

C. DESIGNING, IMPLEMENTING AND MONITORING PPD - ISSUES TO CONSIDER

The diagnostic mapping tool assesses the status and potential of public-private dialogue. Now it comes to designing and implementing dialogue, what issues should a task manager consider?

This section of the handbook is based around the Charter of Good Practice in using Public-Private Dialogue for Private Sector Development (see section A. 4. above)

C.2. STRUCTURE AND PARTICIPATION

The issue: Structure and participation present difficult balancing acts. Too much formality in the structure can be stifling, while too little formality risks drift. Too many or varied participants can make dialogue practically unmanageable, while narrowing the range of participants increases the risk of capture and lack of balance.

*Charter of Good Practice in
Using Public- Private Dialogue
for Private Sector Development*

PRINCIPLE II: STRUCTURE AND PARTICIPATION

PPD's structure should be manageable while flexible; enable participation to be both balanced and effective; and reflect the local private sector context.

- Appropriate structures can be formal, informal, or a mixture. Their design needs to take into account existing processes and institutions.
- Participation of relevant representative stakeholders should be agreed on in a transparent manner and be balanced and practicable, so as to best serve the objectives of the dialogue.
- Dialogue structures can be set up to carry out specific participatory processes in a series of working groups, for example to contribute to the elaboration of reform strategies for specific sectors, issue, or regional areas.
- An organizational design operated under the umbrella of a secretariat is often useful to help ensure a coherent approach to public-private dialogue, including the shaping of an overarching policy framework.

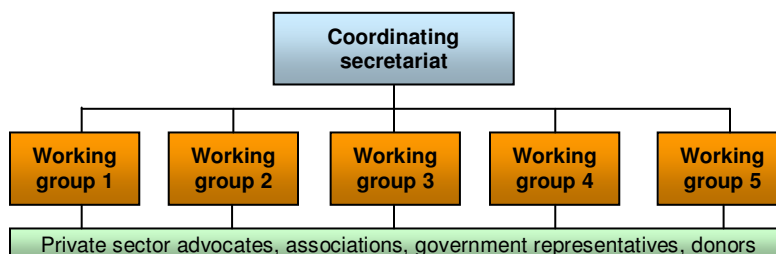
C.2.A. STRUCTURE

C.2.A.1. A structure that works well involves a secretariat and working groups

There is no one-size-fits-all structure to successful PPD. In fact, institutional design depends on a number of variables, and identifying the variables and the options for adapting to them properly. There may be different organizational forms depending on the degree of organization of the private sector, the power of the executive vs. the legislature, the structure of the private sector and of the government.

A setting that seems to be prevalent in the most productive PPDs is characterized by a dedicated secretariat and working groups that meet often to devise recommendations for periodical plenary sessions.

The function of the secretariat is to organize meetings, coordinate research efforts and other logistics, set agendas, rally members, manage communication and outreach strategies, and be a point of contact for others who want to join.



Working groups are typically organized by one or more of the following criteria: industry cluster (e.g. agriculture, tourism or manufacturing), by policy issue (e.g. deregulation, infrastructure, or labor) or by geographical location. This enables them to focus more effectively and call on greater levels of technical expertise.

Working groups meet more frequently than plenary groups. They typically have a chair who deals with other working groups and the secretariat, by which they are coordinated and supervised. They feed policy recommendations into plenary sessions.

Although this structure seems to be the most effective, a number of counter examples exist. Some councils, such as the Investors Council in Africa, or the Investors Round Table in the Kyrgyz Republic (2001-2004), had a plenary or high-level group of important government officials and businessmen, whereas committees on specific subject areas were mainly made up of technical experts, with a very light secretariat supporting the initiative. Less rigid in their structure, they still achieved substantial results.

An important feature of a secretariat is to provide access to technical input so that issues forwarded to government for discussion have a solid legal and economic foundation. Such analytical support can come from each party to the dialogue (with risk of biased analysis), the secretariat (unbiased), or can be outsourced to local or even international think tanks (hopefully unbiased), maybe through donor funding.

C.2.A.2. Secretariats may need donors funding initially - but should not depend on it

Wherever they are hosted, secretariats can be funded by donors – and often need to be, at first. But the aim should be for them to move towards being funded by participants, ideally by contributions from the private sector, to promote local ownership.

