



Public Communication Programs for Privatization Projects

A TOOLKIT FOR **WORLD BANK**
TASK TEAM LEADERS AND **CLIENTS**

FOREWORD

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INTRODUCTION AND ACKNOWLEDGEMENTS

This Toolkit has been prepared by the Development Communication Unit of the World Bank's External Affairs Vice Presidency, which serves as the World Bank's center of knowledge on communication programs designed to support development projects. It was written by Daniele Calabrese, with financial support gratefully received from the Government of Italy.

As privatization programs become more complex, we hope this toolkit will be useful in helping to make privatization programs more sustainable and provide new ways to both review and mitigate political and development risk.

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Paul D. Mitchell
Chief
Development Communications Unit
External Affairs Vice Presidency

EXECUTIVE SUMMARY

Public-sector reform and privatization constitute a large part of the World Bank's lending and technical assistance programs. Such reforms go to the core of the social norms around which society is organized. Such reforms affect the relationship between institutions and citizens, requiring of all parties a radical change in beliefs and perceptions about the nature of public goods and the balance between government responsibility and private-sector opportunity. They require a shift in the rights and responsibilities of all players and call for a national mobilization of civil servants, ministries, businesses, academics, media, managers, unions, consumers, associations, nongovernmental organizations and the public-at-large to pull together to move reform forward.

In the past five years, the increased pressure from World Bank shareholders to improve the poverty impact of economic reform programs, and the demand for greater participation coming from civil society has changed dramatically the way the Bank conducts its business. Consequently, the task of informing the public and actively engaging key audiences on critical reform issues has become more complex. Public expectations have set higher standards of transparency and accountability on the part of all players involved in the reform process.

In this highly complex socio-political environment, World Bank-financed projects are under increased public scrutiny. Performance, based on product outputs (e.g., number of radio and TV spots, ads, etc.) is not sufficient to meet these new demands. Constituencies want to know what the impact of reform is on poverty reduction.

A new performance measurement is increasingly applied to evaluate people's satisfaction with service delivery and the socio-political consensus around reforms. Ways of ensuring a systematic approach to communication that integrates opinion research, political analysis and planning need to be explored, as the Bank has its role to play in assuring that the voices of the poor are heard. Task team leaders and clients ask for tools to manage project reputational risks, and enhance the long-term sustainability of reform processes by promoting widespread stakeholder participation and local ownership.

In order to meet these challenges, there is the need to design two-way communication programs on the basis of development impact rather than project outputs. This entails moving from isolated tactics (e.g., product-driven events or ad hoc interactions) to long-term strategies. Public communication programs are not only needed to build support for privatization, but also to promote long-term changes in social and political behaviors.

These programs are based on strategies developed through a process that includes socio-political analysis of target groups, development and pre-testing of key messages, and use of the most appropriate communication channels. Fundamentally, this process involves the analysis of what types of stakeholders are affected by a privatization and what measures can be put in place to gain their support. It makes full use of the span of formal and informal communication channels available in a country, informing and building consensus, conveying a vision, publicizing progress and creating confidence in the process of reform. Public communication programs woven into all stages of a project's development define clear responsibilities for design and implementation, budget needs and ongoing monitoring mechanisms to evaluate the long-term impact of the program.

This Toolkit reviews the experience of the World Bank and other international financial institutions with employing public communication programs for privatization. Drawing both from academic research and from case studies, it highlights some best practices and identifies some lessons learned from past experiences. It examines both successes and failures, recommends principles of good communication and offers a methodology for researching and analyzing the issues associated with privatization. It also sets out a phase-by-phase approach to managing and implementing public communication programs.

To better define the particular meaning of the term “communication” for the purpose of this research, it is essential to establish that the communication process referred to in this study is a Public Communication Program (PCP) understood as an integrated, systematic and comprehensive set of activities the purpose of which is to inform and actively engage key audiences on critical issues that need support.

This toolkit is divided into four sections. The first section cites examples of privatization efforts that failed and privatization efforts that succeeded, noting in each case the role that was played by communication, or lack thereof. This is followed by a brief discussion of how communication analysis helps privatization managers determine the best design, sequencing and implementation strategy for any given transaction, taking political and social factors into account.

The second section sets out the key concepts and tools that communication specialists bring to privatization programs, along with examples of their effective use in both developed and developing countries:

- **The Communication Audit:** The first phase of a communication program involves assessment of key stakeholders, evaluation of institutional communication capacity and analysis of public perceptions through opinion research.
- **Target Audiences:** A wide range of audiences are reviewed, along with their interests, concerns and relative influence.
- **Objectives:** Program objectives must be clearly identified and used in the design of a communication strategy.
- **The Five-Part Management Decision Tool:** Five linked concepts are introduced to guide the final design of a communication strategy: target audience, desired behavior, take-away message, channels of communication and evaluation.

The third section discusses the resources task team leaders and clients can tap within the World Bank Group for expertise in communication to design and supervise public communication programs at every point in the World Bank project cycle.

The fourth and final section provides project teams and clients with tools to operationalize the design and implementation of Public Communication programs. Specifically included are:

- Terms of reference for a communication audit
- Terms of reference to design public opinion research methodology
- Terms of reference for a public communication program
- A chart showing audience segmentation, channels and messages
- Budget items for a public communication program
- A timeline for program implementation.

CHAPTER 1

Why Privatization Should be Supported by Public Communication Programs

Many privatization programs face costly opposition from rival political parties, labor unions, the media, the public-at-large or specific interest groups when governments do not take steps necessary to secure political and social support critical to their success. Such steps include adopting a strategic approach to communicating with stakeholders and affected interests.

A strategic communication approach to reform entails ongoing opinion research, thus giving critical feedback to task team leaders and clients and serving as a political risk-management tool. It involves the analysis and review of what types of stakeholders are affected by a privatization and what steps should be taken to build support, promote participation and mitigate social opposition. It requires clarifying and honing the rationale for the privatization, and making sure it is understood as part of a broader national program of economic reforms.

In his study of Venezuela's economic reform program undertaken in the early 1990s, Moises Naim argues that "major reforms create an information vacuum: the population needs to know what is happening and why, and what the consequences of the changes will be for daily life and future security."¹ At the same time they must correct distortions and misinformation created and promulgated by opposing interests. However, as Naim notes, the public communication techniques governments have tended to use to pro-

mote their policies do not adequate to the task of building popular support for substantial policy changes. Yet, without clear communication of the reform agenda—its purpose and its effect on people's daily lives and well-being—via credible leaders, the mass media, and innovative public information programs, a government is not likely to win the public support for the new policies.²

Gaining political and social support for reforms is much more than a "public relations" exercise. Usually, the obstacles that prove overwhelming are not the kind that would have disappeared in the face of a few press releases sent to media outlets or pamphlets directed at labor union members. What they do need is a carefully conceived and systematic approach to communication—one that integrates communication analysis and planning at each stage of a privatization's design and implementation. The strategic communication process, when well-executed, is extremely valuable for task team leaders and clients in charge of a privatization. It helps them ensure the privatization's fundamental design is consistent with its own objectives and, even more importantly, with the government's parallel objectives and programs.

Thus, a public communication program serves two broad purposes. First, it helps avert failure by building support and diminishing opposition. This involves not only identifying current sources of sup-

port and opposition, but also anticipating potential future support and opposition. It involves not only prioritizing communication objectives and selecting the best possible communication channels, but also using those channels effectively and creating new channels if needed.

Second, a systematic approach to communication, by its very nature, helps achieve well-tailored privatization. Serving as a two-way check and feedback mechanism at every stage from planning through execution, a public communication program offers task team leaders and clients a tool to design and implement a privatization that is well-coordinated with a government's overall economic program and well-suited to the political and social context in which it takes place.

Communication helps ensure success by building support

The consequences of failing to employ public communication programs can be found in countless privatization cases, of which the following are but a few examples.

Failures

- In Bangladesh, attempting to privatize a dockside warehouse, the government neglected to involve into the decision making process local workers, who were apparently fearful of job loss and strongly affected by their trade union leaders' opposition to the privatization. The government's first contact with the workforce came much too late, when they brought in a prospective investor to visit the enterprise: a security guard threatened to kill the investor, who fled home overseas, and the entire transaction was stalled for several years. The problem could well have been averted by identifying the workforce as important stakeholders; listening to them and determining their concerns; preparing sensitive educational materials, organizing meetings to discuss the likely results of privatization, and generally diminishing the workers' fears.³
- In Turkey, the privatization program did not take into account the political and social dimension of the process both at the national and regional levels. The development of social safety nets, including labor adjustment programs, were badly timed and led to fierce resistance from trade unions.⁴
- In Ukraine, the tension between pro- and anti-reform forces among the government and the parliament stalled the privatization process. Recommendations for future programs pointed to the need to build broader support among stakeholders, NGOs, business associations and political parties.⁵
- In 1994, a privatization in Senegal came to a halt, having been launched at a time when there was no consensus in favor of it. There was considerable resistance to the process from politicians, employees of public enterprises and society at large. There was insufficient involvement of all stakeholders and there was no publicly announced policy or reporting on the use of privatization proceeds. There was no attempt to link poverty alleviation with the expected outcomes of privatization, or to inform the public of the need for reform and the potential benefits of the privatization for the public.⁶
- In Mozambique, an opinion poll conducted during the implementation of the privatization program demonstrated that most the common public perception was that public enterprises had been sold to foreigners. In fact, 93 percent of buyers were nationals.⁷
- In Benin, the government failed to explain its privatization policy to the public and the 1992

Box 1.

TOP 5 CONSTRAINTS TO PRIVATIZATION IN AFRICA		
<i>Constraint</i>	<i>Causes</i>	<i>Effects</i>
Lack of consensus	Lack of information Lack of political will Ideological beliefs Vested interests	Weak government commitment Slow process Reluctance to sell enterprises
Political uncertainty	Historical setting Democratization Forthcoming elections	Tardiness Investor uncertainty
Inadequate management capacity	Weak institutional and human resources capacity Lack of commitment Fragmentation	Lack of transparency Distrust of valuation methods Poor design and preparation Incomplete transactions
Legal constraints	Old legislation Lack of commitment Weak judicial system	Insufficient authority given to agency Slow process
Lack of ownership of the program	Institutional jealousies and government interference Lack of involvement of Indigenous private sector Donor driven	Lack of consensus Perception of program as driven by external agencies

Source: Campbell-White and Bhatia, 1998.

Privatization Law was openly criticized. Although the privatization plans may have been transparent enough, as the details of procedures and bidding processes were open to public scrutiny—the government’s poor communication played into the hands of political opponents.⁸

- In January 1995, 41 opposition members of parliament in Kenya published a press statement calling for the immediate removal of the head of the privatization agency, an investigation of the agency’s activities and the reversal of a privatization transaction. The attack revealed a lack of public awareness about the conditions of the parastatal sector in the country. Furthermore, the media and the public

misunderstood the rationale for according preemptive rights to existing shareholders, and the government was slow to explain the facts and allay concerns.⁹

- In Ghana, the lack of information on certain procedures and transactions fueled criticism by the press, and the government’s failure to provide an immediate response increased public suspicion of the privatization. From 1987-1995, the program’s performance was very low. Many major public enterprises remained unapproved for privatization.¹⁰

Building Support

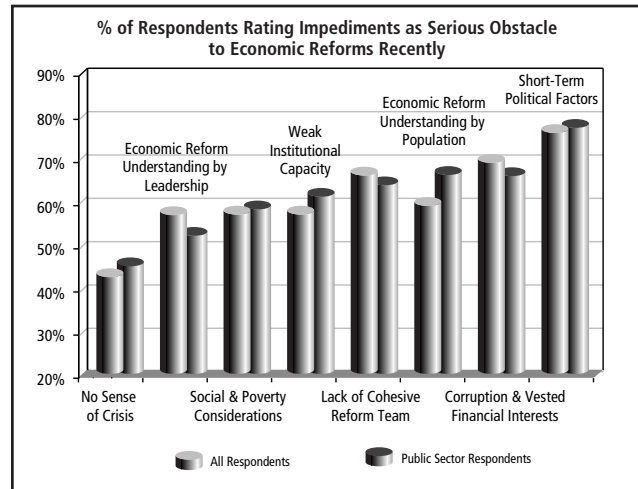
The cases above help illustrate what happens if steps are not taken to build consensus among stakehold-

ers around a privatization. The consensus-building process needs to be considered at every stage, from the initial conception and planning of strategy through implementation. When preparing for privatization, a government and its advisers should try as much as possible to involve the stakeholders that are most directly affected. It will take a substantial effort to convince political parties, managers of publicly owned enterprises, unions, workers, civil servants, business leaders, potential investors and the public-at-large of the benefits of the program. It may not always be possible to achieve a broad consensus, but informing and educating the public and other important stakeholders about a privatization and its effects will almost always be a prerequisite for success.

A sustained effort on the part of government to explain the expected benefits of the privatization and the reasons for choosing specific approaches and techniques can help build a broad consensus. In a survey carried out in 63 developing countries by the World Bank and Harvard University in 1996¹¹, senior public servants and civil society representatives ranked priority issues of concern that lead to failure of reform processes (see Figure 1). The majority of respondents highlighted the shortcomings of political factors and corruption as the biggest impediments to reform.

The results of this research indicate that if governments engage in anticorruption and ethical practices and communicate them to the general public, then privatization programs are more likely to succeed. To take one example, transparent and competitive sale procedures reassure people who fear that public assets are being transferred to private operators at prices well below their true value. If such procedures are not transparent, opponents of the privatization may be free to make untrue claims regarding the procedures that scare or anger key constituencies. In addition, even when transparent

Figure 1-1. Understanding of Public Sector Reform



and competitive procedures are being used, they can only effectively assuage fears if their use is preceded by adequate publicity and discussion.

Successes

Increasingly, task team leaders and clients responsible for planning and managing privatizations are taking to heart the lessons learned from failed privatizations and are making communication a high priority.

For example, in Guatemala, the national government contracted the Adam Smith Institute, a think tank based in the United Kingdom, as advisor to design and implement a public communication program. The institute identified a powerful trade union, implacably opposed to the privatization, as one critical stakeholder. Though it seemed an unrealistic objective to try to win the union over to the government’s side, the government was advised at least to “go through the motions” of seeking the union’s support so that, at a minimum, the government would avoid being charged with neglecting an important stakeholder.

Meanwhile, the workforce was identified as an even more important stakeholder, but the union was block-

ing channels of communication to the workforce. Posters could not be displayed in the factory, pamphlets could not be distributed anywhere near the site and government officials could not hold meetings with workers. It seemed that the workers were, at the same time, being purposefully misled and frightened by union leaders. However, the government had a sound overall communication strategy: it had performed a stakeholder analysis and knew of the importance of reaching out to these workers. Various channels of communication were considered.

Eventually, a letter was posted to the home of each factory worker, addressed not to the workers but to their wives. The letter outlined share-options, potential redundancy benefits and other benefits to come with privatization. In the end, the pressure from wives outweighed the objections of the trade union and the workforce supported the privatization.¹²

Another example of successful a privatization program comes from Cape Verde. According to the World Bank's 1998 OED report, Cape Verde's US\$4.2 million privatization program was successful because its design and implementation incorporated important lessons from the Bank's past privatization experience. Specifically, it (a) ensured prior political commitment and support for the privatization, particularly during the early years of implementation; (b) incorporated ownership building and stakeholder participation in the process, both with employees of the companies to be privatized and with line ministries involved in the privatization; (c) enacted enabling legislation at the outset; (d) launched communication campaigns to build public support and ensure transparency; and (e) addressed labor-retrenchment issues in a timely fashion, through discussions with unions aimed at developing consensus for reforms.¹³

In Zambia, the government has recently embarked on water sector reform involving the establishment

of three water companies. Trade unions are participating at every stage of the privatization process and a wide-ranging public debate was held in which the Zambian Congress of Trade Unions played a major role.¹⁴

Finally, in South Africa, *ESKOM*, a large public enterprise responsible for the generation, distribution and sale of electricity, adopted a strategy consistent with the government's policy of rapidly increasing the provision of electricity to disadvantaged sectors of the economy. The company established a special task force of three executive directors to work exclusively on redesigning the organization with the assistance of specialized consultants, and their work has included a focus on public communication programs. The five trade unions representing *ESKOM* workers participate in ongoing consultations on the restructuring of the organization, and *ESKOM* not only provides detailed financial and technical information, but also invites the trade unions to engage their own independent technical experts.¹⁵

Communication for well-tailored privatization

When task team leaders and clients take into consideration the option of designing and implementing a public communication program, their most common motivation is to build support and understanding, both internal and external, for their project and to manage the project's risk. Comprehensive communication programs may play other valuable roles as well. The design, sequencing and strategy employed in a privatization will be most effective when accompanied by an integrated communication approach. It enhances the sustainability of project objective over the medium and long term by involving interest groups and civil society in the decision-making process.

