

Public-Private Dialogue

A Summary of the Fourth PPD Workshop Vienna, Austria 2009

Drafted by Malcolm Toland

In April 2009 in Vienna, the World Bank Group hosted its Fourth PPD Workshop. PPD practitioners from throughout the Bank's global network gathered to exchange experiences and learn new tools. This PPD Workshop was sponsored by the newly established Vienna Office of the World Bank Group's Investment Climate Department. About 70 representatives of business forums, investors' councils, and competitiveness partnerships from both the public and private sectors were in attendance, as well as sponsoring donors.

The event was an opportunity to recap progress made in public-private dialogue over the last few years. The role of PPDs in addressing other key economic reform issues was discussed, and a number of monitoring and evaluation tools were introduced to facilitate better PPD performance, assess PPD impact, and ensure better tracking of PPD activity.

Three key conclusions emerged from the event:

1. The many newly established PPDs need to focus on the essentials to move to the next phase of their development.
2. M&E matters more now than ever in facilitating PPD development.
3. At the heart of any PPD's exit strategy must be private sector organization and advocacy capacity firmly in place.

The program, list of participants, presentations and materials for the event can all be downloaded at http://www.publicprivatedialogue.org/workshop_2009/

Day One: Lessons learned and diversity of PPD mechanisms

Benjamin Herzberg welcomed participants and introduced this event as a truly global PPD workshop, with 21 countries represented. The first morning was reserved for presentations which included the following:

"The Role of PPD in Investment Climate Reform", by Karin Millet, Head, FIAS Investment Generation Vienna Program

Karin Millet reminded that the private sector's vibrancy is highly dependent on the policy environment, where PPD can play a vital role and where this is now more important than ever. The World Bank Group is providing input into PPD through its benchmarking activity, including the annual Doing Business indicators,



The establishment of more South-South exchanges between PPDs was one of the objectives of the event. The countries on the slide above are those which PPD secretariats were represented at the workshop.

assessment of measures of business regulations and their enforcement. She highlighted that the current global recession has already seen FDI flows contract by around 21% in 2008, with a further contraction of at least 13-15% expected in 2009. Challenges posed to PPD by the current crisis were as highlighted as follows:

- The serious impact of the crisis, via financial and trade channels, on households and business, may lead to reduced confidence in the role of the private sector as the engine of growth and thus lessen the appetite for reforms that make private sector policies and regulations more business-friendly.
- Slowing FDI flows and, in some cases, outflows of current investors may result in putting conditions for cross-border investment on the back burner.
- Need to resist the temptation to engage in financial, trade and investment protectionist policies.
- Challenge will be for governments not to stifle private sector growth through over regulation.

The challenge for PPD practitioners will be to keep the private sector agenda alive and moving forward at this difficult time.

Keynote Address: “On the Benefits and Risks of Dialogue, Lessons from Austria and the EU”, by Thomas Wieser, Director General for Economic Policy and Financial Markets, Austrian Ministry of Finance

Thomas Wieser commented that PPD matters as much in developed countries as it does in developing countries. He recalled Austria’s history after the Second World War and how the setup of a new equilibrium of interests and a balance of forces was established through PPD, which in turn enabled progress to be achieved. He noted that from an Austrian perspective, while not enshrined in legal documents, PPD is an every-day occurrence and that the greatest risk to PPD is institutional capture by individuals, where individual actors further their own interests vs. the interests of the general public. He gave the example of EU agriculture, where in Austria agriculture involves 2% of the population and makes up 1% of GDP but absorbs 40% of the EU budget. He also gave positive examples of PPD having played a role in passing major legislation. Thomas Wieser finally noted that the design of institutions is extremely important, whereby PPD would not be as effective if there were not strong institutions behind it and that PPD work needs thus to be integrated with capacity building at the institutional level.

“PPD for Private Sector Development, Some Lessons Learned the Past Four Years” by Benjamin Herzberg, Sr. Private Sector Development Specialist, World Bank

Benjamin Herzberg defined PPDs as “structured mechanisms, anchored at the highest level of government, coordinated by a light secretariat, and aimed at facilitating the reform process by involving a balanced range of public and private sector actors in identifying, filtering, accelerating, implementing, and measuring policy reforms”. The 6 major reasons to justify support for PPD were: (i) to identify reform priorities; (ii) to buffer the effects of the financial crisis; (iii) to reduce the regulatory burden; (iv) to increase opportunities for good policies; (v) to ensure transparency and representativity; and (vi) to better design and implement reforms. In terms of economic impact of PPDs, Benjamin Herzberg noted that private sector savings from reforms processed through PPDs in the Mekong area alone had exceeded \$300 million USD as of 2007 and that PPDs sponsored by the World Bank Group had resulted in 400 economic and policy reforms globally..