From the start, the emphasis with local stakeholders should be on encouraging them to see their participation in dialogue as a matter of personal commitment to the greater good, rather than self-interest. Secretariats should therefore avoid, as far as possible, engaging participation in dialogue through contractual agreements ToRs.

C.2.A.3. Budgeting for a PPD secretariat and activities

A PPD budget may include the following:

- ☑ **Salary of one or two PPD coordinator(s) or facilitator(s).** Having two facilitators (a junior and a senior one) ensures continuity in the event one facilitator leaves the partnership. It also enables specialization, i.e. facilitators may decide to split the agenda so as to work more intensely with some working groups and less with others.
- ☑ **Salary or consulting fees for technical experts.** Legal and economic expertise are crucial to the success of any PPD project, as proposals that get processed through the consultative mechanism need to be solidly documented and grounded in the existing legal framework as well as in good practice in term of business environment improvement. Ideally, a lawyer and an economist would be on staff of the PPD, but the cost may warrant hiring consulting expertise when needed instead. If budget is available for one of the two staff positions only, the lawyer should be on staff and the economic technical expertise should be on hire, as the nature of issues forwarded through PPD mechanism is often regulatory in nature.
- ☑ **Salary for an office assistant in charge of logistics, procurement, and eventually translation.**
- ☑ **Operating cost.** This is strongly influenced by the settings in which the secretariat evolves. If the secretariat is hosted by an existing structure (governmental office, business association, donor's office), operating costs may be lower. But starting from scratch, operating cost should include office rent, communication budget, computer equipments and connections, transport, etc.
- ☑ **Activities cost.** Depending on the output of the secretariat, the cost will vary. A secretariat that outputs professionally edited and printed brochure after each major activities should plan for such extra cost and time. The number of planned meeting, conferences, workshops, luncheons, communication campaigns, etc. should be carefully considered, as each activity will bring upon its burden in term of logistics, human resources, external providers, consultants, and therefore cost.

Keep in mind that international staff or delocalized expertise that needs to be brought in carries a much higher cost than local expertise. These variables make it difficult to predict the typical budget for a secretariat. As a matter of example, each phase of the Bulldozer Initiative (50 reforms per phase) cost about \$150,000. In Sierra Leone, planning for the Sierra Leone Business Forum indicates a cost of about \$250,000 per year, including office setup and heavy communication and advocacy budgets. In Cambodia, the operating cost, salary and activities included, is of the same range (\$250,000 - \$300,000 per year). In Vietnam, where a lot of the cost is absorbed by the IFC office, the partnership runs with less than a \$100,000 per year.

C.2.A.4. Key functions of a PPD secretariat

The purpose of a secretariat is to facilitate dialogue. This involves organizing meetings –plenary and working group – providing backup with research to ensure a sound evidence base for discussions, ensuring that input from the private sector reflects broad representation, and keeping track of implementation of agreements. Secretariats generally respond to a steering committee composed of key senior stakeholders. They typically comprise an executive director (see C IV for more discussion of the qualities required in this facilitator role), technical expert, and administrative support. As a matter of example as to how diligently a secretariat should conduct its business, the following description provides some guidelines for the secretariat team to consider when organizing meetings, overcoming mutual distrust and ensuring subsequent activity.³

- ☑ **Prepare and distribute an agenda of the meeting.** The secretariat’s task is to prepare a coherent agenda for the meeting and any documentation on the issues to be discussed. It is important that the agenda be distributed in advance, so that the participants have a reasonable time for planning and preparation. The secretariat should also have a clear goal and focus for each meeting that it organizes so that its credibility is not undermined.
- ☑ **Select a neutral but knowledgeable person to chair the meeting.** At the beginning of the meeting, the chairperson should explain the goal or purpose of the meeting, and adhere to it. This person should be able to ask precise questions and have the ability to pursue specific issues in search of causes and solutions to the problems. It is important for the chair to maintain a balanced view throughout the discussions so that the invited parties feel that they are being given an unbiased forum in which to air their views. Where the chair must step in and take sides, this should be done carefully so as to solicit at least the understanding, if not always the support, of the participants. The staff of the secretariat should be able to fulfill the role of the neutral but knowledgeable moderator.
- ☑ **Take and distribute minutes of the meetings.** Taking minutes of the meeting is the task of the secretariat. The minutes need not always be detailed, verbatim documentation, but it is very important that there be at least a summary of the main points discussed, a record of the commitments made (and the timeframe within which they will be implemented), and any points of disagreement. The draft minutes should then be distributed to the participating parties for commentary. Once comments are received (and if a party does not send comments within the agreed timeframe, the secretariat may decide that “silence implies consent!”), the comments should be incorporated to the extent possible in the final version of the summary of the minutes. A last step to ensure ownership by all sides participating would be the signatures of the parties who participated.
- ☑ **Consider carefully the participants of a meeting.** The general suggestions for the selection of dialogue partners both from the public and private sectors (see section C.2.B. below) apply when organizing smaller meetings as well. The secretariat should not limit private sector participation only to those businesses or business associations that were selected as members of the steering committee. If a specific issue requires new representatives of the business community to be invited for discussions with the government, the secretariat should be able to come up with suggestions.

