

**Public-Private Dialogue**

# State of Play— Public-Private Dialogue

Benjamin Herzberg and Lili Sisombat





Public-Private Dialogue (PPD) Practical Notes Series

# State of Play— Public-Private Dialogue

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# The Way Forward

**Public-Private Dialogues (PPDs)**, competitiveness partnerships, investors' advisory councils, presidential investment councils, business forums, water forums, public-private alliances, state-business relations, public-private collaboration, reform coalitions, and so forth, are all synonyms for interventions, cultures, or institutions that promote stakeholder engagement between the government and the private sector.

On the basis of an increasing body of case studies, synthesis research papers, and our experience implementing PPDs worldwide, this **Practical Notes Series** serves as an additional **resource tool for PPD practitioners** and those involved. It provides approaches for promoting successful dialogue and to build on lessons learned.

An updated "**Charter of Good Practice in Using Public-Private Dialogue**" reflects practice modifications and improvements since being first elaborated at the 2006 Paris Global PPD Workshop. This series uses the Charter's principles as its base and then expands on them with practical advice and recommendations.

PPDs have been applied in many new contexts since the first PPD Handbook was written in 2006. Their application is more broadly recognized and they have expanded beyond the area of investment climate to include competitiveness, service delivery, and fragile and post-conflict settings, among other areas. A deeper understanding of their dimensional breadth is also apparent.

# About the Authors

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# Abbreviations

ARMM	Autonomous Region of Muslim Mindanao
AS	Advisory Services
BMO	Business Membership Organizations
BPa	Busan Partnership agreement
CIPE	Center for International Private Enterprise
CSO	Civil Society Organization
DP	Development Partner
EBRD	European Bank for Reconstruction and Development
ECCSA	Ethiopian Chamber of Commerce and Sectoral Associations
EITI	Extractive Industry Transparency Initiative
EPPCF	Ethiopian Public-Private Consultative Forum
FCS	Fragile and Conflict-Affected States
FDI	Foreign Direct Investment
GPEDC	Global Partnership for Economic Development Cooperation
GPSF	Government-Private Sector Forum
IDA	International Development Association
IDSi	Institute for Development and Social Initiatives
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IP	Industrial Policies
JVWF	Jordan Valley Water Forum
LBBF	Liberia Better Business Forum
LSPPD	Local Sector-Specific PPD
MDG	Millennium Development Goal
M&E	Monitoring and Evaluation
MEM	Ministry of Energy and Minerals
MNC	Multi-National Corporation
NBA	National Business Agenda
P4P	Partnerships for Prosperity
PE	Political Economy
PEA	Political Economy Analysis
PPA	Private Strategic Policy Alliances
PPD	Public-Private Dialogue
PPP	Public-Private Partnership
PRIME	Policy Research Institute of Market Economy
RCCI	Rawalpindi Chamber of Commerce and Industry
SDG	Sustainable Development Goal
SBR	State-Business Relations
SME	Small and Medium-Sized Enterprise
UNACOIS	l'Union Nationale des Commerçants et Industriels du Senegal
VBF	Vietnam Business Forum
WBG	World Bank Group



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## Chapter 1

# An Introduction to the Series of Public-Private Dialogue (PPD) Practical Notes: Where Are We? And Way Forward

### Moving Public-Private Dialogue Forward

The *Public-Private Dialogue Handbook for Environment Reformers* to help practitioners start, manage and ensure the sustainability of Public-Private Dialogue (PPD) platforms was first published in 2006 (Herzberg and Wright 2006). Since then, PPDs have evolved in terms of both shape and content. Today, it is widely accepted that a dialogue process between the government and the private sector is essential for reducing poverty through increased economic growth, and promoting shared, sustainable prosperity.

Catalyzed by recommendations coming out of the Busan Fourth High Level Meeting on Development Effectiveness that emphasize more inclusive multi-stakeholder dialogues for building policy environments conducive to sustainable development, the private sector's know-how and capacity for innovation are now recognized as crucial elements in achieving these development objectives.

Furthermore, a new private sector engagement monitoring indicator was also put forth in Busan to incentivize partner countries and donors to scale up and deepen engagement between the government and the private sector, a process that this publication hereafter refers to as Public-Private Dialogue (PPD).<sup>1</sup>

The private sector was very involved in drafting the 17 new Sustainable Development Goals (SDGs) and their 169 targets that represent the post-2015 development agenda through 2030. The SDGs build on the achievements of the Millennium Development Goals (MDGs), which focused on economic growth to reduce poverty, and embrace **private sector growth as the economic driver** to lift developing countries out of poverty in a sustainable manner.

As the processes of PPD have recently been raised to the top of the development agenda, the contexts in which PPD is being applied have also evolved. Its application is more broadly recognized and has expanded beyond the area of investment climate to include competitiveness, service delivery, fragile and post-conflict settings, among others. A deeper understanding of its dimensional breadth is also apparent.

This means it is especially necessary to promote the understanding of what PPD is and what it can and cannot achieve. Based on an increasing body of case studies, synthesis research papers, and our experience implementing PPDs worldwide, this series of practical notes serves as an additional resource tool for PPD practitioners and those involved to provide approaches that promote successful dialogue and build from lessons learned.

If you are new to PPD, we suggest you read the entire Practical Notes Series, which will provide you with a theoretical framework and historical context for PPD practices, as well as up-to-date tools that you can use in your work. And for the more seasoned PPD practitioners, we recommend that you focus on “what’s new” in the area of PPD. This includes the updated PPD Charter and Principles of Good Practice found in Appendix A, the path to achieving sustainable PPD transitions as described in Practical Note No. 2 of this series, and the new PPD Global Indicator to measure the private sector’s participation and effectiveness in the post-2015 development agenda that is covered in Practical Note No. 5.

## About the Practical Notes for PPD Practitioners

This Public-Private Dialogue (PPD) Practical Notes Series is devised as a how-to guide that captures the evolution of PPD and the challenges faced by practitioners since the first PPD handbook was published in 2006. It considers the varied and evolving forms of PPD, the contexts in which PPD is most effective, and processes of implementation and sustainability. Investment climate, competitiveness, and sector-specific PPD design, implementation, and challenges are discussed as well as an updated monitoring and evaluation methodology for PPDs.

The Series further provides an updated “**Charter of Good Practice in Using Public-Private Dialogue**” that can be found in Appendix A of this

introductory Practical Note. It reflects practice modifications and improvements since being first elaborated at the 2006 Global PPD Workshop in Paris. The series takes the Charter's 13 Principles as its base, and then expands on them with practical advice and recommendations.

## PPD Practical Note Introduction—State of Play—Public-Private Dialogue

This introductory note provides a broad overview of what Public-Private Dialogue is, its historical roots and the contexts in which it is used, as well as an introduction to the subject area of each Practical Note in the Series. It includes perspectives from notable academics and experts in the area of state-business relations, discusses a PPD's convening ability (government, private enterprise, civil society, academia, others), and covers a PPD's typology (time-bound or institutionalized; local, national, international; industry sector, cluster or value chain), as well as a PPD's eight inter-locking dimensions (national vs. local; economy-wide vs. sector specific, etc). All of this, with other areas of interest and relevance to PPD practitioners.

## PPD Practical Note—Sustainability of PPDs

This note focuses on the life span of PPDs and the challenge of sustainability. Experience shows that among the three phases of a PPD life cycle—entry or discovery phase, high-impact phase, and the exit or transfer phase—it is the final transitional phase that sanctions if a PPD has or has not been successful. Without a clear exit strategy, it is possible for the implementation of reforms to cease or even see a reversal in some aspects. This note considers how PPDs can achieve long-term operational, financial and mandate sustainability.

## PPD Practical Note—PPD Unit Facilitation and the Role of the Coordination Unit

This note on implementation processes examines the practical elements that go into the design, implementation and management of a PPD, including the efficient management of the Coordination unit (also know at the Secretariat unit). It also looks at the reform space and facilitation mechanisms, the importance of reform teams, and structural failures.

## PPD Practical Note—Gender-Informed PPD

This note focuses on the place of women in PPDs and how the platforms can or cannot address issues, such as differences in laws and regulations, economic rights, and health care provision. Discriminatory rules bar women from employment, access to capital, and legal decision-making. Finally, this paper reviews findings of recent publications and offers practical advice on how gendered PPDs are implemented and what can be learned from the field.

## PPD Practical Note—Revised M&E Framework and PPD Global Indicator

This note on Monitoring and Evaluation (M&E) of PPDs provides an updated framework on how to measure the contribution of PPDs to advance a development goal. It also contains an overview of the new global monitoring PPD indicator to measure the conditions in which a dialogue takes place between the government and the private sector in development strategies, and how they decide to work together to develop inclusive and sustainable development practices.

## PPD Practical Note—The Political Economy of PPDs

This note on Political Economy (PE) considers how PE issues impact the drivers of change, and how reforms may benefit or be constrained by the PE of the country they are working in. Current development thought on the importance of context suggests that PPDs will be much more likely to succeed if they are designed based on an understanding of local PE factors (Davis 2011; O’Meally 2013). The practical aspects of policy desirability, administrative feasibility, and political feasibility are reviewed.

The complete PPD working paper series can be found on the PPD resource website [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org).<sup>2</sup> This website contains proceedings from the Global PPD Workshops, case studies, and lessons learned. Its recently updated **knowledge base of selected research papers** offers synthesized experiences from PPD practices across different countries and settings.

## Notes

1. The indicator on the engagement and contribution of the private sector to development is meant to measure the quality of Public-Private Dialogues over time. See “Guide to the Monitoring Framework of the Global Partnership”, Final Version, Global Partnership for Development Cooperation, July 2013, p. 5.
2. The website [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org) was established as an output of the first Global PPD Workshop in 2006. It was organized by a cross-sectoral team from the World Bank Group, DFID and the OECD Development Centre.





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## Chapter 2

# Findings from Recent Publications on PPD

### 2.1 Taxonomy of PPDs

Public-Private Dialogues (PPDs), competitiveness partnerships, investors' advisory councils, presidential investment councils, business forums, water forums, public-private alliances, state-business relations, public-private collaboration, reform coalitions, etc., are all synonyms for interventions, cultures, or institutions that promote stakeholder engagement between the government and the private sector. While these activities may be known by many different names and can take on many different forms, their basic guiding principles are universal.<sup>1</sup>

PPD, as it is referred to in this document, has a long history that dates back to tripartism—national level business, labor, state affiliations—in the mixed economies of Europe's interwar period. Today, according to Robert Devlin in his paper, *Toward Good Governance of Public-Private Alliance Councils*, what began as tripartism has evolved into a broader form of democratic governance, characterized by less concentrated social participation, less rigid representational roles, less pure bargaining, and more concern about “state capture.”<sup>2</sup>

Moreover, **Public-Private Strategic Policy Alliances (PPAs)**, as Devlin refers to them, are especially relevant today in supporting Industrial Policies (IPs) in Latin America and other developing countries, where they have reemerged in recent years to focus on governance and impact at the national, regional, and local levels to support economic growth and development.

Ben Ross Schneider who also writes extensively on state-business relations in Latin America, discusses what he refers to as **Public Private Collaboration (PPC)** in his 2013 article *Institutions for Effective Business Collaboration: Micro Mechanisms and Macro Politics in Latin America* for the Inter-American Development Bank. He observes how “ongoing development, globalization and integration into the international economy have rendered the challenges of state intervention into the private economy through industrial policy more complex, delicate, and information intensive,” and how many propose examining in greater depth the nature of relations between public and private actors. He looks at three main functions of institutional design of PPCs: (a) maximizing benefits of dialogue and information exchange, (b) motivating participation through authoritative allocation, (c) minimizing unproductive rent seeking, and proposes that “countries with more experience with PPC tend to have more pragmatic governments and better organized and informally networked private sectors.”

**Reform Coalitions** and **Growth Coalitions**,<sup>3</sup> as they are called in Caryn Peiffer’s 2012 paper for the Development Leadership Program, acknowledge that State and policy actors working together for policy and institutional reforms are considered important components in successful and sustained growth outcomes: “By providing jobs, goods and services, and tax revenue to governments, the private sector in its many forms has proven itself to be an engine of development.” In order to harness the market’s potentially positive impact on development, the private sector and the government must work together as partners to facilitate the flow of business, support institutions and policy environments, and protect society from potential abuses (Peiffer 2012).