Ivan Anton Nimac, Regional Program Manager, IFC Pacific and Ramona Vali Bratu, Regional Operations Director and SPI Albania General Manager, Convergence SPI Program during the morning session.

Practical tips to get good results include: (i) appreciating the amount of work involved; (ii) Strong focus on targeted, measurable reforms; (iii) focusing on issue-specific policy recommendations will bring other types of “softer” outputs; (iv) simple, explicit organization; (v) unique, transparent and disciplined way to collect reform proposals; (vi) a filtering process to ensure quality and transparency of proposed reforms; (vii) good planning; (viii) strong convincing power; and (ix) monitoring process and evaluating impact. Benjamin Herzberg highlighted a number of different exit strategies and emphasized the need for local institutions in the public and private sectors with sufficient capacity to take over the PPD, and the risks of local ownership without capacity. He presented the link between PPDs and other reform processes including clusters, value chains and RIA. He highlighted the numerous vehicles through which PPDs can share experiences, and informed of several tools available to help improve PPD performance including the PPD Handbook as well as M&E tools for Secretariats.

“Results of the Independent Evaluation of 30 Business Forums and Investors Councils Sponsored by the World Bank Group”, by Malcolm Toland, Consultant World Bank.

Malcolm Toland presented findings and recommendations from his study of World Bank Group-supported PPDs which include 21 IFC-supported PPDs mostly in Asia and Africa, 7 Presidential Investor Advisory Councils (PIACs) in Africa, and the newly established Convergence SPI Programs which operates in two countries. He noted the recent expansion of PPD activity; of the 21 IFC-supported PPDs, 16 have been established since 2007 and of those, nine are in Africa. Malcolm Toland highlighted the diversity of PPD activity and the mix of cross-cutting and sector-specific issues being addressed. He stated that the economic impact of PPD activity has been impressive (at least \$400 million in private sector savings) with PPDs also having achieved numerous other “soft” outputs in terms of building trust and goodwill among participants often in very challenging environments. However, much of this impact has been concentrated in a small number of PPDs, with Vietnam and Cambodia alone responsible for at least 250 of the total number of 400 reforms. The challenge is to begin to achieve outputs and impacts more broadly. He then presented his evaluation of 24 of the PPDs using the “Evaluation Wheel” based on the 12 key elements of good PPD process. Cambodia and Vietnam scored the highest on this list, with the top 8 PPDs also including Romania, Laos, Albania, Uganda, Liberia and Bangladesh.

The study revealed three keys to determining PPD success:

- Political will of Government to make reform happen
- Secretariat as the PPD “engine”
- Right people populate the Working Groups (genuine commitment to reform)

Malcolm Toland pointed to a number of WBG shortcomings, especially at the critical initial implementation stage and noted the inadequate investment in building capacity of private sector associations and chambers (which is still a constraint even for the high scoring PPDs). He said that while exit strategies are now being addressed more seriously and that the SPI approach adds a key new dimension, how to continue the honest broker role will be a key challenge should donors eventually withdraw.

His conclusions included that:

- PPD has been useful in facilitating the introduction of WBG reform service packages, elevating the Bank’s credibility as contributor to and catalyst of reform.
- Good operating procedures are more important than typology, structure, scope.
- Greater WBG investment is needed – this includes reinforcing the WBG’s Knowledge Management role in issuing guidelines, training staff and offering PPD advisory support.

- PPD implementation must remain demand-driven and country-based, focusing on: (i) initialising PPD process; (ii) funding and staffing the PPD initiative; (iii) managing day to day PPD activities; (iv) building local stakeholder capacity; (v) managing exit strategies.
- A formal review of the PIAC could contribute to new knowledge.