³ These guidelines are adapted from *A manual for the identification and removal of administrative barriers to investment*, Module 4: Public-private dialogue, FIAS, International Finance Corporation and The World Bank Group, March 2005.

It is important to ensure that discussion in these meeting does not lose focus, so that the time is lost due to some parties insisting on a certain issue and forcing all parties to discuss such issue in details. In other words there should be a mechanism that can prevent eventual monopolizing of the discussion. This role can be played by the chair, who can re-direct the discussion to the specific issue being discussed, and thus keep the meeting focused.

See Annex C6 for sample ToRs for setting up a secretariat.

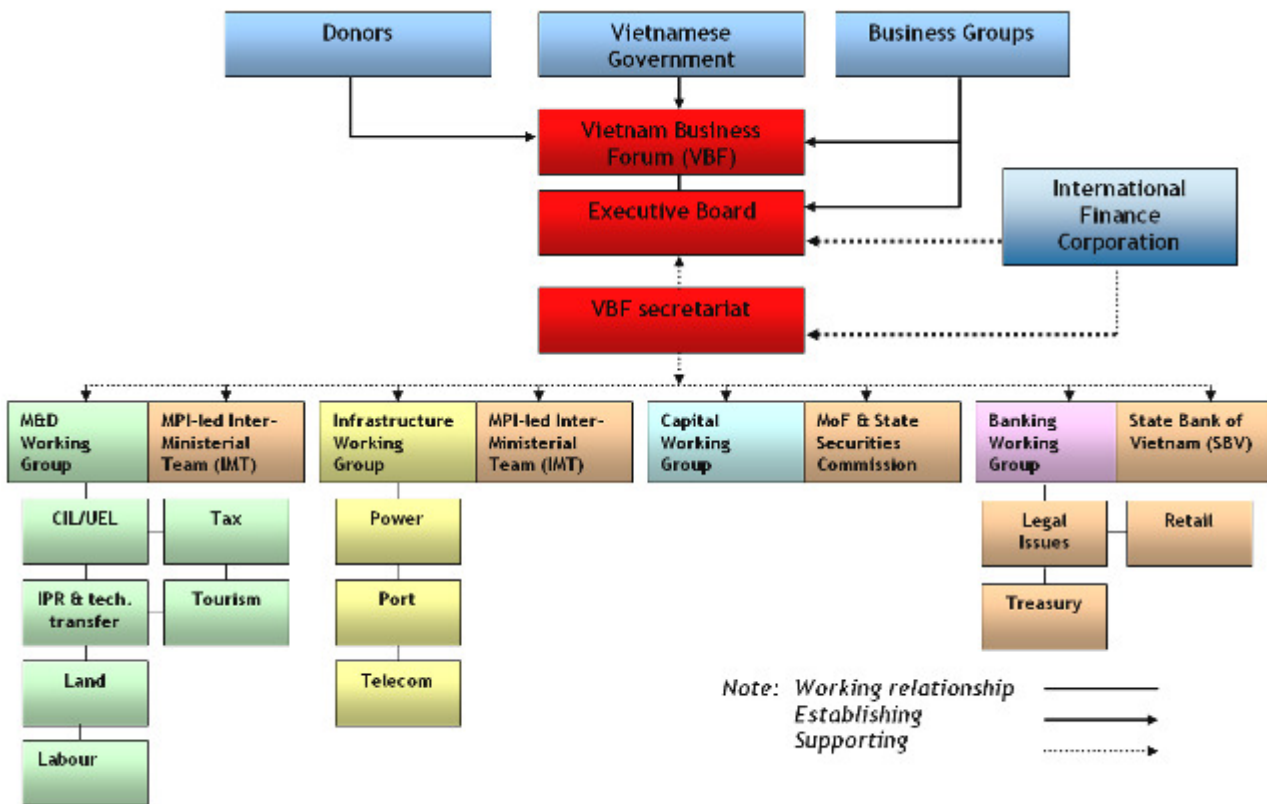


Keep the structure simple - cut down on acronyms and protocol

The PPD structure should be clear, simple and immediately comprehensible. Nigeria’s Competitiveness Forum Working Group - later rebranded as the Better Business Initiative - is an example of a dialogue that tended to get bogged down in obscure protocol and complicated committee structures.

