

## CHARTER OF GOOD PRACTICE IN USING PUBLIC-PRIVATE DIALOGUE FOR PRIVATE SECTOR DEVELOPMENT AND INCLUSIVE GROWTH<sup>1</sup>

**Conscious** of the growing importance of more inclusive multi-stakeholder dialogues for building conditions conducive to sustainable development, the heightened role of public-private dialogue (PPD) processes as part of the development agenda, and PPD's evolving and broader application,

**Observing** in particular that reforms aimed at private sector development and inclusive growth are more effective when dialogue between the public and private sectors involves the ultimate beneficiaries of those reforms in diagnostics, solution design, implementation and monitoring,

**Supporting** the principle that better cooperation amongst stakeholders will further reduce poverty by increasing economic growth and promoting sustainable prosperity, but that this cooperation requires the shared responsibilities and accountabilities among public and private sector participants,

**Aware** of the challenges experienced by practitioners in capitalizing on the benefits of dialogue, such as accelerating the reform process, maximizing returns on public-private investments, contributing to broader poverty reduction strategies and allowing public and private sectors to build mutual trust that commands widespread confidence,

**Cognizant** of the demand that practitioners have voiced for good practice recommendations and a monitoring and evaluation baseline aimed at providing guidance, measuring success and increasing performance,

**Drawing** from the experiences of numerous professionals from the public, private and donor communities and lessons learned from research into dialogue mechanisms, consolidated at a series of international workshops for public-private dialogue, begun in Paris in 2006,

**Agreeing** to revise the Charter of Good Practice in using Public-Private Dialogue for Private Sector Development, elaborated in Paris in 2006,

**Now, therefore,** practitioners, by consensus, draw on the following principles hereby set forth as the Charter of Good Practice in using Public-Private Dialogue for Private Sector Development and Inclusive Growth.

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<sup>1</sup> This revised Charter was adopted in March 2015, building on the initial 2006 version and on the experience accumulated by practitioners since then. This and the initial version can be found on [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org)

## PRINCIPLE I: CONTEXTUAL DESIGN

*PPD can take several forms and can take place at various levels within different timeframes.*

- PPD brings together government, private sector, and relevant stakeholders, in a formal or informal process, to achieve shared objectives and play a transformational role for a particular set of issues.
- PPD is contextual in nature and needs to be tailored to the particularity of each environment, and at all times. This means a PPD's design needs to be flexible, so as to allow re-engineering when circumstances change.
- PPD can be applied to achieve different outcomes contributing to sustainable and inclusive growth. These can range from improvement in the investment climate, to building sector competitiveness, to managing natural resources, to improving public service delivery, and others.
- PPD can address issues at local, national, or international levels, or be organized by industry sector, cluster, or value chain, all in an effort to promote better governance practices and collective action solutions to development problems.
- PPD can be time-bound (established to solve a particular set of issues) or institutionalized for in-depth transformation and development.
- PPD can be categorized according to seven inter-locking dimensions: area (from national to local); scope (from economy-wide to sector specific); institutionalization (from permanent to temporary); leadership (from public- to private-driven); ownership (from third party brokerage to locally driven); focus (from general to specific goals); and participation (from many actors to few actors).

## PRINCIPLE II: OPEN GOVERNANCE PROCESS

*Public-Private Dialogue needs to function under open, transparent, and fair governance rules. PPD will be more likely to succeed if its governance structure is designed to take into account political economy factors.*

- The role of political and business elites in shaping developmental goals is crucial, and their commitment to engage is critical for PPD success. A major risk to PPD is the wavering of commitment to an open, transparent and fair dialogue, which needs to be rooted in the governance of PPD mechanisms.
- PPD can be vulnerable to other political economy risks such as institutional capture, rent-seeking or cronyism (from both the public and private sector), which can derail reform goals. To combat these risks, a political economy analysis at the thematic or reform level is useful, including an identification of political realities and an assessment of stakeholders' motivations and incentives, and how these incentives shape decisions.
- A key PPD contribution is expanding the reform space and raising the importance of issues on the government's agenda and building a constituency for reform, thus increasing the policy desirability and feasibility of these reforms.
- PPDs can provide stakeholders with a structured engagement platform and implementation capacity at a time where political or market pressures can be leveraged to help deliver quick and concrete results.
- PPD should also have clear criteria for engagement, and it must also have an explicit commitment to transparency and the incorporation of monitoring and accountability mechanisms.
- Information and communication technologies can promote broader inclusion and reduce these risks by obtaining feedback from a wider constituency, ensuring greater engagement from citizens in the monitoring of reform implementation.