Kunal Sen and Dirk Willem te Velde write prolifically about regional and national **State-Business Relations (SBRs)**. Their 2012 joint publication, *State-Business Relations, Investment Climate Reform and Economic Growth in Sub-Saharan Africa*, asserts that SBRs are characterized by: (a) transparency, (b) reciprocity, (c) credible commitment, (d) mutual trust, and (e) a synergistic relationship between the state and private sector agents who are well organized and of high capacity. Furthermore, Sen 2013 describes SBRs as “a set of highly institutionalized, responsive, and public interactions between the state and the business elite,” and suggests that formalized SBRs are overlooked aspects of the determinants of economic growth in Africa and India (Sen 2013).

And, according to Jorge Cornick in his Working Paper, *The Organization of Public-Private Cooperation for Productive Development Policies*: “Neither economists and public officials on the one side, nor private actors on the other, know where the relevant distortions are,” positing that **Public-Private Collaboration** is the desired method for discovering market distortions and their solutions (Cornick 2013).

So, regardless of the name and nuance, collaborative efforts between the government and the private sector seek to promote sustainable and inclusive



growth by providing an efficient platform to raise and resolve development and governance issues. PPDs enable stakeholders to work cooperatively on governance initiatives to address specific state and market collective-action problems through institutional and policy reforms, and in pursuit of a specific economic reform agenda.

## 2.2 A Wide Variety of Actors

PPDs bring together a wide variety of actors. These might include the private sector, government, civil society, academia, and others who share common interests or concerns surrounding specific development and economic issues. They also involve different forms and sizes of companies and organizations, such as multi-national corporations (MNCs), small and medium-sized enterprises (SMEs), and relevant public agencies to work on different types and sets of issues (e.g., investment climate, competitiveness, extractive industries, improved public service delivery).

Increasingly, multi-stakeholder PPD is considered crucial for building a policy environment for sustainable development. The 2014 Global Partnerships' Plenary Session on private sector development referred to PPD as a “starting point for broader development co-operation between public and private actors, and a vital connecting mechanism, creating enabling environments for private sector development and for pooling resources for shared prosperity.”<sup>4</sup>

Similarly, many other multi-stakeholder efforts, such as those that focus on civic engagement, seek broader development consultation that includes engagement with members of the private sector. This can be attributed to the work of Partnerships for Prosperity (P4P),<sup>5</sup> a post-Busan multi-stakeholder platform whose objective is to “expand and enhance public and private cooperation for broad-based, inclusive and sustainable growth.” The P4P is the driving-force behind the “catalytic role of partnerships”—an idea where multi-stakeholder dialogues, catalytic partnerships, and innovative finance are considered to be the foundation of a post-2015 development agenda.<sup>6</sup>

## 2.3 Benefits of PPD

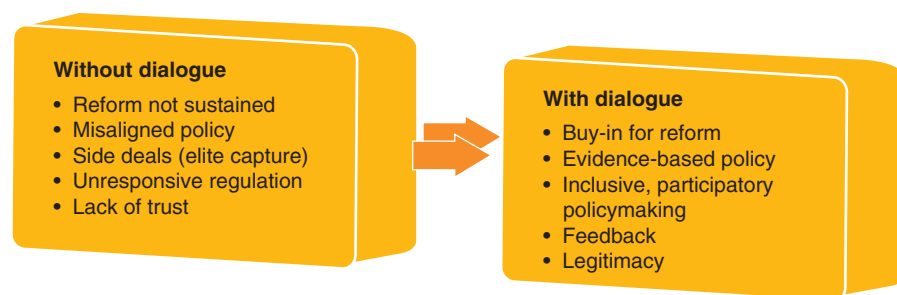
Collaboration between government and business actors is most beneficial when it can achieve both development impact and business benefits—going beyond what could have been achieved individually. In this way, PPD initiatives are beneficial in helping to identify sets of issues, design workable solutions, better implement these solutions and monitor their implementation. It helps prevent or cope with crises, develop an inclusive society and lay the groundwork for sustainable growth. PPDs hold to account both private- and public-sector stakeholders through a range of reciprocal actions and strategies that participants and other societal actors may employ.

PPDs are beneficial in improving business environments, stimulating competitiveness, increasing trust and fostering governance through coordination,

transparency, and accountability. Organized partnerships where the private sector has input into policy design and where private actors and public officials can discuss the regulatory and competitiveness environment in a systemic fashion, have in many cases succeeded in simplifying overly complex legal and regulatory frameworks. This is done by reducing the cost and time required to do business, increasing the delivery of services to the private sector, and encouraging competitiveness of specific sectors. In this way, the business community develops a sense of reform policy ownership, making policies more likely to succeed in practice, and helping to reduce the communication gap (Figure 2.1).

Three independent evaluations have measured the development effectiveness of World Bank Group (WBG) sponsored PPDs (2005, 2006, and 2009). The 2009 independent global review of WBG PPD initiatives found that over time, WBG supported PPD projects resulted in the implementation of 400 specific reforms, embracing 50 distinct areas within the financial and private sector development space, with total net benefits of over (US\$) 400 million in private sector savings. Since then, significant private sector savings have been found in a number of projects, among them the Ethiopian Public Private Consultative Forum (EPPCF) with private sector savings estimated at over (US\$) 25 million (Box 2.1), the Vietnam Business Forum (VBF) with savings of (US\$) 237 million over a five-year period, and the Liberia Better Business Forum (LBBF) with private sector time and cost savings totaling (US\$) 4.7 million.

**FIGURE 2.1 Benefits of Dialogue**



**BOX 2.1 Ethiopian Public-Private Consultative Forum (EPPCF)**

The Ethiopian Public Private Consultative Forum (EPPCF) was established through a 2010 Memorandum of Understanding that created a formal mechanism for Public-Private Dialogue. Tangible outcomes of the PPD include tax, customs, and licensing reforms that improved the business environment and can increase economic growth as well as increased levels of trust between the government and the private sector. A follow-up committee currently tracks reform implementation and high-quality engagement while the remaining challenge of the PPD is to ensure its long-term sustainability, as it is still managed today by IFC staff and consultants.

*Source:* IFC Investment Climate, Mamo Mihretu, Presentation at the 2014 Global PPD Workshop, Frankfurt, Germany.

According to the literature, PPD can provide many other benefits, too. Specifically, it is suggested that:

- PPDs can help countries catch-up with more advanced countries by gaining access to knowledge and capital, thus increasing productivity and economic growth. In order to avoid the Middle Income Trap, however, sophisticated IP policies must be put in place up-front (Devlin 2014).
- PPDs can help develop policies over the medium- to long-term, avoiding political cycles and effectively taking on the challenges at the macro, meso and micro levels (Devlin 2014, 5).
- PPDs can support problem-solving dialogue and gather knowledge and understanding among market players, making the development and implementation of IPs much better than if governments alone selected policies (Devlin 2014, 5).
- PPDs can help create a new form of social partnership among multiple stakeholders, improving the benefits reaped by each and reducing the risks for all. By converging government and private sector processes, PPDs can influence emerging paradigms in development toward a model led by sustainable private sector finance, supported by governments and other DPs.<sup>2</sup>
- PPDs can transform the entire path of a country's economic development, as in the cases of South Korea and Ireland. The key to such transformational change is in the scope and time horizon of the interventions (Cornick 2013, 8).

## Notes

1. See "Charter of Good Practice for Using Public-Private Dialogue for Private Sector Development and Inclusive Growth" at [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org); and B. Herzberg and A. Wright. 2006. *The PPD Handbook: A Toolkit for Business Environment Reformers*. World Bank.
2. State Capture refers to systemic corruption in which private interests are significantly influential in decision-making processes for their own advantage. See R. Devlin. 2014. *Towards Good Governance of Public-Private Alliance Councils Supporting Industrial Policies in Latin America*, Institutions for Development Sector, Competitiveness and Innovation Division, Technical Note No. IDB-TN-615, IDB.
3. A Growth Coalition is an active cooperation among actors, organized around a common goal of specific reforms, where policies pursued are expected to foster economic growth. See D. Brautigam, L. Rakner, and S. Talyor. 2002. "Business Associations and Growth Coalitions in Sub-Saharan Africa." *Journal of Modern African Studies* 40 (4): 519–47.
4. See GPEDC Plenary 5 Summary: The Private Sector: Business As a Partner for Development, <http://effectivecooperation.org/wordpress/wp-content/uploads/2014/04/Session-5-Private-Sector.pdf>.
5. Partners for Prosperity (P4P), [http://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/idg\\_home/p4p](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/idg_home/p4p).
6. See GPEDC Plenary 5 Summary: The Private Sector: Business As a Partner for Development.
7. See Global Partnership for Economic Development Cooperation (GPEDC) and Partnerships for Prosperity (P4P) at [www.effectivecooperation.org](http://www.effectivecooperation.org).



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## Chapter 3

# Lessons from the Field

### 3.1 PPD Good Practice Principles

Ideally, a Public-Private Dialogue (PPD) should be conducted in a long-term, phased, and inclusive manner. It should focus on targeted, measurable, hard and soft reforms, and with a simple organizational structure and a strong convening power.

According to Herzberg 2014, PPD can be used as a growth discovery mechanism, as a crisis detection mechanism, as a post-crisis resolution platform, and as a governance mechanism that promotes fairness, transparency and accountability.

As Peiffer 2012 states, it is imperative for a PPD to have a shared purpose for solving a particular agreed-upon collective action problem, and it must have the incentive to work cooperatively toward a solution (Peiffer 2012; International Finance Corporation 2013). In this way, PPDs will be more sustainable mechanisms with less risk of changes in policy and other gains being rolled back (Herzberg 2014).

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#### **New Definition of Public-Private Dialogue**

*PPDs bring 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.*

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To reflect how PPDs are implemented as described above, a new definition is proposed: *PPDs bring together the 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.*

It should be remembered that the establishment, sustainability and renewal of effective PPDs is a political process that requires well-organized business communities and governments to negotiate growth-enhancing policies (Sen 2013). In Africa, for instance, Presidential Investors' Advisory Councils (PIACs) began as simple coordinating mechanisms and evolved into effective policy setting institutions. Although their impact as a whole is considered neutral, they have provided valuable insight into implementing effective industrial policy (Page 2013).

The following are factors to be considered at the outset of each of the four stages of the continuous **cyclical PPD approach**:

**Stage 1. Diagnose** the capacity of the public and private sectors to engage in dialogue and the areas in which dialogue can be most fruitful;

**Stage 2. Design** a dialogue process that gives the best chance for productive interactions between public and private sectors to emerge;

**Stage 3. Implement** dialogue with an awareness of risk factors that can develop and the ability to identify and address problems as they arise;

**Stage 4. Evaluate** the effectiveness of dialogue mechanisms that feed back into the diagnosis phase to better inform design and implement improvements.

"The PPD Charter for Business Environment Reformers"<sup>1</sup> was first elaborated in 2006 as a useful framework to design, operationalize, and ensure the sustainability of PPDs. Its Good Practice Principles are measurable and acted upon at the start (baseline), during and at the end of the PPD process (measurement of process effectiveness).

At the 8th Global PPD Workshop in Copenhagen in 2015, the PPD Charter with its Good Practice Principles were revised and expanded upon to capture the evolution of PPD practices as well as the heightened role of PPD in the post-2015 development agenda (Box 3.1) (see Appendix A for full Charter). The preamble to the revised "**Charter in Using Public-Private Dialogue for Private Sector Development and Inclusive Growth**"<sup>2</sup> reflects these modifications:

"**Conscious** of the growing importance of more inclusive multi-stakeholder dialogues for building conditions conducive to sustainable development, the heightened role of PPD (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

### **BOX 3.1 Charter of Good Practice in Using Public-Private Dialogue: 13 Principles**

Principle I: Contextual Design: taking into account various forms, levels, timeframes;

Principle II: Open Governance Process: functioning under open, transparent, and fair governance rules;

Principle III: Mandate and Institutional Alignment: stating objectives clearly;

Principle IV: Structure and Participation: having a solid structure and representative participation;

Principle V: Facilitation: being facilitated professionally with dedicated staff and resources;

Principle VI: Champions: having leadership from a set of individuals or organizations;

Principle VII: Outputs: consisting of structure and process outputs, analytical outputs, soft outputs or recommendations;

Principle VIII: Outreach and Communications: enabling communication of a shared vision;

Principle IX: Monitoring and Evaluation: demonstrating its purpose, performance and impact;

Principle X: Appropriate Area and Scope: tailoring to the set of issues to be addressed;

Principle XI: Crisis and Conflict Response: mitigating entrenched interests, rebuilding trust;

Principle XII: Development Partners: benefiting from their input and support, partnership, coordination, and additionality;

Principle XIII: Sustainability: sustaining the PPD platform by transferring its operations, management or financing from a development partner to local institutions.

