

Public-Private Dialogue for Competitive Economies

Keynote address

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Content

1. Diagnostics. Why we need PPD?
 - Role of governments
2. Personal experience in one particular country
3. PPD and EBRD
4. Way forward



Role of government

- Most of government policies designed to help the private sector impede its development
- Why governments can't do much?
 - Low level of ability or competence
 - High level of corruption
 - Influence of special-interest groups
- How governments can help business?



How governments can help business?

**Just get out
of the way!**



PPD: How to protect investors?

- What are businesses saying during private conversations?
 - They need us (EBRD/IFC) mainly not for financial contribution
 - They need protection from corrupted officials (“roof”)
- Why to protect only on “case by case” basis?
- What to do with “scary” smaller businesses?
- To build official “protection” institutions
 - Advocacy and lobbying groups (“Pressure groups”)



How to make reforms? Pressure groups

- To support reformers in the Governments
- How to help reformers?
 - To motivate and to 'train' private sector players
 - To mobilize parliaments (including training)
 - To get donors interested
 - To support/enforce the 'fair play' rules
- Finally: to strengthen (to train) the pressure groups



How to make reforms? Politics

- To support reformers in the Governments
 - We need a political support
- How to get politicians interested?
 - Personal political benefits
 - Communication with electorate (civil society)
 - Benefits for the country (employment, taxes)



How to lobby? Consultative councils

- To bring stakeholders together in one room on regular basis (consultative council)
 - governments (chairmanship with the country leadership)/limited other government participation
 - business associations, including foreign investors
 - donors
 - parliaments



Consultative council in KR (2001 - 2004)

- 16 meetings in 4 years
- Monitoring and enforcement
 - Government's meetings (more than 50 meetings)
 - Efficiency of implementation: 1st year – 60%,
4th year – 80%
- 60 direct instructions of the Consultative council were executed



Consultative council in KR (2001 - 2004)

- Improvement of legislation
 - Drafted: 90 laws
 - Adopted: 55 laws, 24 normative acts, 47 legal amendments
- Average number of adopted documents per year
 - 1996 – 2000 – 38,6
 - 2001 – 2004 – 52,3
 - Legislation: 102 (adopted by a Council), 209 (total number adopted in the economic area)
 - Legislation coverage: 49 %



Consultative council in KR (2001 -2004)

- Liberal visa regime for citizens of 26 countries
- The laws of the KR:
 - new Customs Code, new Tax Code
 - “On principles of technical regulation”, “On banks and banking activity”, “On non-governmental pension funds”, “On external migration”, “On energy”, “On investments”, “On pledge”, “On leasing”.
- Abolishing of 33 licenses
- Presidential Decree on moratorium for drafting and adopting legal acts, creating administrative barrier



Consultative council in KR (2001 -2004)

- The concept for deregulation of economy was adopted
- Work related to revealing acts contradicting legislation on business activity (as of 01.09.05 - 93 protests, 18 notations , 3 warnings, 2 criminal cases)
- Auditing authorities of ministries and agencies (110 notations on resolutions on administrative infringement cases, 10 notations on eliminating law abuse)
- External marketing strategy of KR and regional FDI promotion programs were approved



Consultative council in KR (2001 – 2004)

In which of the directions did your association work?	2000	2002	2004
1. Assuring rights to economic freedom	2	7	9
2. Deregulation of economy	1	1	7
3. Regulating and evaluating conformity between business activity and its outcomes	2	-	4
4. Tax policy	5	10	13
5. Customs policy	1	4	7
6. Policy of sectors	2	6	12
7. Development of small size businesses	8	8	11
8. Assuring access to information	3	8	10

Results of surveying 30 public associations (UNDP)

Amount is not always 30, since public associations operate in several directions



Consultative council in KR (2001 - 2004)

- Communication (bottom line estimations*):
 - Articles – about 320
 - TV programs – about 22
 - Press conferences – about 16
 - Interviews – about 63
 - Presentations at roundtables – about 54

* Actually the number of communication was much higher, since many were not simply fixed; it does not include information prepared by journalists independently.



Where are the risks? Lessons learned

- Lack of commitment from local stakeholders
 - Political risk (inability, unwillingness)
 - That is why we are not in all countries as yet
- Local capacity to run the secretariats
 - Professional, communication skills, networking
- Councils meetings. How to get them interesting?
 - Agenda: broad or sharp?
 - Meetings: boring or interesting?
 - Presentations: lecturing or interaction?
 - Composition: large or small?



Consultative councils and EBRD

- Bank has good reputation/must use it
- Agenda
 - Medium term (legislation, regulation)
 - Short term (implementation)
- The key goal: building the partnership within the council (building the ‘team’)
- Resources are needed to support secretariats of consultative councils



EBRD initiative

- Political will - Kyrgyz Republic, Mongolia, Tajikistan, Armenia
- Support of secretariats (4 countries/4 years)
 - Head, two economists, one lawyer, secretary
- Councils are operational in 3 countries (potential is in Armenia, Georgia and Moldova)
- Cooperation with IFC (Tajikistan) and other donors



The role of Resident Offices

- Setting up the programmes
 - To develop the councils' agendas
 - To organize the working groups (with other donors)
 - To work with other donors and private sectors
- To help to the secretariat
- Training and monitoring



The role of HQ

- Advisory Board on PPD (endorsed by ExCom)
 - Regional Managing Director (Chairman), Country Directors, OCE, LTT
- Agenda
 - Update on progress and issues arising
 - Staff assigned (HQ/ROs)
 - Inputs needed from OCE/OGC (LTT)



Building the team

- Our mission – let's be practical ('win-win')
 - Better investment climate – more investments
 - Nobody will lose
- Why we have chances?
 - Overall economic climates are favourable
- Success factors. Sustainability
- We should do it fast. But only together



Thank you