## PRINCIPLE III: MANDATE AND INSTITUTIONAL ALIGNMENT

*A statement of objective is helpful for clarity. A formal or legal mandate can be helpful in some political and economic contexts, but mandates are never sufficient to establish good PPDs. Wherever hosted and whenever possible, PPDs should be aligned with existing institutions to maximize the institutional potential and minimize friction.*

- Dialogue depends on the capacity and mindset of participants. A legal mandate is not sufficient to create this.
- Nonetheless, a formal mandate is a signal that can establish credibility, make continuity more probable, and enable dialogue to be better integrated into an existing institutional framework.
- The mandate should clearly address the purpose of the PPD. An MoU between the PPD and the host Government can provide an effective mandate, as it will explain how the PPD will work with existing institutions.
- A mandate with legal backing is especially likely to be helpful in transition economies or countries with a strongly bureaucratic tradition. However, energy should not be diverted into establishing a legal status at the expense of losing momentum on substantive reform efforts.
- Mandates that are too detailed carry the risk of restricting flexibility, thus restraining initiatives from adapting to changing circumstances.
- Existing institutions should be capitalized on as much as possible. Even when hosted outside existing institutional frameworks, a PPD is more effective when aligning or integrating its structure with existing institutional priorities and lines of command. Pre-existing institutional relationships or networks can help build trust, credibility and information sharing among members.
- In clarifying the responsibilities of various actors, the institutional design of a PPD can help define expectations and establish benchmarks for success.

## PRINCIPLE IV: STRUCTURE AND PARTICIPATION

*PPD should have a solid structure and a representative participation. The structure should be manageable while flexible, enable participation to be both balanced and effective, reflect the local private sector context and stakeholders' interests.*

- Structures can be formal, informal or a mixture. Their design needs to take into account existing processes and institutions.
- Structure and participation represent difficult balancing acts. Too much formal structure can be stifling while too little formality risks drift.
- Participation of relevant representative stakeholders should be agreed on in a transparent manner and be balanced, practicable and inclusive, so as to best serve the objectives of the dialogue and mitigate the risk of reform capture.
- Smaller numbers of participants tend to generate greater trust and produce more effective dialogue, but this must be balanced against the need for inclusivity and representativeness.
- Dialogue structures can be set up to carry out specific participatory processes via a series of working groups that conduct regular technical discussions as part of developing reform strategies for specific sectors or issues.
- A leadership body, such as a steering committee makes a PPD more accountable and can provide added credibility and visibility with external actors.
- An organizational design operated under the guidance of a secretariat is often useful to ensure an organized approach to public-private dialogue. The secretariat must be perceived by others as a fair and

honest broker, providing administrative, analytical, advocacy and communications support. It has a unique opportunity to shape how stakeholders engage and under what process and set of rules.

- Stakeholders' commitment to a rigorous process at start-up will help ensure that initial interest in a PPD is sustained. This means clear rules of operation, clarity of roles, an approach to identify and prioritize issues, and a rigorous approach to issues tracking.
- The private sector (both associations and individual businesspersons) must engage as a responsible PPD partner by coordinating effectively with each other, possessing capacity to research and develop evidence based proposals, and creatively engaging with Government on reform implementation.
- The PPD should strive at including the voice of civil society organizations, labor unions and disfranchised groups, and collaborating with them to ensure a more balanced and inclusive reform process.

## PRINCIPLE V: FACILITATION

*The PPD process needs to be facilitated professionally with dedicated people and resources, so as to efficiently manage all aspects of the dialogue process with a view to delivering results.*

- Important qualifications of the facilitation function include organizational and logistical skills, negotiation capacity, creativity, transparency, understanding of technical issues, responsiveness, and an ability to engage with everyone from ministers to micro-entrepreneurs to development partners.
- A PPD facilitation function is often the face of the PPD. The job of the facilitation function is to be client-driven but to 'lead from behind'. This means not directing the content of the dialogue, but putting in place the necessary, fair and transparent mechanism to encourage stakeholders to equally participate over time, on substantive issues.
- The facilitation function needs to be anchored into an existing institutional context and make the best use of existing brokers or personalities who have the credibility to bridge the trust gap, as well as access to extensive networks in the public and private sectors.
- The facilitation function might also benefit from bringing in technical skills or facilitation capacity from external environments, which, in such case, might bring in some advantages in terms of neutrality.