“Lessons Learned from EBRD-sponsored Presidential Investors’ Councils”, by Djoomart Otorbaev, Senior Adviser, EBRD

Djoomart Otorbaev underlined the importance of structured policy dialogue to help the private sector channel their messages to Government, particularly SMEs whose development is crucial particularly in smaller countries. However he noted that the private sector can be fragmented and poorly organised, allowing large companies to address problems on an ad hoc basis. He showed how, as a result, EBRD has chosen to support Investors Councils in five countries (Kyrgyz Republic, Armenia, Georgia, Tajikistan, and Mongolia). He highlighted the need for training of private sector players, mobilisation of Parliament, support and enforcement of fair play rules, and harmonising of donor practices. He advocated the value using the good reputation of EBRD to push the consultative process forward between key stakeholders, where the key goal has been to build partnerships within the Councils. He emphasised the need for technical assistance to support the secretariats of the Councils. In the first 2 years of operation, Councils have been operationalized in 5 countries. The role of the EBRD in each country has included: (i) Setting up the programmes, including developing the agendas, organise the working groups, and work with other donors and the private sector; (ii) assisting the Secretariat; and (iii) carrying out training and monitoring.

The PPD Challenge: One Reform in 90 minutes – a Role Play and a Case Study of Literavia

Private sector, government, donors, and a PPD secretariat: Can all these different interest groups agree on defining one reform, and actually have it enacted in a mock-up Business Forum? This 90 minute role play focused on a case study centered on the fictional country of Literavia in which participants represented various players within Government, the private sector and donor community each of which had a hidden agenda as they attempted to address a reform agenda in this challenging political and economic environment. The extremely dynamic and entertaining exercise culminated with a mock Forum at which the Prime Minister took the final decision. Although only a simulation exercise, participants experienced some of the same challenges and subtleties associated with public private dialogue in reality, and the degree of negotiation that takes place even before a Forum is organized.



The “Private Sector” team during the role play, trying to achieve consensus on the reform to propose for adoption



At the podium, H.E. Sok Chenda, Secretary General of Council for Development of Cambodia, playing the representative of the informal private sector, advocating to the “Prime Minister” for tax reform during the mock-up Business Forum

Speed Dating – Discussing PPD Initiatives in Practice

Participants had the opportunity to engage with representatives of a total of 10 PPDs to learn about how each PPD was structured, its notable achievements, and challenges. Every 30 minutes, participants had the opportunity to choose the next table at which they held a discussion on the particular PPD presented there.

The countries represented were as follow:

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|----------------------------|---|
| 1- Bangladesh | <i>Samir Asaf, Member, Bangladesh Better Business Forum (BBBF)</i> |
| 2- Armenia | <i>Lucine Haroutunian, Head, Armenia Business Support Council</i> |
| 3- Laos and Vietnam | <i>Champa Khamsouksay, Deputy Director, Department of Planning and Investment, Champassak Province, Lao PDR; Doan Anh Quan, Director, Department of Planning & Investment, Hung Yen Province, Vietnam; Doris Becker, Chief Technical Advisor, SME Development Programme (SMEDP), GTZ Vietnam; Daniel Taras, Advisor on Private Sector Development, Human Resource Development for a Market Economy (HRDME) Programme, GTZ Lao PDR</i> |
| 4- Liberia | <i>Wilama Bako Freeman, Program Coordinator Liberia Better Business Forum.</i> |
| 5- Mongolia | <i>Amarsaikhan Khosbayar, Head of Secretariat, Mongolia Consultative Council on Investment Climate and Private Sector Development</i> |
| 6- Albania | <i>Ramona Bratu, Regional Operations Director and SPI Albania General Manager, Convergence SPI Program</i> |
| 7- Timor Leste | <i>Milissa Day, Associate Operations Officer, IFC and Bernardo dos Reis, Operations Analyst, IFC, coordinator Timor-Leste Better Business Initiative/Insiativa ba Negosiu Diak Liu</i> |
| 8- Aceh | <i>Wan Putra, Associate Operations Officer and PPD coordinator, IFC - Banda Aceh</i> |
| 9 - Kyrgyz Republic | <i>Talaibek Koichumanov, Head of Secretariat, Kyrgyz Presidential Investor Council</i> |
| 10 - Vanuatu | <i>Ivan Nimac, Business Enabling Environment Program Manager, Pacific, IFC</i> |



Samir Asaf, BBBF member, leading the discussion on the Bangladesh Better Business Forum during the Speed Dating table discussion.

