Public-Private Dialogue

The PPD Handbook
A TOOLKIT FOR BUSINESS ENVIRONMENT REFORMERS

By Benjamin Herzberg and Andrew Wright

Operational Guidelines for the
Charter of Good Practice in Using
Public-Private Dialogue
for Private Sector Development

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DFID | World Bank | IFC | OECD Development Center

Notice

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THE PPD HANDBOOK: AT-A-GLANCE

A - PUBLIC-PRIVATE DIALOGUE
Backgrounder on the benefits and risks of PPD

B - DIAGNOSTICS
Mapping tool for diagnosing the
status and potential of PPD

C - DESIGN AND IMPLEMENTATION
Based on the Charter of Good Practice
in Using Public-Private Dialogue for
Private Sector Development

D - MONITORING AND EVALUATION
Introducing a new standardized
evaluation framework for PPD

RESOURCES AND ANNEXES

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ACKNOWLEDGEMENTS

ABBREVIATIONS/ACRONYMS

BBI - Better Business Initiative
BMOs – Business Membership Organizations
CoC – Chamber of Commerce
DFID – UK Department for International Development
EU – European Union
FIAS – Foreign Investment Advisory Services
G-PSF - Government-Private Sector Forum
M&E – Monitoring and Evaluation
MPDF- Mekong Project Development Facility
MSC - Most significant change
MSMEs - Micro, small and medium enterprises
NAG - National Action Group (Malawi)
NESG - Nigerian Economic Summit Group
NGO – Non-governmental organizations
OECD - Organisation for Economic Co-operation and Development
OVI - Objectively Verifiable Indicators
PFI - Policy Framework for Investment
PPD - Public-Private Dialogue
RDA - Regional Development Agency
RIA – Regulatory Impact Assessment
SME – Small and Medium Enterprises
SoV - Sources of Verification
ToR – Terms of Reference
UNMIK - United Nations Mission in Kosovo
USAID – U.S. Agency for International Development
UNTAC - United Nations Transitional Authority in Cambodia
WTO – World Trade Organization

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A. BACKGROUND

A.1. ABOUT THIS HANDBOOK

Why a handbook on public-private dialogue?

In recent years there has been growing interest in the potential for dialogue between the public and private sectors to promote the right conditions for private sector development and poverty reduction.

There is an emerging body of case studies and synthesis research papers on techniques for promoting successful dialogue, including major studies by the World Bank, DFID, and OECD Development Centre. Practitioners have asked this knowledge to be collated and presented in an accessible and comprehensible way. That is the purpose of this handbook.

Who is this handbook for?

This handbook is for anyone who is interested in promoting public-private dialogue (PPD) as a tool for improving the conditions for the private sector. This includes donor agencies, governments, private sector representative associations, and individual businesspeople.

Is there anything else which is a must-read?

Yes, there are several valuable case studies and research papers produced on the topic, all referenced at the end of this Handbook. Of particular interest is a paper that should be read in priority so as to complement this Handbook. "Consultation with Stakeholders in the Shaping of National and Regional Policies Affecting Small Business" published in 2005 by the Enterprise and Industry Directorate General of the European Commission, reviews current PPD activities and best practices in the 25 European Union (EU) member countries, and as such is an invaluable document to consult. It is available online on www.publicprivatedialogue.org/papers.

How did this handbook come about?

In February 2006, the World Bank, DFID, and OECD Development Centre co-organized the first International Workshop on Public Private Dialogue, held in Paris and attended by 100 stakeholders from 30 countries.

Participants at the workshop drew up the *Charter of Good Practice in using Public Private Dialogue for Private Sector Development*.

This handbook is an output of the workshop. It takes the principles of the Charter as its base and expands on them with practical advice and recommendations.

Where can I find further information?

Also an output of the Paris workshop, **www.publicprivatedialogue.org** is a one-stop shop of knowledge and advice on public-private dialogue. There you will find research papers, case studies, links, and further useful tools for practitioners.

www.publicprivatedialogue.org

A.2. BENEFITS, RISKS, AND LIFESPAN OF PUBLIC-PRIVATE DIALOGUE

Dialogue between the public and private sectors is not a new concept. It has been a feature of public life for decades in some countries. But recent years have seen an upsurge in interest in PPD as a means for promoting private sector development.

PPD has become an important part of the private sector reform process, and is here to stay. This means it is increasingly necessary to promote understanding of what PPD is, and what it can and can't achieve.

PPD comes in many forms. It can be structured or ad hoc, formal or informal, wide-ranging or focused on specific issues.

It can be initiated by forward-thinking governments, frustrated entrepreneurs, or third parties such as international donor agencies. Sometimes it involves only a few private sector representatives, sometimes it includes labor unions and civil society groups.

It can take place at local, national, or international level. It can be organized by industry sector, cluster or value chain, or it can cover cross-cutting economic issues.

This handbook draws from studies of PPD experiences around the world. It offers practical guidance on identifying and avoiding common pitfalls and maximizing the payoffs that dialogue can bring.[1] The authors aim not to promote a single way to conduct PPD but rather to expose practitioners to a variety of implementation options to choose from.

A.2.1. Benefits of PPD

The main potential benefits of PPD include:

☐ Facilitating **investment climate reforms** by supporting champions for reform, creating momentum, and accelerating the reform process.

Public-private dialogue has a range of potential impacts, but it do not achieve anything on its own – it works by facilitating, accelerating, or cementing other ongoing initiatives, ones which without the boost of stakeholder pressure would falter or fail.

The most tangible benefits of PPD are the policy reforms it can precipitate. These can include new legislation, the

> **PPD has led directly to policy reforms around the globe. A few examples:**
>
> In **Malawi,** the National Action Group has been instrumental in tax reforms and measures to improve electricity supply.
>
> In **Vietnam**, the Private Sector Forum led to the elimination of a dual-pricing system to level the playing field for domestic and foreign companies.
>
> In **Ukraine**, local-level PPD led the city administration of Krasnodon, Luhansk Oblast, to create a one-stop shop for permits and regulation.
>
> In **Bosnia and Herzegovina**, the Bulldozer Initiative, an SME outreach effort sponsored by international community, succeeded in improving business regulation at a rate of 50 reforms in 150 days.

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[1] This chapter is largely abstracted from the longer article *Competitiveness Partnerships: Building and Maintaining Public-Private Dialogue to Improve the Investment Climate*, Benjamin Herzberg and Andrew Wright, The World Bank Group, Policy Research Working Paper Series, no. 3683, August 2005. This paper and other lessons learned synthesis work are available online at www.publicprivatedialogue.org/papers.

amendment or scrapping of existing legislation, removal or simplification of regulations and controls, standardization of procedures across different jurisdictions, and establishment of new institutions.

While the structured consultation of a public-private dialogue mechanism can have an immediate effect in improving the quality of particular reform efforts, its deeper benefit lies in building a sustainable constituency for investment climate reform.

☐ Promoting better **diagnosis** of investment climate problems and **design** of policy reforms. Governments that listen to the constraints of the private sector are more likely to devise sensible prioritization plans and workable reforms.

This, in turn, can encourage investors to take a longer view and cooperate with laws and regulations. When governments and businesses are mutually mistrustful and uncommunicative, investors lack confidence and are disproportionately drawn to short-term returns and the informal sector.

☐ Making policy reforms easier to **implement**. When entrepreneurs understand what a government is trying to achieve with a reform package, they are more likely to accept and work with the reforms in practice.

All too often, legislation may get onto the statute book but have little effect in reality because of lack of follow-through. PPD can help to ensure that reforms actually take effect on the ground, by helping disseminate awareness of the changes, feed information back, and keep up the pressure for action.

☐ Promoting **transparency**, **good governance,** the taking of a **broader view** by setting an example of openness and rigorous cost-benefit analysis, and by creating pressure of public scrutiny.

Without the structure imposed by PPD, business advocacy tends to find a narrower outlet: one sector lobbies for a specific reform, which then has unwelcome effects in other sectors, which lobbies for its reversal, and so on. The monitoring and evaluation systems put in place by a PPD initiative promotes a culture of compliance and entice governments to perform regulatory impact assessments.

At its best, PPD can save time and effort by establishing checks and balances for private sector demands, allowing the ramifications of measures to be discussed before they are implemented, and ideally nurturing in the private sector a more rounded view of what's good for the economy as a whole.

The example of openness and scrutiny set by a PPD can have ramifications for governance of both public sector agencies and corporations, by seeking to set a standard to which the media and public may hold the participants in their other affairs.

☐ Building an atmosphere of mutual **trust** and **understanding** between public and private sectors, improving social cohesion and civil society.