## PRINCIPLE VI: CHAMPIONS

*Leadership from a set of individuals or organizations is often necessary to reduce the trust gap, sustain the energy, and keep pushing for parties' involvement over the long run.*

- A stakeholder or influence mapping exercise should be used to identify champions and help understand their motivations.
- Backing the right champions, who have credibility, is the most important part of outside support to PPD.
- Champions must have an interest in reform, be transparent and credible, and possess the capacity to mobilize support.
- It is easier for dialogue to survive the weakness of champions in the private sector than the public sector. Engaging high-profile, well-respected politicians who understand the importance of the private sector can give a PPD important momentum. Senior but less visible public sector officials are helpful for behind-the-door facilitation.
- If champions are too strong, the agenda can become too narrowly focused, or dialogue can come to depend too heavily on individuals.
- A PPD will gain by building collaborative leadership, whereby champions work together to achieve a set of agreed results.

## PRINCIPLE VII: OUTPUTS

*Outputs can take the shape of structure and process outputs, analytical outputs, soft outputs or recommendations. While all should contribute to agreed private sector development outcomes, the PPD should aim for tangible, practical and measurable benefits.*

- A new PPD needs successes in order to be sustained. Success in initial areas of discussion can prompt participants to think of other productive conversations they might have.
- Analytical outputs can include identification and analysis of roadblocks, agreement on development objectives, and assessment of the issue at stake.
- Recommendations can address policy or legislative reform issues, identification of development opportunities in priority regions or sectors, or definition of action plans.
- Structure and process outputs can include a formalized structure for private sector dialogue with government, periodic conferences and meetings, ongoing monitoring of public-private dialogue outputs and outcomes, and a media program to disseminate information.
- Soft outputs include building trust, cooperation and understanding. Building trust is a critical stepping stone, particularly in Fragile and Conflict Affected States, before discussions on important reforms can happen.
- Outputs must be mutually beneficial to all PPD actors.
- It is important for the facilitation unit to follow up on reforms discussed, helping stakeholders organize reform teams to develop a work plan and monitor or assist for results. These may include rapid result initiative approaches and result-based management techniques.

## PRINCIPLE VIII: OUTREACH AND COMMUNICATIONS

*Enabling communication of a shared vision and understanding through the development of a common language is essential for building trust among stakeholders and keeping them engaged.*

- Communication requires a mutual understanding of core motivations and incentives that depends on frequent interactions between parties.
- Dialogue should be as openly accessible and broadly inclusive as feasible. This necessitates an outreach program to the reform constituency.
- A communications strategy is important for a PPD. The communication can focus on the activities of the PPD initiative or be elaborated to promote a particular set of reforms.
- PPD should share information with its stakeholders in real-time using diversified communications tools and shared interactive space.
- Transparency of process, in particular an open approach towards the media, is essential for outreach, and also contributes to measurement and evaluation.

## PRINCIPLE IX: MONITORING & EVALUATION

*Monitoring and evaluation is an effective tool to manage the public-private dialogue process and to demonstrate its purpose, performance and impact.*

- Monitoring and evaluation techniques enable better overall planning, can ignite potential advocacy, and provide both internal and external motivation to promote more effective implementation.
- While remaining flexible, user friendly and light, the monitoring and evaluation framework adopted by a PPD should provide stakeholders with the ability to monitor internal processes and encourage transparency and accountability.

- Definition of inputs, outputs, outcomes and impacts will be enhanced with designation of appropriate indicators with periodic review from stakeholders, which will rely on the collection of reliable data.
- PPD should develop a baseline assessment to measure its effectiveness in order to enable the partnership to better measure how it is achieving its goals over time and delivering on its envisaged benefits.
- All PPD stakeholders must share the responsibility for monitoring and evaluation and a participatory approach should be used in its undertaking.
- Monitoring includes tracking the implementation status of approved reforms. A PPD can establish 'follow-up teams' or committees to track how well approved reforms are achieving their intended objectives.

## PRINCIPLE X: APPROPRIATE AREA AND SCOPE

*The dialogue process should be tailored to the set of issues to be addressed and consider the implications for sub-issues that are part of a larger agenda, and smaller jurisdictions that can play a role in the change process. Local and sector specific public-private dialogues have strong potential for focused results. National and economy-wide platforms and local and sector specific initiatives would gain by coordinating their agendas, so as to best serve the interests of their constituencies.*

- Local and sector specific public-private dialogues (LSPPD) can have greater success because geography and scope makes business organization easier, networks form more naturally, and governments tend to be less ideological and more pragmatic.
- It is essential for LSPPDs to identify tangible problems and hands-on solutions to generate credibility early on.
- LSPPD allows local and sector-specific issues and solutions to be identified and taken to decentralized decision-makers or channeled upwards to the appropriate level of authority where they can be solved.
- LSPPD can contribute to effective implementation of national policies. It may be particularly effective when explicitly aligned with dialogue taking place at national or regional levels.
- As with national dialogue, efforts are needed to ensure LSPPD's transparency and sustainability. Communication among stakeholders can contribute to both.