The following considers design, sequencing and strategy, as well as the government objectives and the

political setting of a privatization, in each case listing questions and issues that can best be addressed by communication tools. Details on the nature of those tools and their effective use are described in Chapter Two.

Design

The analysis necessary to design public communication programs, and the feedback it generates, will always end up improving the design of a privatization. For example, such analysis and feedback can help policy makers decide when to privatize; whether to privatize rapidly or slowly; and in what sequence different state-owned enterprises (SOEs) should be privatized.

Part of the analysis involves market and opinion research. This research, conducted repeatedly over the course of months and years, tracks changes in support, opposition and stakeholder concerns, thereby enabling decision-makers to continually review the privatization's design and change it if necessary.

The sequencing and pace of a privatization should be thought through from the outset, with due consideration for the privatization's timing relative to macroeconomic reforms, sectoral or SOE-level reforms, any necessary support measures and the other objectives and priorities of the government. The appropriate sequencing can be determined with the help of the research tools that are part of communication analysis. The timing of parallel economic reforms, or of support measures linked to a privatization, can determine whether major stakeholders accept a privatization.

For example, tariff increases are a major concern in cases where utilities have held prices below market levels for many years. Communication research can indicate in advance the extent to which rate increases would be permitted over a transition period. This was the case in the water sector reform in Nigeria.

Box 2.

POLITICAL AND FISCAL OBJECTIVES

Political Objectives

- Reduce the size and scope of the public sector.
- Redefine the public sector's field of activity, shifting away from production tasks to focus on core governmental functions, including creation of a favorable environment for private-sector economic growth.
- Reduce or eliminate the ability of a future government to reverse steps taken by the incumbent government.
- Reduce opportunities for corruption and misuse of public property by government officials and managers of SOEs.
- Reduce the grip of a particular political party or interest group on the economy.
- Raise the government's popularity and its likelihood of being returned to power in the next elections.

Fiscal Objectives

- Maximize government's net privatization receipts in order to fund government spending, reduce taxes or trim public debt.
- Reduce the financial drain of unprofitable SOEs on the state.
- Mobilize private sources to finance investments that can no longer be funded from public finances.
- Generate new sources of tax revenue.
- Limit the future risk of demands on the budget inherent in state ownership of businesses, including the need to provide capital for their expansion.
- Reduce capital flight abroad and repatriate capital already transferred

The outcome of the opinion research warned the management team that a backlash from the public might be provoked if the price for water service, which at the time was considered of very poor quality, was to be increased too quickly—particularly if the increase was used exclusively to invest in efficiency gains, all at a cost borne primarily by the lower-income members of the Lagos population. As a result, other ways of financing the restructuring of

the water utility were considered so the burden would not fall exclusively on customers.

Strategy

The first step in designing a privatization strategy should be to define the key objectives driving a government's overall economic program, as well as the government's particular objectives in effecting the privatization. The privatization strategy then becomes a sub-strategy geared to the objectives of the government's broader economic reform program.

In Argentina, Chile, Mexico, New Zealand and the United Kingdom, as well as many formerly centrally planned economies, governments have pursued radical economic reform programs of which privatization was a main pillar.

After identifying government objectives, a second step should be to analyze the political setting in which a privatization is to be accomplished. These two steps—identifying government objectives and analyzing the political setting—should precede the formulation of a privatization strategy, and are best accomplished using the tools and methods of communication, as described in the next chapter: "Structure of a Public Communication Program."

Identifying Government Objectives

Identification of a government's broad economic objectives and the particular objectives of a privatization is an important exercise. The definition of objectives is not an easy task, however, and it is made even more difficult by the multiplicity of possible objectives and actors with different, often conflicting, interests.

All too often the objectives of a privatization are not clearly spelled out. Among the causes are lack of transparency in government policymaking and disagreements over the objectives to be pursued. Nevertheless, an attempt at defining and agreeing on

objectives is an essential stage in the process of developing a good privatization strategy. Some typical government objectives are listed in Boxes 2 and 3.

Box 3.

MACROECONOMIC AND MICROECONOMIC OBJECTIVES

Macroeconomic Objectives

- Create a market economy.
- Encourage private enterprise and expansion of the private sector in general.
- Promote macroeconomic or sectoral efficiency and competitiveness.
- Foster economic flexibility and eliminate rigidities.
- Promote competition, particularly by abolishing monopolies.
- Establish or develop efficient capital markets, allowing better capture and mobilization of domestic savings.
- Improve access to foreign markets for domestic products.
- Promote domestic investment.
- Promote foreign investment.
- Promote integration of the domestic economy into the world economy.
- Maintain or create employment.
- Foster broader capital ownership and promote popular or mass capitalism.
- Develop a national middle class.
- Encourage employee ownership.

Microeconomic Objectives

- Foster the enterprise's efficiency and its domestic and international competitiveness.
- Introduce new technologies and promote innovation.
- Upgrade plants and equipment.
- Increase productivity, including utilization of industrial plant.
- Improve the quality of the goods and services produced.
- Introduce new management methods and teams.
- Allow the enterprise to enter into domestic and international alliances essential to its survival.

Governments should select the techniques and approaches that are best suited to their objectives. Where efficiency and maximization of privatization revenue are sought, a call for bids is generally preferable to direct negotiations with a single investor.

As for privatization techniques, free vouchers or discounted employee shares might not be appropriate instruments if the main objective is to maximize revenue, but they might well serve the political objectives of the program.

Similarly, a public flotation may be the right technique to promote widespread share ownership and stimulate financial markets, but that course involves the risk of diluting share ownership and thus control of the enterprise and it will not necessarily generate optimal technology transfers.

Mass transfers of shares to all citizens may achieve the objectives of widespread share ownership and, where appropriate, speed, but do not promote objectives of efficiency, revenue maximization, foreign investment promotion or technology transfer.

The chosen objectives will have significant implications not only for the choice and structuring of legal instruments and techniques, but also for the need for measures preceding privatization.

Maximizing economic efficiency will often call for pre-privatization reforms. For instance, break up the SOE to foster competition, eliminate monopolies and other barriers to entry in the sector, and, in cases of privatization of monopolistic sectors, establish a regulatory framework. Although maximizing economic efficiency will normally be one of the main objectives of a privatization, in practice other considerations of a political, social, or financial nature also influence the choices of the authorities.

The debate raised by the privatization program in the United Kingdom illustrates the tension between conflicting goals. Many of the larger companies that were privatized were sold as monopolies or near-monopolies (especially British Telecom and British Gas) or with a dominant position in their market (British Airways). Reasons commonly given for this approach include the desire to proceed quickly, to secure the cooperation of SOE managers who otherwise might try to obstruct privatization, to attract large numbers of small shareholders, and to maximize sales revenue.

The multiplicity and sometimes mutually incompatible nature of the objectives make it essential to rank them. Setting objectives, however, is not a purely abstract exercise. It is primarily a political matter, requiring specific tradeoffs. Social or political concerns may, for example, dictate second-best solutions, which are still worth pursuing when the first best approach, from an economic point of view, is not an acceptable one politically.

The more objectives there are, the more complex the entire privatization process becomes. Flexibility must be built into the system, especially at the implementation level, when multiple objectives exist. This calls for transparent procedures and accountability of decision-makers towards their constituencies.

Political Setting

Privatization strategies need to be pragmatic and tailored to the specific circumstances and characteristics of the country concerned. The political, economic, social and institutional setting and the risks associated with the interaction of all of these factors must be carefully analyzed. As privatization is above all a political process that can radically disrupt the situation of various stakeholders, policymakers and advisors should be able at the design stage to anticipate possible or likely obstacles to the program. Indeed, reluctance or resistance

both within and outside the government and the privatization agencies can often hinder the privatization process or limit its scope. Such opposition can stem from a variety of concerns, including:

- the preservation of national sovereignty or independence,
- the desire to retain national control over certain activities or interests,
- the sense that state ownership is needed to safeguard the “public interest”,
- the fear that wealth might become concentrated in the hands of a few private parties,
- a distrust of the private sector or certain segments of it,
- the protection of bureaucratic or other vested interests,
- the dismantling of industries,
- labor unrest resulting from job losses,
- raising tariffs and costs.

There are numerous points to consider. For example, privatizations typically are designed and implemented by civil servants. Yet it is their fellow civil servants who may be adversely affected if public-sector agencies or jobs disappear in the process of privatization. A key focus of most privatization strategies will need to be to overcome bureaucratic hostility to the plan. Staff members most often should be informed and consulted in the process and assured about their benefits and future career opportunities.

The success of a privatization program often depends on firm commitment to it on the part of a country’s leaders. A strong commitment from the highest political authorities, including the president and prime

minister, is a prerequisite for the success of a privatization. The political nature of this process requires that it be conducted with integrity and transparency to avoid potential abuses or even accusations of favoritism or fraud.

People who can champion the reform must be given publicity as part of the communication effort. They must be put at center stage in the public discourse on privatization. Citizens must have confidence in the process and political leaders must gain their trust by showing commitment, progress and results. For example, strong leadership was present in the case of the privatization of Mexico’s telecommunication company. The president appointed the minister of finance chairman of the board and gave him overall

Box 4.

SOME FACTORS ANALYZED BY COMMUNICATION SPECIALISTS TO HELP DECISION-MAKERS CHOOSE THE BEST PRIVATIZATION METHOD:

- credibility of the government and other public institutions
- trade unions’ willingness to collaborate
- ownership history of company to be privatized
- efficiency of government’s democratic decisionmaking
- SOE’s financial and competitive position
- government’s ideological view of markets and regulation
- regulatory structure in the country, both current and planned
- costs of necessary payments to groups affected by privatization
- government’s ability to commit, credibly, to respecting investor rights after divestiture
- capital market conditions and institutional framework for corporate governance
- sophistication of potential investors
- government’s willingness to let foreigners own divested assets
- current and potential role of the news media

responsibility for the privatization that was completed in December 1990.

Many commentators have noted, for instance, that Argentina's ambitious privatization of the telecom-

munication agency, ENTEL, could not have been carried out with such success had President Menem not established his office as the political champion of the reform program, and his government not espoused it so clearly and supported it so vigorously.

CHAPTER 2

Structure of a Public Communication Program

A public communication program is based on sound opinion research and analysis, coordinated across ministries and sectors, and integrated with a government's overall planning of economic reform programs. It is not limited simply to media or public relations events, but makes full use of the span of formal and informal communication channels available in a country, informing and building consensus, conveying a vision, publicizing progress, creating confidence and listening to important stakeholders.

The first prerequisite of a structured public communication program is the availability of funding. Securing funding is a priority that government decision-makers and World Bank project teams should address at early stages in the design of any project. Various sources can be utilized. Funds for communication are, for instance provided by the government in Brazil and in Nigeria's Lagos State private sector participation; by the project budget in Colombia, Uruguay, Paraguay and Yemen; by bilateral donors in Ghana, Jordan and Nigeria; by IDF grants (facilitated by the Development Communications Unit) in six Central American countries, Niger and Romania; by Australian funds in India; and by PHRD funds in Nigeria.

The second prerequisite for a public communication program is to ensure a high degree of quality and technical expertise, as well as skilled communication specialists to help a government develop a

well-articulated strategy, clear goals, professional opinion research and targeted messages delivered by credible spokespersons. A period of technical assistance and capacity-building may be needed.

A communication program should be driven by well-defined goals that, ideally, have been agreed upon by a team representing all key agencies involved in economic reforms and privatization. Several critical elements serve as the "building blocks" of a public communication program: the identification of segmented target groups or audiences; the key messages to be delivered; and the institutional framework and communication channels to be used.

For each target group or audience, its unique interests, perceptions and relative weight in affecting policy outcomes must be analyzed. Different audiences may require separate communication approaches. Finally, at successive stages of implementation, a communication strategy will involve ongoing evaluation, based mainly on opinion research, to determine whether any of the approaches adopted need to be modified.

This chapter, divided into four sections, provides an overview of the concepts and steps involved in planning and designing a communication strategy.

Communication Audit — This section describes the first phase of a communication program, divided into

three parts: stakeholder assessment; assessment of institutional arrangement for communication; and opinion research and survey.

Audiences in privatization — Various audiences commonly considered in the course of a Communication Audit are reviewed here, along with their potential interests, concerns and relative influence.

Objectives — This section discusses program objectives which, once identified for a given privatization, can be used in combination with the results of the Communication Audit to design a communication strategy.

Five-part management decision tool — This fourth and final section describes five key concepts that task team leaders and clients can use to design a communication strategy: audience, behavior, take-away message, channels of communication and evaluation.

I. The Communication Audit

The first phase of a communication program should be to carry out a “Communication Audit”, usually undertaken during project identification and preparation. A Communication Audit is the tool for gathering social and political information, understanding public values, assessing risks and defining the priorities that require further attention and resources.

A Communication Audit begins by assessing communication needs in relation to a privatization’s political, social and cultural environment. It establishes an initial understanding of the context and the kinds of approaches to communication that may be needed. It helps identify key clusters of stakeholders and gain insight into their concerns. It helps decision-makers recognize possible obstacles, both current and potential. It provides a preliminary identification of stakeholder perceptions, expectations and desires, analyzes what would constitute the most

appropriate messages and messengers, and establishes the most effective communication vehicles for articulating these messages.

By providing a methodology for systematic consideration of such key questions, a Communication Audit enables project teams and policymakers to set priorities for designing and implementing a public communication program in relation to the overall privatization.

