

Fonds - Records of Private Sector Development Sector

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Identity area

Reference code	WB IBRD/IDA WB_IBRD/IDA_100
Title	Records of Private Sector Development Sector
Dates	1980 - 1999 (Creation)
Level of description	Fonds
Extent and medium	127.89 linear feet of textual records

Context area

Name of creator [Private Sector Development Sector](#)

Biographical history

The Private Sector Development (PSD) Sector of the World Bank is broadly defined as those "activities which encourage the growth of an efficient private sector capable of contributing to economic development." The origins of PSD functions in the World Bank evolved out of the Development Finance Companies Department (DFC) established in 1968. The DFC replaced the Development Banks Department (DBD), which was transferred to the World Bank from its World Bank Group organization affiliate, the International Finance Corporation (IFC). DFC reported directly to the Office of the President (EXC). Development finance companies or DFCs (e.g. commercial and development banks, apex banks, government banks, and state enterprise finance banks) were used as a means to finance or serve as intermediaries for private sector investment for small and medium enterprises (SME). Unlike the IFC, the Bank did not directly lend to private sector enterprises, but their support in developing DFCs served as an indirect way to bolster private sector development because it created greater efficiency and expanded availability of credit for private sector lending. DFC was given the following tasks: expand the work program with respect to private and government-controlled development finance companies (DFCs); to streamline procedures for this work within the World Bank Group; and permit the IFC to concentrate on direct financing and promotion of projects in the private sector. More specific responsibilities of DFC Department included:

- * keeping informed about and advising the World Bank Group on policies, procedures and problems of DFCs;
- * evaluating proposals for DFC establishment, reorganization or expansion;
- * recommending a suitable capital structure, organization and operating policies for new DFCs, and preparing and supervising a program for raising the needed capital;
- * maintaining close contact with all Bank-assisted DFCs and monitoring their performance;
- * assisting in the recruitment and training, in cooperation with the Economic Development Institute, of the management of these institutions; and
- * reviewing appraisals of projects submitted for financing by DFCs.

On the date of its establishment, the DFC Department had seven operational divisions. Five of them, Division I (DFCD1), Division II (DFCD2), Division III (DFCD3), Division IV (DFCD4), and Division V (DFCD5) were transferred from the IFC. Two new divisions, Division VI (DFCD6) and Division VII (DFCD7), were added to explore potential DFC activities in Africa and Latin America. With the exception of Divisions VI and VII, the divisions were not based on geographical regions. William Diamond assumed the role of DFC Director.

In 1971, the seven DFC divisions were consolidated into five, which were based on geographical regions: Latin America and the Caribbean (DFCD1); Europe, Middle East, and North Africa (DFCD2); Africa (DFCD3); South Asia (DFCD4); and East Asia (DFCD5).

As part of the Bank-wide reorganization in 1972, DFC began reporting to the Vice President of Central Projects (CPS). Most DFC staff was decentralized to regional projects departments in the newly established Regional Vice Presidencies. This left a core Department of advisors with responsibility for operational and development policy, research, operational support, and quality control for project and sector work. The exception was the Africa Division, which changed its acronym to DFCAF and remained intact as a centralized division. In that same year, Douglas Gustafson became the new Director of DFC.

In 1975, David Gordon took over as Director for DFC.

On February 11, 1977, as a result of the realignment of all industrial activities related to the Bank's Urban Poverty Program, DFC was terminated. Most of DFC functions were transferred to the new Intermediaries Unit (IDFIN) of the Industrial Development and Finance Department (IDF), which was assigned the responsibility for operational support to the Regional Vice President on lending to development finance companies. The IDFIN was short lived, however, and was terminated in the summer of 1978.

In the period from the late 1960s and 1970s, the DFC served as the closest unit that resembled activities related to private sector development sector within the Bank. The Bank did not have an explicit unit devoted to PSD during this time, and the affiliate IFC remained the focal point for private sector development related functions of the broader World Bank Group. The Bank's private sector development approach consisted of lending through intermediaries such as DFCs, or investment in public sector entities and infrastructure, which was intended to create a stable and efficient environment for long-term private sector growth. In the late 1970s and early 1980s, however, the economies of many Bank member countries were increasingly perceived as being overburdened with overly large, wasteful, and inefficient public sector entities that stymied economic development. In response, the Bank began a shift towards establishing a different balance for public and private sectors. The new approach included advocating for privatization of public services, development of financial markets, reduction and limitation of public spending, and investment in private enterprises. As a consequence, Bank private sector development activities evolved from the public sector reform initiatives of this period.