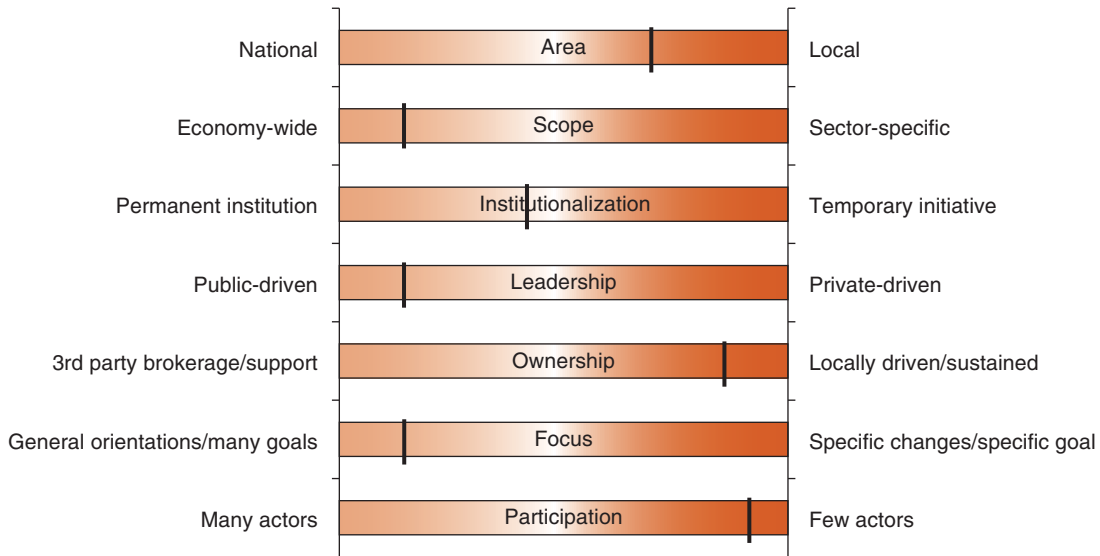
*Source:* Charter of Good Practice in Using Public-Private Dialogue for Private Sector Development and Inclusive Growth, 2015.

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

## **3.2 Types of PPD**

PPDs can take place at various levels within different timeframes (Figure 3.1). They 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. They can also be time-bound (established to solve a particular set of issues) or

**FIGURE 3.1** Types of PPD



institutionalized for in-depth transformation and development. PPDs can be categorized according to eight interlocking dimensions, such as national vs. local, or economy-wide vs. sector specific, where the breadth of a relationship can be evaluated along a continuum, helping to guide the process.

Among these diverse forms of PPD, this series of practical notes explores dialogues that are more institutionalized and structured in nature, as research findings have clearly demonstrated that institutionalized PPDs are able to maximize transformational impact. These more structured PPDs require a longer time horizon in contrast to the more informal, ad-hoc forms of PPD, allowing for more depth in a PPD process and a more realistic outcome of long-term sustainability.<sup>3</sup>

For instance, Cornick’s 2013 work states that **a consultation process can vary from narrower issues having shorter time horizons to more institutionalized dialogues having longer time horizons.** He refers to the informal consultations of Uruguay, designed with the hope that a lack of formal procedure would avoid the pitfall of “state capture.” This is in contrast to the formal, long-term councils utilized by Finland and Ireland that sought transformational economic impact through institutionalized approaches (Cornick 2013).

And so, it should be noted that timeframes are important indicators of the different types of dialogues and collaborations that exist, and which are feasible in particular situations. These include consultations, PPDs and public-private partnerships.

A natural progression of dialogue processes can be viewed as follows (OPCS 2007; Cornick 2013):

- Consultative discussion with experts is where the government listens and then makes decisions on its own and is characterized by a shorter time horizon, less focus, and lower expectations of implementation and follow up;

- PPD is where a dialogue develops a consensus among participants regarding collective action solutions to problems;
- Public-Private Partnership (PPP) is a venture funded and operated through a partnership between government and one or more private sector companies, usually for the provision of basic services, and follows a very long-term, programmatic approach.

### 3.3 PPD Sustainability

Why do some PPDs achieve operational and financial sustainability and others do not? This was a prevailing question at the 2014 Global PPD Workshop as practitioners' experiences and PPD evaluations suggested that the long-term viability and self-sustainability of PPDs is an area of weakness in the process that needs further consideration (Box 3.2). According to a 2009 review of International Finance Corporation (IFC) and World Bank (WB) PPDs, the WBG needs to manage PPD entry and exit strategies more carefully. The review raised questions about the adequacy of support at the critical initial stages of implementation that include on-the-ground support

#### CHECKLIST Questions to Consider

- What is the capacity of the new local owner to manage and continue the process?
- What are the financing mechanisms for the new host institution?
- What is the ongoing commitment of the parties involved?

These are particularly salient questions, especially when there has been a change in government and there is no longer an institutional memory or commitment to the process, which may result in reform rollback and disinterest in proposed future goals.

#### BOX 3.2 Three Pillars of Sustainability

The sustainability of a PPD is built on three pillars:

- Operational sustainability: i.e., the Secretariat unit 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 government and the private sector and is an engine for reforms/activities to solve the issues identified by the partnership.

*Source:* Charter of Good Practice in Using Public-Private Dialogue for Private Sector Development and Inclusive Growth, 2015.



of specialists, and particularly the eventual transfer stage of PPD management from consultants to local ownership.<sup>4</sup>

The failed transition of the Lao Business Forum for instance (Box 3.3) underscores the care required by DPs in disengaging from PPD, with particular attention to the amount of support required by the local host institution as well as the reputational risks involved.

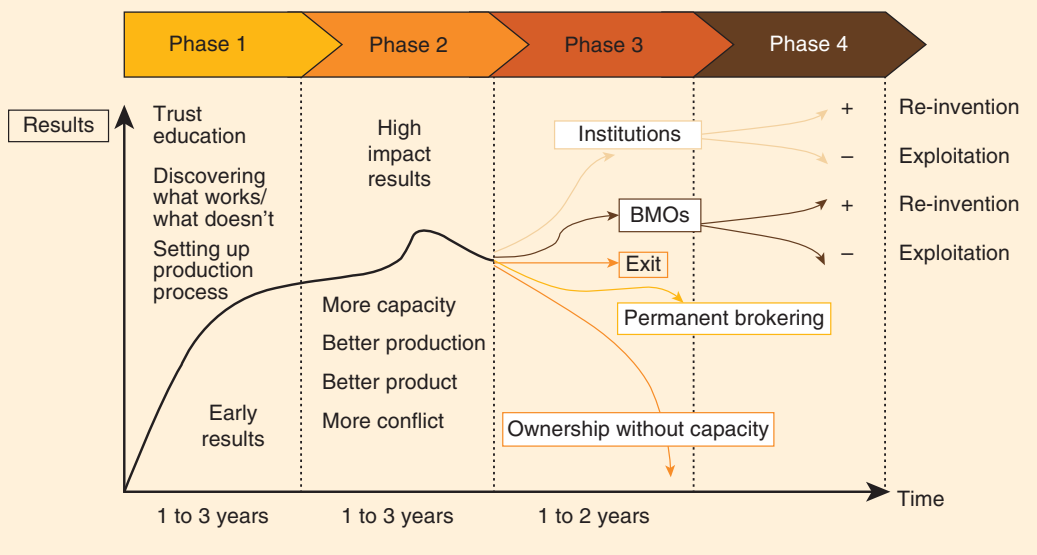
### BOX 3.3 Exiting the Mekong PPDs—Cambodia, Lao People’s Democratic Republic, and Vietnam

Lili Sisombat, Sr. Leadership Development Specialist, WBG, shared lessons learned from the sustainability strategies developed by the Mekong PPDs—Cambodia, Lao PDR, and Vietnam—under the theme of “How we handed over the PPDs to the private sector to ensure their sustainability,” in a presentation at the 2014 PPD Global Workshop. She demonstrated how one of the PPD initiatives had achieved operational and financial sustainability, another was marginally successful, and how the transition of the Lao PDR Business Forum had failed.

Sisombat mentioned the findings of the *Review of World Bank Group Support to Structured Public-Private Dialogue for Private and Financial Sector Development* (Toland 2009), which ranked these three economy-wide PPDs to be among the highest performers. The three PPDs account for (US\$) 400 million combined private sector savings and were run by the IFC.

She began by reviewing the three levels of sustainability: 1) Operational Sustainability, which means that the Secretariat unit relies on its internal capacities and/or services it purchases at market costs to manage the dialogue, 2) Financial Sustainability, which means that the PPD generates sufficient cash from services it offers to cover its operational costs, and 3) Sustained, which means the PPD continues to provide a channel for meaningful dialogue between the private sector and the government and is an engine for reforms of the business enabling environment.

Below is a graphical representation of the life-span of the PPDs, focusing especially on their exit phase:



### Box 3.3 (continued)

- **In Lao PDR, the exit failed.** The Lao Business Forum was handed over to the Lao Chamber of Commerce but there was no commitment to its continuation, and no budget to sustain the dialogue.
- **In Cambodia the transfer is mildly successful, but there is no assurance of its continued sustainability.** The Forum is coordinated by 8 business associations and the Chamber of Commerce, however, the Chamber is political and imposes its views on the smaller organizations and may “capture” the agenda over time.
- **In Vietnam, the transfer is fully sustainable because the capacity of the government and the private sector is high.** A coalition of 14 business membership organizations with high capacity to conduct advocacy efforts supports the Vietnam Business Forum.

Sisombat concluded her remarks by advising, “**as you enter, think about transfer,**” which means that the exit strategy should be designed upstream in the initial phase. Careful preparation of the project and involvement of stakeholders is central to PPD sustainability. Additionally, the PPD needs to have leaders and champions from both sides. Guidelines on sustainability and transition strategies can be found on the PPD website ([publicprivatedialogue.org](http://publicprivatedialogue.org)).

A 2013 Independent Evaluation Group (IEG) of the WBG review of IFC’s assistance to PPD reported that results were mixed regarding PPD sustainability, noting that PPD is dependent on political stability and consensus that is so often lacking in fragile and conflict-affected states (FCS), and therefore presupposed how the Sierra Leone Business Forum will face challenges in self-sustainability and may cease operations once IFC funding ends. It also noted challenges to PPD sustainability due to the need for longer time horizons and increased implementation support. This issue was seen as particularly true for IFC Advisory Services (AS) projects that are typically limited in duration, constrained by funding, and do not address public sector reform issues (Independent Evaluation Group 2013).

Seeking to further address this important issue, the 2015 Global PPD Workshop in Copenhagen amended the PPD Charter of Good Practice with a 13th Principle devoted to 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.**” Furthermore, Practical Note #1 of this series, *Sustainability of Public-Private Dialogue Initiatives* takes an in-depth look at the issue of PPD sustainability and provides guidance on ensuring sustainability of PPD initiatives, and managing their transition when sponsor (e.g., donor partner) funding is discontinued.

### 3.4 Political Economy of PPD

PPD practitioners increasingly recognize that in many cases, despite good recommendations, projects deliver poorly or fail in the implementation phase due to a lack of political understanding. Political constraints play a central role among the many different challenges and risks when implementing PPD mechanisms, and because the interaction of political and economic processes have the potential to impact relationships and enhance or derail reforms, it is important to identify these political economy (PE) realities. WBG economic research demonstrates this strikingly by showing how policies can be “captured” for the benefit of a few individuals (Diwan, Keefer, and Schiffbauer 2013; Rijkers, Freund, and Nucifora 2013). Consequently, a political economy analysis (PEA) can fill this implementation gap and reduce the risk of capture. It is important, however, to ensure that PEA analysis is not divorced from locally-grounded processes or stakeholder perspectives and that it takes into account local expertise and voice.