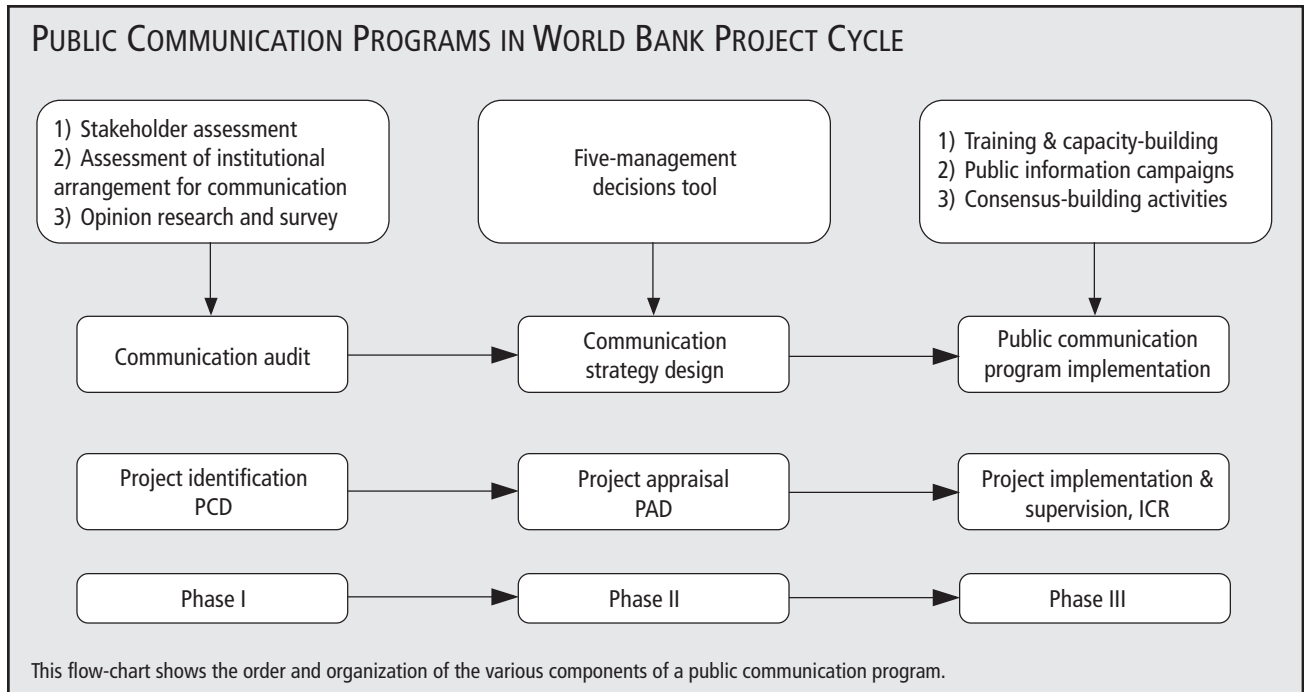
Three Parts of a Communication Audit

- **Stakeholder Assessment** — Map out key stakeholders and audiences and analyze their position and their relative weight and influence in the decision-making process. Assess feasibility of possible communication networks and their effectiveness in reaching target audiences.
- **Assessment of Institutional Arrangement for Communication** — Identify and assess the institutional capacity, in the government and in the country at large, for carrying out a public communication program. Develop a communication infrastructure to better manage and coordinate communication activities across diverse agencies. Identify key officials and independent third parties who could become active spokespersons and communication coordinators, and outline training needs for this purpose.
- **Opinion Research and Survey** — Assess the perceptions, opinions, attitudes and beliefs of all stakeholder groups regarding privatization, using surveys as well as other opinion research methods.

Stakeholder Analysis

Stakeholder analysis is essentially a four-step process.¹⁶ The following pages describe each step in the

Chart A



analysis and indicate who should be involved in the work.

Step I - Identify key stakeholders

- Who are potential beneficiaries?
- Who might be adversely affected?
- Have supporters and opponents been identified?
- What are the relationships among the stakeholders?

The first step of a stakeholder analysis is to identify the key stakeholders whose participation will be sought - from the large array of institutions and individuals that could potentially affect or be affected by the proposed intervention. Questions considered by communication specialists include: What is the relative relationship among the stakeholders? What

is their opinion about privatization? and What is the level of interaction between various groups (e.g., political parties, SOE management, government and unions)?

Step II - Assess stakeholder interests

Once the key stakeholder groups have been identified, their possible interests in the project are considered. Some stakeholder interests are less obvious than others and may be difficult to define, especially if they are “hidden,” personal, multiple, or in contradiction with the stated aims or objectives of the organization. The following questions guide the inquiry into the interests of each key stakeholder or group. With this background, consideration is given to how the project might affect these interests—positively or negatively.

- What potential impact will privatization have on these interests?

- What are the stakeholders' expectations of the project?
- What benefits are there likely to be for the stakeholders?
- What resources might stakeholders be able and willing to mobilize?
- What stakeholder interests conflict with project goals?

Step III - Assess stakeholder influence and importance

For each stakeholder group, assess its:

- Relative power in country's political and economic decision-making process
- Degree of organization
- Control of resources
- Informal influence (for example, personal connections)
- Power relations with other stakeholders
- Importance to the success of the reform effort

Influence and importance are two separate concepts in this context. Influence refers to the power that stakeholders have over a reform process. It can be exercised by controlling the decision-making process directly or by facilitating or hindering the project's implementation. This control may come from a stakeholder's status or power, or from informal connections with leaders.

Another variable, importance, relates to the degree to which the achievement of the project's objectives depends on the active involvement of a given stakeholder group. Stakeholders who are important to the economic reform program are generally those whose needs the project seeks to meet, as well as those whose interests converge with the objectives

of the project. Some stakeholders may be very important to an economic reform effort but may have very limited influence if they are not included in the decision-making process. Unions may be an example of such stakeholders. These stakeholders may require special efforts to enable them to become active participants to ensure that their needs will indeed be met.

Furthermore, a single stakeholder group is not monolithic: disaggregation is often needed. The World Bank's experience with Sri Lanka's privatization program demonstrated that a distinction in analyzing trade unions' attitudes toward the privatization and addressing their concerns individually proved to be successful. There were differences of opinion between union leaders and members and between rural and urban associates. For some, opposing privatization may be feasible and in their interest, while for others, it may not be. A thorough understanding of the political and social contexts is a prerequisite for devising a communication strategy to manage the process of change.

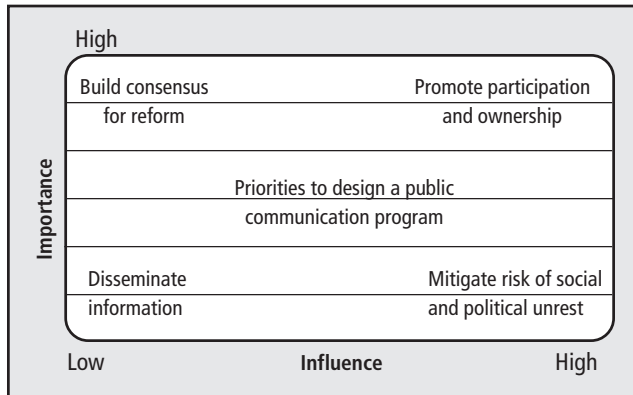
Step IV - Outline a stakeholder communication strategy

Plan stakeholder involvement according to:

- interests, importance, and influence of each stakeholder group
- particular efforts needed to involve important stakeholders who lack influence
- appropriate forms of participation promoted in the public communication program throughout the project cycle

On the basis of the previous three steps in the stakeholder assessment process, some preliminary planning is considered on how different stakeholder groups can best be involved in subsequent stages of the privatization, as summarized in Figure 2 above.

Figure 2. Addressing Stakeholder Importance & Influence



As a rule of thumb, the appropriate approaches for incorporating stakeholders needs of differing levels of influence and importance into the design of a public communication program can be described as follows:

- Stakeholders of high influence and high importance should be closely involved throughout the process to promote participation and ownership;
- Stakeholders of high influence and low importance are not the target of the project but may oppose the intervention; therefore, they will need, as appropriate, to be kept informed and their views acknowledged to avoid disruption or conflict and mitigate political and social unrest;
- Stakeholders of low influence and high importance require special efforts to ensure that their needs are met and their participation is meaningfully integrated in the consensus building process; and
- Stakeholders of low influence and low importance are unlikely to be closely involved in the project and require no special participation strategies (beyond any information-sharing strategies aimed at the “general public”).

Assessment of institutional arrangements for communication

The assessment of institutional arrangements for communication identifies the institutional capacity in the national, regional and local government and in the country at large (including the private sector, non profit sector, research centers and universities) for carrying out a comprehensive communication program. It helps develop a communication infrastructure to better manage and coordinate communication activities across diverse agencies. It identifies key officials and independent third parties who could become active spokespersons and communication coordinators, and outlines training needs for this purpose. It clarifies the issue of ownership of the Public Communication Program by addressing key questions like: Who should be responsible for designing the PCP? Who should be responsible for implementing it? What should be the chain of command? Who will take political leadership of the reform process? and What sources of funding are going to be used?

The establishment of clear lines of responsibility also sets the stage for effective, ongoing monitoring and evaluation of the Public Communication Program. The appropriate institutional locus of a communication effort is a key question for consideration by the government. World Bank experience has shown that it is best for a communication manager, who heads a communication unit, to be included as a member of the boards or secretariats of the Privatization councils and of the privatizing agencies.

The Communication Manager should have the overall responsibility for supervising the public communication program and should meet regularly with key players in the government, the legislature and civil society to discuss options and to agree on planned actions. In this way, the Communication Manager can ensure that key players’ views are being considered and that the chosen messages

and channels of communication are appropriately tested.

It is important for a Communication Unit to be able to establish close and cooperative working relations with key ministers and public corporations, which themselves should be expected to take on important communication roles. To make a communication program work, it is critical that the unit, and the Communication Manager in particular, not be impeded by bureaucratic obstacles that would hinder the timely flow of information within government, between public institutions and with society at large.

When considering institutional bases for communication, it is also important to think about the inclusion of independent forums for public discourse and debate on the issues. In this regard, existing think-tanks might serve as respected forums for debate, and they should be worked into any action program that ensues from the communication strategy.

As Public communication programs are envisioned and structured, there is the need to identify public or private institutions and agencies that can speak on behalf of the government to build support for the reform. Public confidence depends on the credibility of the gatekeepers who convey the messages about the change taking place in the culture of public institutions. A champion of the reform is very much needed so the public can identify itself as being part of the process of reform.

In a recent global public opinion trend analysis conducted in 20 countries, by Environics International Ltd,¹⁷ a research center based in Canada, most respondents cite non-governmental organizations (NGOs) and religious organizations and churches as most trustworthy with respect to looking out for the best interest of society. Other institutions rank considerably lower, especially unions, national governments, and global companies.

According to the data, trust in NGOs is highest among younger people, the well-educated, those with higher incomes and those living in large cities. Also, people who use the Internet and those who are interested in other countries are especially inclined to trust NGOs. Two-thirds of the respondents consider environmental and social advocacy groups the most trustworthy institutions. NGOs are ranked first among institutions by people in four of the six regions surveyed. On the other hand, most respondents expressed strong distrust of such institutions as global companies, national governments and trade unions. Institutions closer to the stakeholders and perceived as more user-friendly would be more likely to be accepted as legitimate by the public to scrutinize the work of international institutions and the government.

Opinion research

Since a good communication program requires a clear understanding and assessment of stakeholders' perceptions, attitudes and behaviors vis-à-vis privatization, a thorough communication audit requires collection of both qualitative and quantitative data. The first qualitative component, carried out through focus groups discussions (FGDs), and in-depth interviews, is a research procedure designed to obtain opinions of target respondents in a group situation.

The purpose of such an approach is to create space to listen to audiences' beliefs and pretest messages that would be expanded in the communication campaigns. Results obtained through FGDs are not strictly applicable to the larger audience, but can be built into the design of the questionnaire to be used in the survey. FGDs and interviews are mostly geared at getting feedback from key stakeholders like Parliament members, community leaders, management of SOEs, workers, private business providers, media and opinion leaders at the national and local level.

The second quantitative component, based on the composite learning of the previous qualitative component, consists of a survey of the general public, using a representative sample of the population to ensure statistical viability. Its main scope is to test the assumptions based on the outcomes of the FGDs and to provide the decision-maker with valuable information on the position of the public on the role of the government in privatization; on perceived benefits or shortcomings linked to the reform; and on the relative importance they attribute to transparency, the provision of public services by private operators, and the quality of service delivery.

In a World Bank-financed privatization project in Jordan, the Center for Development Communication (CDC)¹⁸, hired as communication consultants to help the Communication Office at the Jordanian Executive Privatization Commission, carried out research to gauge public perception of the Jordanian privatization program. Respondents were asked to indicate their agreement or disagreement with the potential consequences of privatization: 1) creating new job opportunities; 2) upgrading and improving the quality of services; 3) decrease in prices of the products and services of the privatized institutions due to competition; and 4) increase in productivity by employing the appropriate qualifications in the appropriate places.

Table 1 shows the overall results of this research.¹⁹ Results showed that Jordanians are more likely to agree that privatization contributes positively in the area of jobs, quality of services and productivity, while there is much more uncertainty regarding the issue of tariff increases. However, by disaggregating the data by level of income, education and profession, provides much greater insight about target audiences and more refined details needed to develop effective messages.

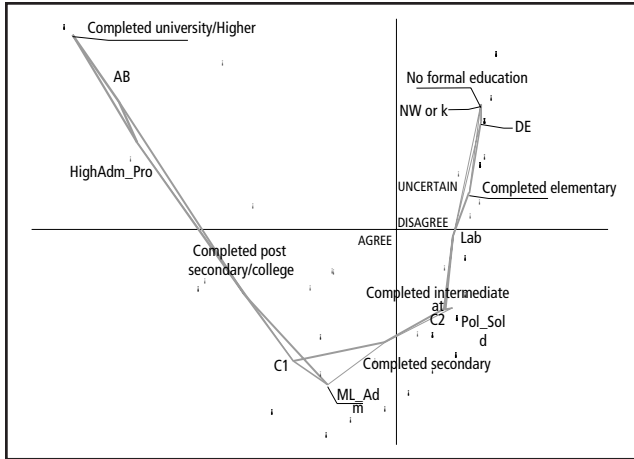
In fact, Jordanians that are less well off are more likely to be uncertain or to disagree with these statements (see Figure 3). The data for the question of job opportunities is plotted along the curve, with the more educated respondents from higher income class (AB Box) and whose occupation is either professional or high administrative at the extreme upper left corner (agreement). Those at the opposite end of the spectrum, are plotted at the extreme upper right hand corner of the graph (disagreement). The curves of the results of the other four questions are nearly identical.

For the question on tariffs, audiences data in the following graph has been aggregated by level of education. The degree to which Jordanians are likely to be uncertain about the outcome of the privatization

TABLE 1

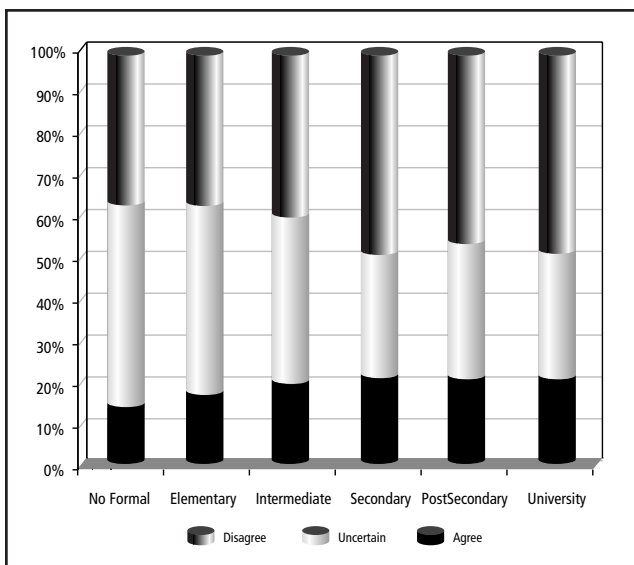
<i>Statement</i>	<i>strongly agree</i>	<i>somewhat agree</i>	<i>uncertain</i>	<i>somewhat disagree</i>	<i>strongly disagree</i>
Creating job opportunities	241	280	274	137	68
Upgrading and improving the quality of services	266	363	241	82	48
Decrease in tariff of services of the privatized institutions due to competition	78	138	392	259	133
Increase in productivity by employing the appropriate qualifications in the appropriate places	185	239	331	155	90

Figure 3



program is directly affected by level of education. Those with less education are far more uncertain than the university-educated group. These results constituted valuable data on the attitudes of Jordanians about privatization and was critical to formulating the Public Communication Program. It also provides the baseline data for further research to monitor the progress and impact of the PCP in support of the government SOEs divestures program.

Figure 4. Privatization in Jordan: Tariffs and Education Level



II. Audiences in Privatization

Recent World Bank experiences with Communication Audits carried out in Kuwait, Malta, Lebanon and Nigeria have shown that the main clusters of stakeholders in privatization can include any of the following:

- Government, as the main stakeholder, is involved in all phases of the process from policymaking through implementation.
- Politicians are concerned with the success of privatizations, both for their country's benefits and for their own future careers.
- The public-at-large is concerned about privatization to the degree to which it is reliant to the parastatal services. Thus, it tends to show little interest in the privatization of manufacturing plants, but a lot of interest in the privatization of utilities, particularly since state-owned utilities tend to be undercapitalized and poor providers of services.
- Labor stakeholders, including not only those employed in the privatizing enterprise, but also those in other state enterprises are affected by any precedents established, as well as lower-level, mid-level and senior-level civil servants.
- Managers are concerned about takeover from foreign company as well as a change in their political power.
- Consumers are interested in several aspects: (i) Will tariffs increase or decrease? (ii) Will service quality deteriorate? (iii) Will service coverage be widened?
- Media is concerned about social problems arising from joblessness, about the possibility of undue power being ceded to foreign investors, about political ramifications of a given reform and about consumers' rights.