In 1983, the Bank established the Public Sector Management Unit (PPDPS) located in the Projects Policy Department (PPD). PPDPS was given the responsibility of advising and developing strategies for improving the management of governments and government-controlled enterprises by reducing excessive staffing, and privatization of selected public services. Arturo Israel was named Chief for PPDPS.

As part of the 1987 Bank-wide reorganization, the PPD was terminated. The functions and staff of the PPDPS were transferred to the newly established Public Sector Management and Private Sector Development Division (CECPS) located in the Country Economics Department (CEC) of the Development Economics Vice Presidency (DEC). CECPS was created in July 1987 with five other divisions, including: the Trade Policy Division (CECTP); the Debt and Macroeconomic Adjustment Division (CECDA); the Public Economics Division (CECPE); the Financial Policy and System Division (CECFP); and the Special Studies Division (CECSS). CECPS responsibilities included:

- * providing intellectual leadership;
- * advising on Bank policy;
- * participating in missions to prepare and appraise projects and advise governments;
- * acting as a liaison with other agencies active in public sector management and private sector development;
- * developing and implementing training courses for Bank staff; and

* promoting research in the areas of public sector management and private sector development.

CECPS specifically focused on private sector development activities such as privatization of state-enterprises, performing private sector assessments, and improving the relations between the public and private sector through regulatory reform. Arturo Israel assumed the role as Division Chief for the newly established CECPS.

In 1989, at the request of World Bank President Barber Conable, a Private Sector Development Review Group was established to assess private sector development activities in the World Bank Group and make recommendations for further expansion of private sector development services in the World Bank, IFC, and a newly established World Bank affiliate, the Multilateral Investment Guarantee Agency (MIGA). The Private Sector Development Review Group and members of CECPS were responsible for summarizing private sector development activities within the World Bank Group and produced the report [Developing the Private Sector: A Challenge of the World Bank Group](<http://documents.worldbank.org/curated/en/1989/04/438194/developing-private-sector-challenge-world-bank-group>). The subsequent report helped produce the Action Program on Private Sector Development, and the Private Sector Development Committee, which oversaw the implementation of the Action Program. This expansion was pursued due to the Bank Group member countries growing demand for private sector development related services. The Action Program resulted in: the capital expansion of the IFC; greater collaboration between the Bank, IFC, and MIGA in private sector development functions; and a larger private sector development profile in the Bank.

In the Bank, expansion of private sector development related activities included the creation of the Private Sector Operations Group (CFSPS) within the newly established Co-financing and Financial Advisory Services Vice Presidency (CFS) in June 1989. CFSPS did not replace the research and policy analysis oriented CECPS, but served a different function in providing private sector development advisory services and resource mobilization to membership countries through the Bank Regions via their Country Departments. CFS responsibilities included:

- * assisting member countries in restructuring debt;
- * assisting member countries with deregulation, public sector restructuring and privatization;
- * advising member countries on management of their foreign financial assets and liabilities; and
- * procuring co-financing arrangements from commercial and public sources.

CFSPS was responsible for supporting Bank operations in mobilizing private and official participation for private sector led investments in developing countries. The CFSPS private investments included physical infrastructure projects, and restructuring of public sector enterprises through privatization and divestiture. CFSPS was created alongside the Financial Advisory Services Group (CFSFA) and the Co-financing Group (CFSCO). Ibrahim I. Elwan assumed the role of Manager of CFSPS.

In 1990, Mary M. Shirley replaced Arturo Israel as Division Chief for CECPS.

In 1991, the CFSPS was renamed the Private Sector Financial Operations Group (CFSPS). In that same year, the Private Co-financing Group (CFSPC) was added to CFS.

In February 1992, CFS underwent a reorganization to strengthen private sector development functions and to help streamline the process of financial resource mobilization. The re-organization included the merger of CFSPS, CFSPC, and some of the staff and functions from CFSFA. The new merger was renamed the Private Sector Finance and Advisory Services Group (CFSPS). The Group re-organized again in 1992, however, and was renamed the Private Sector Development and Privatization Group (CFSPS). Kevin Young assumed the role of Manager for the new CFSPS.