When PPD platforms are vulnerable to PE risks, as in institutional capture or cronyism (from either the government or the private sector), they face the risk of ignoring lesser known or nontraditional groups (e.g., sub-national business groups, women entrepreneurs, informal sector) and the voices of citizens.<sup>5</sup> To combat these risks, the PPD partnership must have an explicit commitment to transparency and the incorporation of monitoring and accountability mechanisms. An innovative mobile-phone-based tool for PPD Secretariat units, for instance, was recently introduced to promote broader inclusion by obtaining feedback from a wider constituency, thus ensuring larger citizen engagement in the monitoring of reform implementation.<sup>6</sup>

It is crucial that PPD teams begin to conduct PEA. This should be done with the objective to understand how political incentives shape decisions, build awareness of political constraints, and create opportunities for better implementation practices (Box 3.4). Recently, DPs and research institutes have developed a wide-range of PEA approaches, frameworks, and tools that can be categorized as (a) country-level approaches, (b) thematic analysis, and (c) sector-level/reform focused approaches.

1. **Country-level PE diagnostic** looks at some of the fundamental issues of the country as a whole. It looks at the geostrategic position, its dependence on resources and broader issues related to the system of governance. These analyses discern a government’s ability to control its territory, what the population’s social composition is, and how the government upholds its constitution.
2. **Thematic PEAs** look at specific areas, such as managing natural resources or linking governance and growth analysis.
3. **Sector-level PEAs** advocate for PEA to be conducted at a thematic or reform focused/sector level, as country level is complex and difficult to conduct.

Applying a PEA lens to PPD can expand operational considerations beyond technical solutions to include an emphasis on stakeholders, institutions and

### **BOX 3.4 Dialogue between Business and Political Parties in Pakistan**

Since 2009, the Rawalpindi Chamber of Commerce and Industry (RCCI) has been annually organizing the All-Pakistan Chamber Presidents' Conference to discuss pressing economic issues and to propose reforms that can improve the business environment by leveling the playing field for the private sector. This has become an important venue for bringing together the business community from across Pakistan and has evolved into a platform for PPD.

In 2013, participants of the fifth annual conference included chamber presidents, government officials, and representatives responsible for economic policy who came from all five of Pakistan's major political parties. This was a first in Pakistan, as political parties engaged directly and transparently with business leaders on the crucial need for economic reform. At the end of the conference, the chamber presidents issued their annual joint "Bhurban Declaration" of reform priorities, followed by the political parties' presentation of their own economic platforms to the business community and voters, as part of their election campaigns.

The following year, the conference focused on holding the newly-elected democratic government accountable for its previous promises. Policy Research Institute of Market Economy (PRIME), a local think tank, developed a scorecard for tracking progress in three key policy areas: (a) economic revival, (b) energy security, and (c) social protection. PRIME's periodic tracking reports received much attention from the media and helped guide the conversation with policymakers at the PPD forum, which was part of the All-Pakistan Chamber Presidents' Conference. The Pakistani business community continues to evaluate the government's progress in implementing economic platform promises.

*Source:* K. Bettcher, A. Nadgrodkiewicz, and B. Herzberg. "Public—Private Dialogue: The Key to Good Governance and Development," Center for International Private Enterprise & WBG, 2015.

processes, whereby policy reform is negotiated and played out in the policy arena. By considering stakeholder perspectives upstream in operational design and implementation, the likelihood of more long-term and sustainable development policies is significantly increased. This series' Practical Note on the Governance of PPDs, points at some useful PEA frameworks that PPD teams can apply.

## **3.5 Monitoring & Evaluation; Global Indicator for PPD**

The PPD practice seeks to further its achievements in promoting sustainable and inclusive development impact by adhering to good practices and innovative methods of monitoring and evaluation (M&E) that can inform and guide the process.

M&E can be a difficult task, though. As Peiffer points out, establishing a causal link between PPD and adopted economic reforms is a significant challenge because the presence of a PPD at the time of reform is not sufficient evidence of causality. Rather, we must be able to trace where and how a reform process was important and causally influenced each stage (Peiffer 2012). Similarly, in his 2013 publication on state business relations and industrial policy, te Velde notes that high-quality evidence based on long-run data is lacking in this area, contributing to the difficulty of M&E (te Velde 2013).

Despite these challenges, Sen's essay in te Velde's 2013 publication demonstrates that where effective state-business relations (SBRs) are in place, there are positive growth effects. Sen arrives at his conclusion by using three specific types of empirical evidence while evaluating SBRs in Africa and India: (a) an innovative approach to using secondary data that is applied the same way across both countries and can be applied in other contexts and regions, (b) an examination at the micro- and macro-levels using econometric methods to address endogeneity in productivity estimates, and (c) a historical institutionalist approach that explains the emergence of some SBRs in certain contexts but not others (Sen 2013).

**What follows describes current global and programmatic-level practices of M&E for PPD.**

At the global level, a new monitoring framework includes an indicator on private sector engagement to measure the engagement and contribution of the private sector to development, as well as strengthen incentives for partner countries and donors to scale up and deepen PPD and other forms of multi-stakeholder engagement.

Coming out of the Fourth High Level Meeting on Aid Effectiveness in 2011, the Busan Partnership agreement (BPa) recognizes “the central role of the private sector in advancing innovation, creating wealth, income and jobs, mobilizing domestic resources and in turn, contributing to poverty reduction.” Governments and representatives from both the public and the private sector endorsed the Joint Statement on “Expanding and Enhancing Public-Private Partnership for Broad-based, Inclusive and Sustainable Growth.”<sup>2</sup>

One year later in 2012, upon agreement on the Global Partnership monitoring framework, a decision was taken that an indicator related to the private sector's impact would focus on one of the five commitments laid out in the BPa: “Enable the participation of the private sector in the design and implementation of development policies and strategies to foster sustainable growth and poverty reduction” (article 32 b). The indicator aims to capture progress in private sector involvement, i.e., the engagement of developing country governments with representative business associations, rather than in the quality of the business environment itself.

Accordingly, the OECD/UNDP joint support team for the GPEDC, partnering with the World Bank's Leadership, Learning, and Innovation for Development (LLI) team and others, launched a stock-taking exercise to draft

the methodology for this indicator. The proposed methodology was discussed and revised after a series of consultations (workshops and online consultation through the Global Partnership Team Works community) and with additional dialogue among interested stakeholders, including discussions within the Building Block on Public-Private Co-operation. It was determined that the M&E framework outlined in Herzberg and Wright 2006 provides a useful basis for further work on the indicator (Herzberg and Wright 2006), therefore the M&E focus would be on measuring the quality of PPD in all participating countries.

And so, rather than developing a unique indicator, the OECD proposed creating a PPD Country Profile composed of 3 sub-indicators. For a given country, the review will focus on a specific agreed upon dialogue platform and look at the country-level context for PPD that follows a standard methodology using three tools:

- Legal and regulatory context for PPD (a series of existing governance-related indicators)
- Country's readiness to host, create or sustain a dialogue process (PPD Diamond)
- Organizational effectiveness of a given platform (PPD Evaluation Wheel)

The PPD Country Profiles are expected to play a strategic role in the development effectiveness agenda. They will provide a systematic overview of the conditions in which PPD takes place, the potential for dialogue, and the efficiency of the dialogue process. The Profiles would help countries improve their development impact by bettering the country-level context for PPD, either directly, through follow-up operational support, or technical assistance.

As of 2015, this methodology has been piloted in three countries: The Philippines, Ethiopia and Colombia. The next step will be to review the findings from the pilot and validate the proposed methodology through a broad consultative process (Herzberg and Sisombat 2013).

### **3.6 Lessons from Practitioners**

Lessons learned from current literature and field experience indicate there are several emerging areas of good practice. For instance, as noted earlier in this paper, the literature suggests there is a need to pay more attention to country-specific PE aspects of a PPD. This is critical since effective business environment reform cannot be achieved without understanding and responding to the unique PE issues that each country presents (Davis 2011; Peiffer 2012).

Also noted is how the role of the PPD Secretariat unit is evolving, going beyond logistics and coordination, and focusing on reform outcomes by setting up "reform teams" that will ensure rapid follow-up, design, and implementation of solutions.<sup>8</sup>

Multi-stakeholder engagement strategies and the use of innovative ICT engagement techniques (e.g., online surveys as feedback mechanisms and



text message polling) are increasingly used to mitigate the risks of collusion and state or private sector capture.<sup>2</sup>

Additionally, there is a strong case made for the establishment of clear, agreed upon rules at the onset of a PPD. These rules are to ensure that the structure of the PPD will not be changed, coordinators play a neutral role, and a PPD does not compete with existing institutions and systems, but rather acts to strengthen them.

Some Lessons for DPs coming from the Development Leadership Program indicate that (Peiffer 2012):

- A DP's role in assisting reform coalitions should be informed by in-depth analysis of the political, business and sectoral climate, as well as a detailed understanding of the players and their relationships.
- A DP will be more effective in encouraging reform coalitions if they have the flexibility to respond to critical junctures, such as economic crises.
- DPs should seek to facilitate coalition work within and between actors that are a part of already established networks and coalitions.

At the 2014 Global PPD Workshop in Frankfurt, a session called “PPD Speed Dating” provided participants with the opportunity to hear first-hand from stakeholders some of the lessons coming out of recent PPD experiences. Participants chose three-of-twelve 20-minute table discussions within the one-hour-long session. Afterward the presenters apprised the participants of what they found to be the successes and challenges of their cases.

The case studies were of different typologies, from economy-wide to sector specific, coming from across the globe and from diverse political-economic environments. From among this diversity, several commonalities emerged

Successes:

1. **Trust building:** PPD's first benefit is their capacity to build trust between the public and the private sectors. This positive outcome of the dialogue process came out strongly in the majority of the presentations. Stakeholders underlined that trust-building is a critical stepping stone that is needed before discussion on important reforms can happen to achieve quantifiable results.
2. **Measurable outcomes:** Presenters gave concrete examples of reforms achieved as a result of dialogue, from the improvement of business license processes to the passing of laws that facilitate the business climate.
3. **Implementation difficulties:** This was one of the main themes discussed widely during the three days of the workshop. Presenters highlighted a number of pragmatic mechanisms they have put in place to track the implementation and measure the impact of reforms.
4. **Champions and facilitators:** Their crucial role was another dominant theme across the 12 case studies. Presenters also insisted on the key role Heads of Governments or authorities play in pushing the agenda forward.

## Challenges:

1. **Coordination and prioritization.** All the PPD initiatives presented during the speed dating sessions face a difficult political and economic environment and various degrees of weakness in the capacity of the government and an organized private sector. In spite of some progress, many governments lack essential transparency practices while the private sector is fragmented—with a large number of uncoordinated organizations unable to express coherent views. Therefore, the need to build capacity from both the public and private sector side is seen as an utmost urgency.
2. **The issue of sustainability.** This is the most challenging common denominator of the 12 case studies. The “sustainability challenge” poses itself in a variety of ways: (a) initiatives are way too dependent on the donors (both technically and financially), (b) sustainability of reform suffers from changes in government, and (c) challenges are simply financial. The reality is that different initiatives are at different maturity stages and the issue of “exit” or “transfer” poses (or will do so) a major existential question for their purpose and objectives.

## Notes

1. The “Charter of Good Practice in using public-private dialogue for private sector development” was adopted by DFID, OECD, World Bank and IFC at the international workshop on Public-Private Dialogue in Paris, February 2006. See [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org).
2. The 8th PPD Global Workshop was organized by the Confederation of Danish Industry (DI), the World Bank Group and the Ministry of Foreign Affairs of Denmark. The full “Charter in Using Public-Private Dialogue for Private Sector Development and Inclusive Growth” can be found in Appendix A of this paper and at [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org).
3. Refer to the various research papers mentioned in this introductory note.
4. This version of the report was adapted from the internal IFC report “Review of World Bank Group Support to Structured Public-Private Dialogue for Private and Financial Sector Development” for internal distribution only, in March 2009. The present edited version is for external distribution.
5. According to the World Development Report 2005, the concept of “state capture” has more recently been used to describe how firms and other groups can shape the formation of laws and policies (as opposed to their implementation) through informal and opaque channels of influence—by controlling the policy agenda or by changing the basic nature of representation and constitutional design.
6. See A. Melin presentation in proceedings of the 7th Global Public-Private Dialogue Workshop, Frankfurt, Germany, March, 2014 at [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org); and P. Davis. 2011. *Political Economy of Business Environment Reform: An Introduction for Practitioners*. Donor Committee for Enterprise Development, OECD; and S. O’Meally. 2013. *Mapping Context for Social Accountability: A Resources Document, Social Development*. WBG; and See Information and Communication Technology for Development (ICT4GOV), Case Study, Capacity Development and Results, WBI, 2012.
7. <http://www.oecd.org/dac/effectiveness/49211825.pdf>.