- Academics sometimes advocate change, but they are also somewhat opposed to changes that threaten the economic status quo, particularly if it appears to threaten the government budget on which their institutions depend.
- Investors—both national and international—are interested in opportunities to buy.

Consideration of such diverse potential audiences helps generate awareness of the need to balance economic, political and social concerns—otherwise the momentum of a privatization may not be sustainable.

The World Bank's experience with numerous privatizations, both successful and unsuccessful, has yielded some important lessons to keep in mind when reviewing the various important audiences in a country and communication strategies that may be needed. For example, creating public awareness of a government's reform rationale is very important: people do not have to agree but they must know why the government is privatizing. Another audience-related lesson: since privatization is not a panacea, it works best when it is accompanied by other economic liberalization measures, including a regulatory framework that is enforced and made credible to the public and all other audience groups concerned.

Other lessons: transparent processes that can be implemented in a decisive manner will help ensure that a privatization maintains momentum; a privatization will probably need to result in a change of management philosophy; and it is critical to install safeguards against corruption in the process of a privatization.

Labor

Trade union leaders are generally among the most implacable foes of privatization, because in most

countries parastatal employees are overly politicized and provide more willing protesters than workers employed in the private sector. Among mid-level and local-level trade unionists there may be a tendency to quickly abandon political causes and instead focus on the needs of their co-workers, thus sharing a mindset similar to that of parastatal employees.

Indeed, in the privatization process in highly unionized sectors, a main management objective may be to reduce power and influence of the unions. Unions generally respond to this confrontational approach by tightening their ties with those political parties in the legislature that can affect government decisions and eventually cause a shift in power.

Such was the case in the privatization of Italy's ENEL, the state-owned electricity giant, which was opposed by unions until the government decided to propose a cabinet reshuffling and select a former leader of the communist party in parliament as minister of industry. The new minister, who had close ties to the unions and some credibility with them, led the unions to accept the deal, acting as a mediator and broker between the parties. The privatization that followed the agreement in 1999 was the largest initial public offering that ever occurred in the marketplace.

Communication with labor is so important that virtually no privatization effort can be effective if unions have not been consulted and have not had their concerns addressed. Engagement in dialogue with a workforce must take place early on. The longer labor is ignored, the more political decision-makers have to worry about their active resistance to privatization. Lack of timely information regarding the future may lead to anxiety, rumors, lack of productivity and, eventually, unrest.

In contrast, labor tensions can be significantly reduced when governments recognize the constructive

role that labor can play and make explicit efforts to inform unions and workers about privatization and involve them in the process. The Spanish law, approved in 1999, regarding transfer of ownership from public to private hands sets out a number of obligations on the part of the public agencies preparing to turn over control to private owners: information must be provided to workers' representatives, and such representatives must be consulted prior to the transfer. The law also grants workers the rights to be informed and consulted regarding the business of the employer, the general economic and financial situation of the employer, its situation in terms of production and sales, the future prospects for employment and what type of employment is expected.

In the Italian privatization program, started in 1992, the government, the federation of business and trade unions reached an agreement to fight inflation and proceed with a privatization plan to reduce the national public debt. They agreed to keep under control all elements of the national debt, defined broadly, from changes in tariffs to changes in wages, revenue collection and taxation. All sides pledged to share the burden of the reform program. The perception of transparency, accountability and effective willingness of all parties to work together helped build a coalition of interests. Of all state-owned enterprises, 75 percent were sold, with a minimum of labor unrest, a minimum of layoffs, and a pricing policy that helped contain inflation and reduce public debt.

This win-win situation in Italy was due mainly to the establishment of a communication mechanism of trust-building and effective participation, consultation and transparent decision-making. Efforts to explain the government's privatization plans effectively assured labor that their interests were fairly represented, and showed them that sacrifices would be balanced with measures to allow workers to share the benefits of privatization. This communication

approach helped reduce tensions and improved the chances for constructive dialogue and negotiations.

The internal communication program, which was designed to create an enabling environment within the SOE for the privatization transactions to take place, helped to build support for the reform among union members. It also helped anticipate issues likely to arise in the working relationship between management and labor as a new, private-sector, efficiency-oriented environment takes hold.

There is now a significant body of knowledge on how best to deal with labor issues that might arise in a privatization. The World Bank and the International Labor Organization experience suggests that a good process of design and implementation of public communication programs, through early consultation with labor, play a decisive role when clear objectives are:

1. **Explain the rationale, costs and benefits of privatizing; and the costs of not doing so.** In countries such as Argentina and Uganda, workers supported privatization when they understood through the government's communication efforts that privatization was needed to obtain capital for new investments, to improve access to services, and that closure and loss of even more jobs could result from failure to privatize.
2. **Enhance labor's understanding of the timing and method of privatization.** In many cases, labor unions recognize that the time for change has come but their opposition stems from lack of information, consultation and participation in the government's plans for privatization.
3. **Describe the incentives and social safety-net measures to be put in place.** Often, the lack of information about severance policies and supporting measures has created uncertainty for workers and has increased their opposition to

reform. Particularly in economies with little experience with share ownership and weak capital markets, employee share ownership programs require a comprehensive information program to educate employees on the meaning and benefits of share ownership. Such a program needs to explain concepts such as property rights, shares as an alternative to bank deposits, the difference between interest and dividends, the impact of retained earnings, the impact of inflation, etc.

4. **Publicize regulations and other measures to protect consumer and labor interests.** Often, labor unions are concerned not only about job preservation, but also about the broader social impacts of privatization. The more governments explain their plans in these areas, the greater the chances of gaining labor support.

Countries with strong and active labor unions have given unions a direct role in implementation once a decision to privatize is made. In the Buenos Aires water concession in Argentina, for example, the labor union was represented on the committee that was set up to oversee the process, and was closely involved in negotiations on restructuring methods, severance options and retraining arrangements.

Similarly, in the restructuring and privatization of Congo's railway company (Regifercam), the government and the company management involved the union and labor ministry representatives in developing their restructuring plans. These efforts led to an agreement on options for a retrenchment program involving about 1,600 staff.

In South Africa, consultations took place at an even earlier stage. As part of the national framework agreement on restructuring of state assets, unions were involved in the initial decisions on privatization and had a seat at the table for all privatizations at all stages of the process. Also, training and consulting support was provided to educate unions about the

Box 5.

EMPLOYMENT GUARANTEES: THE CASE OF THE HUNGARIAN ENERGY PRIVATIZATION

In the case of energy privatization in Hungary in 1994-96, unions were involved as partners in the privatization process, resulting in an agreement protecting jobs and providing for benefits as part of the privatization contract. The agreement's importance was apparent a year later when the international private companies that had bought the Hungarian energy SOE fell into dispute with the Hungarian government over the extent to which they should be allowed to raise prices and thereby maintain profit margins.

The international companies resorted to trying to reduce labor costs as a way of keeping their profit margins up and sidestepping their conflict with the government. They were prevented from doing so by trade union action to enforce the commitments made in the original privatization contract.

This Hungarian case is instructive showing that when a process of inclusive consensus-building had taken place in the lead-up to such agreements the agreements acquire added durability. The Hungarian government had consulted with trade unions before and during the privatization of the energy sector. As a result, clear protections for employees were built into the contracts from the outset.

Source: ILO, 2001

objectives of privatization and to help them participate constructively in the process.

The relationship of trust between workers and government officials is a key element of success. This fact was particularly evident in the case of the privatization of state-owned tea plantations in Nepal (See Box 6 below). Two specific parts of the communication program for the Nepalese tea privatization were critical to its success. First, a documentary was produced and shown to the thousands of tea pickers who were to be affected by the privatization. The documentary showed honest, reliable, reassuringly positive testimony from workers at a Nepalese paper mill that had been successfully privatized earlier. Second, government officials held face-to-face meetings with the tea pickers to demonstrate attention to

Box 6.

**WINNING WORKERS' TRUST:
THE CASE OF THE NEPALESE TEA PICKERS**

Roughly 2,000 people worked for the government-owned Nepal Tea Development Corporation on eight plantations in eastern Nepal. National trade unions were vehemently opposed to privatization. Local trade unions were said to be wholly controlled by the politically partisan union bosses. Tea workers were thought to be fearful, but nobody bothered to ask them. Informal, very quiet discussions with workers, and some helpful mid-level managers, proved otherwise. However, good communication materials were needed for people who had no television, few radios and near total illiteracy. Their lack of access to the broadcast media suggested that they probably enjoyed movies, so a video documentary on a successfully privatized paper-mill elsewhere in Nepal was produced.

The footage was filmed in a Nepali language without a script. Paper mill workers, from sweepers to technicians and mid-level managers, were asked to describe the privatization process and how they felt, from first warning to the present, when the company was growing and making profits. Because there was no script, the respondents spoke candidly and in their own words, carrying the conviction of total honesty. "I was afraid at first," said one man, aged 40, "but I used to walk to work, and now I drive on my own car." He explained how privatization meant fast promotions for people like him who worked hard and had good ideas. A woman explained how private management was so much more receptive to new ideas. A manager explained how profitability allowed him to hire more than a thousand poor women who otherwise had no jobs.

The documentary became the focal point of a face-to-face communication campaign reaching 90 percent of the tea workers. Representatives from the Nepal Ministry of Finance met with all of them in groups of 50 to 200, showing the documentary, giving them specially prepared brochures describing the likely benefits forthcoming and, most importantly, answering their questions. The workers ended up eagerly supporting the privatization. It turned out they disapproved of the performance of many of the state managers, and took pride over their own role in preserving tea estates that they felt were under-funded by the government agency that had been managing them. Even the local union representatives helped gather workers for the meetings, since their allegiance was to their friends and neighbors rather than to a distant and politicized leadership.

Source: Adam Smith Institute, 2001.

their concerns and help quell their fears. The tea plantation workers knew that privatization meant uncertainty, but they were prepared to face those risks knowing that their own government cared enough to visit them and listen to their concerns.

The development of such tailored operational approaches led to acceptance of the privatization and consensus among key stakeholders. The research analysis component of the public communication program provided privatization managers with a tool to better understand issues and concerns of target audiences and, consequently, select the most effective consultation and participation strategy, as well as use the most effective channels of communication.

Civil Servants

Civil servants, including those in the line ministries facing privatization of their own parastatals, fear loss of power and prestige, as well as loss of legal and occasionally illegal benefits. They share concerns with their colleagues in the SOEs, and they want to avoid supporting a privatization because they fear being identified politically as supporters of a losing issue. They in fact could be "losing face" among their peers and thus sacrificing opportunities for self-advancement. Such concerns need to be allayed with efforts to build confidence in the success and necessity of the privatization, as well as the impossibility of a government to retreat from the privatization policy. Dissemination of information within the line ministries and face-to-face meetings are critical measures for alleviating civil servants' fears about job security, potential redundancy benefits, retraining options, finding other jobs, and opportunities for retirement.

Media

A key factor for the success of a communication effort is journalists' involvement and interest in economic issues. Any attempt to persuade the public about the merits of privatization will be futile if journalists covering the issue are pursuing their own

agendas, rather than promoting the interest of transparency and information-sharing.

If this is the case, journalists will likely emphasize the political dimensions of a privatization and neglect the economic rationale behind it. In order to allow journalists to take a more balanced look at privatization and develop a deeper understanding of its mechanisms, it is worthwhile to reassure them of the leading role that media should play in the society as the watchdog of democracy and accountability in politics.

In this respect, engaging in dialogue directly with the media on economic issues through a nationwide training program can be a key element of a communication program.

The World Bank Institute of the World Bank has organized such a training program for journalists in several African countries to provide them with basic tools to understand the complex economic issues associated with debates on privatization. This training is not designed to promote the government's privatization program or any individual transaction directly. Experience has shown that such training is more credible and effective if organized by a well-established academic institution and designed in a format that takes into account the practical needs of the journalistic profession. That is, it must combine the teaching of rigorous economic theory with concrete suggestions on how to become a better business journalist.

Management

Managers of public enterprises have their own concerns as they try to maintain their positions of power and prestige. They mostly fear their possible replacement by foreigners if their jobs are subject to international competitive bidding by the new owners. Therefore they lobby decision-makers to retain the monopoly power of the SOEs in the sector in

Box 7.

WORKING WITH THE NEWS MEDIA: GOATS, CORRUPTION AND THE PRESS IN TANZANIA

A liberalized media is fairly new to Tanzania, supplanting a long tradition of dull propagandistic state-owned newspapers and radio. However privatization was savaged in the press due to a lack of professional reporting skills, a misunderstanding of economics and the widespread practice in which reporters were paid bribes to deliver the kind of coverage desired by the bribe-offerer.

The privatization of a bank was particularly savaged in the newspapers chiefly because several major newspaper owners had defaulted on bank loans and they feared that private-sector buyers would try to collect the debts. The Tanzanian privatization agency started by changing the relationship between the media and the government, by instituting an "open door" policy for reporters, welcoming all of them at any time of day and answering questions as quickly and accurately as possible. This provoked curiosity and support from a press corps accustomed to its government's closed doors and refusal to communicate.

Seminars were scheduled and conducted by two prominent BBC journalists, with nearly 20 Tanzanian journalists identified as being the most professional in their field. However, rather than approaching the topic of privatization directly, opinion research among journalists had suggested that the problem of privatization should be approached through the larger issue of journalistic professionalism, and the desire of local reporters to improve their performance.

The first seminar focused on reporting ethics and professional practices, but used privatization issues in the object lessons and exercises. Local participants explained that, generally, bribery should be frowned upon by journalists, unless the bribe was a goat, which is a "traditional gift" and hence not a bribe. A later seminar explored international standards on reporting business and economic stories.

Source: Adam Smith Institute, 2001.

exchange for political support. A communication strategy geared toward them would focus on the benefits that accrue from a more competitive professional environment and the potential of growth of the sector both national and internationally.

Investors

The research and analysis tools help decision-makers understand how potential buyers perceive

investment opportunities in the market, as well as define priorities. One of the most common results of opinion research is the request from constituencies that reforms adhere to processes that are open to participation and reviewed by all interested parties in a transparent manner. Stakeholders, when interviewed, prefer open-market bidding to determine sale prices in order to reduce instances of corruption. They voice their concerns that contracts should be awarded in strict adherence to evaluation criteria announced at the outset. The level of stability and credibility that governments are able to instill in investors is, therefore, a critical element of success. Even if a government gets all policies, rules, and procedures right, operators and investors will come to stay only if they believe that the government can be trusted to stand by its plans and see them through. Communication specialists can help governments take a variety of steps to create and convey credibility and stability.

To reduce investors' perceptions of risk, public communication programs reassure them with information on key regulations or factors like taxation or tariffs written into licenses and terms of contracts. For instance, in the case of Nigeria's national water utility reform, the restructuring of the Nigerian national water utilities is currently planned to take place prior to its privatization. The public communication program will make a concerted effort to explain to potential investors the rationale behind the restructuring in advance of actual transactions, in order to give them knowledge of taxation, subsidies, regulations, etc. pertaining to the privatization to help build investor confidence in the commitment of the government to reform the water sector with the participation of private parties.

III. Objectives of a Public Communication Program

After communication specialists have made a thorough effort to consider all key audiences and have

completed a Communication Audit, they are ready to approach the second phase of a communication program: strategy design (See Chart A).