Examples of some of the insights gained and lessons learned:

One lesson from the **Armenia Business Support Council (BSC)** has been the benefits gained from radically changing the composition of the participating private sector. The move to a larger and more diversified private sector presence, including smaller businesses and business associations, has improved the quality of private sector input. A unique feature of the BSC is its assembly of a database of issues, based on actual complaints received from businesses called a “Pool of Problems” which is filtered by the Secretariat. The other lesson from Armenia has been the valuable and visible role played by a donor, in this case the EBRD, in revitalizing the PPD which had languished after an initial burst of activity. This support included: (i) ensuring financial and HR capacity for the Secretariat; and (ii) lobbying to include the BSC as a priority in the Government action plan 2007-2012. The main challenge now is to ensure a more sincere and proactive approach of main structures and agencies to complaints received from the business community.



Lucine Haroutunian, Head, Armenia Business Support Council (left) explaining how the Business Support Council processes a “Pool of Problems”

Bangladesh is an example of the benefits of focused dialogue if taken seriously by all parties. The 2007 state of emergency and low business confidence resulting from an army crackdown on corruption opened the door for a mechanism to bring together business and government to try to restore that confidence. Trust and confidence was established from the very first meeting at which business provided honest input about how frustrating it was to do business with Government. A total of 209 recommendations have been approved in the first 18 months of the Forum’s operations. The Forum’s main challenges are: (i) absence of name recognition and communication; and (ii) absence of a good mechanism for M&E. Unlike in Armenia, the role of the donor (IFC) is intentionally not visible. Government is in the lead.

The collage features the LBBF logo at the top left, a newsletter cover with the headline "LBBF Sponsors Dialogue between Private Sector, Legislature, and Government On Draft Investment Law", a photograph of a meeting with several men seated around a table, and a headline "Banking Sector Attracts New Investments" with a photo of a modern building.

The **Liberia Better Business Forum** is implementing a robust and sequenced multi media advocacy and reform communication strategy aimed at engaging multiple audiences in the country, the region, the Diaspora and international investors. A quarterly newsletter is being developed that is linked to the official LBBF website and providing analysis of the priority issues, profiles of the membership, summaries of the activities/meeting outcomes from the LBBF as well as insights and updates on the progress and achievements of the Working Groups. The LBBF website provide news, information and analysis of the investment climate in Liberia including online access to key forms for business registration and industry specific profiling is also being launched. The web address is: www.liberiabetterbusinessforum.com. The LBBF sponsors

a weekly radio program on a local radio station called “Business World”, where topical business issues are discussed with industry experts including LBBF members. LBBF has also supported the establishment of the Liberia Economic Journalists Association (LEJA) to provide training, development and sponsorship of quality business/economic and financial news in the media.

The **Kyrgyz Republic** was ranked one of the top three reforming countries in 2008 based on progress against the World Bank’s Doing Business indicators. Its Presidential Investors Council features a rotational scheme for private sector engagement. It is increasing its emphasis on the monitoring of decisions taken by Government, and on the implementation of laws at the Ministerial level.

Timor Leste and **Aceh** are facing challenges commonly associated with new PPDs, including crowded donor fields. In Timor Leste, capacity is extremely low among stakeholders, in particular within the private sector which in turn has little belief in the capacity of Government. The private sector in Timor Leste is not a supporter of Doing Business indicators as the basis for PPD. Here, the IFC leans on its relationships as part of selecting issues and participants. The Better Business Initiative secretariat channels specific issues that may require technical assistance, from the Working Groups to donors. A major challenge is the absence of mechanisms within the Government for follow up. Dialogue remains a promising method for change in this post-conflict country. PPD in **Aceh** has gained visibility because of the tsunami, but the Government’s ability to manage its way through hundreds of donor program is a major challenge, plus the fact that many donors have now left and the desire to hand over PPD to the Government is not supported by adequate capacity.

Day Two: Elaborating guidelines for four critical PPD topics

As part of further enriching PPD and linking it more closely to broader economic development issues, participants tackled a total of four critical topics and after going through a series of live case studies within each, elaborated a series of guidelines and indicators relating to how best to implement these four topics for a given PPD. The four topics and conclusions for each are presented below.

Critical Topic 1: What best appropriate institutional arrangements for PPD Secretariats, what entry and exit strategies?