As part of the Bank-wide reorganization that took effect in January 1993, CECPS was terminated and its functions and staff were transferred to two new Bank units. Some of the private sector development oriented research staff in CECPS were transferred to the Finance and Private Sector Development Division (PRDFD) located in the newly established Policy and Research Department (PRD) of the Development Economics Vice Presidency (DEC). The bulk of CECPS staff and functions were transferred to the Private Sector Department (PSD) located in the new Finance and Private Sector Development Vice Presidency (FPDVP). CFSPS was left unchanged in this re-organization.

At its establishment, PSD was created alongside two other complimentary departments in FPDVP: the Financial Sector Development Department (FSD), and the Industry and Energy Department (IEN). PSD responsibilities included:

- * formulating and disseminating policies and guidelines with regard to its sector;
- * monitoring the effectiveness of policies and approaches;
- * liaising with Bank-external organizations and professionals in the field; and
- * providing operational support aimed at improving the enabling environment for private sector development through reforms of the regulatory framework, small business development, accounting and auditing infrastructure, market and technology information, and trade facilitation services.

PSD did not have any formal divisions, but was organized into task-specific teams, each led by a designated manager. The teams included: the Restructuring and Privatization Team; the Policy and Regulatory Framework Team; and the Private Sector Development Team. Magdi Iskander assumed the role of PSD Director.

PRDFP, which worked closely with PSD and the FSD department in the FPDVP, focused specifically on research and policy analysis. PRDFP work was organized under two general themes of financial markets and the public-private boundary. Mary M. Shirley assumed the role of Division Chief for PRDFP.

In 1996, the CFS was terminated. As a consequence, the staff and functions of the Private Sector Development and Privatization Group (CFSPS) were transferred to PSD in FPDVP, and its acronym changed to PSDPS.

As part of the reorganization of the Bank in 1997, the FPDVP was terminated and replaced with the Finance, Private Sector Development and Infrastructure Network (FPSI). The research division of the PRDFP was also terminated at this time. FPSI was created along with three other networks: the Poverty Reduction and Economic Management Network (PREM); the Human Development Network (HDN); and the Environmentally and Socially Sustainable Network (ESSD). The FSD, PSD, and IEN departments of FPDVP were transferred to FPSI, and joined a new Transportation, Water, and Urban Development Department (TWU). IEN's acronym was changed to EMT with the creation of FPSI. The responsibilities of FPSI included:

- * developing vibrant private sectors with rapid job growth by implementing the financial sector reinforcement program;
- * speeding up the emergence of livable, bankable, and competitive cities;
- * promoting the growth in energy and infrastructure provision that is environmentally sensitive;
- * stemming infrastructure deficit; and
- * sharing in the promise of the Information Age.

Within PSD, the following groups were created: the Private Sector Development and Privatization Group (PSDPS); the Private Participation in Infrastructure Unit (PSDPP); the Business Environment Unit (PSDBE); the Knowledge Management Unit (PSDKM); the Enterprise Group (PSDEN); and the Micro-finance and Small and Medium Enterprises Group (PSDMF). PSD focused on the following areas: enterprise reform and privatization; increasing private provision in infrastructure (PPI) and social services; micro-finance and small medium enterprise (SME) promotion; and strengthening business environment. Magdi Iskander remained the PSD Director for the new FPSI.

The FPSI was short lived, however, and terminated in January 1999. The FPSI was partially terminated because it was too large with multiple sector focuses. WorldBank Group President James D. Wolfensohn also sought greater integration of the World Bank and its affiliate IFC. IFC specialized in private sector development advisory and investment services, and greater integration helped eliminate duplication of private sector development related activities between the Bank and IFC, and would help create more efficient delivery of private sector development services. The result of this integration was the creation of the Joint IFC and Bank Private Sector Development and Infrastructure Vice Presidency (PSIVP). Functions and staff from PSD, EMT, and TWU departments of FPSI were transferred to the new PSIVP. The staff and functions of FSD were transferred to the new Financial Operations Vice Presidency (FIOVP). At the time of its establishment, PSIVP included the following joint IFC and Bank departments and units: the Oil, Gas, and Chemicals Department (COC); the Small and Medium Enterprise Department (SME); the Global Information and Communications Technologies Department (CIT); the Mining Department (CMN); and the Private Sector Advisory Services (PSAS). To facilitate this new integration, Peter Woicke was given the dual role of IFC Executive Vice President and Managing Director for the World Bank. Nemat Talaat Shafik assumed the role as Director for PSIVP, reporting to Peter Woicke.