Less readily quantifiable, but no less significant, are the effects sustained engagement between the public and private sectors have had in numerous locations in creating improved levels of trust, understanding, and cooperation.

In many countries, mistrust and misunderstanding between the public and private sectors needlessly hampers reform efforts. PPD can build consensus, trust and understanding between the public and private sectors simply by bringing people together on a regular basis and allowing them to get to know each other.

A.2.2. Risks of PPD

However, PPD is not a panacea. When done badly, not only can it waste the time and resources of participants, it can actually worsen the problems it is intended to solve. Notably, six principal risks have been identified, as well as strategies that can be applied to mitigate them.

Risks and mitigation strategies for PPD

Reinforcing vested interest
➡ Be open and transparent – Publicize quality control – Broad based

Over and under representation
➡ Strengthening BMOS – Equal representation – Periodic review

Sustainability issues
➡ Clear agenda and proposals – Manage expectations – Live and let die

One man shows
➡ Foster bottom-up support – Secure written commitment – Prepare transition

Political risks
➡ Depoliticize through outreach – Woo parliamentarians – Go local

Institutional misalignments
➡ embrace institutions – Use technical ministerial staff – Transfer competencies

☐ If not sufficiently transparent and broad-based, PPD can reinforce vested interests and create opportunities for **rent-seeking behavior**.

PPD creates both an opportunity and a risk when other lines of communication between government and society are weak. Done well, it can enable the voices of stakeholders to be heard by a government that would otherwise be deaf to their concerns, and can give governments a sounding board, which will improve the quality of their policymaking.

But done badly, it can give unhealthy influence to an unrepresentative group of stakeholders, reinforce links between politicians and lobbyists, and provide a veneer of legitimacy for bad policies.

Strategies for tackling this risk include an explicit commitment to transparency, numerous working groups to ensure a broad base, and the incorporation of monitoring and accountability mechanisms. Another way of tackling cronyism is to ensure that no topics are off-limits for discussion.

☐ If PPD initiatives do not make special efforts to include small and medium enterprises (SMEs) and those based in provinces, they can be **dominated by big businesses** or businesses based in a capital city.

There are obvious reasons why it is easier to engage with representatives of a small number of large organizations than with a large number of small organizations – it is simpler to organize, and they are more likely to speak with a unified voice. Given the difficulty of establishing dialogue between the government and the private sector, the path of least resistance is for the government to focus on consulting a relatively small number of relatively large firms.

This unavoidable dynamic has often led to the interests of SMEs being under-represented in PPD. SMEs can also find themselves effectively excluded from consultation because business associations, which theoretically represent their interests, in practice listen more to their larger members.

Strong business associations that genuinely speak for SMEs are helpful in making sure that the concerns of SMEs can be heard in dialogue.

An alternative or complementary strategy is to pursue outreach programs that bypass business associations and seek input directly from individual small business entrepreneurs. The new advocacy base thus created can then be retrofitted into existing business membership organizations.

☐ If poorly planned and unfocused, it can degenerate into a **talking shop,** which leads to disillusionment, disengagement and loss of credibility, giving strength to opponents of reform and slowing down the reform process.

"Talking shop" is a phrase that recurs often in the literature about PPD – discussions are long and unfocused, no concrete results are achieved, people lose interest and attendance declines.

Developing goals, strategies, and priorities for the PPD venue or for the dialogue will lessen these problems. Meetings are less likely to degenerate into talking shops when the agenda is strict and clear and communicated well in advance, and when there are concrete proposals on the agenda that require decisions. An experienced and resourceful organizer can head off the risk of meetings getting diverted into tangents by managing expectations in private conversations beforehand.

A media strategy that involves setting public objectives can put pressure on participants. Another solution to talk shops is to change the composition of working group committees, or close down some working groups and start new ones. Or, more radically, to wind up one particular PPD mechanism, and establish another.

☐ If built too closely around a particular individual, a PPD can risk becoming a **one-man show,** which collapses when the key person loses interest or moves on.

It is inevitable that competitiveness partnerships will rely to some degree on the enthusiasm and commitment of key individuals, and the personal involvement of top-level government figures is one of the determining features of success. But building the partnership too closely around individuals is a significant risk.

Logic would suggest that outreach and public relations efforts that energize the public to look favorably on competitiveness partnerships can give individual politicians an incentive to be enthusiastic and minimize the effects of changing personnel.

Part of the problem with PPD losing steam when an individual becomes less involved can consist of unrealistic expectations initially raised by that individual's involvement.

☐ If not accompanied by sufficient efforts to build a broad base of support, PPD can become **politicized** by being closely associated with a particular party.

In some countries, leading businesspeople may also be leading figures in opposition political groups, making it difficult to persuade governments to engage or to keep a PPD politically neutral. Governments may be tempted to sideline opposition figures, with the result that PPD stands less chance of persisting across changes of administration.

An effective outreach program can help de-politicize the process by emphasizing the practical benefits to real people. Presentational skills are key here, as battles must be chosen carefully. It makes sense to concentrate on explaining reforms that can be framed simply so that everyone can understand.

Direct outreach to parliamentarians and local politicians – indeed, to decision-makers of any political level who are in a position to facilitate or obstruct the approval or implementation of reforms – can also help to defuse political tensions.

☐ If not sufficiently well coordinated with existing institutions or other dialogue mechanisms, **duplication of efforts** can overburden and confuse participants.

Some PPD mechanisms may, paradoxically, become victims of their own success. Similar organizations may spring up seeking to get in on the act, duplicating the work and diluting the effectiveness of the original by overburdening individuals and confusing lines of communication.

If PPD mechanisms are set up as initiatives, separate from any existing institution, it can be hard for them to avoid competing with institutions. Indeed, one of the reasons a new competitiveness partnership may be needed is that existing institutions are failing to fulfill their theoretical role.

But it is necessary to give careful thought to whether a PPD will be encroaching on ground already adequately covered elsewhere. Sponsors and donors must take care not to shortcut existing institutions, both on the government and private sector side, unless it is unavoidable. Transparency of process and inclusion of all relevant parties are the key factors in bringing this about.

These risk factors are raised not to suggest that competitiveness partnerships are fraught with danger, but to show how awareness and careful planning can help participants to avoid potential pitfalls.

A.2.3. Lifespan of PPD

Considering PPD initiatives in phases can be a useful approach while trying to address sustainability issues. The natural life of a partnership may be looked at in three separate phases.

☑ **Phase 1 is the discovery phase**. This phase, which may last from six month to three years depending on the situation, is focused on building trust between the public and the private sector, educating the actors on how to behave with one another, and discovering what works and what does not in term of reform proposals submitted and processed through the partnership.

> It is during this initial time that the dialogue process is set up, and that a reform "production process" is put in place, with options being tested in term of working groups, secretariats and logistics, scope of the proposed reforms, political sensitiveness of the agenda being put forward, and leadership of relevant actors.

This Phase 1 should not be expected to yield groundbreaking returns in term of economic impact of the partnership. Early results and easier quick-wins are more likely to be on the agenda during that time, as they represent less contentious issues that the actors in the PPD can "break their teeth" in. Issues are meant to be small, so that they can be successfully processed as they represent fewer risks for the partners.

Bringing bigger ticket items on the agenda during this phase could work in certain cases, but this strategy carries a high risk of failure and negative consequences for the PPD. Businesspeople could get easily disillusioned if their too high expectations are not fulfilled; and government officials could take offense at what they perceive to be unwarranted demands from the private sector.

In contrast, although many will fail, the number of issues proposed and the number of processed reform proposals is likely to be high. Participants will have a tendency to use the new forum to forward a large backlog of problems (e.g. on transport, tourism, visas, red tape reduction, standards harmonization, etc.) which are known to all, but which could not be pushed through in the previous institutional context.

☑ **Phase 2 is the high impact phase.** This Phase, which may last from a year to two to three years, is more productive than Phase 1, as partners are motivated by early results and more experienced at designing reform proposals that get successfully processed, accepted and implemented.

The organizational process functions well enough that issues and proposals benefit from more focused technical input (e.g. technical assistance from development partners). In turn, this translates into the PPD initiative producing more workable reforms.

This second phase of the PPD also benefits from the capacity that was built among government officials and private sector representatives during the first phase. Issues hence are likely to be of higher staking than during Phase 1. Topics such as labor or taxes are often addressed during Phase 2 for that reason. Businesspeople are emboldened by Phase 1 results, and have pushed the boundaries of what is possible to forward to the government. On the government side, while certain limits have been broken with Phase 1 reforms, public officials may not feel the same pressure to agree to private sector demands than in the early days of the dialogue.

As a result, while economic impacts of the partnership are at their maximum during Phase 2, this phase is also a phase of potential conflicts and crises. A number of working groups may be dissolved, and others may come forward. Some contentious issues may fail to be processed through the PPD towards successful implementation.