Cambodia H.E. Sok Chenda, Secretary General of Council for Development of Cambodia, and Lili Sisombat, IFC Coordinator, Cambodia Government Private Sector Forum

South Sudan, Ethiopia, Zambia James Brew, consultant, IFC; Daniel M'soka, Communication Officer, Private Sector Development Reform Program, Zambia Ministry of Commerce Trade and Industry; Sarah Kitakule, Policy Advisor, IFC

Enriching this discussion were presentations from Cambodia as well as several PPDs in Africa. Cambodian representatives highlighted the importance of building private sector capacity, and the PPD becoming an integral part of Government. The plan is to turn the PPD into an independent entity under the Chamber of Commerce, and a key institutional challenge will be to ensure sustainable private sector capacity if the IFC withdraws. In Africa, many PPDs are new and it is critical that Government commit to continuing the dialogue. In Ethiopia, all options for where to locate the Secretariat were looked at. James Brew reminded that private sector will is as important as political will. A current challenge in South Sudan is the level of understanding of the mechanism, structure, and government level of institutional buy-in. Participants suggested that “advocacy capacity” should be defined more rigorously, and that no one size fits all with respect to the structure of a Secretariat. Following this session, the following paragraph was elaborated:

***New principle for the PPD Charter of Good Practice on
INSTITUTIONAL ARRANGEMENTS FOR SECRETARIATS, ENTRY AND EXIT STRATEGIES***

- *At entry, PPD design must be country specific, taking into account the capacity and willingness of public and private sector to participate (both at national and sub national level). The presence of political will is paramount to starting a dialogue process. The funding mechanism for PPD must be flexible and should include cost-sharing by both public and private actors. PPD should be a critical part of broader PSD strategy with genuine and broad-based donor coordination. If development partners fund a PPD mechanism, a plan for sustainability needs to be put in place at entry.*
- *A secretariat is required to coordinate, facilitate and play the honest broker role for a successful PPD. The institutional arrangements for PPD need to enable this PPD secretariat as well as the working groups to function without obstruction, and in coordination with all relevant line ministries and agencies. A coordination mechanism can be either concentrated in a single secretariat, or split, whereas coordination is required on the private sector side to elaborate reform proposals and on the government side to process those effectively.*
- *“Exit” refers to the transfer of operations, management or financing of a PPD by a development partner to local institutions. 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). Exit should start at entry, with a solid understanding by stakeholders of the financial and technical commitments of the donor in time and amount. No PPD should start without a plan for moving gradually to co-financing and with 100% financing by stakeholders as a goal.*



Milissa Day, IFC Timor Leste (standing), working with a small group on elaborating a new principle for the PPD Charter of Good Practice

Critical Topic 2: How do PPDs relate to clusters and competitiveness initiatives?

- Cambodia** Van Sou Leng, Chairman of the Cambodia Garment Manufacturers Association and of the Cambodia Federation of Employers and Business Association, Co-Chair of G-PSF Working group on export process and trade facilitation
- Uganda** Margaret Kigozi, Executive Director, Uganda Investment Authority

Van Sou Leng and Margaret Kigozi presented two outstanding situations where clusters gained tremendously in competitiveness thanks to a PPD platform. In Cambodia, the Garment Manufacturers Association leveraged the potential of the G-PSF to lower the regulatory barriers that impeded the development of the garment industry. This industry now represents 80% of Cambodia's total exports and contributes 17% of the country's GDP. In Uganda, the Uganda Investment Authority (UIA) has championed the development of a state to the art ICT industry through the Uganda Presidential Investors Round Table (PIRT). A total of 22 private sector representatives, the Prime Minister, the Minister of Finance and the UIA set up a strategy that allowed the ICT industry to benefit from a significant increase in local and foreign investment. The Ugandan ICT indicators show a real "success story". Following these presentations, participants elaborated on the relationship between PPDs and clusters and competitiveness initiatives.



Margaret Kigozi, Executive Director, Uganda Investment Authority explaining the way the Presidential Investors Round Table helped further the ICT agenda in Uganda

New principle for the PPD Charter of Good Practice on PPDs AND CLUSTERS AND COMPETITIVENESS INITIATIVES