In late 1999, the former PSD units of FPSI, the joint IFC and World Bank Foreign Investment Advisory Services (FIAS), and the IFC Corporate Finance Services (CFS) were integrated and mapped into new units for the PSAS department of the PSIVP. The new units of PSAS included: the Rapid Response Unit (PSARR); the Corporate Governance Unit (PSACG); the Private Provision of Public Services Unit (PSAPP); the Business Environment and Foreign Investment Unit (PSABE and PSAFI); the Privatization Policy and Transaction Unit (PSAPT and PSAPO); and the Privatization Strategy and Policy Unit (PSAGM).

In 2002, CMN was merged with COC to form the new Oil, Gas, Mining, and Chemicals Department (COC) in PSIVP.

In June 2003, PSIVP was terminated and its functions and staff were split among the new joint IFC and Bank Private Sector Development Vice Presidency (PSDVP) and the Bank's new Infrastructure Network (INF). The COC and CIT departments of PSIVP were transferred to INF, while PSAS and SME were transferred and mapped into PSDVP. At its establishment, PSDVP consisted of the following joint IFC and Bank departments and units: the Investment Climate Department (CIC); the Private Sector Development Operations (CIO); and the Small and Medium Enterprises Department (CSM). SME functions and staff were absorbed by the CSM, and the PSAS functions and staff were absorbed by CIC. Michael Klein assumed the role as PSD Vice President, reporting to Peter Woicke.

Around 2004, the PSDVP added the Rapid Response Unit, the Corporate Governance Department (CCG), and the Global Corporate Governance Forum (GCGF).

In 2006, the PSDVP was terminated and its functions were transferred to the new Financial and Private Sector Development Vice Presidency (FPDVP). The FPDVP integrated the departments and units from the PSDVP and the Bank's Financial Sector Vice Presidency (FSEVP). This integration effort was sought to combine the Bank's financial sector development policy expertise and the IFC's private sector development rapid response advisory services to more effectively meet the growing demand for private and financial sector development services from developing countries. At its establishment, the FPDVP included: the Corporate Governance and Capital Markets Advisory (CCG); the Global Corporate Governance Forum (GCGF); the Investment Climate Group (ICG); the Foreign Investment Advisory Service (FIAS); the Financial Market Integrity Group (FPMIG); the Financial Markets for Social Safety Net Group (FPMSSN); the Financial Systems Group (FPMFS); and the Financial Sector Reform and Strengthening (FIRST) Initiative. Around 2010, the FPDVP was restructured, and the following groups were added: the Global Indicators and Analysis Group (GIA); the Global Markets Development Group (GCM); and the Financial Inclusion Group. FPMFS, CGP, ICG, FIRST, FIAS, and CGP units were retained.

Repository

[World Bank Group Archives](#)

Immediate source of
acquisition or transfer

Records were transferred to the World Bank Group Archives using approved records retention and disposition schedules assigned to CFSPS, PSD, PSDSE, and PSDPS or a Bank-wide schedule for common records.

Content and structure area

Scope and content

The fonds primarily consists of records related to projects and special studies performed by the Private Sector Finance and Advisory Services Group (CFSPS) located in the Co-financing and Financial Advisory Services Vice Presidency (CFS) from 1989 to 1996, and its later successors, the Private Sector Development and Privatization Group (PSDPS) located in the PSD departments of the Finance and Private Sector Development Vice Presidency (FPDVP) from 1996 to 1997, and the Finance, Private Sector Development and Infrastructure Network (FPSI) from 1997 to 1999. The special studies and projects records relate to privatization of public enterprises and private sector development projects managed by CFSPS and PSDPS during this period. Records include: requests for assistance from the Regions or member governments; project initiating memoranda; trust fund planning reports; external background reports and papers; back-to-office reports; mission supervision reports; terms of reference; mission reports; correspondence and memoranda between CFSPS or PSDPS staff, Bank regional staff, and member countries; aide-memoires; draft and final reports; briefing notes; and recommendation reports for privatization or private sector development technical assistance, advisory, and lending services.