☑ **Phase 3 is the sustainability / transfer / exit phase.** PPD initiatives often come to birth to fill an institutional gap between the private and public sectors. If confidence and dialogue are established or restored, and if private sector concerns are now taken into account by administrative officials, what future lies ahead for a consultative mechanism? Should the dialogue be maintained in the shape it came to life or should the energy and capacity built during Phases 1 and 2 be transferred to where they should have originally belonged: government institutions and advocacy group?. Each partnership is unique, and this phase is, in a sense, the hardest to predict, with a number of possible scenarios, a mix of four options:

Evolution of a PPD
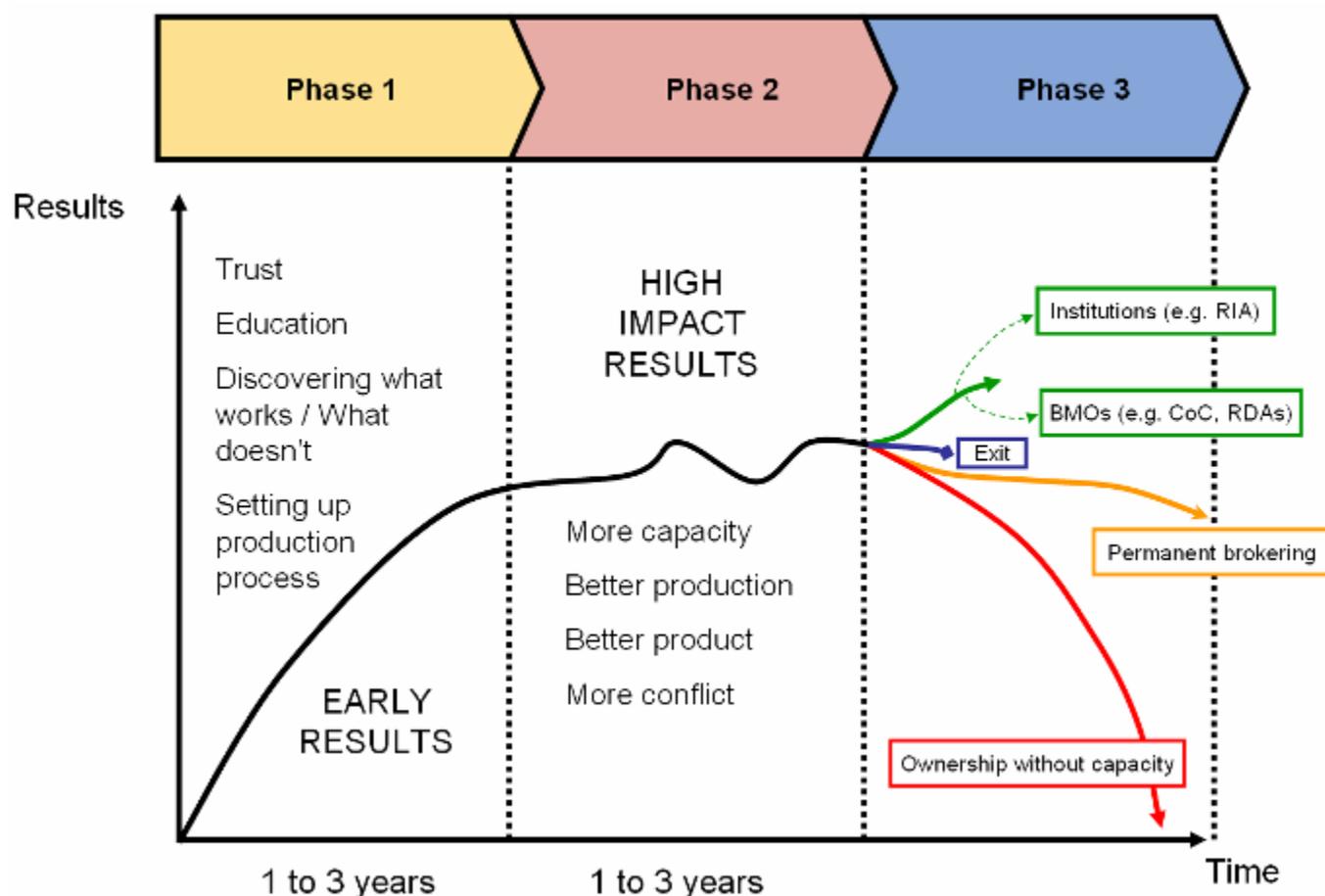
Option 1: Ensuring sustainability through transfer to institutions and business associations. This option assumes that the first two phases of the PPD have been sufficiently successful, that the country in question has now sufficient capacity in the administration and in the business advocacy community (whether this capacity was built through the PPD or through external factors is a different issue altogether) and that the level and intensity of dialogue will be maintained "naturally" if the PPD initiative is dissolved or "rolled-over". These conditions can be diagnosed at the level of specific working groups that may start to engage in bilateral dialogue early-on, without requiring the brokerage of a PPD secretariat.

Options for such a "roll-over" include setting a high level Regulatory Improvement Agency aimed at enforcing Regulatory Impact Assessment practices at the level of each line ministries, whereas each regulation, before it is outputted by a ministry, will go through a cost/benefit analysis established with direct private sector consultations. There are many other configurations possible, such as setting up an SME Promotion Agency. On the private sector side, transferring competency means integrating both the people and the processes that made the dialogue and the secretariat be productive and efficient into existing or new business associations, Chambers of Commerce, or Regional Development Agencies).

Option 2: Transferring the initiative early on to existing institutions. Short of option 1 above, the sponsors of a PPD project may still be tempted to transfer the initiative to local and existing private and/or public institutions. While the prospect of early ownership is enticing, one should remember that a business forum, a competitiveness partnership, a business council, come to life to fill a gap, and that it takes a while for that gap to be filled.

If a PPD secretariat is transferred too soon to a business association, for instance, which is not ready to handle the load of work and effectively address technical and political issues arising from the initiative, it is likely that outputs will suffer. Participants are likely to rapidly become frustrated with the process, and abandon the partnership with a bitter taste. Rather that holding the PPD as an example of good dialogue between the public and the private sector, this may result in promoting the cause of opponents to dialogue who will only have to point to recent difficulties to denigrate the entire process.

Option 3: Entrust the PPD to fulfill a function of permanent broker, through institutionalization. It may be a good option for a PPD initiative to remain in existence as a permanent institution. If the PPD is not duplicating other existing institutions, it may become the mechanism of choice for re-routing private sector issues into the government and vice-versa. After all, if it works well, why replace it?

This common sense idea is attractive but difficult to implement due to the fact that a neutral broker is supposed to remain neutral and institutionalizing a PPD within a government structure would remove that core benefit. Besides, a PPD needs funds to function, and that funding may be difficult to secure in the longer term. The government may be ready to allocate budget to the PPD initiative, but is likely to ask for more control in return, which may raise the suspicion of the private sector. Businesses may be willing to pay membership fees to sustain the project, but that may collide with the objectives of the local business association network, which would in turn lack private funds to develop itself. As for donors, their involvement may be secured for a few years, but ensuring their permanent funding over the long term is extremely difficult, and at the very least, hard to predict. It is also likely that the agenda of the private sector or the government will end up diverging from the agenda that donors wish to promote, at which point the donors may decide to pull out of the partnership.

If this option is chosen, results may stabilize over the mid term, with a number of "routine" events taking place, such as conferences, forums and the like. Unless a path to option 1 is chosen along the way, the result curve is likely to go descending with time.

Option 4: Termination and clean exit. It may be unproductive to throw energy into prolonging the active life of a specific partnership mechanism that achieved initial successes but seems to be losing momentum. Often, consultative mechanisms accompany a specific reform agenda, and as a consequence have limited lifetimes. The important thing may be the principle of partnership, not the specifics of a particular mechanism of interaction. Successful but short-lived initiatives which are allowed to die a natural death can gain an iconic value, enabling businesses and government officials to look back on them with pride and as a positive reference point to be cited as an example.

A.3. INTRODUCTION TO THE HANDBOOK METHODOLOGY

The handbook identifies factors to consider at each stage of a continuous, cyclical process of building and improving dialogue. Taken as a whole, it builds up into a practical toolkit to:

☐ **diagnose** the capacity of the public and private sectors to engage in dialogue and the areas in which dialogue can be most fruitful;

☐ **design** a dialogue process that gives the best chance for productive interactions between public and private sectors to emerge;

☐ **implement** dialogue with an awareness of risk factors that can develop and the ability to identify and address problems as they arise;

☐ **evaluate** the effectiveness of dialogue mechanisms, feeding back into the diagnosis phase for designing and implementing improvements.