## PRINCIPLE XI: CRISIS AND CONFLICT RESPONSE

*Public-Private Dialogue is particularly valuable in crisis, conflict and fragile environments to mitigate entrenched interests, rebuild trust and accelerate inclusive and sustainable growth. PPD mechanisms can also work towards resolving disputes and reconciling views of different stakeholders on particular issues.*

- PPD is very effective at building trust among social groups and at reconciling ethnic, religious or political opponents.
- Structures and instruments for dialogue need to be adapted to each fragile or crisis context. They need to take into account the inherent informality of some economic or social actors, and the potential role of informal systems in re-establishing the rule of law.
- In systems that are too contentious, an external honest broker might be needed to kick-start the dialogue. But mechanisms should be put in place for eventual transfer of the initiative to local ownership.
- PPD can play a special role in Fragile and Conflict Affected States (FCS) by supporting institutional development, transparency, trust building, and peace processes. It can serve as a means to tailor necessary reforms that will generate new investments and jobs that reinforce the peace-building and reconciliation process.
- PPD represents a venue of choice to scan for, prevent or resolve disagreements between parties involved in the coalition.

## PRINCIPLE XII: DEVELOPMENT PARTNERS

*Public-Private Dialogue can benefit from the input and support of development partners when their role is determined by the local context, demand driven, and based on partnership, coordination and additionality.*

- Development partners' role in assisting PPD should be informed by both an in-depth analysis of the political, economic and social context within which they are to engage, and a detailed understanding of stakeholders and their inter-dependencies.
- Development partners will be more effective in supporting PPD if they have the flexibility to respond to critical junctures, such as a crisis situation.
- They can play a key role on capacity development, disseminating international best practice and providing PPD technical assistance throughout the lifecycle of the PPD.
- Development partners should carefully consider the sustainability of their intervention and plan in advance for an appropriate exit strategy for their PPD intervention.
- Their role should be as neutral as possible, maximizing the local ownership and capacity, and the development of trust and the maintenance of a conducive and transparent environment. Development partners should focus on the dialogue process and not drive the substantive focus of the PPD agenda in an exclusive manner.
- Development partners must recognize their inherent limits and that effective PPD cannot be created from the outside. PPD needs to be anchored into an existing institutional context.
- They should coordinate among themselves to avoid duplicating their efforts and maximize the availability of funds when partnerships are found to be worth supporting.

## PRINCIPLE XIII: SUSTAINABILITY

*"Sustainability" (or 'Exit') refers to the transfer of operations, management or financing of a PPD by a development partner to local institutions. Achieving sustainability is a challenge for a PPD and requires the commitment of all PPD actors.*

- The sustainability of a PPD is built on three pillars:
  - Operational sustainability: i.e. the Secretariat relies on its internal capacities and/or services it purchases at market costs to manage the dialogue;
  - Financial sustainability, i.e. the PPD generates sufficient cash from services it offers to cover its cost of operations;
  - Sustained mandate and effectiveness in delivering this mandate, i.e. the PPD continues to provide a channel for meaningful dialogue between the private sector and the Government and is an engine for reforms/activities to solve the issues identified by the partnership.
- When beginning to support a dialogue, it is preferable to host the dialogue in an existing institution. This is also valid when options for exit are considered.
- Without a clear exit strategy it is possible for implementation of reforms to cease or even see a reversal.
- If development partners fund a PPD mechanism, a plan for sustainability needs to be put in place at entry. No PPD should start without a plan for moving gradually to co-financing and with 100% financing by local stakeholders as a goal.
- Careful preparation of the project and involvement of stakeholders is central to PPD sustainability. This must include leaders and champions from both the public and private sectors.
- The donor exit process should be gradual, step by step in regards to process and financial contributions. During the transition period, the donor should remain as an "honest facilitator", supporting capacity building (including advocacy and organizational skills for both the public and private sectors).

Building capacity  
Strengthening advocacy  
Fostering governance

# Public-Private Dialogue

This Charter was drawn up on the Twelfth of March, Two Thousand and Fifteen, at the 8<sup>th</sup> Public-Private Dialogue Workshop, organized by the World Bank Group, the Confederation of Danish Industry and the Ministry of Foreign Affairs of Denmark, held in Copenhagen, Denmark, and attended by over two hundred participants from fifty countries.