The Case of Udarnik-Stankostroitelnij Zavod Part A: Prior to Privatization
S. Dimitriyev and D. Petkoski

The case of Udarnik-Stankostroitelnik Zavod (USZ), a Russian machine-tool enterprise, begins in 1990 when its top management decided to lease the company. After passage of the privatization law in February 1992, management decided to proceed with a full privatization scheme. The case contains a detailed description of the present situation of the company. It also addresses some of the challenges faced by the management in a rapidly changing business environment. The case is presented in two parts, with a separate teacher's note for each part.
APPENDIX C.
Background Readings


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