

*Emirates Palace  
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# Privatization of Infrastructure Facilities

## Privatization – Making it Work

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# What is a “Successful” Privatization?

## ➤ Outcomes?

- How much money is raised? ✓ ☒
- A more profitable business? ✓ ☒
- Lower prices for customers? ✓ ☒

## ➤ Process?

- an open and transparent sales process ✓✓✓

# Does Private Ownership Work?

<b>Formal Studies of Relative Performance</b>			
	<b>Private Superior</b>	<b>No difference</b>	<b>Public Superior</b>
<b>Private vs Public Efficiency</b>	<b>8</b>	<b>2</b>	<b>0</b>
<b>Effects of Privatization</b>	<b>20</b>	<b>1</b>	<b>1</b>

Source: Megginson W and Netter J, Journal of Economic Literature, 34.

# How Large are the Gains?

	<b>% Change</b>
<b>Profitability</b>	46.5%
<b>Efficiency</b>	19.6%
<b>Investment</b>	35.7%
<b>Output</b>	83.0%
<b>Employment</b>	1.2%

Source: *ibid.* - average results from 211 privatized firms

# When Does Privatization Work Best?

- 1. Deregulate first**
- 2. Privatization is not always the answer**
- 3. Privatize fairly and transparently**
- 4. Include foreigners**
- 5. Put proceeds to good uses**
- 6. Manage the tensions**

# Managing the Tensions

- **Leadership**
- **Method of Privatisation**
- **Choice of Words**
- **Selling the Message**

# *Afrigo*

*The Privatization Song.....*

# *“The Privatization Song”*

*Privatization, the surer route to economic  
emancipation*

*Yeah, businessmen run businesses*

*Government govern the nation*

*You and I didn't create the situation*

*Lets unite*

*Check the economy*

*A better future for our children*



# *Road Signs from Africa.....*

Source for text:  
[www.iea.org.uk](http://www.iea.org.uk)

Privatisation  
Fights  
Poverty





Privatisation  
Fights  
Smuggling

A red octagonal stop sign with a white border, mounted on a green post. The sign features the text "Privatisation", "Fights", and "Unemployment" in white, sans-serif font, arranged vertically. The background shows a clear blue sky, trees, and a building in the distance.

Privatisation  
Fights  
Unemployment



Privatisation  
Fights  
LAZINESS

# Conclusions

- The evidence is clear:
  - the private sector is more efficient than the public sector at running commercial enterprises *on average and over time*
- The keys to a successful privatisation:
  - getting the regulatory environment right;
  - running an open and robust sales process;
- The challenge: to win hearts and minds