This process, which is usually undertaken during project appraisal, requires identification of the program's objectives based on the research and analysis conducted so far. The Communication Audit will have involved extensive collection and evaluation of information about key stakeholders, communication channels, prevailing attitudes and opinions and a wide range of potential target audiences.

Armed with this information, a list of objectives can be developed and used to design a concrete communication strategy. The combined team of communication manager, staff and consultants responsible for design and implementation of the communication strategy should review the following potential objectives, which are reasonably common in a variety of environments and contexts. They are offered here not as a comprehensive list but as a set of examples of possible objectives to consider when designing a communication strategy:

Communicate a vision for the country that would inspire confidence in the government and its ability to lead the country by redefining the role of the state.

Stressing national over individual interests by promoting collective responsibilities and opportunities in reforming the society, and build a base for a systematic dialogue.

Show progress towards this vision in an ongoing, systematic way. Short-term achievements, whether quantifiable or not, should be brought to public attention to sustain confidence in the government's commitment and ability to deliver. Credible government officials should routinely hold open meetings with public groups to ask their feedback on proposed

measures and explain their importance in the context of the broader vision.

Raise the public image of government institutions and instill a “customer” focus in government, from efficient service-delivery to accountability and transparency in governance.

Promote dynamic leadership within government to communicate privatization. Lack of energetic political leadership is perceived to be one of the major causes of delays on economic reforms and a government’s difficulty in attracting people to a new vision for the country. A public communication program activates people to take on leadership and create cohesion. The government should be a core group of “movers” on privatization, and communicate in a coordinated fashion.

Communication specialists can help prepare government spokespersons for public appearances such as press interviews, speeches and public seminars on reform. This can include coaching and media training as necessary, as well as preparing briefing notes, question-and-answers and talking points.

If arguments in support of a government program are to be convincing, there must be a search for non-government allies and champions – in the business community, academia, the press, the entertainment industry, or through establishment of an independent policy institute. Such allies must be willing to speak on behalf of, or in neutral terms about, the economic programs that the government undertakes. The idea is not to “co-opt,” but to find people who are genuinely willing to write or speak in favor of proposed measures to reform the system.

Provide guidance, technical support and coordination on communication related to the reform program across government and ensure a consistent flow of information between government agencies

and the legislature, with the media, with civil society and with the outside world. Coordination of communication between units of government is critical to ensure a unified government voice on the issues. This forms the basis for credible and consistent messages to the public.

Build a legislative support base for privatization transactions. To achieve timely passage of legislation on privatization, it is necessary that the government identify a key group of legislative supporters for individual transactions and that they be nurtured in a systematic and consistent manner. Consensus-building and communication mechanisms have to be put in place early on, so that key members of the legislature are fully briefed on upcoming proposals through institutional channels, are aware of the benefits of passage and the costs of inaction, and develop a stake in the success of privatization.

Increase public education and information on macroeconomic policy issues facing the country, including, for example, the budget deficit, unemployment, productivity and growth, and the role of the public sector in an open economy. This will help the public understand the larger economic rationale behind reforms and frame individual reform efforts in their broader context.

Build public understanding and national consensus on the need for and benefits of privatization in the broader context of economic reforms, including labor market reforms, financial reforms and budgetary reforms, via systematic public information and education through the media as well as dialogue with specific interest groups. A comprehensive campaign of public information and education would raise the awareness of priority issues and develop a more positive public image of reform. The campaign would target public opinion in general, as well as specific target groups, such as the legislature, civil servants, the media and the private sector.

Promote coordinated private sector involvement in policy making, implementation and communication on privatization. In an economy that is largely based on the private sector and that has to count on its massive involvement for successful reforms, it is imperative that a constructive and well-coordinated dialogue be established between the government and private-sector groups, on both the national and international levels. The government should identify leading private-sector groups that are willing to engage in constructive proposals in the interest of their group.

The widespread practice of muddling through by securing personal interests through individual private-public bargains should be preempted by creating incentives for members of interest groups to bring to the government's attention those proposals that have generated consensus within the given group. Each group should be made aware of its role and responsibility to advance government action through constructive proposals, instead of simply waiting for the government to act.

IV. The Five-Part Management Decision Tool

The most important aid to inform the design of a public communication program, the five-part management decisions tool²⁰ described here, is used in conjunction with the results of a Communication Audit and is determined by set of program objectives. The tool consists of five concepts that are put together to form a "decision-making template" for use in the strategy design phase (see Chart A). This tool provides task team leaders and clients with an analytical checklist of expected outcomes, usually inserted in the PAD, to monitor the implementation of the program and evaluate its impact based on defined objectives.

Five Communication Concepts

1. Audience — Which audiences need to be reached?
2. Behavior — What behavior changes are required, or need to be averted?
3. Message — What "take-away" messages will encourage the desired behavior?
4. Channels — What channels are available? Which are most effective among which particular audiences?
5. Evaluation — How will the communication process be monitored and evaluated?

These five concepts form the five-part decision-making template shown in Chart B below, which looks quite simple before it is filled with content. However, the process of filling the template with meaningful, effective content can be complex. The reward is that it becomes an immensely helpful management tool. It helps a management team in charge of developing a public communication program analyze the cluster of stakeholders involved in a privatization process and develop an appropriate strategy for each. It helps bring a management team into agreement on the important audiences to be targeted, their desired behavior, the "take-away" messages aimed at motivating that behavior (along with data to support those messages), the communication channels best suited for conveying the messages and, finally, the indicators to be used for monitoring the outcomes of the overall communication strategy.

Use of this decision-making template keeps the management team in the driver's seat, ensuring that only communication activities that support concrete program objectives are undertaken. It also serves as a practical tool for monitoring whether the communication activities are consistent with an overall communication strategy.

Audience

An economic reform and privatization program may need to reach different types of people whose sup-

Chart B

FIVE MANAGEMENT DECISIONS TOOL

Management Objective: _____

AUDIENCE	BEHAVIOR	MESSAGES		CHANNELS	EVALUATION
		Take-away	Supporting Data		

port is critical to successful outcomes. It is useful to identify primary, secondary and tertiary audiences, as these audiences assume different roles in the task of promoting behavior change.

The primary target audience consists of those whose behavior the reform wants to influence. In an economic reform and privatization program, the primary target audience consists of workers and managers directly involved in the transaction process. For instance, if the privatization program's objective is to open the market to new entrants to increase the efficiency of the system and spread the level of service to new customers, (customers who perhaps could not be reached by the public company), then a consensus-building strategy, involving these stakeholders in the decision-making process and empowering them at various stages of the process, can reduce opposition and improve the efficacy of the reform.

Secondary audiences are those that influence the behavior of a primary target audience. In the example noted above, secondary audiences may be consumers and shareholders of the privatizing company. Their direct impact on the process can be measured by the fact that they are primarily customers interested in accessing the service and enhancing its inherent quality. For example, in the European Community's telecommunication market, the widespread participation of retail investors in the initial public offerings on stock exchanges translated the transaction's financial success into a political and social success. Strategically developed messages aimed at encouraging these retail investors played a major role in making the whole effort at telecommunication reform successful.

Tertiary audiences are those in positions of authority or influence over a large group of people. They are responsible for formulating policy and providing financial resources, services and products to

facilitate the adoption of new behaviors. Political leaders, public officials and management teams may constitute the tertiary audience for privatizations.

In economic reforms and privatization, the involvement of political decision-makers is often very high. A regulatory framework must be established to monitor the market once a monopoly is privatized or a sector is liberalized. A devolution of power is likely to take place from a country's ministry of treasury, which is often the shareholder of the public company to be privatized, to a politically independent antitrust authority. Key decisions often must be made by a legislature to back up the reform program.

All those political players have a high stake in the process and can wield influence over the opinions and behavior of many other stakeholders and audiences. Therefore they must be taken into consideration and must be addressed appropriately. Communication programs reach these multiple audiences in some sequence. For instance, in controversial economic reforms, tertiary audiences often need to be addressed first, since their support (for example, in terms of policymaking or financing) is critical to the program's success in influencing the behavior of its primary target audience.

It may be useful to see how the potential cost of not having an analysis of a segmented audience can affect the overall reform. The water and sanitation services for the Province of Tucuman in Argentina were concessioned to a consortium of *Compagnie Generale des Eaux* and a local investor for 30 years. To fund the required investment program, the concessionaire bid a tariff increase of 68 percent. The tariff increase was immediate and affected all customer groups equally in a population with a significant share of urban and rural poor. The tariff increase proved very unpopular and was considered unjust by low-consumption users. The situation deteriorated with a series of episodes of turbid water.

The result was a non-payment campaign by consumers, which provoked a financial crisis for the concessionaire.

Provincial elections brought to power a new administration that was much more hostile to the concession program. At first, the authorities and the concessionaire began negotiating the contract. One initiative was to introduce a special tariff for low-income users and a system of rising block tariffs for regular customers. However, at that point it was too late: the negotiations did not succeed and the case ended in international arbitration²¹.

This example illustrates the challenges of addressing social issues in the context of privatization. Although the causes of the failure of the Tucuman water concession were many and complex, perhaps earlier attention to social, cultural and distribution issues would have increased the chances of success. An explicit subsidy program announced at the outset might have helped diffuse the explosive situation. However, the main problem may have been that the government had not addressed poverty as part of its general welfare program and was trying to renegotiate the design of the concession without setting up a two-way communication mechanism to listen and learn and prioritize decisions based upon consensus.

Behavior

The ultimate goal of public communication is to facilitate a change in behavior rather than merely to raise awareness, change attitudes or disseminate information. It is behavior change by specific client and stakeholder groups that is critical to the achievement of development objectives in economic reforms and privatization.

In social marketing programs, such as health or rural development, the concept of behavior change as the ultimate management objective may be straightforward. A health program may seek to per-

suade mothers to feed their children according to new norms of conduct; a rural development program may seek to persuade farmers to adopt new agricultural techniques and procedures. But in the case of privatization, defining the “behavior” in question is more complex. The relationship between citizen and government is at the core of any civil society, so the level of resistance that the public-at-large may bring to a reform can be very high if there is no relationship of trust established among stakeholders. Thus, the behavior changes needed to build support for a program like privatization may involve promoting social norms that are new in a given society, that can be achieved in the long term.

For example, concepts of governance based on transparency, accountability and democratic procedures; a new level of professionalism and proficiency to be expected from state-owned enterprises; and a citizenry newly aware of their rights and responsibilities with respect to the service or products provided by a given SOE that is to be privatized. Framed in this way, the concept of behavior change becomes an important tool and a key part of the management template.

In the short term, there are concrete behaviors of key audiences that a communication program could aim to motivate:

- Legislators: pass authorizing legislation.
- Other political leaders: express support for privatization in speeches and explain its rationale to constituencies.
- Government and private-sector officials: not only accept but actually *invite* consultation and input from union leaders, consumers and civil society.
- Unions: engage in constructive meetings at consultation on the planning and terms of a privatization.

- Consumers: use and pay for privatized service.
- Citizens: support privatization and its proponents by voting accordingly.
- Journalists: cover issues related to privatization extensively and objectively.

A public communication program will involve communication activities aimed at influencing the behavior of target audiences in order to achieve management objectives. It will take a client-centered approach, which is critical to engendering behavior change. It will focus on the needs of stakeholders relative to an SOE that is to be privatized; it will seek to understand the specific barriers stakeholders confront in adopting a potential new behavior; whether those barriers are cultural, structural, social or personal; and it will seek to find ways to overcome those barriers.

In this context, with the success of a public communication program being measured in terms of behavior change, it becomes part of a management team's job to try to foster an environment that facilitates the desired behavior change. This may involve putting in place a policy framework that supports the behavior change, potentially by encouraging new social norms in some areas. It may also involve providing services and products that make the desired new behavior easy, convenient and feasible.

Behavior is a specific action, aimed at a specific goal, in a specific context and at a specific time. The public-at-large, for instance, is mostly concerned about unemployment, the loss of job stability, and the possibility that a privatization process might benefit only a small group of rich and powerful families, merely turning a public monopoly into a private one. It is therefore imperative to explain public-sector reforms as a whole, including the new relationship envisioned between the government and private sector, and how they will allow the country to get back on track as a

dynamic economy. It is imperative to show how the reforms in general, and privatization in particular, are going to help improve the daily lives of average people.

Some behaviors are easier to influence than others. Asking people to switch to another food brand is easy compared to asking very disenchanting citizens, who are concerned about the lack of transparency and democratic procedures in their governments, to trust a given administration's commitment to reform and willingly share the burdens involved in restructuring public institutions.

The management decision-making template can help specify the type of behavior change that an economic reform program is aimed at promoting, and can specify it in relation to the audience whose behavior is to be changed. By identifying the behavior clearly and explicitly, policymakers may become more clearly aware of related factors in the environment of a given audience that wield influence over the audience's willingness to adopt the behavior.

An effort can be made to reduce the perceived barriers to adoption of the new behavior, while increasing its perceived benefits. Managers may be able to make services and products affordable and accessible; may formulate policies to promote the new behavior; and may pursue efforts aimed at influencing social norms to make the desired behavior more acceptable to society.

Take-away message

A "take-away" message is the message remembered and "taken away" by a target audience after receiving a message conveyed by a communicator. It is what the audience hears, as opposed to what the communicator says. Good take-away messages focus on stakeholders' needs, not on an organization's desire to communicate a message about its programs. To be effective, a take-away message targets stakeholders' beliefs and opinions and answers the question, "What does this have to do with me?"

Take-away messages must be culturally sensitive, memorable and concise. For instance, a program that requires public participation in a privatization transaction may depend on a focused, effective effort by management to convince the public to buy the privatizing company's shares on the market. Another example: careful, effective formulation of take-away messages may help ensure that a state-owned enterprise, once privatized, ends up in the hands of experienced and qualified managers—rather than having the best managers flock to new companies that are positioning themselves to compete with the formerly public one. Will consumers and retail investors think of shares in the newly privatizing company as a safe investment, while at the same time distrusting the company as a poor-quality service provider? Well-crafted take-away messages may determine the answer.

Supporting data must be used by the communicator to persuade target audiences that the recommended behavior will indeed result in the benefits claimed. Data must be collected, organized and publicized to back up each take-away message.

In the example of the privatization above, different messages, each with its own supporting data, may need to be targeted at different groups of consumers and potential shareholders: one message to convince current consumers to become shareholders, another to convince consumers who buy from competing companies to switch to the newly privatized one, and yet another to convince those consumers who insist on staying with the products or services of the competition to nevertheless consider buying shares in the newly privatized company.

Channels

One does not have to be a communication specialist to know that messages may be relayed in a wide variety of ways, including, to name only a few examples: face-to-face meetings, group meetings, individual

counseling sessions and mass media. Each target audience will need to be reached through channels of communication that the group considers credible and accessible. Television may not reach constituencies who live in isolated villages with no access to utilities. Print materials will not be useful to those who are unable to read.

Face-to-face communication may be the main channel of communication for reaching the poor. To reach the public-at-large, meanwhile, a public information campaign might include production and dissemination of informational print and audiovisual materials; increasing media coverage of privatization by organizing media events, press conferences and interviews with key officials; the production of public service announcements on specific issues; and outreach activities coordinated with the diverse groups and organizations that make up civil society and involving the organization of public events, conferences and town hall meetings.

A practical approach is to use multiple channels of communication frequently enough to lead to behavior change. To reach consensus among members of a legislature, for instance, it may be useful to hold a series of consultations with relevant legislative committees, in the form of workshops and working groups, in order to solicit their input on key issues. Other channels that may be employed include ongoing meetings with leaders of parliamentary blocks, the creation of informal working groups that include key government officials, and joint visits by government officials and members of the legislature to important constituencies.

Thorough, in-depth opinion research and analysis can help design targeted messages that address the concerns of specific groups, as well as of the public-at-large. The key to success will often lie not merely in a good communication strategy aimed at the public-at-large, but in the use of the most effective delivery

mechanisms (including credible spokespersons) for reaching particular, important stakeholder groups.