The first part of this handbook thus consists of a mapping tool for diagnosing the status and potential of public-private dialogue. It proposes a standardized tool for assessing the willingness and capability of stakeholders to engage in dialogue aimed at promoting investment climate reforms and private sector development.

The second part of this handbook gives indications for practitioners designing or implementing partnerships. It is based around the *Charter of Good Practice in using Public Private Dialogue for Private Sector Development* (the "PPD Charter"). The PPD Charter was drafted by participants at the first International Workshop on Public Private Dialogue in 2006 and subsequently revised through an iterative process of feedback via the www.publicprivatedialogue.org website.

The principles of the Charter summarize 12 essential elements to consider when designing and implementing a public-private dialogue project:

☑ Assessing the optimal **mandate** and relationship with existing **institutions**

☑ Deciding who should **participate** and under what **structure**

☑ Identifying the right **champions** and helping them to push for reform

☑ Engaging the right **facilitator**

☑ Choosing and reaching target **outputs**

☑ Devising a **communications and outreach** strategy

☑ Elaborating a **monitoring and evaluation** framework

☑ Considering the potential for dialogue on a **sub-national** level

☑ Making **sector-specific** dialogue work

☑ Identifying opportunities for dialogue to play an **international role**

☑ Recognizing the specificities and potential of dialogue in **post-conflict** or **crisis environments**

☑ Finding the best role for **development partners** (aka donors)

The handbook takes each of the 12 principles in turn and elaborates on them with practical advice and suggestions, including examples of international good practice.

The third part of this handbook elaborates on the techniques to evaluate the impacts of a public-private dialogue mechanism. While monitoring tools can be used by partnerships to review their internal progress, it is crucial for the community of practitioners to have access to a standardized and objective methodology that enables objective and standardized measurement of impacts.

To that effect, this chapter presents a new methodology especially adapted to public-private dialogue. It describes the project management steps that evaluators need to undertake, the type of data collection methods, and presents a three-part evaluation framework.

This impact-assessment tool will enable external evaluators to measure the effectiveness of a PPD across three areas: organizational process, impacts on the reform process, and economic impacts. The authors recommend all PPD practitioners adopt this new methodology, as this will allow for benchmarking between different initiatives of different natures in different countries

The Annexes contain sample templates relevant to PPD efforts, which practitioners can take and adapt to local contexts and circumstances.

A.4. THE CHARTER OF GOOD PRACTICE IN USING PUBLIC-PRIVATE DIALOGUE FOR PRIVATE SECTOR DEVELOPMENT

<div align="center">

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

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Recognizing that economic progress depends on a business climate conducive to private investment and enterprise, which in turn requires a range of private sector development policies and institutions, infrastructure, access to services, and supporting laws and regulations designed within a coherent policy framework and with sensitivity to the interests of all sectors of society,

Observing in particular that reforms designed to improve the business climate 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,

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

Conscious 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 experiences of numerous professionals from the public, private and donor communities and lessons learned from research into dialogue mechanisms, consolidated at the international workshop for public-private dialogue held in Paris in February 2006,

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

PRINCIPLE I: MANDATE AND INSTITUTIONAL ALIGNMENT

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

➢ Dialogue depends on the capacity and mindset of participants, and 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.

> ➤ A mandate with legal backing is especially likely to be helpful in transition economies or countries with strongly bureaucratic traditions.

> ➤ However, energy should not be diverted into establishing a legal status at the expense of losing momentum on substantive reform efforts.

> ➤ Legal mandates that are too detailed carry the risk of restricting flexibility and restraining initiatives from adapting to changing circumstances.

> ➤ Existing institutions should be capitalized on as much as possible. Even when hosted outside existing institutional frameworks, PPD is more effective when aligning its structure with existing institutional priorities and lines of command.

PRINCIPLE II: STRUCTURE AND PARTICIPATION

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

> ➤ Appropriate structures can be formal, informal or a mixture. Their design needs to take into account existing processes and institutions.

> ➤ Participation of relevant representative stakeholders should be agreed on in a transparent manner and be balanced and practicable, so as to best serve the objectives of the dialogue.

> ➤ Dialogue structures can be set up to carry out specific participatory processes in a series of working groups, for example to contribute to the elaboration of reform strategies for specific sectors, issues or regional areas.

> ➤ An organizational design operated under the umbrella of a secretariat is often useful to help ensure a coherent approach to public-private dialogue, including the shaping of an overarching policy framework.

PRINCIPLE III: CHAMPIONS

It is difficult to sustain dialogue without champions from both the public and private sectors who invest in the process and drive it forward.

> ➤ Backing the right champions is the most important part of outside support to PPD.

> ➤ It is easier for dialogue to survive weakness of champions in the private sector than the public sector.

> ➤ If champions are too strong, the agenda can become too narrowly focused, or dialogue can come to depend too heavily on individuals.

PRINCIPLE IV: FACILITATOR

A facilitator who commands the respect of stakeholders can greatly improve the prospects of PPD.

➢ Important qualifications include negotiation skills, understanding of technical issues and an ability to converse easily with everyone from ministers to micro-entrepreneurs.

➢ An innovative and entrepreneurial approach is often helpful.

➢ A difficult question is whether the facilitator should be local or external – local knowledge is an advantage, but so is a lack of any personal baggage with participants.

PRINCIPLE V: OUTPUTS

Outputs can take the shape of structure and process outputs, analytical outputs or recommendations. All should contribute to agreed private sector development outcomes.

➢ Analytical outputs can include identification and analysis of business roadblocks, agreement on private sector development objectives, and private sector assessment of government service delivery.

➢ Recommendations can address policy or legal reform issues, identification of development opportunities in priority regions, zones or sectors, or definition of action plans.

➢ Structure and process outputs can include a formalized structure for private sector dialogue with government, periodic conferences and meetings, ongoing monitoring of public-private dialogue outputs and outcomes, and a media program to disseminate information.

PRINCIPLE VI: 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.

➢ Common communication requires a mutual understanding of core motivation, which depends on frequent and iterative interactions between all parties.

➢ Dialogue should be as open-access and broadly inclusive as feasible. This necessitates an outreach program to the reform constituency. Elements can include use of the media, seminars, workshops, and roadshows.

➢ This also necessitates attention to building the capacity of the private sector to participate in dialogue to achieve a concerted strategy to communicate reform issues through clear and targeted messages.

➢ Transparency of process – in particular, an open approach towards the media – is essential for outreach, and also contributes to measurement and evaluation.

PRINCIPLE VII: MONITORING & EVALUATION

Monitoring and evaluation (M&E) is an effective tool to manage the public-private dialogue process and to demonstrate its purpose and performance.

➢ 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.

➢ Monitoring and evaluation techniques enable better overall planning, can ignite potential advocacy, and provide both internal and external motivation to promote more effective implementation.

➢ To this effect, PPDs should develop a baseline assessment to measure their effectiveness in order to enable the partnership to better measure how it is achieving its goals over time and delivering on its envisaged benefits.

PRINCIPLE VIII: SUB-NATIONAL

Public-private dialogue is desirable at all levels of decision-making, down to the most local possible level, especially as this is likely to be more practically capable of involving micro-entrepreneurs, SMEs and other local stakeholders.

➢ Local level public-private dialogue allows local issues and solutions to be identified and taken to decentralized decisionmakers or channeled upwards to the appropriate level of authority at which they can be solved.

➢ Local dialogue can contribute to effective implementation of national policies. It may be particularly effective when explicitly aligned with dialogue taking place at a national or regional level.

➢ Local level dialogues can especially benefit from use of participatory tools, capacity building initiatives, and the use of local and neutral facilitators.

PRINCIPLE IX: SECTOR-SPECIFIC

Sector-specific or issue-specific public-private dialogues should be encouraged because they provide more focus, greater incentive to collaborate, and more opportunity for action.

➢ To tackle the risk of missing the big picture, sector-specific dialogues should be linked to a broader, cross-cutting dialogue process.

➢ The choice of sectors to involve in dialogue can be controversial, especially where institutions are weak. This can be mitigated by a transparent process.

➢ Dialogue works best with the sectors most willing to invest time and resources – though this requires safeguards against unfairly favoring already-strong sectors.

➢ Rent-seeking activity is more of a risk in sector-specific dialogue.

➢ This can be mitigated by greater transparency, explicit enunciation of intended outcomes, and an inclusive approach that creates open access for all stakeholders with an interest in the sector's or cluster's value chain.

PRINCIPLE X: INTERNATIONAL ROLE

Broad and inclusive public-private dialogue can effectively represent and promote national and regional interests of both public and private actors in international negotiations and international dialogue processes.