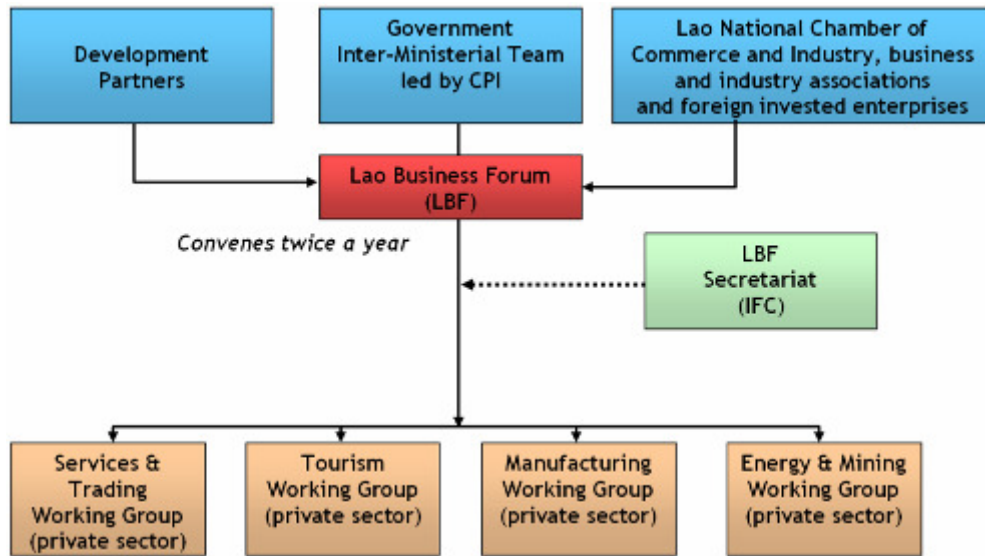
C.2.A.5. Example structure: The Vietnam Business Forum

The Vietnam Business Forum has four working groups, two of which are shown on this diagram. The working groups are matched to the institutions with which they are in dialogue – the banking working group with the State Bank of Vietnam, and the manufacturing and distribution working group with the Ministry of Planning and Industry. The latter working group is further sub-divided into teams, which tackle specific issues such as administrative reform, tax, and property and tourism. The working groups and the forum’s Executive Committee are supported by a secretariat with funding and support from the IFC.



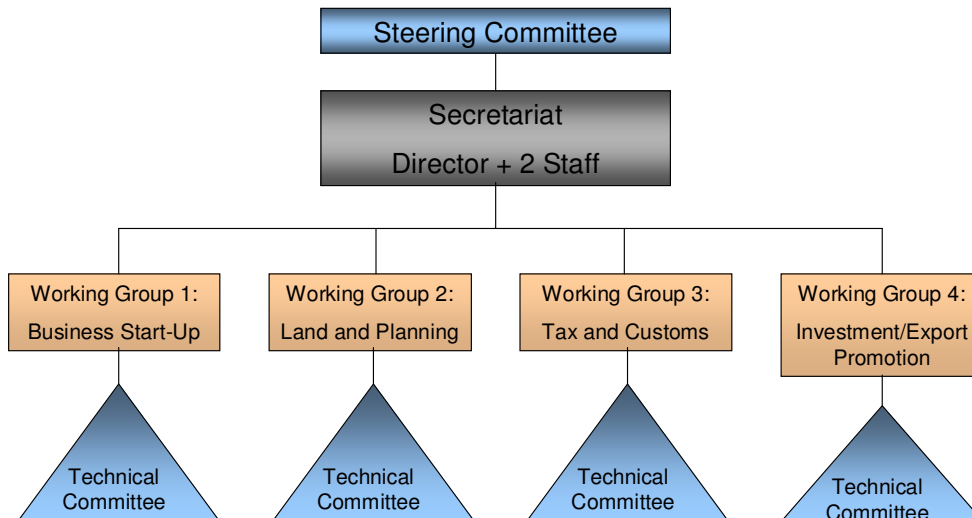
C.2.A.6. Example structure: The Lao Business Forum