Evaluation

Are target audiences changing their knowledge, attitudes, beliefs and behaviors as intended? Managers need to identify indicators of success for their communication activities and check on progress frequently. Such indicators may specify a number of communication produced, by type, during a reference period. A list of items produced in a given period of time, such as one year, may be required and may be compared with what was planned for the project. Other possible indicators include the following:

- Percentage of target audience who correctly comprehend a given message: To measure this indicator one requires answers from respondents to surveys made before and after diffusion of the message to determine a change in the level of comprehension.
- Percentage of target audience expressing knowledge, attitudes and beliefs consistent with a given message: To measure this indicator one requires answers from respondents to survey questions dealing with knowledge, attitudes and beliefs. Surveys should be made before and after diffusion of the message to provide a comparison.
- Percentage of target audience who engage in recommended practices: To measure this indicator one needs to know the number of persons who declare their use and intended continued use of the practice recommended by the communication program. Figures will be presented either as a percentage of those who heard or saw the messages in question, or as a percentage of those interviewed.
- Number of communication disseminated by type: To measure this indicator, lists may be required showing the communication products disseminated and activities conducted during a given period of time. One needs to assess whether these communication products exhibit characteristics that conflict with the communication strategy. To be consistent with the communication strategy, a communication product must be developed for intended target audiences, promote a specific behavior, result in an intended “take-away message” and use a communication channel that reaches the target audience.
- Show results: privatization bill approved by the parliament; number of strikes and public manifestation of discontent cancelled; level of participation and consultation of unions in the decision-making process; objective coverage of economic and social issues in the media; involvement of academics in the public debate through meetings, conventions and discussions.

CHAPTER 3

Case Study: Lagos State Water Private Sector Participation Project

This case study has been selected because it represents an example of how the World Bank can play a role in ensuring the development of high-quality public communication program, with a clear set of objectives, responsibilities and funding. It has also been selected because it shows the use of a Communication Audit and of the Five-Part Management Decision Tool in guiding the design of a communication strategy.

Nigeria's Lagos State is introducing private sector participation in water supply services for Lagos. The International Finance Corporation (IFC) has been helping the Lagos State Water Corporation (LSWC) since December 1999, to put in place all the necessary steps for introduction of private sector participation through a lease contract in two major parts of the greater Lagos metropolitan area. The transition is projected to be completed in June 2002.

The proposed delegation to the private sector of responsibility for overhauling, expanding, improving and managing Lagos State's water services represents a major, high-profile change. In the context of a state where only 3 million out of 12 million people have access to piped water—and where confidence in the government is already very low—the plan is unlikely to be successful unless the public-at-large and other key stakeholders are actively encouraged to support it and any possible causes for

misperception or opposition are addressed quickly and effectively. It will be no small accomplishment, if it succeeds.

Therefore both the World Bank's project team and the Lagos State government determined that a campaign to build political and social support for the plan would need to be undertaken in advance, during the transition time before any contract is awarded. The World Bank task team leader requested the services of specialists from the Development Communication Unit (DevComm) of the Bank's External Affairs Division and, since November 2000, three DevComm specialists have been advising the project team. Their work is funded out of the task team leader's supervision budget. Of utmost priority is the management of the IFC's reputational risk in the project. The IFC's reputation is particularly vulnerable due to the fierce criticism that has been leveled at it recently by journalists and by many citizens' groups for its association with Shell Corporation's operations in the Niger Delta river.

Meanwhile, the DevComm specialists, besides advising the World Bank project team, have also been advising LSWC on two fronts: the design of an opinion research study, which has been carried out in partnership with a local communication firm; and the establishment of a mechanism within the LSWC to design, manage and monitor a PCP.

Communication Audit

A Communication Audit was conducted to get a first-hand assessment of prevailing perceptions, attitudes and beliefs vis-à-vis private-sector participation in the provision of water in Lagos. The audit took numerous stakeholder groups and audiences into consideration, including state government officials, members of the state assembly, both workers and senior managers within the as yet state-owned water corporation, prospective private-sector competitors for the various contracts that will be offered in the privatization, academic opinion leaders, religious leaders, representatives of the news media and, of course, the public-at-large. For the general public, opinion research was conducted in the form of a broad survey, results of which were subjected to quantitative analysis. For other stakeholder groups, numerous in-depth interviews and focus-group discussions were held.

The research showed that the availability of drinking water is a critical concern to the public, rated even higher than other top-priority issues like security, corruption, food prices, electricity and telecommunication services. The research also showed widespread inclination to view water service as a government responsibility and, moreover, one that ought to be provided free-of-charge. Thus it quickly became clear that a communication campaign will need to draw clear parallels between the costs to individuals of fetching water from boreholes, wells and street vendors on the one hand, and the costs to government of pumping water from the rivers, treating it and distributing it through a network of piping into people's homes. Moreover, a communication campaign will need to explain and justify the reasons for using private-sector participation as a way of sharing the cost burdens between the public and private spheres.

The research also showed that a high percentage of respondents would willingly and promptly pay wa-

ter bills if assured that water service to their community would improve. This suggested that an effective communication program should show how privatization will yield social benefits to under-served communities and low-income groups, highlighting how a new system of revenue collection can generate the necessary cash flow to expand water service to poor areas of Lagos.

The Communication Audit made clear that private-sector participation will need to be sold as the best alternative to provide safe, regular and affordable water to Lagos citizens. A communication program will need to be designed to create space for public debate in all possible fora: at home, in offices, in the local government and assembly and within the water corporation itself, among both managers and workers. Public discussion should be fostered on how water service is going to change, how the change is going to affect various constituencies and how all can participate, individually and collectively, in the process. The focus of the communication program will be on the individual and collective benefits, opportunities and challenges that may arise out of a partnership between the government and private operators.

Responsibility for Monitoring and Evaluation

The PCP has been developed by the DevComm team in conjunction with the Mobilization and Publicity Unit of the LSWC, the specific project team proposed in the Communication Audit, with overall responsibility for the PCP. All actions will be managed by LSWC's Mobilization and Publicity Unit, with responsibility for coordinating inputs, timing and budgets, and for managing the local communication firm OBM, which was hired to implement the program.

The development of the PCP started in February 2001 and the communication campaigns are planned for May-October 2002. Roles and lines of responsibility

have been clearly defined for the PCP's two main phases. In a first phase, DevComm and the LSWC's Mobilization and Publicity Unit are currently working together to design the program and implement many of its first steps, with assistance from the communication consultant OBM. In a second phase, OBM will be implementing the program under the direction of the Mobilization and Publicity Unit, and under DevComm's supervision.

The first phase has involved establishing a mechanism for communication crisis management within LSWC; conducting quantitative and qualitative analysis to assess attitudes and perceptions about private sector participation in Lagos; establishing dialogue between management and workers within LSWC; and creating a political environment supportive of private sector participation among key political stakeholders, including the government Commissioners of Information, Finance and Public Works. The second phase will involve reaching out to the public and other stakeholders throughout the various stages of the private sector participation program.

The cost for designing and implementing the Public Communication Program is around US\$500,000 and will be split between funds allocated by the World Bank and fund made available by the Lagos State Government. The CEO of the Corporation, the deputy director of LSWC's Mobilization and Publicity Unit, and other senior managers of the LSWC, together with the team leader of the consulting firm under the supervision of the DevComm team, will make joint decisions about the release of funds.

The DevComm team is also developing a series of quality-assurance indicators to monitor the effectiveness of the PCP by designating concrete outcomes to be achieved. These outcomes ultimately will become a basis for evaluating the project. At present,

they may be divided roughly into two categories: those tracking the effects of PCP components directed toward the general public and those tracking the effects of PCP components directed toward LSWC staff.

For the general public, ongoing public opinion research will help determine measures for use in evaluating the progress and effectiveness of the PCP. For LSWC staff, levels of awareness, understanding and participation in the transition will be tracked in part by such measures as recording, for example, the number of strikes, the number of legal injunctions, the number of workers participating in retraining programs and the number of workers accepting severance packages.

Strategy Development – The Five-Part Management Decisions Tool

The five-part management tool was used to design an effective communication strategy and “operationalize” its component objectives. Thus, the five key concepts were considered at every turn: target audience, desired behavior, “take-away” message with supporting data, communication channels and ongoing evaluation mechanisms. For instance, diverse target audiences whose support or opposition could determine the privatization's fate were identified.

Specific behaviors in support of the privatization were identified for each audience, including, to name only some examples: cooperation from union leaders, positive votes by members of the state assembly, objective reports by journalists, active invitation by government officials of input from the public, constructive communication to the public by prospective private-sector operators and political support in general (including, but not limited to, actual votes) from the public-at-large. Culture-sensitive and context-specific messages were developed to encourage the desired behaviors and communication channels,

both formal and informal, were planned. Finally, ongoing evaluation mechanisms were designed to help managers track the progress of the communication program and allow them to make modifications or launch new initiatives when needed.

Several guiding principles were identified to help ensure that the communication program remains consistent with the government's overall goals, is based on both qualitative and quantitative analysis, and is focused on the real needs of the Lagos population. Also established as integral parts of the communication effort were a number of agreements on procedures, responsibilities and decision-making to deal with unexpected communication crises, as well as an effective project management system with specific project teams.

A first guiding principle will be that the communication strategy must focus on the social dimension of the water services corporation. This will be necessary to overcome public skepticism about the possibility of a truly transparent privatization process, distrust of the underlying motives of the coming private-sector operator, and suspicion that the transaction is destined to benefit only the wealthy.

Secondly, the communication strategy must avoid giving rise to unrealistic or exaggerated expectations that will only lead to disappointment and decreased credibility. This is an important concern due to the current widespread shortcomings in the system of water services, including the appalling state of most water facilities, the poor quality of current services—problems that can only be addressed in the medium- to long-term.

Thirdly, the communication strategy will promote a range of behavior changes and will highlight champions of change, at both the individual and collective level, including: water service workers taking on a sense of pride in the newly improving corporation

and in their newly expanding responsibility to the population; water service managers learning to accept and even welcome constructive criticism and challenges from external sources; citizens adopting careful habits in the use and conservation of water; and communities taking on some accountability for the maintenance of the piping networks.

Fourth, all communication elements need to be consistent. Any contradiction will create confusion and doubts among people who would otherwise tend to be supportive of the reform. In this context it is important to develop an *active* communication approach that is ready to quickly correct biased or otherwise false impressions that arise about the new system. The communication approach will need to involve readiness for fine-tuning both internal and external communication activities, conveying consistent messages and repeating them again and again through diverse communication channels.

Fifth, the strategy needs to be culturally sensitive and focused on development of specific messages for target groups based on criteria like age, sex, religion, cultural affiliation, family tradition and residence within the city. Communication specialists have identified numerous target audiences, including the general public, Lagos State water service workers, Nigerian union leaders, NGOs, political leaders, private-sector competitors and academic opinion leaders.

The particular concerns of each audience are to be addressed with messages conveyed via channels ranging from television documentaries, radio broadcasts and press releases to cinema shows, posters and brochures. For example, the bidding process is to be broadcast on television, key documents relating to the potential private-sector investors are to be disclosed via print news media, and documentaries about the privatization program will be shown to water service employees.

“Let’s join hands to make Private Sector Participation work for us” declares one glossy color poster that has been posted all around the Lagos State Water Corporation facilities. “Better pay and staff welfare” and “No worker will be exploited or ill treated” are juxtaposed next to “Hard Work,” “Positive Attitude” and “Commitment to Duty.”

Last but not least, the communication strategy will need to be flexible enough to be adapted when necessary. It will be monitored and evaluated regularly and will be modified according to the political and economic circumstances that arise, and the results of ongoing surveys, focus groups and other research aimed at tracking changes in various stakeholder groups’ reactions, awareness, resistance and/or support for the reform. Also, a media-monitoring system has been put in place to continually assess the scope and quality of news coverage regarding water services and privatization.

Managing the Project’s Reputational Risk

The Mobilization and Publicity Unit’s team may work effectively toward the aims and outcomes indicated above, supported by the OBM communication firm

and advised by DevComm. The success of the project will also depend in no small part on a number of political factors beyond the control of any individual working within the PCP.

In its assessment the DevComm team has made clear to both the IFC project team and the LSWC senior management that the process can be jeopardized by ‘outside’ factors. If the project is to succeed, the Lagos State government has to ensure the fulfillment of its political commitments towards the reform process, including its promises to improve the quality of current services and continue repairing water facilities. It has to ensure that the PSP reform progresses successfully and is carried out in a fair and transparent way. It has to emphasize the social dimension of the reform, by promoting a political shift from a top-down process to one in which a sense of ownership emerges and grows among beneficiaries, consumers and workers. And, finally, the government has to make sure that the public understands the rationale for involving the private sector in water service provision, namely to provide safe, regular and affordable water to the citizens of Lagos.

CHAPTER 4

Public Communication Programs and the World Bank Project Cycle

The Development Communication Unit (DevComm) is a team of experts that helps Bank operational staff and governments make appropriate use of media and communication tools to build consensus on development initiatives and processes using innovative and culture-sensitive two-way communication strategies. DevComm is active in all regions and all sectors of the World Bank’s portfolio. It partners with regional and country external affairs offices of the Bank and communication professionals, when necessary, to help steer development initiatives to success.

DevComm is focused on strategy design and supervision of public communication program implemen-

tation, areas that are usually not provided by commercial communication and media companies. Commercial communication firms do most of their work for corporate clients and they very often tend to be product driven, providing print and audiovisual materials, advertising and organizing events, but tend to lack a strategy in which to frame their communication activities. The Unit complements private sector firms by focusing on the strategic design that best serves the project objectives. While not directly involved in the implementation process, the Bank’s communication experts have a benchmark for performance evaluation of the hired firms due to their preliminary assessment and can effectively monitor the implementation process.

WB Project Cycle	Public Communication Program in Steps
Identification	Communication Needs Assessment Assessment of institutional arrangement for communication
Preparation	Funding for public communication programs Opinion research and public polling
Appraisal	Communication strategy development Preparation of TORs for consultancy services
Implementation and Supervision	Development of institutional communication capacity Coordination and monitoring consultancy services Supervision of public communication program
Project completion	Public communication program impact evaluation

I. Communication Activities During Project Identification

Communication Audit

DevComm carries out communication audits to identify key clusters of stakeholders and gain insight into socio-political concerns and road blocks that affect development initiatives. The audit helps determine which strategies are needed to build consensus, and the messages and ways to communicate to these audiences most effectively. In addition, audits help identify communication capacity, both inside and outside the Bank and in the media, needed to support the privatization program. Based on audit findings, DevComm advises Task Managers and government counterparts on the most appropriate institutional arrangements for communication.

II. Communication Activities During Project Preparation

Opinion research

DevComm offers expertise to plan and implement opinion research and analyze both qualitative and quantitative information to decide on policy directions and enhance quality of privatization programs. The unit works with Bank task teams, government departments, and local research firms to design and implement research programs. It also trains local researchers in international best practices in opinion research tools and techniques.

Funding for public communication programs

DevComm helps task managers determine funding requirements for PCPs, identify available sources and assist with the drafting of funding proposals. The unit has had experience obtaining funding from IDF, PHRD and bilateral trust funds for communication activities in South Asia, the Middle East, Latin America and Africa. These sources include PHRD funds for PCP design during project preparation, IDF funding for capacity-building in strategic com-

munication or trust funds for a multitude of PCP activities.

III. Communication Activities During Project Appraisal

Communication strategy development

DevComm designs communication strategies with the objective of promoting constituencies for support and putting in place a transparent and inclusive development process. This involves:

- Preparing TORs for consultants to implement the public communication program
- segmenting audiences based on their positions,
- framing the issues,
- preparing appropriate messages to mobilize support and address the right concerns,
- finding the most effective mix of channels to reach audiences,
- creating communication capacity on the ground to implement the process,
- building consensus, and
- designing mechanisms for supervision and evaluation.