➢ Complex international challenges require broad, ad hoc alliances between state and non-state actors. These should be transparent, inclusive, and open-access.

➢ Involving local partnerships at the international level can give a more effective voice to national and regional interests by helping public and private sectors coordinate and thus widen their room for maneuver.

➢ International partners can foster an informal process of regional and multilateral policy dialogue, setting an example for national-level initiatives.

PRINCIPLE XI: POST-CONFLICT / CRISIS-RECOVERY / RECONCILIATION

Public-private dialogue is particularly valuable in post-conflict and crisis environments – including post-natural disaster – to consolidate peace and rebuild the economy through private sector development.

➢ Because they focus on the specific and tangible issues of entrepreneurship, economic reconstruction and investment climate improvement leading to job creation and poverty reduction, public-private dialogue initiatives are very effective at building trust among social groups and at reconciling ethnic, religious, or political opponents.

➢ PPD can be especially valuable in enabling the sharing of resources and building capacity – a particular priority in crisis environments.

➢ Structures and instruments for dialogue need to be adapted to each post-conflict or crisis context. They need to take into account the inherent informality of the economic actors and the potential role of customary systems in re-establishing the rule of law.

➢ An external "honest broker", possibly linked to international organizations in charge of peace building, may be needed to kick-start dialogue. But mechanisms should be but in place for quick transfer of the initiative to local ownership.

PRINCIPLE XII: DEVELOPMENT PARTNERS

Public-private dialogue initiatives can benefit from the input and support of donors (development partners) when their role is determined by the local context, demand driven, and based on partnership, coordination and additionality.

➢ Development partners can encourage conditions for dialogue, and initiate, promote, support, fund, and facilitate dialogue.

➢ Capacity building and disseminating international best practice are two areas where development partners can play a particular role.

➢ The role of development partners should be as neutral as possible, maximizing the local ownership and capacity, the development of trust, and the maintenance of a conducive and transparent environment.

➢ Development partners should consider social, economic, and political context, as well as exit strategies and sustainability issues.

➢ They should coordinate among themselves to avoid duplicating their efforts and maximize the availability of funds when partnerships are found to be worth supporting.

This Charter was initially drawn up on the Second of February, Two Thousand and Six, at the International Workshop on Public-Private Dialogue, organized by a cross-sectoral team from DFID, the World Bank, the IFC and OECD Development Centre, held at the World Bank Paris Conference Centre, and attended by over a hundred participants from thirty countries

A - PUBLIC-PRIVATE DIALOGUE
Backgrounder on the benefits and risks of PPD

B - DIAGNOSTICS
Mapping tool for diagnosing the
status and potential of PPD

C - DESIGN AND IMPLEMENTATION
Based on the Charter of Good Practice
in Using Public-Private Dialogue for
Private Sector Development

D - MONITORING AND EVALUATION
Introducing a new standardized
evaluation framework for PPD

RESOURCES AND ANNEXES

B. DIAGNOSING THE STATUS AND POTENTIAL OF PPD

Before embarking on designing and implementing a public-private dialogue mechanism, a task manager needs to consider whether there is a need for new initiatives and to what extent existing institutions can be harnessed. The task manager also needs to consider which sectors, topics, or regions possess the greatest need and potential for benefiting from PPD.

Such diagnostic may be conducted differently depending on the project objectives (e.g. establish some overall PPD process on a broad front of issues, making progress on a specific, important and delicate issue, or doing both through a large PPD with a series of working groups). A task manager may invest more into diagnosing a specific sector of the economy, or a specific horizontal issue affecting all firms (e.g. the inspection regime, the tax system or product standards) depending on the nature of the project. In some countries, the business environment may have been diagnosed many times already, where in frontier countries, even basic figures may be missing. The tool presented below should therefore be adapted to the specific local conditions.

B.1. INTRODUCTION TO THE MAPPING TOOL

This section provides a standardized mapping tool to assist task managers in diagnosing the current state of dialogue, the most important issues for dialogue, and the potential readiness for dialogue of relevant stakeholders. This tool involves desk research, field interviews, and focus groups.

Practitioners may not always have the luxury of adequate time and resources to run this mapping tool in its entirety. But it should be attempted if possible. Investing in diagnostics before launching a PPD initiative is worthwhile for several reasons:

- ☑ It enables better design decisions.
- ☑ It provides solid reasoning behind a decision to launch a dialogue process in one area rather than another, and justifies the amount of human and capital investment needed to support it.
- ☑ It gives donors and stakeholders solid ground on which to base their support of such an initiative.
- ☑ It creates a baseline against which the PPD can be measured over time.
- ☑ It is a good first step to get stakeholders acquainted with the idea of PPD, prior to fully engaging them in an initiative.
- ☑ It can flag potential obstacles that task-managers will need to overcome, thus enabling for better strategic management decisions.

The questions that the diagnostic tool addresses are generally not ones that can be answered with a "yes" or "no" – they require subjective analysis and judgments. Yet the aim of this tool is to provide the guidelines and key questions necessary to enable task managers to write reports in a format that allows for comparison between different localities.

It should be possible for a small team to conduct this exercise within 14 days, as detailed in section B.2. below.

B.1.1. The PPD diamond

The PPD diamond is a simple conceptual framework for aiding clarity of thought at the outset of the diagnostic process. It maps the strength of four essential elements of PPD on two vertical and two horizontal axes. The dimensions are:

☐ **Public sector**: how strong is the capacity, political will to engage, and leadership?
☐ **Private sector**: how organized is the private sector, to what extent does it have leadership, do entrepreneurs feel a basic sense of security in speaking out to government without fear of retribution?
☐ **Champion**: to what extent are there credible and respected individuals with the expertise, profile and ability to attract the attention of participants and media?
☐ **Instruments**: what is the quality and capacity of support personnel, logistical facilities, and seed funds?

Public-private dialogue in BOSNIA AND HERZEGOVINA:
Strong sponsor compensates for weakness in government

CHAMPION
STRONG
PRIVATE SECTOR ◄ STRONG
STRONG ► PUBLIC SECTOR
STRONG
INSTRUMENTS

Public-private dialogue in TURKEY:
Committed private and public sector thrive with less need for champion

CHAMPION
STRONG
PRIVATE SECTOR ◄ STRONG
STRONG ► PUBLIC SECTOR
STRONG
INSTRUMENTS

CHAMPION
STRONG
PRIVATE SECTOR ◄ STRONG
STRONG ► PUBLIC SECTOR
STRONG
INSTRUMENTS

Public-private dialogue in VIETNAM
After several years, a balanced situation with no weak links

Dialogue can succeed when the diamond is imbalanced – although it is difficult to survive a weakness in more than two dimensions. Bearing in mind some examples of the PPD diamond in successful dialogue mechanisms helps to provide a framework for thought during the mapping exercise.