The Lao Business Forum has four working groups – manufacturing, services and trading; tourism; and energy and mining. Its secretariat is initially based in the offices of the IFC and Mekong Project Development Facility Development Facility. The structure was based on lessons learned from Vietnam and Cambodia, whereas the detailed work is conducted in the working groups, with a high-level forum event every six months. The picture shown here has representatives of the private and public sector facing each other during a conference-type event, with the high-level political and international sponsors sitting in the middle table.

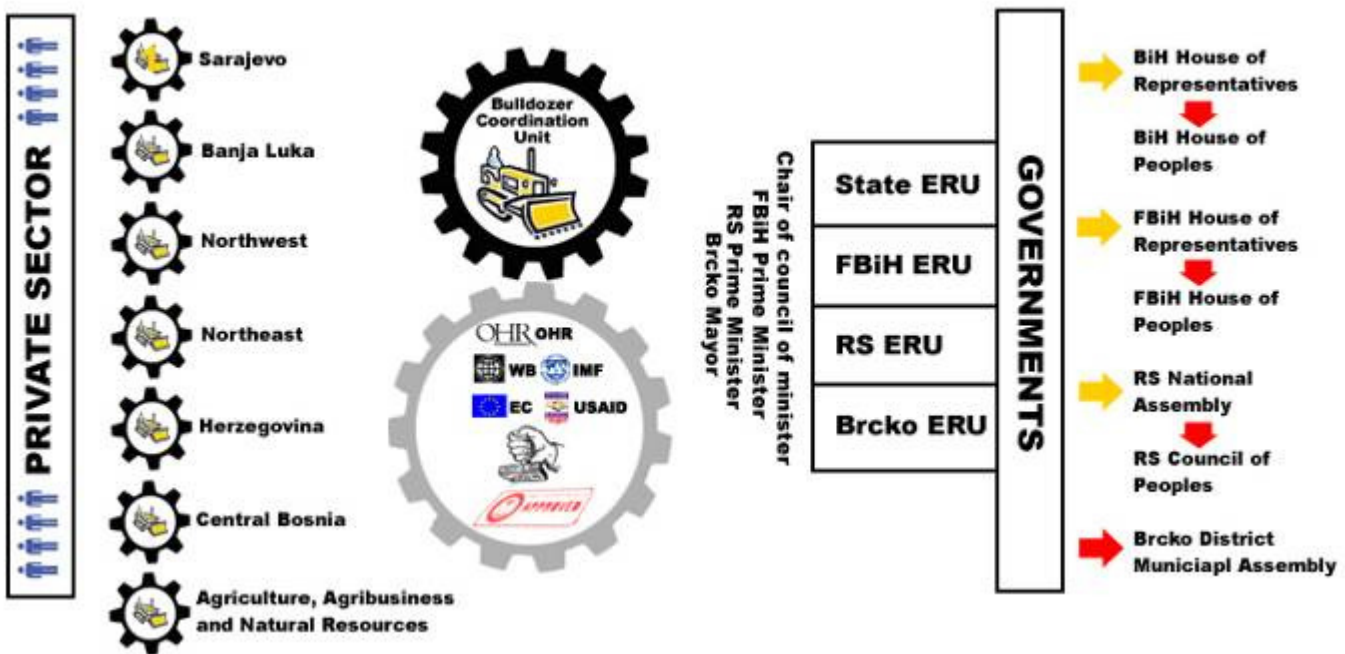


C.2.A.7. Example structure: proposed private sector forum in Sierra Leone

This proposed structure shows how technical committees can be formed to provide specialist backup to each working group, augmenting the facilitative role of the secretariat.



C.2.A.8. Example structure: the Bulldozer initiative in Bosnia and Herzegovina



During the Bulldozer initiative in Bosnia (2002-2005), each Regional Committee was made up of an average of 12 different associations and a few private entrepreneurs. Each committee appointed a coordinator, and two co-coordinators who dispatched the work in their region, re-routed information coming from the Bulldozer Coordination Unit, and represented their Regional Committee proposals in the Plenary Sessions organized by the Bulldozer Coordination Unit, as shown on the picture on the right.