IV. Communication Activities During Project Implementation And Supervision

Development of institutional communication capacity

DevComm helps the Bank's operational staff, governments and local partners build their capacity to implement and sustain public communication programs. This is carried out through skills transfer, training and institution-building. Developing in-country capacity is part of the effort to create local

ownership of development processes. The Unit works with local and international specialists to offer training, both face-to-face and via distance-learning technology, on strategic communication for Bank project staff, government communication units, and others involved in privatization programs, such as parliamentarians, NGOs, community organizations and the media. The Unit also works with task teams to develop and deliver customized training programs for communicating with the media; preparing press releases, op-eds and audio-visual materials for the media.

Coordination and monitoring consultancy services

DevComm works with country teams and governments to identify the need for communication consultants, develop terms of reference based on perceived communication needs, assess the capabilities of consultants and supervise and monitor their services.

For more information, call:

Paul Mitchell, Chief, (202) 458-1423

Endnotes

- ¹ Naim, 1993, p. 151.
- ² Ibid, p. 152.
- ³ Adam Smith Institute, 2001.
- ⁴ OEDa, 2000.
- ⁵ OEDb, 2000.
- ⁶ *Campbell White and Bhatia*, 1998.
- ⁷ *ibid.*
- ⁸ *ibid.*
- ⁹ *ibid.*
- ¹⁰ *ibid.*
- ¹¹ Kaufman, D., *Listening to Stakeholders' Views About Their Development Challenges and World Bank Instruments*, The World Bank and Harvard University, Washington, DC, 1997.
- ¹² Adam Smith Institute, 2001.
- ¹³ OED, 1998.
- ¹⁴ International Labor Organization, 1999.
- ¹⁵ *Ibid.*
- ¹⁶ This methodology was developed by Paul Francis and Claude Salem and published in Rietbergen-McCracken and Narayan, 1998.
- ¹⁷ Environics International, Ltd, June 2001.
- ¹⁸ Center for Development Communication, result of omnibus research, Jordan, 2001.
- ¹⁹ Permission to publish this research data has been given by the Communication Office of the Executive Privatization Commission, Jordan.
- ²⁰ Verzosa, C., *Strategic Communication for Development Projects: A Toolkit for Task Team Leaders and Clients*, The World Bank, Washington, DC, 1999.
- ²¹ A. Estache, D. Leipziger, *Utility Privatization and the needs of the poor in Latin America*, The World Bank, Washington, D.C., 2000

Annexes

Annex I: Sample Terms of Reference for a Communication Audit

The Government is undertaking an ambitious program of economic reforms, promoting a privatization of key infrastructures. The reform will have three major phases: establishment at the national level of a regulatory and policy framework that is pro-private sector participation; strengthening of the authorities; and the promotion of privatization transactions beneficial for the poor.

These reforms face opposition, much of which stems from lack of adequate public information and education, as well as lack of direct communication with affected groups who oppose reforms such as parliamentarians, labor unions, workers and civil servants. There is an understanding both at the World Bank and among key officials in the Government that to counter this, the water sector would benefit from a well-planned and professionally implemented communication program aimed at ensuring that the program is well understood by the various stakeholders and that there is enough support at all levels for it to be smoothly carried through.

The first step of a communication program will be to carry out a communication audit in at least three of the nine states that are participating in the selection process in order to get an initial understanding of what the situation is and how the communication work needs to be approached. This preliminary assessment will provide the necessary information

to design an opinion research to assess public perceptions, expectations and desires through a quantitative survey appropriate, and a qualitative analysis of various other stakeholder concerns through focus groups and in-depth interviews. The result of the research would constitute the basis for the development of a communication strategy that would include messages, messengers, and the most effective communication channels for articulating these messages to reach the target audiences during each phase of the reform program.

Specific tasks include:

- Map out key stakeholders and audiences and analyze their position and their weight in the decision-making process to create buy-in and assess the feasibility of possible communication networks and their effectiveness in reaching target audiences.
- Analyze the media coverage of water-related issues, understand their views and determine the most appropriate channels to promote the program nationwide and to reach the different segments of beneficiaries.
- Identify key officials and independent third parties who could become active spokespersons and communication coordinators for the private sector participation program in the

states to be selected, and outline training needs for this purpose.

- Identify and assess the communication capacity in federal and state governments as well as in the country at large, both in the public and private sector, to carry out a comprehensive communication program and develop a communication infrastructure to better manage and coordinate communication activities across agencies involved.
- Devise ways to integrate the communication activities undertaken by governmental and private agencies in the national water utility reform program.
- Design and manage a quantitative and qualitative study through surveys, focus groups and interviews to assess public and other key stakeholders perceptions, attitudes and behaviors toward water.
- Develop a preliminary communication strategy for the period January-June 2002, identi-

fying messages and messengers, as well as determining the most effective communication vehicles for articulating these messages.

Outputs:

- Summary of preliminary findings. Specifically, this would include a preliminary report of communication needs identified and the results of initial in-depth interviews.
- Research planning document. The initial communication audit will determine areas in which further research is recommended and how the systematic opinion research phase will be designed, carried out and managed.
- Communication strategy. This will provide a compilation of research findings and a preliminary communication strategy, action plan and budget, and develop specific recommendations for capacity-building.

Annex II: Sample Terms of Reference for Design of Public Opinion Research

Background

The Government has embarked in an ambitious and comprehensive privatization program, which will be the flagship component of its strategy for economic growth, improved public services provision, infrastructure development, and private-sector growth through expanded domestic and foreign investment. A key component of the Government's privatization program is the need for transparency and a desire to inform and enlighten the population of its efforts, while encouraging widespread participation in the program. To that end, the Privatization Commission (CP) has commissioned a public communication program aimed at achieving consensus and participation in privatization.

In an effort to design a public communication program to inform and build support among relevant stakeholders in the privatization process, the *Privatization Commission* is outsourcing an opinion research project. The research, which includes a survey, will be designed to provide insights into the following issues:

- 1) level and depth of public awareness of and attitudes toward the privatization program;
- 2) general and overall support for the privatization program, and public opinion regarding the priva-

tization of specific sectors of the economy and enterprises;

- 3) sources of information related to the privatization program;
- 4) concerns and fears vis-à-vis potential outcomes of the program.

The government is hereby commissioning a comprehensive baseline opinion research study to analyze stakeholders' and broader public perceptions, attitudes and behaviors with respect to the government's privatization program.

The research will include a qualitative component in the form of focus group discussions (FGDs) to address concerns of special interest groups and other target audiences, as well as a quantitative component based on the methodology of general population survey to gauge public understanding of and support for the privatization program. The outcome of the study will serve as a tool to design and implement the next phase of the public communication program.

The government is thus seeking a qualified research firm with state-of-the-art knowledge of quantitative and qualitative public opinion research methodologies and with experience in carrying out such research on privatization-related issues in developing countries to conduct this study.

The focus of the study will be aimed at identifying and validating the options open to government in proceeding with the next phase of its communication program in terms of strategy, messages, utilization of appropriate media and its ability to monitor the progress of this program and evaluate its results. Based upon the results of this study, the government expects to make strategic decisions regarding the future objectives and guidelines of its public communication program in support of privatization.

This consultancy should take into account and build upon previous research activities, making full use of available secondary data. The main final output will be a report detailing the findings of the survey and focus group discussions for adoption by the *Privatization Commission*. The *Privatization Commission* likewise reserves the right to retain the successful consortium to undertake future tracking studies, which will be conducted at strategic intervals during the lifespan of the public communication program.

Requirements

The contract requires that all research consultancies responding to this request for expressions of interest have at least ten (10) years of relevant experience. This includes previous work on analogous projects in developing countries, particularly addressing the issue of public opinion with respect to privatization policy.

Additionally, this project will be open only to a pool of consultants (consortia) comprised of joint teams of qualified international and local research firms/individuals, with the aim of ensuring that generally accepted research concepts are adhered to, overall progress is closely monitored, and issues particular to the country are successfully incorporated into the research process.

Objectives

The objectives of the consultancy are to:

- Test general public attitudes, awareness, support and concerns toward the privatization program;
- Determine benchmarks against which to evaluate the progress of subsequent communication, consensus-building and awareness-raising activities;
- Identify sources through which the public most regularly receives information on privatization and which they deem most reliable;
- Provide the PC with recommendations on how to incorporate the outcomes of the research in the next phase of the public communication program;
- Suggest possible messages that correspond to the views and opinions collected as part of the research project.

Scope of Work

In implementing the research project outlined above, the successful consortium will undertake the scope of work in the following chronological order:

- The consortium will examine and analyze available, relevant secondary data. Points of contact for this phase may include government agencies, the World Bank, United States Agency for International Development, and other applicable governmental and nongovernmental organizations;
- The consortium will undertake the following actions to carry out the qualitative component of the research:
 - Design focus group discussion guidelines

- Set up FGDs
- Conduct and moderate FGDs (international consultant will attend some of these)
- Provide transcripts of FGDs
- Draft summary analytical report on FGDs findings
- The consortium will undertake the following actions to carry out the quantitative component of the research:
 - Design survey outline and assumptions tested during the FGD
 - Finalize survey questionnaire
 - Analyze survey data set
 - Set up logistics
 - Conduct the door-to-door survey
 - Collect data
 - Process data
 - Send processed data for analysis to international consultant
 - Report findings
 - Supply PC with copies of all testing materials both for the qualitative and quantitative component of the research for approval.
- Report of findings and recommendations to the CP.

In addition, the successful consortium will clearly assign the following roles and responsibilities undertaken by the international consultant vs. the local consultant who are parties to the consortium:

- General oversight;
- Design of testing materials and creation of methodologies;
- Identification of assumptions to be tested during focus group discussions;

- Analysis of survey data;
- Analysis of focus group results;
- Presentation of final report;
- Logistical arrangements for conduct of survey and focus groups;
- Collection and processing of data;
- Conduct and moderation of focus groups;
- Initial report on survey and focus group findings.

Outcomes of the Research

It is expected that as a result of the qualitative and quantitative research project (e.g., baseline/benchmark survey and focus group discussions), the consortium will produce a final report detailing its findings and responding to the objectives enumerated above.

The final survey report should be structured accordingly:

- Executive summary
- Explanation of methodology
- Explanation of demographic sample
- Summary results by geopolitical zone
- Summary of findings
- Recommendations
- Conclusion

The survey questionnaire should be appended to the final report.

The final focus group report should contain an executive summary of views expressed by participants, highlights of differences in viewpoints identifiable by gender, ethnicity and geopolitical zone, and recommendations.

A total of ___ copies of both reports should be submitted to the PC.

A total of ___ copies of both reports should be submitted to the World Bank

Further, the consortium will present both reports with the results of the opinion research in a unified document to the PC in the presence of a World Bank representative.

Timeframe

Begin Date: XXXXX End Date: XXXXX (12 weeks)

The consortia will deliver its work at the minimum, according to the following timetable:

- Week 1/2:** Hold preparatory meetings to define full scope of work, draft FGD guideline, analyze secondary data, and setup logistics for FGDs.
- Week 3/5:** Carry out FGDs, draft survey questionnaire guidelines.
- Weeks 6/:** Setup logistics for survey, draft FGDs results report, finalize survey design.
- Week 7/10:** Carry out door-to-door survey, collect data, finalize FGDs results report.
- Week 11** Process survey data and draft final report.
- Week 12:** Present final report and recommendations.


Annex III: Sample Terms of Reference for a Communication Consultant for a Public Communication Program to Support Privatization

The scope of work for the Public Communication Campaign is divided into four main areas:

1. Coordinate the different government communication efforts on privatization.
 - Develop, refine and deliver a comprehensive communication strategy for privatization based on a thorough analysis of public perceptions and attitudes, in coordination with key ministers and the Privatization Commission (PC).
 - Identify key communication messages, communication channels, and the timeframe for their delivery.
 - Coordinate full and open communication among government agencies and between them and the private sector.
2. Build consensus and rally support for the privatization program.
 - Ensure a unified government voice on communication for privatization.
 - Position the PC as the bridging institution between government agencies and Parliament. Monitor information flow and the stance of Members of Parliament on key issues. Refine strategies to ensure the passing of key legislation.
3. Inform and educate relevant stakeholders about the privatization process, as well as individual transactions.
 - Promote broad public discourse on privatization through the organization of workshops and meetings with all sectors of civil society. A particular goal would be to make the business community and other interest groups (consumers' organizations, trade unions, etc.) aware of the active role they can play in assisting the government in the policy-making process.
 - Build and manage relations with local and international investors, ensuring that they receive consistent and accurate information on relevant transactions and that their inquiries receive timely responses.
 - Devise and manage a media relations plan to ensure proper understanding of the privatization process and promote media coverage of related topics. For this pur-

pose, the Communication Manager shall manage, in conjunction with an external consultant: i) the establishment of a network of domestic and foreign economic journalists; ii) the development of a series of materials – press kits, newsletters, information briefs, etc. – aimed at explaining government policy and publicizing details on individual transactions; iii) the establishment of a calendar of “key dates” (anniversaries of signatures of trade agreements, international labor day, relevant official visits, etc.) around which to build communication events like public appearances by major government figures, placing of op-ed articles; iv) the creation of a mechanism to forecast and manage likely communication crises before they occur; v) the production and dissemination of press releases on newsworthy events; vi) the production of educational radio and TV programming; and vi) the arrangement for the development of public service announcements (PSAs) on issues that might benefit from advertising.

- Advise and assist government spokespersons in preparation for public appearances. This will include coaching and media training for interviews, as well as drafting speeches, briefing notes and talking points.
 - Advise and assist senior management of state-owned enterprises slated for privatization in developing plans to communicate with their employees, diffuse tensions and manage expectations.
4. Conduct systematic research on public perceptions, expectations and concerns, and provide it to the PC and Office of the President.
- Arrange and oversee public opinion research that establishes a baseline of opinion among specific target groups and the public-at-large. Conduct follow-up research to track changes in opinion among these groups. This research will not only seek understanding of general views of reforms, but also will test the impact of alternative messages and delivery methods to ensure the highest possible effectiveness of the communication program.
 - Brief PC regularly on public understanding and perceptions of the privatization process, as revealed by opinion research and direct, regular contact with diverse stakeholder groups. The aim of this activity is to ensure greater government responsiveness to public concerns and to allow for ongoing refining of government policy.
 - Establish a media-monitoring mechanism to systematically assess the scope and quality of the coverage of relevant issues.



Annex IV: Chart Showing Sample Audiences, Channels and Messages


The following chart shows examples of various potential stakeholders/target audiences and the concerns they may have. Also shown are some possible communication program objectives that could be aimed at addressing each given concern. Examples of communication channels are also listed, along with sample messages that might be conveyed effectively via those channels. Remember that it is important that messages be supported by data demonstrating that they are accurate.

AUDIENCE	MAIN CONCERNS	COMMUNICATION OBJECTIVE	COMMUNICATION CHANNELS	MESSAGES
<ul style="list-style-type: none"> - General public 	<ul style="list-style-type: none"> - Difficult economic situation: unemployment, loss of job stability, general uncertainty - Privatization may benefit only the rich, merely turning public monopolies into private ones - Non-transparent privatization process could transfer state assets to foreigners - Deficient and expensive public services - Government rushing through privatization without proper communication and consultation 	<ul style="list-style-type: none"> - Explain economic reforms as a whole, including new roles of government and private sector, and how they will allow country to get back on track economically - Show how reforms, and privatization in particular, will help improve daily lives of average people - Describe individual reform measures, such as specific privatization transactions, in context of overall reform program - Foster trust in government for success in implementing these reforms - Encourage public dialogue on economic issues through civil society organizations like consumer groups 	<ul style="list-style-type: none"> - A public information campaign including: i) production and dissemination of informational print and audiovisual materials; ii) increased media coverage of privatization through organization of media events, press conferences, interviews with key officials and; iii) as needed, production of PSAs on specific issues - Outreach activities: organization of public events (conferences, town hall meetings, etc) with civil society - "Economic reform is in my interest, not just an elite few." 	<ul style="list-style-type: none"> - "The fiscal savings brought by privatization will allow more spending on health and education for me and my family" - "Privatization means better services at cheaper prices for me and my family." - "Privatization means access to clean, safe water for me and my family."
<ul style="list-style-type: none"> - Parliament or legislature 	<ul style="list-style-type: none"> - Lack of a clear economic policy on the part of the government to foster long-term growth - Privatization is detrimental to the poor and to service delivery to rural areas 	<ul style="list-style-type: none"> - Build understanding and support for privatization - Ensure the timely approval privatization transactions - Solicit legislature's input, while managing expectations on the role they have to play 	<ul style="list-style-type: none"> - Series of consultations, in the form of workshops, working groups etc., with relevant legislative committees to get their input on key issues - Ongoing meetings with leaders of legislative blocks - Creation of an informal working group including key government officials - Joint visits to important constituencies by government officials and members of the legislature 	<ul style="list-style-type: none"> - "The government is interested in hearing my views and those of my fellow members of parliament on economic policy and privatization." - "I will support the privatization program with my vote." - "Privatization will benefit my constituents and happy constituents are likely to return me to office."