B.2. DIAGNOSTIC PROJECT SEQUENCES

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                        ┌─────────────────────────┐
                        │      Project brief      │
                        └─────────────────────────┘
                                    │
                                    ▼
                    ┌─────────────────────────────────┐
                    │  Investment climate constraints  │
                    │ (Existing benchmarks and surveys)│
                    └─────────────────────────────────┘
                                    │
                                    ▼
                    ┌─────────────────────────────────┐
                    │    Stakeholder investigation     │
                    │ (Field interviews and focus groups)│
                    └─────────────────────────────────┘
```

Private sector	Intermediaries	Public authorities	Civil Society	Development partners

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                    ┌─────────────────────────────────┐
                    │     Most significant reforms     │
                    │ (Field interviews and focus groups)│
                    └─────────────────────────────────┘
                                    │
                                    ▼
                    ┌─────────────────────────────────┐
                    │       Stakeholder analysis       │
                    └─────────────────────────────────┘
                                    │
                                    ▼
                    ┌─────────────────────────────────┐
                    │     Report composition –         │
                    │        Design decision           │
                    └─────────────────────────────────┘
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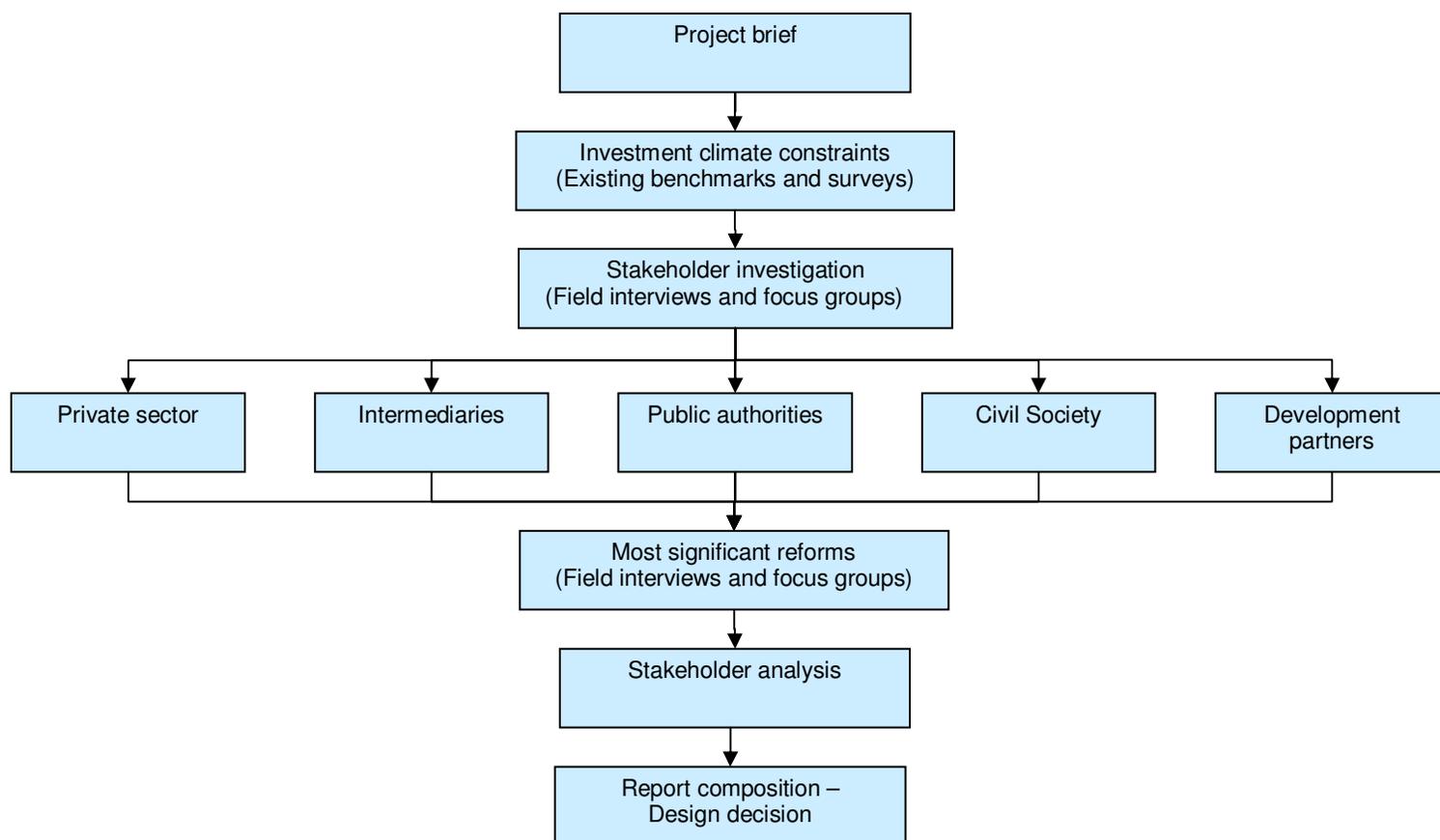
The above figure represents the different steps to be taken during the PPD diagnostic. Each step is detailed in the sections below.

In term of time management, it is estimated that the completion of the diagnostic project takes 14 days:

Writing the project brief – 1 day
Investment climate constraints (desk study) – 3 days
Stakeholder investigation (field interviews) – 3 days
Most significant reform (field interviews) – Integrated into the above.
Stakeholder analysis (field and/or desk) – 2 days
Report writing – 5 days

Total: 14 days.

B.2.1. Project brief

The project brief sets the terms of reference (ToR) for the project. These are the key elements it needs to define:

- ☐ The rationale for the exercise
- ☐ The geographic area where it will take place and public sector jurisdictions it will cover
- ☐ Mention of any relevant previous exercises or knowledge
- ☐ The types of outputs desired from the diagnostic: only a report, or also recommendations?
- ☐ Names of people who will manage the project.
- ☐ Budget and time allocation for the project.
- ☐ Project plan, including the sequences of activities through which the project will go and details of each activity
- ☐ Monitoring and evaluation indicators for the project.
- ☐ Target completion date.

B.2.2. Investment climate constraints

This phase of the mapping tool relies on desk research of existing surveys and benchmarks, such as the World Bank's Doing Business reports and Investment Climate Surveys. Specific sources of information should be collected from the closest field office if available, and from practitioners who have knowledge about the studied location.

The aim here is to build up an overall understanding of the nature of private sector activity in the country or region under consideration, with specific emphasis on constraints to private sector development.

This enables the project team to understand the terrain and have a preparatory framework for understanding the responses received during the stakeholder investigation phase.

Key questions to consider at this stage:

- ☐ What are the main constraints on the private sector?
- ☐ What are key existing and potential sectors for the economy?
- ☐ Have priorities been identified in a Country Assistance Strategy or Poverty Reduction Strategy Paper?
- ☐ Are there institutions dealing specifically with PSD who could contribute more knowledge in this desk research phase?
- ☐ How important is foreign investment compared to home-grown enterprises?
- ☐ Do state-owned industries have a prominent role?
- ☐ What is the balance between large and small enterprises?
- ☐ Have larger companies shown interest in developing local supply chains?
- ☐ Is there a strong regional concentration of private sector activity, both in general and around specific sectors?
- ☐ How large is the informal sector?
- ☐ How important is the export market?

This series of questions is aimed at identifying where the bottlenecks to business investment lie. If task managers want to fit this investigation within an overarching structure, we advise them to use a tool such as the Policy Framework for Investment (PFI), which was developed by a task force of 60

OECD and non-OECD economies and in partnership with the World Bank Group. Such tool is useful to ensure a comprehensive and coherent diagnostic. The World Bank's Doing Business reports and Investment Climate Surveys actually offer indicators to use in response to the PFI checklist questions.

The PFI brings together ten sets of questions covering the policy domains having the strongest impact on the investment environment and represents a comprehensive and integrated approach to diagnosing and implementing good policy practices for mobilizing private investment that supports development (see box). The PFI can be downloaded at: www.oecd.org/daf/investment/development

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The 10 policy areas of the PFI are a useful guide to diagnose business environment constraints.

The PFI covers 10 policy areas identified in the Monterrey Consensus as influencing the quality of the investment environment. These are:

- ☑ **Investment policy**: The quality of investment policies directly influences the decisions of all investors, be they small or large, domestic or foreign. Transparency, property protection and non-discrimination are investment policy principles that underpin efforts to create a sound investment environment for all.
- ☑ **Investment promotion and facilitation**: Investment promotion and facilitation measures, including incentives, can be effective instruments to attract investment provided they aim to correct for market failures and are developed in a way that can leverage the strong points of a country's investment environment.
- ☑ **Trade Policy**: Policies relating to trade in goods and services can support more and better quality investment by expanding opportunities to reap scale economies and by facilitating integration into global supply chains, boosting productivity and rates of return on investment.
- ☑ **Competition policy**: Competition policy favors innovation and contributes to conditions conducive to new investment. Sound competition policy also helps to transmit the wider benefits of investment to society.
- ☑ **Tax Policy**: To fulfil their functions, all governments require taxation revenue. However, the level of the tax burden and the design of tax policy, including how it is administered, directly influence business costs and returns on investment. Sound tax policy enables governments to achieve public policy objectives while also supporting a favourable investment environment.
- ☑ **Corporate Governance**: The degree to which corporations observe basic principles of sound corporate governance is a determinant of investment decisions, influencing the confidence of investors, the cost of capital, the overall functioning of financial markets and ultimately the development of more sustainable sources of financing.
- ☑ **Policies for promoting responsible business conduct**: Public policies promoting recognized concepts and principles for responsible business conduct, such as those recommended in the OECD Guidelines for Multinational Enterprises, help attract investments that contribute to sustainable development. Such policies include: providing an enabling environment which clearly defines respective roles of government and business; promoting dialogue on norms for business conduct; supporting private initiatives for responsible business conduct; and participating in international cooperation in support of responsible business conduct.
- ☑ **Human resource development**: Human resource development is a prerequisite needed to identify and to seize investment opportunities, yet many countries under-invest in human resource development due in part to a range of market failures. Policies that develop and maintain a skilled, adaptable and healthy population, and ensure the full and productive deployment of human resources, thus support a favourable investment environment.
- ☑ **Infrastructure and financial sector development**: Sound infrastructure development policies ensure scarce resources are channelled to the most promising projects and address bottlenecks limiting private investment. Effective financial sector policies facilitate enterprises and entrepreneurs to realise their investment ideas within a stable environment.
- ☑ **Public governance**: Regulatory quality and public sector integrity are two dimensions of public governance that critically matter for the confidence and decisions of all investors and for reaping the development benefits of investment. While there is no single model for good public governance, there are commonly accepted standards of public governance to assist governments in assuming their roles effectively.