- *Sometimes countries have dynamic and modern clusters but their competitiveness and attractiveness is impeded by heavy regulations. In this situation, the PPD secretariat, in cooperation with companies from these clusters, should consider the benefits of sector-specific PPDs. However, a sector-specific PPD should align its strategy with the relevant higher government body. Moreover, to ensure greater buy-in, the secretariat must communicate to the public the reasons why some sectors have been prioritized by the PPD over specific periods of time. This transparency will thus act as a disincentive to cater to vested interests.*
- *Sector-specific PPDs will develop appropriate competitiveness initiatives if they abide by the usual rules of a successful PPD: The secretariat or the specific working groups must ensure the preparation of the work of sector specific PPDs through appropriate research and policy papers. The sector specific working groups should give voice to all relevant stakeholders, not only to large companies or foreign investors. Competitiveness initiatives cannot be successful and sustainable if there is no political will and leadership to champion them. There is a need for monitoring and evaluation to assess the real impact of the PPD on the competitiveness of the cluster. The competitiveness objective must be assessed using matrices reflecting short, medium and long term time horizons.*

Critical Topic 3: How do PPDs address FDI-related regulatory issues and what role for PPDs as an aftercare mechanism in the FDI promotion toolbox?

Vietnam Lien Anh Pham, IFC, Coordinator of Vietnam Business Forum

Turkey Mehmet Dundar, Department Head, General Directorate of Foreign Investment, Undersecretariat of Treasury (YOIKK Secretariat, Investment Council Secretariat)

Lien Anh Pham introduced licensing, caps on foreign investment, and dual pricing of goods and services as relevant FDI issues for a PPDs engagement. She highlighted the need for a string link to government-donor dialogue, the insights that can be gained from an annual Business Sentiment survey, and the need for a common law governing the entry, exit and operation of both local and foreign investors. Participants debated the after-care role of a PPD, pointing to both the reactive and proactive roles that PPDs should play. The risk to investment of an inconsistent interpretation of the law was also highlighted, in that enforcement and communication of law was as important as development of the law itself. Other participants reminded that after-care for investors should include an emphasis on skills development and support for women.

***New principle for the PPD Charter of Good Practice on
PPD AS INVESTMENT POLICY INSTRUMENT AND AS AFTERCARE MECHANISM***

- *PPDs are a platform of choice for elaborating improvements to investment-related policies, for instance the Investment Code, so as to ensure the existence of a level playing field for domestic and foreign investors in terms of business entry, operation and exit conditions, and consistency for all investors in the application of laws, regulations, rules and procedures. As such they can play a key role in an investment aftercare strategy, ensuring a structured, informed and transparent dialogue between investors and government officials.*
- *Cross cutting investment-related issues can be tackled in a PPD to the extent that the scope of work is well-understood by participants, especially when it comes to differentiate short-term issues (i.e. reduction of regulatory burden for investors) to long term objectives (i.e. reduced protectionism and benefits of competition) and that clear outputs and objectives are defined for both.*
- *PPDs should include the country's Investment Promotion Institution (IPI) along domestic business associations and relevant Ministerial representatives, especially if foreign investors are not well-represented by a dedicated foreign trade chamber or other foreign investors representative body. Similarly, if the institutional arrangements dictate the PPD to be managed out of an IPI, the PPD secretariat needs to pay extra attention to embrace both local and foreign investors alike in a transparent fashion, so as to ensure the legitimacy and sustainability of the PPD process.*

Critical Topic 4: Integrating PPDs into the political process: Political cycle, stakeholder management and communication

Bangladesh Laura Watson, Operations Adviser, IFC BICF and Shihab Ansari Azhar, Stakeholder Engagement Analyst, IFC BICF

Sierra Leone Mary Agboli, IFC

Tajikistan Sherali Zardov, Head of Secretariat, Tajikistan Presidential Investor Council

The three presentations underlined the difficulty in integrating PPDs into the political process. Although the Bangladesh Better Business Forum is now an advanced PPD, its sustainability is very much dependent on the political will of the ruling party, which calls for careful strategic moves since the Forum needs to refrain from being perceived as aligned with any given ruling power, so as to ensure its independence and continuity beyond election periods.

The Tajikistan Presidential Investor Council encounters a gradual increase in recognition from State bodies and a gradually increasing political willingness to trust the PPD to engage in reform. The Secretariat, however, still struggles in generating commitment from all stakeholders required to implement its decisions.

As for Sierra Leone, it is now experiencing a genuine willingness to engage in economic reform dialogue among public and private stakeholders, but as Mary Agboli explained, the Sierra Leone Business Forum is hampered by poor communication, misaligned stakeholder expectations, and a Secretariat in need of more capacity to tackle these challenges effectively. She mentioned the need to use stakeholder engagement tools to address these types of issues systematically.