8. See Benamina Randrianarivelo presentation in proceedings of the 7th Global Public-Private Dialogue Workshop, Frankfurt, Germany, 2014. [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org), p. 34.
9. See Utpal Misra presentation in proceedings of the 7th Global Public-Private Dialogue Workshop, Frankfurt, Germany, 2014. [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org), p. 37.



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## Chapter 4

# Case Studies

DPs today support a variety of PPD initiatives in more than 100 countries, including competitiveness partnerships, investors’ advisory councils, presidential investors’ round tables, business forums, water forums, public-private alliances in extractive industries and other types of PPD. So far, support to these region-run initiatives has been organized through ad-hoc cross-support, complemented by a yearly World Bank Group (WBG)-led “Global PPD Workshop,” where practitioners meet, take stock of PPD developments in various countries, further their knowledge, and learn new techniques.<sup>1</sup>

Most DPs offer support to stakeholders looking to establish multi-stakeholder platforms, such as PPDs. Unique expertise has been built over time to by working with a variety of stakeholder groups that range from civil society organizations (CSOs), social intermediaries, media, and other top-level political and policy leadership that support and enhance the important governance work of PPDs for private sector development.

PPD is one means of ensuring more inclusive and sustainable policy reforms through a structured, participatory and country owned reform process. **As a driver of good governance, PPDs provide a more open and transparent policy-making process and engage a wider range of public and private stakeholders.** PPDs generate political will and create a process to

carry forward reform or sector programs from diagnosis and prioritization to the implementation stage (Herzberg 2012).

The following selection of case studies exemplifies the ways in which PPDs can be implemented for different outcomes: (a) improving investment climate, (b) fostering competitiveness, (c) managing natural resources, and (d) building trust and achieving economic reforms in fragile and conflict-affected states.

## 4.1 Case Study: PPD for Investment Climate

Foreign Direct Investment (FDI) created 1.7 million jobs across Africa between 2003 and 2010, according to figures from the Business in Development Plenary Session of the 2014 Global Partnership for Economic Development

Cooperation (GPEDC).<sup>2</sup> This means that as a development indicator, FDI in Africa is reflecting increased business productivity due to foreign investment (a good investment climate) that leads to higher levels of economic growth and reduced levels of poverty.<sup>3</sup>

A good Investment climate is central to economic growth and poverty reduction because it enhances the opportunities and incentives for firms of all types to invest productively, create jobs and expand, thus unleashing economic growth and reducing poverty (World Bank 2004). PPDs are capable of accelerating the improvement of investment climates through regulatory reforms by addressing the challenges that arise from the basic tension between government and the private sector: “Firms are the primary creators of wealth, and a good investment climate must respond to private sector needs. Despite this truth, a sound investment climate serves society as a whole, not only firms, and so government must intervene when the preferences of the two diverge.” (World Bank 2004)

The majority of PPDs supported by the WBG are PPDs aimed at the investment climate and promote private sector development policy reforms by raising local private sector voice through business forums, investor advisory councils, and other types of comprehensive and systematized partnerships that have become an important part of the private and financial sector reform process.

A review of WBG investment climate programs conducted in 16 countries and commissioned by the IFC in June of 2011, found that across all country groups, a PPD had worked well as an entry strategy program to discuss regulatory reforms in progress,

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*“Formal policies and broader governance features interact to shape the investment climate experienced by business. Poor control of rent-seeking can influence both the content and the implementation of formal policies. Weak credibility can undermine the impact of any formal policy. Concerns about public trust and legitimacy can impede the implementation of reforms and undermine the sustainability (and hence credibility) of policies. Policy interventions that are not well adapted to local conditions can also have poor or even perverse results. Tackling these four broader sources of policy failure is fundamental to efforts to create a better investment Climate.”*

(Source: WBG, World Development Report, 2005)

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create dialogue on additional reforms, and is essential to the reforms' success. Among the examples below are dialogues on small and medium enterprise in Senegal and export processing in Cambodia that demonstrate the type of benefits it can bring.

### Dialogue for Small and Medium Enterprise (Senegal)

The small and medium enterprise (SME) sector, while an essential part of any economy, tends to have limited access to and influence in policymaking (Bettcher, Nadgrodkiewicz, and Herzberg 2015). Structured dialogue initiatives should therefore make special provisions to obtain input from SMEs. In 2011, Senegal's largest, most representative business association, l'Union Nationale des Commerçants et Industriels du Senegal (UNACOIS), engaged its SME members in dialogue with government. UNACOIS divided its national membership into four regions—North, South, Centre and West—and conducted regional dialogue sessions for its members in each region. Complementing these discussions were two cross-regional business agenda forums that synthesized regional policy concerns into a policy recommendations document.

The Senegalese government adopted the association's recommendations to establish a more uniform, equitable, and proportional tax code that better integrates the SME sector into the formal economy. In addition, UNACOIS worked with the Ministers of Tax and Customs, Commerce and Industry, and the Prime Minister to create a Memorandum of Understanding that establishes ongoing dialogue on SME concerns and on the country's persistent food security challenges.

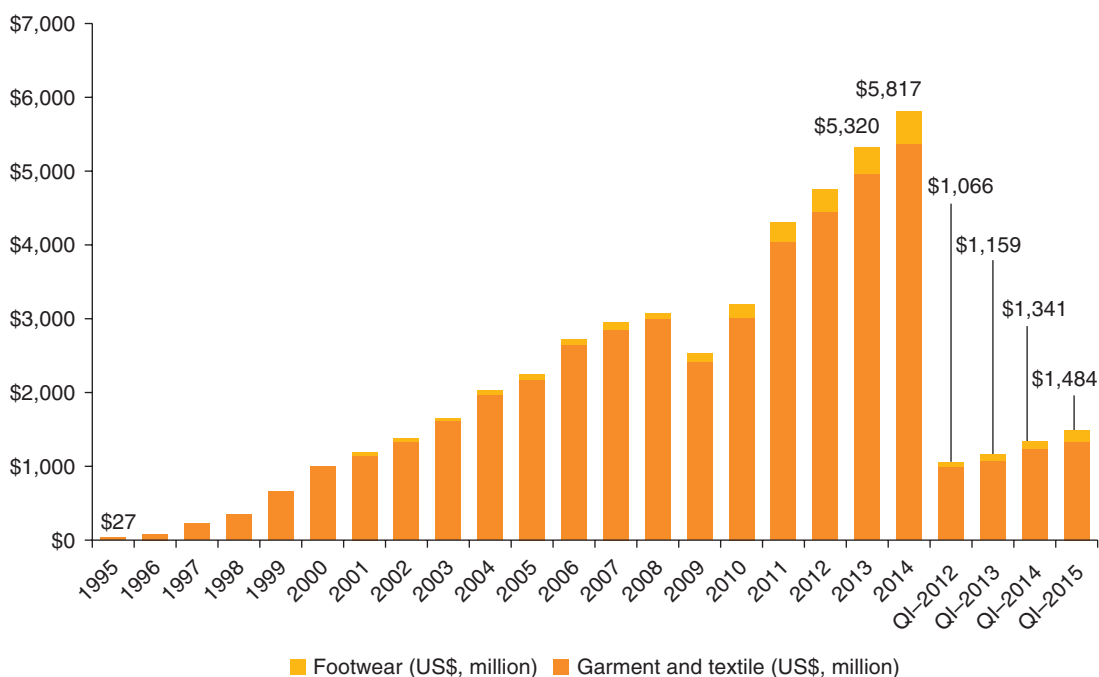
### Cambodia: Private Sector Engagement Leads to Growth and Governance Payoffs

The Cambodian garment manufacturers' engagement with the Cambodian government through the Cambodia Government-Private Sector Forum (GPSF), multiplied by five Cambodia's garment exports and revenues over a 15-year period—from \$US 1,156 million in 2001 to \$US 5,817 million in 2014 (Figure 4.1).

A successful PPD process led to this achievement through the following outputs:

- Behavioral change achieved regarding government policies towards the garment industry
- Engaging high-level decision-makers (GPSF decision has cabinet-level equivalence)
- Retaining government focus on the issue
- Open discussions on laws, such as the union law, regulations, processes, and informal fees
- Timely responses to requests by the Export Processing Working Group and Customs
- Reduction of bureaucracy and documentation (e.g., a Certificate of Origin now issued within 48 hours, previously required 3-5 days)

**FIGURE 4.1 Development of Cambodian Garment Industry in Terms of Exports, Number of Factories, and Workers**



Source: Ministry of Commerce.

- Introduction of the ASYCUDA system for automated export documentation, saving time, money, reducing corruption
- More transparent and communicated export procedures
- Resolution of dispute over “night-shifts” (reduced night shift rate from 200 percent to 130 percent), applicable to 290,000 workers, 92% of whom are female

## 4.2 Case Study: PPD for Competitiveness

Cooperation between the public and private sectors is an essential condition for development and competitive performance in the global marketplace. More and more governments are interested in targeted interventions to help build industries as focused, targeted initiatives that can help break the “poverty trap” and ignite growth that begins small but can eventually lift broader segments of the economy. The key is for policymakers to create conditions that encourage domestic and international entrepreneurs to tap into the potential for transforming domestic labor and materials into substantial volumes of production, employment, and exports.

### Competitive Cities and Knowledge Base<sup>4</sup>

The 21st century global population migration from rural to urban areas is focusing attention on the world’s cities and their resilience and sustainability. The urgent need for more and improved infrastructure, housing, and sustainable

practices extends equally to the importance of improving city competitiveness.

Interest in city competitiveness has been increasing as city leaders confront obstacles to job creation, competitiveness and economic growth. PPD has the potential to be a powerful tool for improving city competitiveness by adapting traditional PPD approaches and techniques for application at the city level (Box 4.1). In this way, PPD helps cities create conditions that are associated with successful competitiveness policies, including: (a) building trust among stakeholders, (b) building growth coalitions, (c) aligning the needs of local businesses, and (d) facilitating the necessary trade-offs that prioritize policies according to local PE and technical merits (Sivaev, Herzberg, and Manchanda 2015).

According to *Public-Private Dialogue for City Competitiveness* by the WBG's Trade and Competitiveness Global Practice and the Social, Urban, Rural and Resilience Global Practice, a publication that examines 16 cities worldwide, "analytical exercises and diagnostic tools are essential for providing information on the performance of a city's economy—the opportunities for growth and barriers to competitiveness, however, can only be addressed by open dialogue between different stakeholders that can ground the analytics in the local context, and define solutions that are aligned with local capabilities and institutional structures." **24 @ Barcelona** is an example of such a collaboration. It successfully implemented a series of sector-focused PPDs that culminated in a large number of technological firms and research institutions relocating to a desolate area of Barcelona (24@ tech cluster) that grew to include 603 companies, more than doubling the number of businesses located in the area (Herzberg 2011; Sivaev, Herzberg, and Manchanda 2015).

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*“Competitiveness is the ability of a firm to deliver orders with levels of cost, scheduling, reliability, and quality equal to, or better than, those of its peers, and to win contracts in an open market.”*

(Source: World Business Council on Sustainable Development, 2012)

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#### **BOX 4.1 PPD Drives City Reforms and Improves Business**

- *In Barcelona*, a PPD initiative helped develop the cruise tourism segment, making Barcelona the second most visited cruise destination in the world.
- *In Dhaka*, two separate PPD initiatives helped to limit the environmental damage from leather tanneries and garment makers, the main drivers of the Bangladesh economy, while improving the competitive position of the clusters.
- *In the small Catalan town of La Bisbal*, PPD helped upgrade traditional ceramics production by introducing producers to new marketing practices and helping them reach markets as far away as New Zealand.
- *In the Turkish city of Gaziantep*, a long-term PPD process underpinned the city's rise to become the global #1 exporter of machine made carpets.

Source: Public-Private Dialogue for City Competitiveness: Competitive Cities for Jobs and Growth, Companion Paper 7, WBG, 2015.



## Dialogue Led by Business in Moldova

The private sector can take initiative in dialogue by adopting an advocacy approach (Bettcher, Nadgrodkiewicz, and Herzberg 2015). Developing a national business agenda (NBA) is one way to identify reform priorities and mobilize the business community. Moldova's National Business Agenda Network, an organization comprised of more than 30 business associations and chambers of commerce, positioned itself as a key stakeholder in policymaking. The Institute for Development and Social Initiatives (IDSI) established four working groups on agribusiness, transportation, construction, and information technology, and hosted an annual business agenda conference attended by government officials, think tanks, business representatives, and the media.