Altogether, six Regional Committees were created, as well as a nation-wide specialized Committee on Agriculture, Agribusiness and Natural Resources. Their focus was to identify new reforms at the municipal/cantonal/regional level and to oversee the implementation of reforms at the local level. The map on the left shows the regional competencies of each committee.

Regional Bulldozer Committees were organized on a voluntary basis, and they did not receive financial support from the Bulldozer Coordination Unit. Self-financing appeared in some Regional Committees, where funds were offered by entrepreneurs to conduct local advocacy awareness campaigns.

The initiative relied heavily on the Regional Bulldozer Committees to do part of the reform filtering work. They distributed blank forms to enterprises in their regions, organized many public meetings to inform people about the initiative, and created public awareness campaigns. Each Regional Bulldozer Committee distributed blank forms, collected proposals, organized Regional Plenary Sessions, and

selected a subset of reforms, which were then sent to the Bulldozer Coordination Unit for final selection.

To consider reform proposals in an orderly and effective fashion, the governments established four inter-ministerial working groups at the State, Entity and District levels called “Emergency Reform Units”. The Emergency Reform Units were the governmental counterpart of the Bulldozer Committee. Their role was to assess the reforms proposed by the private sector through cost benefit analysis, and to negotiate internally with the different government departments concerned with the reforms.

The Emergency Reform Units enabled a symmetrical processing of reforms between the private sector and the governmental authorities and ensured that the private sector was represented while the proposals were processed through the first and second chambers of legislative apparatus. As such, they permitted the realization of a true public-private partnership.

C.2.B. PARTICIPATION

C.2.B.1. Government participation needs to be at the highest possible level

A consistent feature of competitiveness partnerships is the correlation between the progress achieved and the seniority of government figures involved. Without the blessing of the president or prime minister, or equivalent figure at the local level, dialogues tend not to achieve much success or sustainability.

It is necessary to be selective about who to include from the public sector. Including representatives of too many public sector agencies can swamp dialogue.

Nonetheless, technical staff at ministry level are vital participants in PPD as they are the ones who will be asked to draft laws to implement the recommendations of dialogue.

A good solution is to involve technical staff from ministries and agencies in working groups, and have high-level political participation at plenary level.

C.2.B.2. Factors to consider when deciding on private sector participation

- **Involve people who want to be involved, not who are in it for the money**
Institutions volunteering their own resources to support PPD are more likely to be useful participants than institutions that join PPD only if recompensed. Emphasis should move from contractual obligations towards promoting the idea of engagement and commitment for its own rewards.
- **Include private sector intermediaries whenever possible.**
Intermediaries such as business membership organizations and chambers of commerce can help to reach out to thousands of businesses without making meetings unwieldy. But that all depends on whether they are in touch with their members. Strengthening BMOs can be one of the best ways to promote PPD.

Be selective about public sector participants

“The inclusion of all relevant institutions at federal and state levels created a situation where [Nigeria’s National Council on Industrial Development] was overwhelmed with public officials”.

Public-Private Sector Consultative Mechanisms: Assessments of existing arrangements and potentials for a sustained public-private partnership in Nigeria- UNIDO, April 2002

□ **Be especially aware of the danger of under-representing SMEs**

For obvious reasons, it is easier to dialogue with a small number of relatively homogenous multinationals than with a wide variety of SMEs. Even when the dangers of SME under-representation are well known, they are all too easily excluded in practice.

□ **Involve women and minority groups**

Organizers must reach out to women and minority groups if they do not come forward. Their proportional participation creates balance, sets an example and helps create a more favorable public image. Favoring companies with a good record of corporate social responsibility and corporate governance also sets a good example.

□ **Personal qualities required in participants**

Private sector participants in PPD should ideally be widely respected, dynamic, open-minded, and unafraid to speak their minds.

□ **The voice of state-owned enterprises may need to be downplayed**

State-owned enterprises occupy a unique role in PPD as they have vested interests that do not always coincide with those of the private sector at large. Special consideration needs to be given to whether and how to involve state-owned enterprises in PPD.

The dangers of skewing the agenda towards FDI and MNC concerns

The World Bank’s Investor Councils in Africa included a quota of multinationals that were not operating in the country in question. The aim was to open the eyes of the government to what might bring in more FDI, but in some cases these non-resident and non-invested members skewed the agenda and contributed little to dialogue. This was later rectified to prevent the local SME sector, to redirect its advocacy efforts towards other consultative mechanism.