To complement the general diagnostic on the business environment, the desk research phase should also identify a significant recent reform to serve as the basis of the "most significant reform" exercise (see below section B.2.4.).

While it is important to collect and digest reports, the best source of knowledge is often phone, e-mail, or face-to-face conversations with practitioners who have worked in the country or location where PPD is being diagnosed. It is a wise investment of time to find such practitioners, as their insight is likely to be invaluable in preparing for the field interviews.

B.2.3. Stakeholder investigation

The aim of the stakeholder investigation phase is to map the perceptions of potential participants and stakeholders in PPD. These include the private sector, intermediary organizations, the public sector and civil society.

The methodology for this phase includes interviews and focus groups. The sections below outline what the reports should tell us about each of the five types of stakeholder.

Document provided in annex

Annex B includes sample questionnaires that can be adapted for interviews and focus groups with each type of stakeholder. These are also available as Word documents on www.publicprivatedialogue.org/tools. The questions are intended as a starting point, to elicit responses that will be helpful in compiling the diagnostic report (also in the annexes). They should not be treated as exhaustive – questions can be added, deleted and adapted according to local context and needs.

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B.2.3.1. Private sector

A representative sample of businesspeople should be interviewed. What constitutes a representative sample should be informed by the above analysis of the composition of the private sector, and by initial findings as to which companies have been active policy advocates or not.

It is important to include various groups that play a significant role in different sectors and industries of the market, from small-scale informal entrepreneurs to foreign multinational corporations.

Key questions to be answered:

- ☐ What are perceived to be the main investment climate constraints?
- ☐ Does the private sector interact directly with the government or with government officials? At what levels does this interaction take place? (Ministerial, departmental, civil servants, mayors, low-level bureaucrats, etc).
- ☐ Have businesspeople attempted to get their concerns heard by the government? Have there been attempts to organize? With what degree of success?
- ☐ What is the general attitude of entrepreneurs towards government? Is it characterized by a feeling of trust or is there frustration? Do politicians and businesspeople frequent the same social circles or do they rarely interact?

□ How much time do businesspeople spend dealing with government agencies? Are dealings with government officials fair and transparent or do they tend to involve informal payments?

□ To what extent do businesspeople keep track of laws and regulations? Is there a sense of predictability and stability of policies? What are the mechanisms by which they stay informed about policy and regulatory changes?

□ What is the legal capacity of the private sector? Is it easy to get advice on abiding by laws and regulations?

□ Do businesspeople typically belong to a representative membership organization? Do they feel they are well served by them?

□ To what extent do small entrepreneurs believe that the interests of large and small enterprises diverge and coincide?

□ Are there dynamic individual business leaders who command widespread respect and could act as figureheads in the PPD process and champions for the private sector? Who are they?

B.2.3.2. Intermediary organizations – e.g. business membership organizations (BMOs), Chambers of Commerce, etc

Organizations that serve as intermediaries for the private sector to represent its concerns to the public sector come in many forms. They may or may not exist in any given region – and if they do exist, they may be more or less effective at representing their members and providing services. The most common types are summarized in the table.

Characteristics and Functions of Different Types of BMOs[2]

BMO Type	Defining Factor	Typical Functions and Services
Business Associations		
Trade/industry Associations	Occupation/Industry	Arbitration, quota allocation, industry standards setting, lobbying, quality upgrading
SME associations	Size of firm	Entrepreneurship training and consulting, finance schemes, group services
Women's associations	Gender	Entrepreneurship training, microfinance, gender-specific advocacy
Employers' associations	Labor relations	Interest representation vis-à-vis unions, professional information, and training
Confederations	Apex bodies	High-level advocacy, general business information, research, coordination of member associations
Bi-national associations	Transnationality	Trade promotion, trade fairs, matchmaking
Chambers	Geographic region	Delegated government functions, arbitration courts, basic information services, matchmaking, local economic development

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[2] Adapted from *Building the Capacity of BMOs: Guiding Principles for Project Managers*, Alejandro S. Alvarez de la Campa et al., The World Bank Group, 2005.

Key questions that the diagnostic report must answer about intermediaries:

☐ Do private sector representative organizations exist? What kind?

☐ Are they vibrant and inclusive or moribund or captured by narrow interest groups? Which are the most effective organizations? Which have the most dormant potential?

☐ How effective are intermediary organizations at representing their members at national and local level?

☐ What kind of services do they offer to their members? (Training? Services on behalf of public authorities? Information on laws and regulations?)

☐ What kind of information dissemination services do they provide? Do they organize regular meetings? Do they gather information on the binding constraints faced by their members?

☐ Do they genuinely represent the interests of SMEs?

☐ Do they have any important recent accomplishments?

☐ What is the importance of other kinds of intermediary between government and the private sector, such as lawyers and notaries?

☐ Are there institutional linkages between business membership organizations and government agencies or public bodies?

The report should include a table that summarizes the strengths and weaknesses of different intermediary organizations, such as this example:

Intermediary	Mandate	Membership type and size	Strengths and accomplishments	Weaknesses	Contact information
Manufacturers association	Represent manufacturers in policy discussions. Provide training services, advice on setting up companies and mediation wit unions.	Voluntary. 720 businesses are members, representing 32,000 employees.	Legal department is well regarded and arbitration service commands respect. Some successful input into recent labor regulations bill.	Narrow membership based around the automotive industry and in one city. Foreign investors are ineligible for membership.	
Chamber of Commerce	"Organize, represent and promote the country's private sector interests."	Compulsory. All businesses with more than 10 employees must join.	Existing membership gives it the potential to reach all businesses. Legal mandate gives it close links with government, which could be capitalized on.	Widely seen by its members as corrupt, ineffective and not democratic. Compulsory membership fee is resented.	

A blank template of this table is available in Annex B3 and on www.publicprivatedialogue.org/tools.

Document provided in annex

www.publicprivatedialogue.org

B.2.3.3. Public sector

The attitude of the public sector can make or break public-private dialogue. Public sectors are rarely homogenous in their willingness or capacity to engage in dialogue – there will often be wide differences between different levels of authority, agencies, departments, and regions. The mapping tool needs to identify the pockets of capability and enthusiasm.

- ☐ What is the level of capacity of technical staff at each level of the public sector?
- ☐ What are attitudes of politicians and civil servants towards the private sector?
- ☐ Are there mandatory requirements for government bodies to engage with the private sector? Which ones, at what level, and at which stage in the process of enacting a legislation or regulation?
- ☐ Have the public authorities issued safeguards to prevent cronyism, trained public sector officials in handling relationship with the private sector, or communicated internally about public-private relationships?
- ☐ Are there any government departments regarded as especially favorable or inimical to private sector concerns? Which are they?
- ☐ Are there any individuals who can act as public sector champions for reform and who are not perceived as politically divisive figures? Who are they?
- ☐ What is the extent of decentralization of decisionmaking?
- ☐ To what extents do local layers of government have responsibility for implementing decisions taken at national level?
- ☐ How effectively do layers of government work together?

Department or program	Jurisdiction and audience	Strengths and accomplishments	Weaknesses	Contact information
President's office	Advises president on appointing ministers, structure of national government, new policy initiatives.	Personal access to president. High concentration of enthusiasm for private sector development and technocratic ability among foreign-educated staffers.	Regarded as out of touch with the public. Often have difficulty in practice in getting their initiatives accepted by other departments.	