Noteworthy results from the dialogue occurred in the areas of tax collection, state inspections, and customs administration. Legislative changes included the elimination of ad-hoc inspections, and a reduction in the duration of inspections from two months to five days. The government established a one-stop shop for receiving tax reports and providing taxpayer services. In 2013, the Ministry of Economy asked IDSI and the network to sign a Memorandum of Understanding to undertake an independent assessment of the government's economic reform initiatives.

## Comparing Five Mediterranean Countries

To support the competitiveness premise, the WBG has commissioned a comparative study to explore the influence of PPDs on local development and sector competitiveness. The report produced by the Cluster Competitiveness Group, S.A. for the WBG Public-Private Dialogue program, "Public-Private Dialogue for Sector Competitiveness and Local Economic Development: Lessons from the Mediterranean Region," presents 20 case studies that examine the citrus fruit sector and the cruise industry in Egypt, Lebanon, Malta, Spain and Turkey, as well as another ten local sector cases in one single region of Spain, Catalonia. Outlining the variety of results from PPD processes on sector-specific development and competitiveness, both regionally for the Mediterranean and within a single regional jurisdiction, the report provides a set of design and implementation guidelines and advocates a new approach: Local Sector-Specific PPDs (LSPPDs). The study particularly looks at the citrus and cruise industries in Egypt, Lebanon, Malta, Spain and Turkey—countries that share a common market platform and somewhat similar basic endowments in these sectors—but that also are wide ranging in terms of political environment, infrastructure, skills, access to finance, innovation and regulatory environment.

The empirical and analytical work at the sector level corroborates that close collaboration between governments and the private sector offers great potential for defining opportunities and removing constraints to building competitiveness, such as skills and capability development, access to technology, access to finance, a supportive tax and regulatory environment, and industrial infrastructure.

### 4.3 Case Study: PPD to Manage Natural Resources

The relevance of PPD to sector-specific circumstances can be illustrated through the WBG's success in facilitating public-private engagement and cooperation in a wide range of sectors, including water, health, and extractive industries.

#### Jordan Valley Water Forum (JVWF)

Jordan faces an unprecedented water crisis. Its shortage significantly affects the country's ability to realize sustainable and socially-shared economic growth and is linked closely to the country's food and energy security, and urban development. It also directly impacts the livelihoods of small farmers (Figure 4.2).

Jordan's declining water supply is in great part due to the lack of a clear and efficient regulatory system. Solutions are needed that will result in stronger agribusiness competitiveness, better water resource management and water distribution systems, smarter irrigation and conservation methods, and an enhanced use of reclaimed water (Figure 4.2).

A multi-stakeholder platform called the Jordan Valley Water Forum (JVWF) was implemented in 2011 as a means to resolve some of the county's most prevalent water issues. Through the JVWF, critical water issues are affectively being addressed by better coordination and engagement practices between public and private sector stakeholders. In 2012, the first PPD process was launched by JVWF with 120 stakeholders participating (Figure 4.3). It resulted in several concrete steps toward rectifying the water crisis that include:

- breaking the monopoly of the Amman municipal market
- providing insurance funds
- securing airfreight space in airlines for export of fresh products
- addressing infrastructure maintenance issues along King Abdullah Canal

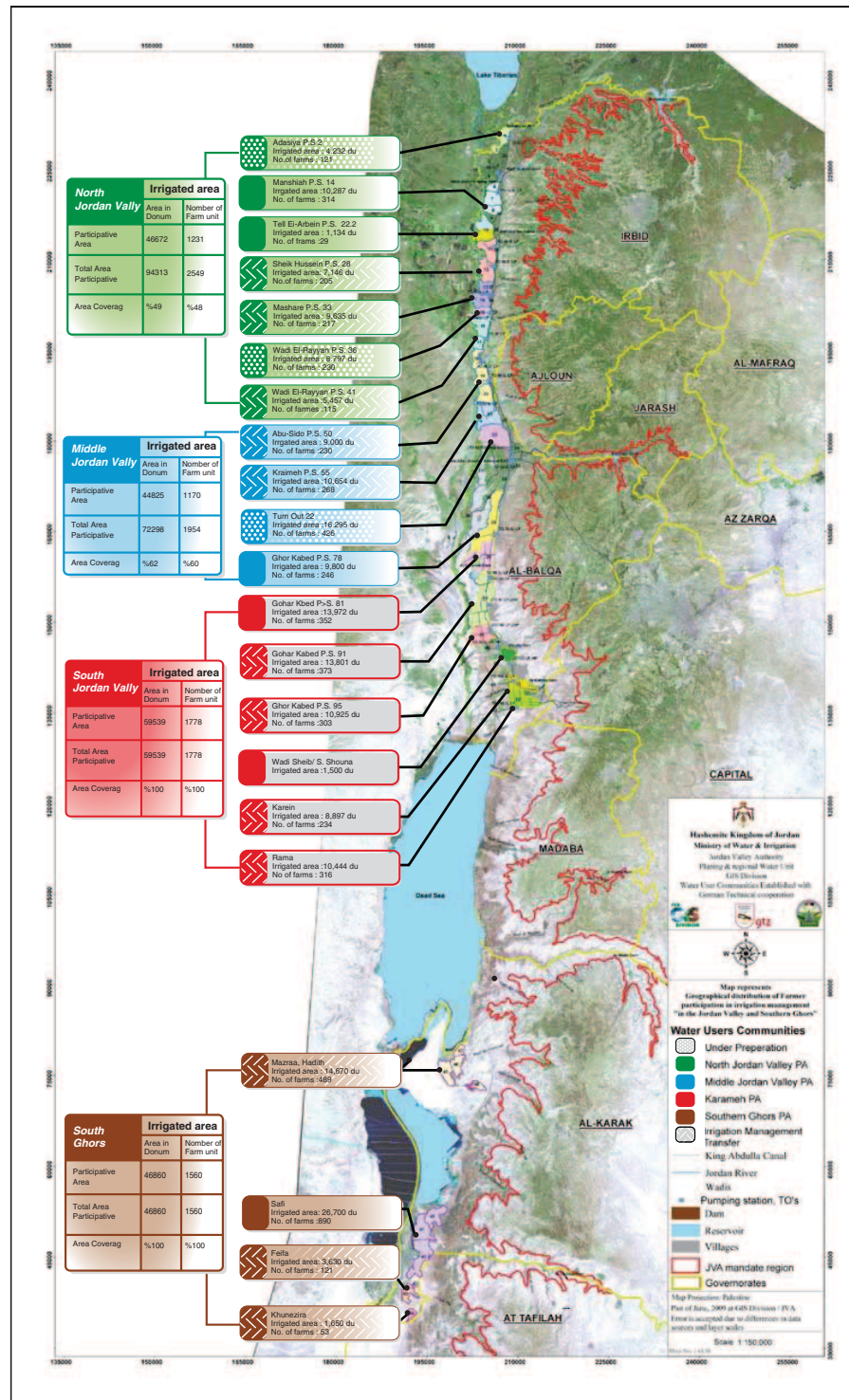
#### Tanzania: Supporting Sustainability and Inclusiveness in the Minerals Sector

Tanzania is one of Africa's most mineral-rich countries. It has experienced an extractive industry boom over the last decade—doubling the mining industry's contribution to high economic growth rates from 1998 levels. It now represents by far the largest share of the country's exports and foreign direct investment (FDI). Even more importantly, revenue from the sector is likely to increase significantly in the coming decade.

Tanzania's 2012 induction into the Extractive Industry Transparency Initiative (EITI)—and the President's public support for it—signifies a major step forward in the country's natural resource sector's governance framework. However, with a controversial legacy of generous tax concessions



**FIGURE 4.2 Geographical Distributions of Water Use Associations in the Jordan Valley and Ghora**



Source: GIZ 2011. Used with the permission of GIZ; further permission required for reuse.

**FIGURE 4.3** Jordan Valley Water Forum Consultations with Local Stakeholders



*Source:* Mandell/World Bank. Further permission required for reuse.

given to sector investors, coupled with new worries about proper accounting methods being applied to sector revenue flows, concerns have arisen around the government’s capacity to manage these much larger revenue flows transparently.

Upon Tanzania’s 2009 application to join EITI, the EITI Multi-Stakeholder Group (EITI/MSG) was established as the main mechanism for public and private sector engagement. In 2009, a WBG study that assessed the progress of the EITI/MSG in terms of mining sector governance and transparency practices recommended “further improvements in the sector’s governance framework—as well as better information sharing and more sustained collaboration among key stakeholders—in order to maximize the sector’s

development for the benefit of investors as well as citizens<sup>5</sup>.” The report broadly recommended:

- A more inclusive and transparent approach by Ministry of Energy and Minerals (MEM) to policy, legislation and regulation and more value-added inputs from affected stakeholders
- Greater and more consistent understanding of key sector dynamics and fundamentals as well as its contribution to the country’s economic and social development
- A more effective and inclusive TEITI/MSG, based on more consistent and committed engagement from all stakeholder groups

## 4.4 Case Study: PPD for Fragile and Conflict-Affected States

Experience shows that PPDs can play a special role in Fragile and Conflict-Affected States (FCS) by supporting institutional development, transparency, trust building, and peace processes. PPDs in FCS economies can be considered part of a “peace dividend” and can serve as a means to tailor necessary reforms that will generate new investments and jobs that reinforce the peace-building and reconciliation process (World Bank 2014) (Box 4.2).

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*In Latin America and the Caribbean, private sector losses due to crime and violence are estimated at 9% of GDP in Honduras, 7.7 in El Salvador, and 3.6% in Costa Rica.*

(Source: WBG, How Firms Cope with Crime, 2014)

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The high costs of crime and violence on the private sector is another perspective the WBG is looking at in FCSs. Findings from the World Bank’s Enterprise Surveys, discussions with Chambers of Commerce, business associations, and the WBG’s Country Partnership Strategies are referencing the losses in Latin America and the Caribbean, for example, at an estimated 9 percent of GDP in Honduras, 7.7 percent in El Salvador, and 3.6 percent in Costa Rica (World Bank 2014).

The WBG has conducted several PPDs in FCS settings, including Afghanistan, Iraq, Liberia, Nepal and the Syrian Arab Republic, among others. According to 2009 and 2011 assessments, WBG-sponsored PPDs were found to be effective tools in prioritizing and promoting reforms in International Development Association (IDA) and post-conflict countries, based on their ability to provide “quick wins” in implementing mitigation strategies and reaching important results established at the project design stage (Harwit 2011).

A post-completion evaluation of the Nepal Business Forum (NBF) undertaken by the WBG’s Independent Evaluation Group (IEG 2011) found that promoting PPD around private sector reforms in the context of a country struggling to establish democracy has been useful. By the end of the project’s second phase, results included:

- implementation of more than 41 of 120 PPD recommendations
- savings of (US\$) 5.67 million in private sector cost savings



## **BOX 4.2 PPD—Promoting Foreign Investment in Fragile and Conflict-Affected States**

Over the last eight years, IFC’s Investment Climate team found that FDI in Fragile and Conflict-Affected States (FCS) economies has grown almost three times more quickly than flows into the rest of the world. According to the team, “Overcoming the disadvantages of a fragile situation to attract investors that would not have otherwise considered such a location demands strong cooperation from the many public and private stakeholders in a position to influence the effort. Securing and marshaling that cooperation requires a clear vision and strong leadership.”

Cooperation through PPDs in FCS can help create the necessary enabling environments for overcoming the challenges and risks of investing in FCS. In Haiti for instance, CTMO-HOPE, a tripartite commission of business, labor, and government, led the outreach effort to maximize benefits of a U.S. law granting preferential access to Haitian-made apparel. PPDs can better facilitate the necessary reforms for promoting investments and policies that are a valuable source of reconstruction financing, tax revenue, and foreign exchange, and can improve terms of trade. FDI can have a transformative effect on a country through access to capital, jobs, skills, technology, and international business networks that are unavailable domestically.

*Source:* Promoting Foreign Investment in Fragile and Conflict-Affected States, IFC Investment Climate Note 22, April 2014.