Ghana’s Investment Advisory Council (GIAC) example shows how specific outreach to minority communities may be needed

In 2005, the Lebanese and Indian entrepreneur communities had little involvement in GIAC - even though they made a substantial contribution to the Ghanaian economy.

C.2.B.3. Make the criteria for participating transparent

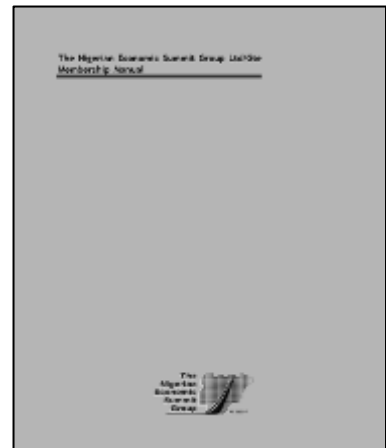
Naturally, businesspeople will see opportunities arising from access to government and donor officials in a dialogue process. Criteria for membership should therefore be written and publicly available, allowing all potential partners to express their interest in participating. No good candidates for dialogue should feel excluded from participating.

■ The PPD Handbook: A Toolkit for Business Environment Reformers

A good example to look at is the **Nigerian Economic Summit Group (NESG) membership manual**, which can be downloaded from the Internet by any potential member of the group. In 27 pages it describes the membership process, including membership criteria, membership representation, and benefits.

The guide also informs on the legal status of members and the corporate governance and administration of the group; clearly explains the role of the board of directors, how the committees are formed, how meetings are organized, and how the group is managed; and details financial provisions and activities of the group.

(See <http://www.nesgroup.org/thenesg/member.aspx> for more details on the NESG membership process).



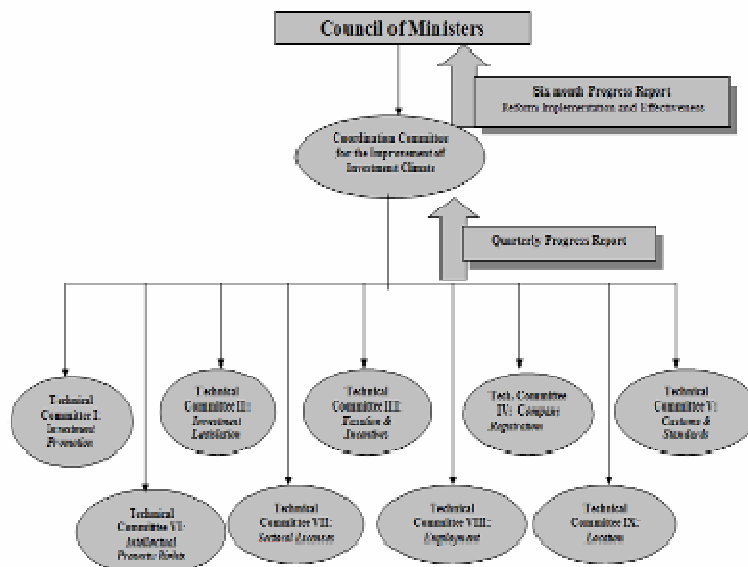
See Annex C5 for a sample distribution of participants, roles and responsibilities.



C.2.B.4. Be prepared to revisit membership, wind up working groups and start new ones

It is common in PPD for momentum to wane and disillusionment to set in. Membership should be reviewed frequently to ensure that members who do not show sufficient commitment can be replaced. Working groups which are not performing can be wound up, and other ones formed, to tackle either the same or different subjects.

In Turkey, the YOIKK group, whose structure is shown on the right, follows this strategy when a major issue is solved. Apart from enabling working groups to be formed as demand for an issue rises, this mechanism also offers a sense of accomplishment to participants, who associate the closing of a working group with a “job well done” once a reform has passed.





C.2.B.5. Including labor or civil society organizations? Consider parallel dialogues, or expanding the structure with time

Bringing in the input of labor unions and civil society organizations can help get good results. But it is often difficult to get the public and private sectors around the same table, let alone other groups as well.

One strategy is to consider parallel dialogue mechanisms. Another is to start off with only business involved and broaden participation when the dialogue has built legitimacy and earned trust.