The fonds also includes research and reference records accumulated by Private Sector Development Department of the FPDVP from 1993 to 1997. These records consist of numerous annual reports, development plans, handbooks, brochures, statistical data reports, newspaper clippings, articles, reports, and papers produced external to the Bank and are usually specific to a country. The records are usually produced both by private and public entities within a country, including commercial banks, private industries, government central banks, and other government agencies. Academic reports and papers are also included. The records are focused on topics of privatization of public enterprises, private sector development, and industrial science and technology.

The fonds also consists of incoming and outgoing chronological correspondence maintained for the PSD of the FPDVP from 1993 to 1997. Most correspondence are between PSD Director Magdi Iskander and PSD staff, and focus on project mission reports, project proposals, PSD workshops and seminars, survey reports and papers comments, and PSD related topics such as privatization, industry, and regulation.

Accruals	Accruals are expected.
System of arrangement	<p>The following arrangement is provisional. Records are arranged into three series:</p> <ul style="list-style-type: none"> • CFSPS and PSDPS project and special studies records • PSD reference and research files • PSD chronological correspondence files
Conditions of access and use area	
Conditions governing access	Records are subject to the World Bank Policy on Access to Information.
Conditions governing reproduction	Records are subject to the Copyright Policy of the World Bank Group.
Language of material	<ul style="list-style-type: none"> • English • French • Russian • Spanish
Allied materials area	
Related units of description	<ul style="list-style-type: none"> • See Records of Financial Sector Development Sector (WB IBRD/IDA WB IBRD/IDA 99). • See records related to Development Finance Companies Department (DFC), the Public Sector Management and Private Sector Development Division (CECPS), and the Finance and Private Sector Development Division (PRDFD) in Records of the Office of the Chief Economist --Records of the Office of the Vice President, Development Economics and Chief Economist and later Senior Vice President, Development Economics and Chief Economist (DECVP) (WB IBRD/IDA DEC-03). Specifically, see the following series: Berne Union Files Maintained by Development Finance Services, Economic Program Department (WB IBRD/IDA DEC-01-01); Background Materials Compiled by the Public Sector Management and Private Sector Development Division (CECPS), Country Economics Department (CEC) for Privatization: The Lessons of Experience (WB IBRD/IDA DEC-03-66); Reading File Maintained by Mary Shirley While Serving as Chief, Finance and Private Sector Development (PRDFP) and During Prior Bank Assignments (WB IBRD/IDA DEC-03-68); and Records Maintained by Mary Shirley While Serving with the Secretariat for the Private Sector Development Review Group, the Private Sector Development Committee, and the Private Sector Development Working Group (WB IBRD/IDA DEC-03-69). • See Records of Records of the Public Sector Management and Governance Sector (WB IBRD/IDA WB IBRD/IDA 101). • See Records of the Finance and Private Sector Development Vice Presidency (WB IBRD/IDA WB IBRD/IDA 102). • See Records of the Finance, Private Sector Development, and Infrastructure Network (WB IBRD/IDA WB IBRD/IDA 103). • See Records of the Private Sector Development Vice Presidency (WB IBRD/IDA WB IBRD/IDA 108). • See Records of the Private Sector Development and Infrastructure Vice Presidency (WB IBRD/IDA WB IBRD/IDA 107).

- See records related to the Resource Mobilization ([WB IBRD/IDA CFOP](#)) function.
- See various Regional Vice Presidency fonds for records related to private sector development (PSD) Technical Assistance units located in Regional Technical Departments. Records relate to region- and country- specific sector studies and planning, operational support, staff training, and the provision of advice and materials to Bank staff, clients, and donors.
- Records of the Office of the President -- Records of President James D. Wolfensohn -- Records of Senior Advisor to the President, Don Conrad ([WB IBRD/IDA EXC-13-14](#)).
- See Records of Individual Staff Members -- Richard H. Frank files -- Managing director chronological files ([WB IBRD/IDA STAFF-36-03](#)) and Subject files ([WB IBRD/IDA STAFF-36-04](#)) for records related to the Private Sector Development (PSD) Group, 1995-1997.

Description control area

Rules and/or conventions used	Internal World Bank Group Archives rules based on ISAD(G).
Dates of creation revision deletion	16 June 2014