Based on the presentations, participants focused their discussion on identifying (i) political risks; (ii) stakeholder engagement tools; and (iii) how to benefit from the political process.

New principle for the PPD Charter of Good Practice on MANAGING POLITICAL RISKS AND PPD RELATIONSHIP TO THE POLITICAL PROCESS

- *Two categories of political risks can present major impediments to the sustainability of a PPD; (i) a wavering of Government commitment to an open, transparent and fair dialogue, which translates into a lack of political will, a risk of derailment after a change in Government, the PPD outcomes being hijacked for short term political gains, and the exacerbation of conflicts of interest between different stakeholder groups; and (ii) a wavering of constituency buy-in caused by excessive dependency on a few individuals, a perception that the PPD lacks objectivity, the hijacking of PPD to legitimize vested interests, and poor accountability for results.*
- *A PPD should plan for its sustainability by designing a comprehensive stakeholder engagement strategy and executing it through targeted communication and outreach. A PPD secretariat should complement its consistent communication to stakeholders on processes and issues with well-timed, targeted campaigns, addressed at strategic stakeholder groups, so as to address detractors messages and gain widespread buy-in and support for the issues at stake. Once stakeholders are engaged, PPDs should address their capacity building needs and strengthen their advocacy ability by providing access to research in support of reform recommendations. National PPDs should remember that supporting stakeholders can also be found among business networks at the sub-national level. PPDs should also communicate externally, with other PPDs,*

including carrying out study tours to exchange information and lessons about best practices as well as expand the stakeholder network.

- *PPDs can have the opportunity to benefit from leveraging the dynamics of the political process to gain support from government officials. In particular, PPDs can benefit from a political process punctuated by elections and by the political competition which might exist between government officials. This support can be more easily achieved at the beginning of a government's mandate when a new government is focused on establishing reform priorities and thus confirming its legitimacy. PPDs can provide Government actors with a structured engagement platform and implementation capacity at a time where electoral promises create the pressure to deliver quick and concrete results. Inter-ministerial or inter-agency competition for achieving reform targets can also be beneficial to PPDs, to the extent that credit is given to the appropriate officials when results are achieved. Naming – and shaming when necessary – can be powerful incentives.*



Lili Sisombat, IFC Coordinator, Cambodia Government Private Sector Forum working with a small group on elaborating a new principle for the PPD Charter of Good Practice

These four critical topics will be included in the upcoming revised PPD Handbook and the guidelines (as edited from the initially developed points by participants during the workshop – and incorporating post-workshop feedback on the above formulations), will serve as a guide for each.

Day Three – PPD Monitoring and Evaluation

The final day of the workshop consisted of technical training and practical tools for PPD management, monitoring and evaluation.

Refresher on Monitoring and Evaluation

Benjamin Herzberg started the day by a recap of the key elements of M&E and talked about collecting data, setting up baselines, establishing a logical framework and designing indicators. Participants contributed their experience and the challenge they face in performing M&E for their projects.

Shokraneh Minovi took the participants for an online tour of the Business Environment Snapshots (<http://www.besnapshots.org>) from where a number of benchmarks and indicators can be access for any given country, such as Doing Business, and Enterprise Surveys indicators.

Cost Benefit Analysis exercise

The issue of cost-benefit analysis got special attention, and an exercise based on a “Back of the Envelope” technique was conducted by each country team, to determine the appropriateness to conduct a Business Entry Reform in Colombia. Various sources were used by the participants, in real time, to get the data necessary for the exercise, including the details of the Doing Business indicator for Business Entry, the ILO website for minimum wage, etc.



**Benjamin Herzberg, Sr. PSD Specialist,
World Bank, ranking the results of a
cost-benefit analysis exercise**

The PPD M&E Tool – Measuring a secretariat’s effectiveness

Perrine Toledano and Malcom Toland presented the PPD M&E Tool which is the foundation for monitoring the performance of a PPD. It allows a PPD to:

- Measure a Secretariat’s effectiveness;
- Measure the impact of a PPD on the reform process;
- Record the economic impact of a reform proposal.

Each PPD utilized this tool in carrying out a self-evaluation of its effectiveness. Modifications to the “Evaluation Wheel” (centered on the 12 principles contained in the PPD Charter and first introduced in 2007) were included that reflected PPD lessons and experience of the last few years, and which explicitly factored in additional best practice principles. A weighting was also introduced among the 12 principles which acknowledged that some of the principles – such as (i) Champions and Leadership, and (ii) Facilitation and Management – have particularly important roles in contributing to effective Secretariat performance.