- establishing public-private and private-private dialogue in an environment of political turmoil

Preliminary IFC Investment Climate surveys on PPD projects in FCS are finding that benefits of PPD in FCSs include: a) creating trust, b) strengthening subnational governance and institutions, and c) peace-building. Conversely, some challenges emerging from the findings indicate difficulty accessing data, continual changes in counterparts and champions, and the capture of government functions by a small number of private sector elites. Further analytic work is planned in the areas of PEA, broad-based stakeholder mapping and improved access to data and its collection (Utterwugle 2014).

## **Notes**

1. The most recent Global PPD Workshop took place in Copenhagen, Denmark in March of 2015. It hosted an unprecedented group of 315 participants on the conference day and 200 attendees at the workshops, all coming from 50 different countries. It organized 40 Public-Private Dialogue initiatives, produced 51 case studies, and 8 videos, all of which are accessible from the public-private dialogue website. See proceedings of the 8th Global Public-Private Dialogue Workshop, Copenhagen, Denmark, 2015, at [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org). This workshop was organized in collaboration with WBG, DANIDA, and the Confederation of Danish Industry (DI).
2. [www.effectivecooperation.org](http://www.effectivecooperation.org).

3. Economic growth, when realized long-term per capita is higher than 3%, is known to significantly reduce poverty rates by creating jobs, raising incomes, and providing tax receipts for governments to fund basic public services. See *Unleashing the Power of Business: A Roadmap to Systematically Engaging Business as a Partner in Development*, Summary Report, UK AID and the Partnering Initiative, 2014, p. 2.
4. **Competitive Cities Knowledge Base** is managed jointly by the Trade & Competitiveness Global Practice and the Social, Urban, Rural and Resilience Global Practice of the World Bank Group. Its objective is to create a knowledge base on competitive cities to improve the understanding of job creation at the city level, and as a foundation for a Community of Practice for World Bank Group staff, academia, donor partners and practitioners.
5. “Private Sector Engagement for Good Governance in Tanzania: Supporting Sustainability and Inclusiveness in the Minerals Sector”, World Bank, 2012. See [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org).



Source: © Confederation of Danish Industry. Used with permission. Further permission required for reuse.

## Chapter 5

# PPD Community of Practice

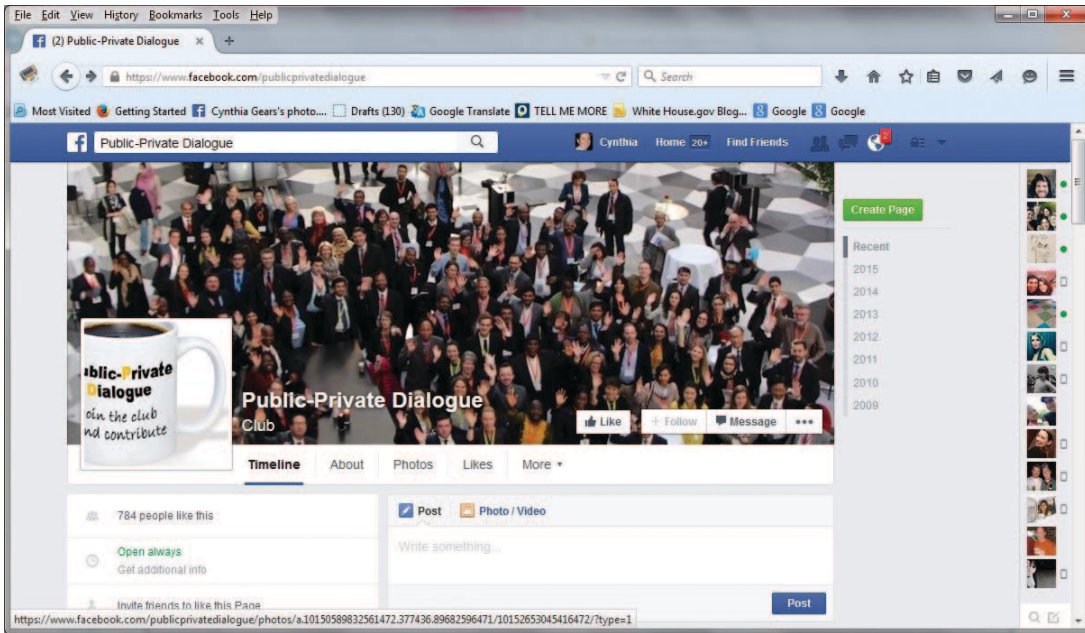
More than 600 PPD practitioners interact and support each other through the PPD website [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org) to enable a continuous sharing of knowledge and expertise. The website offers a “community of practice” approach and supports the knowledge exchange among PPD practitioners with the objectives of: (a) enabling interactive knowledge exchange, innovation and sharing within the community; and (b) providing a vehicle to capture and disseminate knowledge products. Check out the recent additions of case studies, videos and presentations produced for the 2015 PPD Global Workshop held in Copenhagen, Denmark!.

PPD is also on Facebook! **The Public-Private Dialogue Club** on Facebook (see Figure 5.1) is where those interested in building or maintaining PPD mechanisms to improve the business climate (e.g., business forums) meet and hang-out to discuss new trends and exchange questions and ideas.

Started as a conversation among Cambodian women entrepreneurs, today the PPD FB page has more than 6,000 friends. Visit us at: <https://www.facebook.com/publicprivatedialogue/info>.

You can also follow the Center for International Private Enterprise on Twitter at @CIPEglobal for more information on PPD good practice.

**FIGURE 5.1 The Public-Private Dialogue Club on Facebook**



## Appendix A

# 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 PPD, begun in Paris in 2006,

**Agreeing** to revise the Charter of Good Practice in using PPD 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 PPD for Private Sector Development and Inclusive Growth.



## 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 PE 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 PEA 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. A Memorandum of Understanding 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 unit is often useful to ensure an organized approach to PPD. The secretariat unit 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 CSOs, 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 DPs.

- 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 PPD 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.*

- DPs' 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.
- DPs 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.
- DPs 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. DPs should focus on the dialogue process and not drive the substantive focus of the PPD agenda in an exclusive manner.
- DPs 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 unit 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 DPs 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).

**This Charter was drawn up** on the Twelfth of March, Two Thousand and Fifteen, at the 8th 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.

## Note

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

## Appendix B

# Annotated Bibliography of Recent PPD Research and Analysis

(Go to [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org), Lessons Learned, for full listing of bibliographical entries)

1. Bettcher, Kim Eric, Benjamin Herzberg, and Anna Nadgrodkiewicz (2015). **Public-Private Dialogue: The Key to Good Governance and Development**. Center for International Private Enterprise (CIPE), Economic Reform Feature Service, January 29, 2015.  
<http://www.cipe.org/publications/detail/public-private-dialogue-key-good-governance-and-development>  
This joint article outlines the value and application of public-private dialogue in today's environment and shares effective practices based on WBG's and CIPE's experience.
2. (2014). **Public-Private Dialogue in Fragile and Conflict-Affected Situations – Experiences and Lessons Learned**. Trade and Competitiveness, World Bank Group, June 2014.  
[https://www.wbginvestmentclimate.org/advisory-services/cross-cutting-issues/public-private-dialogue/upload/WBG\\_TC\\_PPD\\_in\\_FCS\\_Report.pdf](https://www.wbginvestmentclimate.org/advisory-services/cross-cutting-issues/public-private-dialogue/upload/WBG_TC_PPD_in_FCS_Report.pdf)  
To support PPD projects in FCS, the World Bank Group has conducted a survey of 27 Task Team Leaders and other program staff members with experiences from 30 FCS countries. The survey was followed by in-depth interviews with 13 key staff members who have experience from selected countries. By conducting in-depth interviews, the Bank Group aimed to capture important experiences and lessons learned, including a description of challenges, useful tools and methods, and do's and don'ts.
3. Bisang Roberto, Andrea Gonzalez, et al. (March 2014). **Public-Private Collaboration on Productive Development Policies in Argentina**. Inter-American Development Bank, IDB Working Paper Series; 478  
<http://publications.iadb.org/handle/11319/6410>  
This study discusses four cases of Public-Private collaboration (PPC) in the design and implementation of productive development policies (PDP) in Argentina. PPCs have contributed to the success of most of the studied PDPs by facilitating information sharing and creating coordination devices that have improved the diffusion, transparency, and resilience of the policies and a more effective use of public funds. The conditions that seem to be critical for a successful

PPC are also identified. These conditions include the previous acquaintance and existence of trust relationships among the agents involved in the PPC, the alignment of their objectives and interests, and the emergence of clear leaderships in the private and/or in the public sectors. The stability of the PPCs, in turn, depends on the availability of public funding and the creation of formal governance mechanisms, while it is threatened by large disparities in the size, interests, and capabilities among the different private sector agents involved in the collaboration.

4. Andres Zahler, Claudio Bravo, et al. (March 2014). **Public-Private Collaboration on Productive Development Policies in Chile**. Inter-American Development Bank, Competitiveness and Innovation Division, IDB Working Paper Series; 502

<http://publications.iadb.org/handle/11319/6481>

This Working Paper provides an in-depth analysis of public-private collaboration (PPC) in Chilean productive development policies (PDPs) through five case studies under two specific policies: the Technology Consortia Program and the National Cluster Policy. The analysis is based on a set of more than 30 semi-structured, in-depth interviews, and is complemented by official written information on the workings of each of the instruments and particular cases. The most significant conclusion that emerges is the importance of having institutions that allow the government to learn from the implementation of new policies in order to improve them over time

5. Marcela Eslava, Marcela Melendez, and Guillermo Perry. (February 2014). **Public-Private Collaboration on Productive Development Policies in Colombia**. Inter-American Development Bank, Competitiveness and Innovation Division, IDB Working Paper Series; 479

<https://publications.iadb.org/handle/11319/6411>

This Working Paper analyzes the institutions that shape public-private collaboration for the design and implementation of productive development policies in Colombia. These policies are increasingly designed in the context of formal institutions and venues, with public-private collaboration being a pillar of that formal design. This paper focuses on two specific case studies: the Private Council for Competitiveness and its role in the National Competitiveness System and the Productive Transformation Program. Both suggest that public-private collaboration has contributed to the continuity of productive development policies across the country. Public-private collaboration has also played a significant part in achievements such as overcoming specific government failures and developing private organizational capabilities. Thus, a central message of this paper is that formal institutions have an important potential to advance adequate productive development policies.

6. Jorge Cornick, Jorge Jimenez, and Marcela Roman (February 2014). **Public-Private Collaboration on Productive Development Policies in**

**Costa Rica.** Inter-American Development Bank, Competitiveness and Innovation Division, IDB Working Paper Series; 480

<https://publications.iadb.org/handle/11319/6393?locale-attribute=en>

Public-private collaboration in productive development policy in Costa Rica frequently takes the form of policy co-governance: an autonomous institution in charge of policy for a particular economic sector is created, with a board of directors comprising representatives from both the public and the private sectors, often with the public sector in a minority position. This paper analyzes five cases of co-governance: tourism, fisheries, rice, coffee, and the attraction of foreign direct investment (FDI). When co-governance has been used in conjunction with market discipline and as a means to discover and remove obstacles to higher productivity, as in tourism and FDI attraction, PDPs have been quite successful. When, on the contrary, it has been used to shield producers from market discipline or to allow unsustainable use of natural resources, as in rice and fisheries, they have turned into failures. Coffee stands in between, with considerable social achievements but only modest competitiveness achievements.

7. Lucia Pittaluga, Andres Rius, Carlos Bianchi, and Macarena Gonzalez. (March 2014). **Public-Private Collaboration on Productive Development in Uruguay.** Inter-American Development Bank, Competitiveness and Innovation Division, IDB Working Paper Series; 501

<http://publications.iadb.org/handle/11319/6405>

The public-private collaboration (PPC) for productive development policies (PDPs) implemented in Uruguay in recent years have provided fertile ground for research. Many have achieved results that can be analyzed within the scope of their respective histories and institutional settings. The study inquires about what PPCs maximize the benefits of PDP results and minimize rent-seeking behavior or the capture of government. In other words, it wants to disentangle how did the PPCs selected balanced these two apparently conflicting goals. The results show that some PPCs managed these matters better than others did. A history of private-public collaboration at the sectoral level was a key factor in understanding the different results. The imposition of foreign regulations to export-intensive sectors is another factor that reduces the imbalance. Additionally, the PPCs' degree of sophistication and the lower risk of one-sidedness depend on the capacities of public and private actors. Finally, the study found that the PPC design that most likely has better results has to be consistent with the kind of good, that is, the public, club, or private good, the PDP is providing.

