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Privatization is now the buzz word in many industrial as well as industrializing nations. Privatization strategies have transcended ideologies. They are supported in most countries by the right and the left. If supporters are right, privatization will bring improved management efficiency, reinvestment in older infrastructure, new investment for needed infrastructure, and funds to retire public debt. While somewhat exaggerated perhaps, the spirited advocacy of privatization by leaders across national boundaries suggest that if nations move toward privatization of public services, sin and sinners will vanish; only good things will happen to the commonweal.

Maybe. To date, studies of privatization indicate uneven results. Equity problems have emerged in some nations as private monopolies, under the guise of privatization, take over from public ones. Efficiency, the icon of assumed private-sector management, has not always occurred, as private-sector firms face many of the same problems frustrating public ones — e.g., lack of debt financing, outmoded infrastructure, entrenched unions, and so on. Capital investment flows, while significant in some nations after privatization, appear to relate more to sovereign risk perceptions, the stability of the country's financial system, the health of the general economy, and the viability of the project itself.

Ostensibly, privatization should open or expand opportunities for project or non-recourse financing. Maybe? In some circumstances, perhaps. As the articles in this month's journal suggest, life for the sponsor or investor in project-based finance is not always easy. Three of the six articles in this month's Journal focus on Brazil's efforts to privatize and to attract related investment. Why Brazil?

Brazil has committed to a massive privatization effort. Its success will generate replicable models in all the countries of Central and Latin America. Its failure will at a minimum cause privatization advocates to reevaluate basic principles. To begin, Marshall Kaplan and Peggy Cuciti provide the reader with a comprehensive look at Brazil's effort to restructure and privatize its telecommunication sector. The article calls attention to the diverse, sometimes inconsistent objectives guiding Brazil. It notes the preconditions to Brazil's capacity to attract foreign investment and the difficulties associated with Brazil's ability to secure non-recourse financing.

Ashley Brown's article defines critical regulatory choices Brazil must make as it aims to privatize its energy system. The choices, however, are generic to all infrastructure categories. Brazil's willingness to face them and to honestly and courageously develop a comprehensive transparent set of consistent regulations will help assure the coincidence between public policy objectives and reality. In this context, the final regulatory regime defined by Brazil must