The PPD M&E Tool – Measuring the impact of a PPD on the reform process

Uriel Levy explained how the tool also allows a PPD to systematically assess its impact on the reform process. The tool allows a comparison of the influence of the PPD as an issue moves from identification to implementation, i.e. at all five stages of the decision making process:

- Issue Identification and Prioritisation
- Solution Decision
- Advocacy and Handover to the Public Sector
- Legislative/Executive Process
- Implementation, M&E, Follow Up

For each of these steps, a quick self-assessment is made in term of the PPD increasing capacity of the private sector to fulfill that step, increasing private sector confidence, increasing private sector access; increasing government capacity, government willingness, and government opportunity.

The PPD Reform Tracking Tool

One challenge facing all PPD facilitators is the follow-up of all the Working Groups at the same time and managing them in an efficient way. This includes properly tracking and reporting on all issues submitted at the Working Group level. The success of a PPD largely hinges on developing adequate tracking capacity with an ever expanding range of issues being addressed – especially for more mature PPDs.



Lili Sisombat, IFC Coordinator, Cambodia Government Private Sector Forum, Véronique Salze-Lozac'h, Regional Director for Economic Programs, The Asia Foundation, Shupi Mweene, Programme Officer, and Kayula Siame, Programme Coordinator (both from the Private Sector Development Reform Program, Zambia Ministry of Commerce, Trade and Industry), working on manipulating the reform tracking tool.

During the Workshop, Perrine Toledano and Benjamin Herzberg presented the PPD Reform Tracking Tool which was tested by all participants. The tool was built on the software Filemaker Pro 10 and aims to help PPDs organize and present information in a number of ways, including:

- A list of reforms requested to date
- A list of reforms per Working Group
- A list of reforms by type
- A list of reforms by submitted type
- Current status of all reforms
- Potential impact of the proposed recommendations per reform and per Working Group
- Alignment of the reforms with World Bank Doing Business Indicators
- Number of reforms submitted to a specific jurisdiction
- Action items and jurisdiction

All participants manipulated the tool and created customized reports based on 12 reforms already pre-loaded in the tool. A case study was then handed out, and the participants had to reformat the reform proposal using the template of the tool, and report on it.

Elaborating a 12-month action plan

Participants closed the day by developing 12-month action plans for their respective PPDs based on the PPD M&E framework and tools. Timor Leste committed to the signing of a “Protocol of Prosperity” to publicly acknowledge the PPD’s importance and generate greater stakeholder commitment; Ethiopia committed to creating a coalition of private sector partners; Bangladesh committed to increasing access to research papers and procure more TA on thematic issues; Albania will strive to ensure equal time between participants at Working Group meetings, and submit a cost-sharing proposal to local stakeholders as part of its transition to local ownership; Turkey committed to quarterly progress reports; Tajikistan will aim to more effectively coordinate donor priorities and inputs; and Vietnam will pilot the use of the Issue Tracking Tool.

Close and Way Forward

Participants expressed satisfaction with all aspects of the Workshop, in particular the M&E sessions and the opportunities for interaction to share country experiences. Benjamin Herzberg concluded the Workshop by noting the significant degree of country-to-country collaboration as a reflection of greater PPD capacity, which was one of the key stated objective of the



Talaibek Koichumanov, Head of Secretariat, Kyrgyz Presidential Investor Council, Serali Zardov, Head of Secretariat of the Consultative Council on improvement of investment climate under the President of Republic of Tajikistan and Lucine Haroutunian, Senior Consultant, Armenia Business Support Council, working on the 12-month action plan for the Tajikistan PPD.

workshop. He expressed the hope to remain in touch with all the PPDs present and to set up the online mechanisms for participants to do so between themselves (a Facebook page was launched as a follow up to the workshop). He noted that possible location for the fifth edition of the workshop, in 2010, included Turkey, especially since Mehmet Dunder, Department Head, General Directorate of Foreign Investment, Secretariat of Treasury (YOIKK Secretariat, Investment Council Secretariat) expressed interest in possibly hosting the event.

The program, list of participants, presentations and materials for the event can all be downloaded at <http://www.publicprivatedialogue.org/workshop2009/>