AUDIENCE	MAIN CONCERNS	COMMUNICATION OBJECTIVE	COMMUNICATION CHANNELS	MESSAGES
<ul style="list-style-type: none"> - Local business community 	<ul style="list-style-type: none"> - Not sufficiently consulted during the policy-making process - Not being considered by the government as the engine for growth - Lack of a clear economic policy on the part of the government to foster long-term growth - Inability of the government to implement privatization in a participatory, transparent way 	<ul style="list-style-type: none"> - Build understanding and support for privatization - Allow for wide participation and shareholding in privatization transactions - Foster trust in the government for successfully implementing them - Clearly define the role of the government and the private sector in the economy - Manage expectations as to what reforms can achieve 	<ul style="list-style-type: none"> - Series of consultations, workshops, seminars, breakfast meetings with business organizations to get input on issues and clarify gov't position - Create informal working group of key government officials and selected business leaders - Establish a website where executives can find the latest government information on laws, regulations, business procedures, investment opportunities, etc. - Produce, disseminate material on issues of interest to local business community 	<ul style="list-style-type: none"> - "Privatization is good for my business." - "The government considers businessmen like me a key partner in promoting economic development." - "I believe that doing business in the country will become easier and easier." - "I believe the government will make it easier for me to do business through tax incentives, etc."
<ul style="list-style-type: none"> - International business community 	<ul style="list-style-type: none"> - Geopolitical situation - Bureaucratic obstacles - Inability of government to implement economic reforms - Fear of further tax increases 	<ul style="list-style-type: none"> - Demonstrate what it is being done in terms of administrative reform and improvement of the business environment - Reassure that future tax reforms will be undertaken only after extensive consultations - Remind potential investors of country's sophisticated know-how and rich human capital 	<ul style="list-style-type: none"> - Establish a website where executives can find the latest government information on laws, regulations, business procedures, investment opportunities, etc. - Increase participation in international trade fairs and other venues for attracting foreign investors - Launch international advertising campaign to promote country as one in which to invest and organize events 	<ul style="list-style-type: none"> - "The government is committed to promoting long-term regional stability and this is good for my business." - "Privatization means more and better opportunities for my business to grow." - "I believe that because the government considers the private sector to be the engine of growth, doing business in the country will become easier and easier."

AUDIENCE	MAIN CONCERNS	COMMUNICATION OBJECTIVE	COMMUNICATION CHANNELS	MESSAGES
<ul style="list-style-type: none"> - Employees of state-owned enterprises 	<ul style="list-style-type: none"> - Uncertainty of working conditions, including chance of losing jobs, related privileges 	<ul style="list-style-type: none"> - Reach workers separately from their membership in unions; show government commitment to transparent process and to retraining workers, but keep expectations realistic - Instill a performance- and client-oriented culture in public service - Explain privatization's benefits to public; policy on redundancies, social benefits - Reassure employees who will retain jobs that their working conditions, and maybe pay, will improve 	<ul style="list-style-type: none"> - Develop an internal communication plan together with the management of each SOE to be privatized, to include regular meetings with employees, as well as the production of print materials with information on the status of the transactions, labor issues, training opportunities, etc. 	<ul style="list-style-type: none"> - "I believe that working conditions will improve under private management." - "The government cares about my views." - "The government is concerned about my pension and a establishing a social safety net in the privatization process."
<ul style="list-style-type: none"> - Labor unions 	<ul style="list-style-type: none"> - Privatization being done behind closed doors to the detriment of workers' rights - Lack of consultation with unions, lack of communication and information on the part of government to allow unions to play role and lead informed debate with union members, as well as guide workers through restructuring, retraining process - Loss of union's membership and power through privatization - Lack of a clear economic policy on the part of the government to foster long-term growth 	<ul style="list-style-type: none"> - Build understanding and support for privatization, giving a sense that the nation should be united in this difficult but necessary process of economic reform - Emphasize the weakness of the budgetary position and the dwindling ability of the national economy to compete in the increasingly global market 	<ul style="list-style-type: none"> - Series of consultations in the form of workshops, working groups etc., with union representatives to get their input on key issues - Arrange study tours and meetings with international federations of unions or foreign unions to illustrate how they handled privatization - Ongoing meetings with union leaders to inform them on the privatization and on upcoming transactions 	<ul style="list-style-type: none"> - "The government is interested in unions' views." - "Privatization is inevitable due to global economy. Nation's best interest is to proceed cooperatively." - "We must look beyond short-term, special interests, avoid recrimination over the past. Unions, govt should move forward together."

AUDIENCE	MAIN CONCERNS	COMMUNICATION OBJECTIVE	COMMUNICATION CHANNELS	MESSAGES
<ul style="list-style-type: none"> - Labor unions 	<ul style="list-style-type: none"> - A non-transparent privatization not subject to public scrutiny - Government rushing through privatization without proper communication - Lack of detailed and factual information on the privatization - Deficient technical and economic knowledge to provide accurate interpretation of economic issues to the public 	<ul style="list-style-type: none"> - Engender a sense of crisis to prepare unions for a harder government stance on demands for increases in wages and redundancy payments - Solicit unions' input while managing expectations on the role they have to play 	<ul style="list-style-type: none"> - Create an informal working group including key government officials and union representatives to discuss particularly difficult measures 	<ul style="list-style-type: none"> - "Privatization will take nothing from unions' role, will improve the lives of many throughout the country." - "Gov't accepts responsibility, accountability for effectively implementing privatizations in a fair, equitable manner." - "Gov't will give progress updates."
<ul style="list-style-type: none"> - Media 	<ul style="list-style-type: none"> - A non-transparent privatization not subject to public scrutiny - Government rushing through privatization without proper communication - Lack of detailed and factual information on the privatization - Deficient technical and economic knowledge to provide accurate interpretation of economic issues to the public 	<ul style="list-style-type: none"> - Explain economic reforms in context of broader vision - Educate media professionals on economic issues related to privatization; encourage media to help improve public understanding - Give details on transactions, updates on reform progress. - Foster trust in government ability to implement reforms - Encourage media to engage the public and foster objective dialogue on reform 	<ul style="list-style-type: none"> - Educational seminars on economic issues related to privatization to enhance journalists' understanding of rationale behind key reforms - Information and educational campaign including: i) dissemination of print and audiovisual materials to the media; ii) organization of media events, interviews with key officials, iii) as needed, production of material on specific issues 	<ul style="list-style-type: none"> - "It is critical that journalists and media professionals contribute to the public discourse on privatization through factual and objective presentation of key issues." - "The media has a key role to play in ensuring a transparent privatization process that is open to public scrutiny and which takes into account the views of the public." - "The country should move united in the transition to the global economy."




Annex V: Budget items for Public Communication Program to Support Privatization

Cost estimates vary significantly from case to case and will depend on existing communication capacity in the country, length and cost of local/international consultancies, in-country program expenses, etc.

ACTIVITY	OUTPUT	IMPACT	COST
<p>1. Communication Audit</p>	<p>(a) Map out key stakeholders and analyze their position and their weight in the decision-making process to create buy-in (b) Analyze the media coverage of water-related issues, understand their views and determine the most appropriate channels to promote the program (c) Identify key officials who could become active spokespersons and communication coordinators for the private sector participation (d) Identify and assess the communication capacity of public/private sector, to develop/carry out a PCP</p>	<p>The purpose of the Audit is to provide preliminary information and understanding of public opinion on issues related to water and preparation of inception report for World Bank project team. Preparation of research planning document. The initial communication audit will determine areas in which further research is recommended and how the systematic opinion research phase will be designed, carried out and managed.</p>	<p>includes: - Two-week audit carried out by a World Bank communication specialists in the field - Travel and per diem - Two weeks of HQ-based World Bank staff time for evaluation and write-up</p>
<p>2. Public opinion research, monitoring and feedback</p>	<p>(a) Nationwide polls on water sector reform/perceptions, attitudes and behaviors towards water/ Private Sector Participation (PSP) (b) Focus groups. Work would be coordinated and overseen by local specialized firm, using local moderators to the extent possible.</p>	<p>The purpose of the poll is to provide benchmark data on knowledge, understanding and public opinion on issues related to the reform program. Based on the benchmark data from the poll, focus groups would allow a look at specific target groups, segmented by age, location, occupation or other relevant demographics in terms of the deeper reasons behind opinion. This technique is critical to understanding specific concerns and developing key messages for different target groups.</p>	<p>includes: - fees for a polling firm to conduct one initial poll, plus follow-up poll, utilizing local trainees to carry out work - focus group moderators fees - travel and per diem</p>
<p>3. Creation of communication institutional base and operationalize strategy, within the National/Regional ministry of Water Works, within the municipality, or Water authority/utility</p>	<p>Development of capacity to improve coordination of government/utility communication internally and externally and establish effective feedback mechanism for stakeholders to voice their opinions and concerns with regard to water-sector reforms</p>	<p>The communication institutional base at the National/Regional Ministry of Water and within the water authority/utility forms the institutional basis for the achievement of the PCP objectives.</p>	<p>includes: - Technical assistance/capacity-building communication. - Air travel, telecomm, faxes, printers, computers, etc.</p>
<p>4. Consensus-building activities</p>	<p>(a) Public forums and conferences to launch national dialogue on issues related to water policy involving gov't, NGOs, labor leaders, the private sector, community leaders, etc. Private sector/competitors campaigns.</p>	<p>Increase both public and stakeholder awareness of reform issues and of their role and responsibility in communication. Build ownership and participation.</p>	<p>includes: - Conference/ workshop facilities - Production of documents and conference/workshop materials</p>

ACTIVITY	OUTPUT	IMPACT	COST
4. Consensus-building activities	(b) Workshops for journalists, employees, workers, parliament, NGOs and others to address issues related to PSP/Water Conservation. Will include outside experts.	Will more precisely address the concerns of stakeholders and will help build ownership and participation. Further, will enhance the ability of policymakers to discuss more accurately and objectively the water reform issues in public discourse.	- Supplies and other
5. Public communication outreach program/ media relations	(a) Seminars to discuss the need for the private sector in the provision of water services, and the role of media. (b) Seminars and workshops for journalists and news editors on benefits of PSP, macroeconomic rational, benefits for the poor, and social dimensions of water reform. (c) Outreach to international business media/investors. (d) PCP strategy with focus on the social dimension of the reform, the issue of transparency and accountability, the macroeconomic rationale of the reform and the quality of service. Seminars/breakfast meetings for key internal and external audiences (e.g., international and local investors, government employees, etc). (e) Production of audiovisual materials and public service announcements	Will provide more regular and systemic information to investors, the media and civil society on the PSP program. It will help business journalists, editors and columnists better understand the reform program and their role and responsibility in informing the public. Will enhance their ability to discuss more accurately and objectively the key issues in public discourse. Will provide a regular stream of information to specific audiences on water-related issues.	includes: - production of TV/radio materials - Conference/seminar facilities - Airfare and per diem for international/regional participants - Production of documents and conference/workshop materials - Supplies and other Note: Air-time for broadcasting on public and private media normally is not included.
6. Capacity-building and training activities	(a) Tailored training sessions on media skills with specific communication managers and spokespersons in government agencies involved in priority or particularly difficult communication needs. (b) Training sessions for communication managers and staff in within the water utility. (c) Half-day seminars on communication techniques for high-level officials involved in water sector reforms.	Will build the ability of key spokespersons on water sector reform to prepare and deliver essential messages effectively and will increase commitment and awareness on the importance of integrating communication in the reform process. Through these short seminars the key players in the PSP program have an opportunity to share their views and debate with world-class experts in communication on how to improve the macro-framework for economic and social communication in the water sector. The objective is to build local capacity in communication and commitment to the reform process by acquainting stakeholders with best practices in communication for water sector reform elsewhere.	Includes: - Fees for specialized trainers including prep - Per diem - Training materials and audiovisual equipment - Supplies, other



Annex VI: Sample timeline for a Public Communication Program to support privatization

ACTIVITIES	DURATION	MONTHS											
PCP ACTIVITIES													
PRESENTATION OF PCP IMPLEMENTATION PLAN TO A RANGE OF STAKEHOLDERS AND DONORS	1 Day	x											
Period for consideration	14 Days	x											
Negotiation and final approvals for the activities and cost estimates proposed in the PCP implementation plan	4 Days	x											
Contract communication staff to work in the water utility communication unit	14 Days		x										
Appoint consultancy for technical assistance in PCP implementation	3 Days		x										
Finalize office support	6 Days		x										
Information session for key government institutions about complexity of the PSP process	20 Days		x	x									
Setting up a National Media Database	5 Days		x										
ESTABLISHING A COMMUNICATION COMMITTEE CONSISTING OF REPRESENTATIVE OF EACH STAKEHOLDER AND CHAIRED BY THE UTILITY COMMUNICATION TEAM LEADER FOR COORDINATING PCP ACTIVITIES/MESSAGES	7 Days		x										
Create knowledge base for access to information on and about PSP process	10 Days			x									
Draft issues directory and Q&A on key issues expected to arise as result of the PCP	14 Days			x									
Finalize media schedule, costs, timing and acceptability of media at each stage of campaign	4 Days				x								
NGOs/Church meetings	5 Days					x							
Internal communication program for utility workers	15 Days				x	x							
Prepare media workshop	9 Days						x						
Website production	30 Days							x	x				
Finalize Q&A	5 Days							x					
Finalize presentation team from utility/stakeholder organization for seminars and other speaking engagements. Team will change over time but messages remain the same	1 Day								x				
Produce main presentation: Through introduction to PSP in the specific country, its history, benefits, short-/long-term ramifications	12 Days									x	x		
Speakers training	3 Days											x	
Deliver media workshop	1 Day												x

ACTIVITIES	DURATION	MONTHS													
Placement of articles/op-eds	141Days				x	x	x	x	x				x	x	x
Design and print leaflets/poster	14 Days											x			
Leaflets/posters distribution	4 Days											x			
Formal press conference	1 Day												x		
Community rallies held on market days covering all outlying regions	30 Days											x			
Former review of the PCP campaign to be carried out monthly by Communication Committee and utility	110 Days												x	x	x
Prepare theatrical presentation of PSP to be applied to areas where literacy or poverty prevent the penetration of other channels of communication	14 Days												x		
Theater program	30 Days													x	
Seminar workshop with government departments, economic interest groups, pressure groups and NGOs, business groups, critical institutions and media	30 Days													x	x
Radio, TV and Theater on TV	150Days												x	x	x
Ministerial speeches through the ongoing PCP, ideally once a month		x	x	x	x	x	x	x	x	x	x	x	x	x	x
MILESTONES OF PRIVATIZATION TRANSACTION PROCESS															
PSP award press conference														x	
Presidential address														x	
Bid package/draft lease															x
Pre-bid conference															x
Revised bid package															x
World Bank/Ministry approval															x
Distribute final bid packages															x
Technical evaluation															x
Financial opening															x
Ministry cabinet/parliamentary approval															x
Contract negotiation award															x
Transition															x

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