8. Sidel, John T. (2014). **Achieving Reforms in Oligarchical Democracies: The Role of Leadership and Coalitions in the Philippines,** Developmental Leadership Program (DLP), U.K.

<http://www.dlprog.org/publications/achieving-reforms-in-oligarchical-democracies-the-role-of-leadership-and-coalitions-in-the-philippines.php>

This paper examines the role of developmental leadership in two major reforms introduced in the Philippines in 2012: the passage into law in December of excise tax reform which significantly raised taxes on cigarettes and alcohol – generally referred to as the Sin Tax Reform – and, in July, the re-registration of voters in the Autonomous Region of Muslim Mindanao (ARMM). These reforms have a) strengthened government finances and healthcare; and b) improved the quality of elections and promoted good governance and conflict resolution in the southern Philippines. These reforms were not achieved exclusively through the executive leadership of Philippine President Benigno Aquino III, this paper argues. A broader form of developmental leadership was critical to their passage into legislation and their subsequent implementation, comprising reform coalitions that incorporated elements of government, the legislature, and civil society. While these coalitions were diverse and flexible in their form and composition, their core strength came from established advocacy groups and experienced activists. These groups and activists used highly labor-intensive, specialized and complex forms of mobilization. The success of these reform coalitions, it is argued, has implications for economic and governance reform in the developing world, particularly in systems characterized by oligarchical democracy, where competition for elected office is closely linked to the entrenched interests of business and industry.

9. Devlin R. (2014). **Towards Good Governance of Public Private Alliance Councils Supporting Industrial Policies in Latin America**, Inter-American Development Bank technical Note No. IDB-TN-615 (<http://bit.ly/1q0MCu2>)

<http://www10.iadb.org/intal/intalcdi/PE/2014/14058.pdf>

Systematic application of industrial policies has reemerged in Latin America after a hiatus during the era of the Washington Consensus. These industrial policies are broadly different from the past. One of the characteristics of the region's new industrial policies is the use of public-private alliance councils (PPAs) to help guide their development and implementation. The deployment of public-private dialogue and related problem solving is considered an essential component of modern industrial policies. However, to be effective councils must be well governed. This paper approaches the issue of governance of PPAs with an overview of their rationale and framework, and then draws from the experience of several OECD countries, most of which have long experience working with councils, to illustrate how they operate and gain insights on good governance for Latin America alliances. The paper examines the intangible dimensions of governance, as well as tangibles involving the structure and procedures of councils.

10. Schneider B.R. (2013). **Institutions for Effective Business-Government Collaboration: Micro-Mechanisms and Macro Politics in Latin America**, IDB Working Paper series IDB-WP-418 (<http://bit.ly/1jirUyq>)

[http://www.iadb.org/en/research-and-data/publication-details,3169.html?pub\\_id=IDB-WP-418](http://www.iadb.org/en/research-and-data/publication-details,3169.html?pub_id=IDB-WP-418)

This paper looks at what makes for effective cooperation between government and business in industrial policy. Core research questions on the institutional design of arrangements for business-government interactions focus on three main functions: i) maximizing the benefits of dialogue and information exchange; ii) motivating participation through authoritative allocation; and iii) minimizing unproductive rent seeking. Countries with more experiences of public-private collaboration (PPC) tend to have more pragmatic governments and better organized and informally networked private sectors. Effective cooperation also depends on the macro context, in particular the nature of the political system and the alternative avenues it provides for business politicking, especially through parties, networks and appointments, the media, and campaign finance. Lastly, the structure and strategies of big domestic businesses - mostly diversified, family-owned business groups - affects their preferences and interest in collaborating in industrial policy.

11. Eslava M., Melendez M., Perry G. (2013). **Public Private Cooperation for Productive Development Policy in Colombia**, CEDE, Colombia

<http://publications.iadb.org/handle/11319/6411?locale-attribute=en>

This Working Paper analyzes the institutions that shape public-private collaboration for the design and implementation of productive development policies in Colombia. These policies are increasingly designed in the context of formal institutions and venues, with public-private collaboration being a pillar of that formal design. This paper focuses on two specific case studies: the Private Council for Competitiveness and its role in the National Competitiveness System and the Productive Transformation Program. Both suggest that public-private collaboration has contributed to the continuity of productive development policies across the country. Public-private collaboration has also played a significant part in achievements such as overcoming specific government failures and developing private organizational capabilities. Thus, a central message of this paper is that formal institutions have an important potential to advance adequate productive development policies.

12. Saeed Qureshi, M. and te Velde, D. W. (2013). **State-Business Relations, Investment Climate Reform and Firm Productivity in Sub-Saharan Africa**. *J. Int. Dev.*, 25: 912–935.

<http://onlinelibrary.wiley.com/doi/10.1002/jid.2823/pdf>

This paper examines whether an effective state-business relationship, facilitated by an organized private sector, improves firm performance in seven sub-Saharan African countries: Benin, Ethiopia, Madagascar, Malawi, Mauritius, South Africa and Zambia. The findings reveal that, on average, state-business relationships enhance firm productivity by about 25–35% in sub-Saharan African firms. This effect appears to set in through an improved investment climate - including reduced corruption, better provision of public utilities and information technology development - and higher labor productivity. These gains are not confined to small and medium sized firms but have a similar positive impact on large firms. Further, both domestic and foreign-owned firms appear to benefit from



- joining business associations, although the impact is somewhat larger for the latter.
13. Cornick J. (2013) **The Organization of Public-Private Cooperation for Productive Development Policies**. IDB Working Paper Series, IDB-WP-437 (<http://bit.ly/1l51QGH>)  
<http://www10.iadb.org/intal/intalcdi/PE/2013/12757.pdf>  
This paper suggests that public sector organization should be a response to three key variables: the scope of the Productive Development Policies (PDPs), the scope of the intended cooperation, and the organizational characteristics of the private sector. Productive development policies (PDPs) – what used to be called industrial policies – are increasingly recognized as an essential part of the development toolkit, and the need for public-private cooperation is increasingly viewed as a key element for the successful design and implementation of such policies. If so, how should the cooperation be organized and how should the public sector organize itself to successfully participate in it? The paper further proposes the appropriate selection of public sector participants; the alignment of policy, political, and organizational time frames; the ensured quality of the bureaucracy; the protection against private and bureaucratic capture and against unbounded financial risk; and a reasonable regulatory environment of key elements for success.
  14. Peiffer C. (2012). **Reform Coalitions**, Developmental Leadership Program (DLP), U.K. (<http://bit.ly/1pBYIHM>)  
<http://publications.dlprog.org/Reform%20Coalitions.pdf>  
This paper reports patterns learned from a review of literatures that can offer relevant theoretical background and case-studies of reform coalitions, so as to synthesize some preliminary answers to these and other relevant questions. Reform coalitions – coalitions that include both state and business actors working for policy and institutional reforms – are frequently cited as being important components in successful and sustained growth outcomes. But what do we know about the inner politics that drive these potentially important coalitions? When, and under what circumstances, do they arise? Who initiates them? How long do they last? Do successful reform (or ‘growth’) coalitions share similar characteristics with other kinds of coalition in the politics of development? And what can donors do facilitate their formation? The paper hopes that the generalizations it suggests will offer lessons for donors as and when they consider whether and how to encourage, broker or facilitate the emergence of local and locally-owned reform coalitions. Finally, this review identifies some weaknesses and gaps in the existing scholarship on reform coalitions, and suggests new avenues of inquiry for future research.
  15. Cali, Massimiliano and Kunal SenDo (2011). **Effective State Business Relations Matter for Economic Growth? Evidence from Indian States**, World Development Vol. 39, No. 9, pp. 1542–1557, 2011  
<http://www.sciencedirect.com/science/article/pii/S0305750X11000234>  
This paper examines the impact of effective state-business relations on economic growth across Indian states over the period 1985–2006.



Effective state-business relations are a set of highly institutionalized, responsive and public interactions between the state and the business sector. The authors propose a measure that captures the various dimensions of effective state-business relations at the sub-national level, and estimate standard growth regressions using dynamic panel data methods. The results show that effective state-business relations contribute significantly to economic growth and appear to be driven by the intensity of the interactions between the state and the private sector.

16. Bettcher, Kim Eric (2011). **Making the Most of Public-Private Dialogue: An Advocacy Approach**, Center for International Private Enterprise REFORM Toolkit, May 2011.

<http://www.cipe.org/publications/detail/making-most-public-private-dialogue-advocacy-approach>

This toolkit aids business leaders who seek to improve their participation in dialogue for better policy results. The toolkit explains the role of advocacy strategy in dialogue, the principles of high-quality dialogue, the elements of effective communication, and steps to prepare for dialogue. The toolkit explains: 1) Role of advocacy strategy in dialogue, 2) Principles of high-quality dialogue, 3) Elements of effective communication: issues, participants, messages, and channels, and 4) Steps to prepare for dialogue.

17. Bigo, Didier and Julien Jeandesboz (2010). **The EU and the European Security Industry Questioning the 'Public-Private Dialogue'**, No. 5/ February 2010, PRIO, International Peace Research Institute in Oslo.

<http://www.ceps.eu/system/files/book/2010/02/INEX%20PB5%20e-version.pdf>

This briefing note provides a brief overview of the relations between the EU and the defense and security industry. Section 2 proceeds to discuss the notion of 'dialogue' as promoted by the European Commission and a set of conclusions for future developments is outlined in a final section.

18. Sen K., Te Velde W. (2010): series of studies on **Effective State-Business Relationships** at the Overseas Development Institute ([www.odi.org.uk](http://www.odi.org.uk))

<http://www.odi.org/publications/4998-state-business-relations-state-business-industrial-policy#downloads>

This collection of essays by internationally distinguished scholars discusses the nature of state-business relations (SBRs) and the links between SBRs and economic performance. The briefings in this publication all bring out that the nature of state-business relations is a crucial factor behind efficient skills development, capital formation and ultimately higher productivity and incomes. But there is considerable debate about how the effects work, whether current state-business relations are conducive to or hamper economic performance, and about how the nature of state-business relations conditions the conduct of more active policies encouraging economic growth. Relationships between states and business are usefully understood as giving rise to and reflecting both economic and political institutions. This manifests itself in both formal

and informal institutional arrangements between the private sector (e.g. business associations, including organized farmer groups) and the public sector (e.g. different ministries or departments of state, politicians and bureaucrats).

19. World Bank Group. (2009). **Clusters for competitiveness, A Practical Guide & Policy Implications for Developing Cluster Initiatives** (<http://bit.ly/1nXTgzl>)

[http://siteresources.worldbank.org/INTRANET/TRADE/Resources/cluster\\_initiative\\_pub\\_web\\_ver.pdf](http://siteresources.worldbank.org/INTRANET/TRADE/Resources/cluster_initiative_pub_web_ver.pdf)

This toolkit offers a rationale and a practical approach for using cluster analysis to enhance competitiveness in developing countries. While this document is not meant to be exhaustive, it presents a sound conceptual framework, outlines key instruments that can be used to initiate a cluster-based analyses and dialogues, and offers case studies on good practices and lessons learnt. It does not entail a definitive set of instruments; instead, it intends to contribute to ongoing discussions regarding the use of cluster analysis to promote competitiveness. It draws upon a host of analytical and operational documentation available on industrial clusters from around the world. This toolkit should be relevant to a broad audience working on the export competitiveness of developing countries: policy makers, business associations and leaders, and international development agencies.

20. Collister, Keith (2009). **Mapping of Public-Private Dialogue in Jamaica: Issues and Options for Jamaica**. Inter-American Development Bank, Institutional Capacity and Finance Sector, November 2009.

<http://publications.iadb.org/handle/11319/4844#sthash.JhsvNFzo.dpuf>

This report presents the results of a consultancy on private-public partnerships in Jamaica. The purpose of the consultancy is to identify and map the several council and groups for fostering public-private sector dialogue in Jamaica that are related to competitiveness and private sector development. Based on this mapping exercise, the paper makes a proposal for consolidating and improving the existing institutional framework for carrying out such a dialogue.

21. Chrisney, Martin D. (2009). **New Policies for Growth: Roles of the Public and Private Sectors**. Presentation by Martin D. Chrisney, 10th International Management Congress, July 21, 2009 Porto Alegre.

<http://publications.iadb.org/handle/11319/5217#sthash.8ECUI3oM.dpuf>

This presentation discusses the drivers of economic growth in the Latin American and Caribbean region, the role of public institutions and productivity, and the role of the Inter-American Development Bank in fostering economic growth.

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