Ministry of Trade and Industry	Regulates industry and represents government in international trade talks.	Strong negotiators. Minister is one of the most powerful figures in government.	Many civil servants have bureaucratic mindset and take a confrontational approach to private sector.	

A blank template of this table is available in the annex B4 and on www.publicprivatedialogue.org/tools.

Document provided in annex

www.publicprivatedialogue.org

B.2.3.4. Perceptions of civil society

Dialogue between the public and private sectors does not take place in a vacuum. The attitude of civil society towards private sector input into policymaking is a critical success factor. The mapping tool must therefore diagnose the views of civil society towards the private sector and potential dialogue.

Civil society includes:
- ☐ labor union representatives;
- ☐ non-governmental organizations (NGOs);
- ☐ academia; and
- ☐ media

Questions to be answered in the report about civil society:

- ☐ Are small-scale entrepreneurs generally perceived as contributing positively to society or as untrustworthy and parasitic?
- ☐ Are larger and foreign-owned businesses viewed as contributing positively to society or as untrustworthy and parasitic?
- ☐ Is the government generally perceived as overly hostile to the private sector, overly accommodating of the private sector as a whole, or beholden to vested interests within the private sector?
- ☐ Are international donor agencies, who could act as sponsors and champions for dialogue, perceived as part of the country's problem or the solution?
- ☐ Are there leading think tanks or academics that produce research-based recommendations on private sector development?
- ☐ What are the media outlets that produce radio or TV programming or written content about the economy? What are their distribution, reach and limitations?
- ☐ Who are the leading media figures who have an influence on different types of population (youth, workers, seniors, etc.)?
- ☐ Which NGOs deliver economic aid, and what types?
- ☐ What are the main trade unions? Which sectors do they represent? Are they perceived as over-protecting workers at the cost of economic growth, or are they perceived as the last line of defense against ultra-liberalization?
- ☐ Is there a lot of transferability of competencies between the civil society and the government? Or is it rare to see a leading academic taking a government position?

Some of the answers may be captured in a table of similar format as in the previous and next round of questions.

B.2.3.5. Perceptions of development partners

In countries where the international development donor community, or development partners, have a strong presence, their attitudes towards PPD can also help to determine its chances of making an impact.

The task manager should conduct interviews with representatives of the major development partners present in a country and compile a matrix mapping their perceptions of dialogue and potential for contributing.

Development partner	Significance of presence in country	Attitudes towards PSD and PPD	Potential for contributing to dialogue	Contact information
DFID	Small field office, mostly concentrating on governance and civil society.	Private sector development is not a focus of DFID's presence here. But broadly favorable to PPD in principle.	Could be willing to consider seed funds and technical assistance for aspects of dialogue that specifically promote good governance and civil society.	
World Bank	Has had major role in development of economic policies over the last two decades.	Strongly favors private sector development. Favor idea of PPD but have established views about the best ways to promote PSD.	In a strong position to provide expert policy advice. Too close an involvement in decision-making could risk dominating the views of local stakeholders.	

B.2.4. Most significant reform

As mentioned above, the desk research stage should have identified a recent reform impacting the private sector, which can serve as the basis for this phase of the mapping exercise. There is no objective way to judge which recent reform is most significant, but this does not matter – if there are several contenders, any one or two reform efforts will suffice.

The aim here is to look at a recent reform and see what happened in practice with regard to the dialogue process and the success of the law. Which interactions between the public and private sectors facilitated the process, and which created interferences that resulted in the reform failing to be adopted as intended? The report should identify gaps in the process, which can join the stakeholder investigation to feed into the analysis of the state and potential of PPD.

- ☐ To what extent was private sector input sought, received and acted upon during (a) the diagnosis, (b) the solution design, (c) the implementation and (d) the monitoring and evaluation phases of the reform process?
- ☐ Was private sector input based on sound research reflecting the interests of the private sector as a whole, or did it reflect vested interests?
- ☐ How did the government react to private sector input, if any?
- ☐ What was the contribution of civil society to the debate, including the media?

Through these questions, the task manager should aim to identify specific performance and opportunity gaps, and put them in relation with examples of good practice dialogue that may have taken place in the country or location in question, if any.

Performance gaps serve to indicate how a system of public-private interaction that should have been working did not work to its full performance, and why.

Opportunity gaps are potential new interaction systems that were missed during the reform process and could have been beneficial to its outcome.

B.2.5. Final report template

Before the report is drafted, those who will participate in the dialogue should obviously have the opportunity to discuss the design. This will build good habits and increase buy-in for the design and prepare the field for disseminating the report findings.

The final report should always include an analysis of:

☐ investment climate constraints;
☐ private sector concerns and capacity for dialogue;
☐ intermediary organizations;
☐ attitude of civil society towards the private sector;
☐ public sector attitudes and capacity for dialogue; and
☐ role of donors in supporting the dialogue process.

> **Report drafting guidelines**
> Reports should communicate clearly and efficiently. Follow the rules of effective writing:
> ☐ Keep it as short as possible.
> ☐ Use short sentences and paragraphs.
> ☐ Avoid jargon.

The report should include the tables outlined above dealing with the strengths and weaknesses of intermediary organizations and government agencies. Other sectors should be addressed briefly and clearly.

B.2.5.1. Stakeholder analysis

If the report also aims to provide recommendations about establishing or improving public private dialogue, it should also contain a stakeholder analysis.

Doing a stakeholder analysis helps task managers identify:

☐ individuals and government agencies or departments that are the most willing and capable of engaging in the dialogue process;
☐ government agencies or departments most necessary for dialogue to succeed and their state of capacity and political will;
☐ How pockets of capability and enthusiasm within the public sector can be leveraged to bring key agencies and departments into the process;
☐ any vested interests within the private sector that have undue influence over government decision-making;
☐ Any stakeholders who are likely to oppose the idea of dialogue, and the reasons; and
☐ existing intermediary organizations that can be strengthened, and if not, whether it is necessary to create new structures to fill a gap.

Stakeholder analysis should inform strategies for proceeding with PPD. The stakeholder analysis matrix, below, provides a useful framework for identifying which stakeholders need to be approached with which kind of strategy.

Sample stakeholder mapping matrix
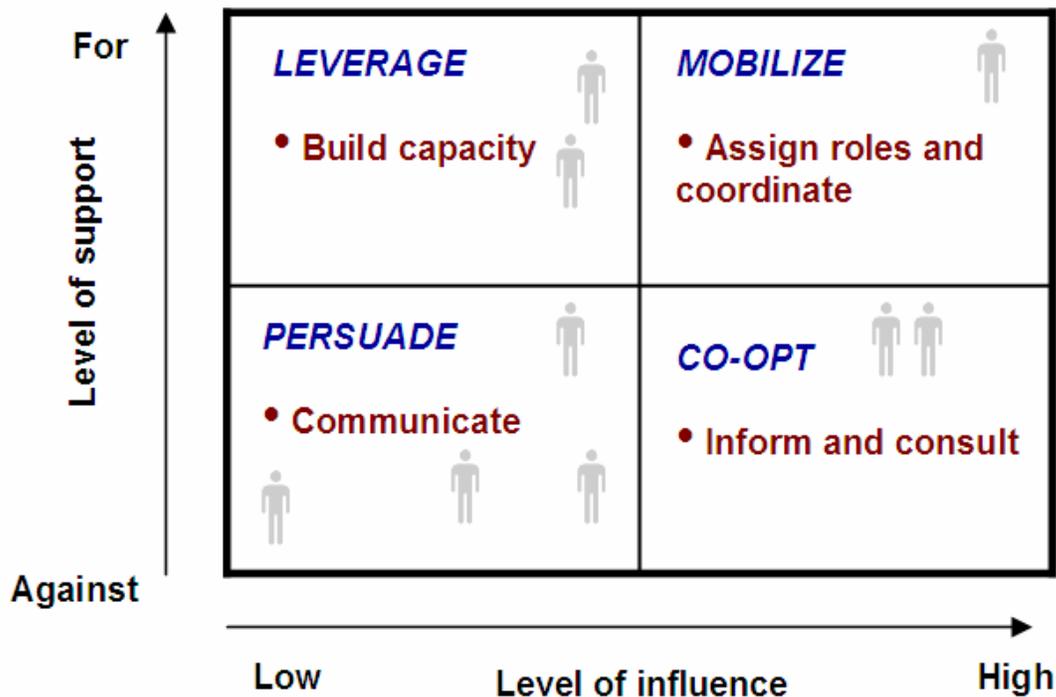
Stakeholders who favor the idea of PPD and have a high degree of influence can be brought on board at an early stage of developing dialogue by assigning roles to them and coordinating their input. Stakeholders who favor dialogue but are less influential can be targeted for capacity building.

Where opposition to the idea of dialogue is found, special efforts can be made to co-opt the most influential opponents by informing them about the purposes of dialogue and consulting them about how the design of dialogue mechanisms can make the process more acceptable to them.

Stakeholder analysis is highly dependent on context, and depending on the analysis of the different players, task managers will need to customize a stakeholder management approach responding to the specific challenges of the situation.

B.2.5.2. Recommendations

Diagnostic reports can be for analysis purposes only, leaving stakeholders to fill in the details of how dialogue should proceed. Sometimes, however, the project brief will call for a specific set of recommendation on a draft design for a proposed dialogue mechanism. In these cases, such a design should aim at including the following:

- ☐ A draft mission statement.
- ☐ Roles of stakeholders, including principles for selection of participants and optimal participation of donors.
- ☐ Functions of a secretariat – who should organize meetings, circulate information, organize external resources, etc.
- ☐ Proposals for organizing working groups, e.g. by issues, sectors, locality.

- ☐ Agenda of initial key issues, based on consultations, respecting both public and private perspectives, and proposed mechanisms for introducing new agenda items in the future.
- ☐ Operating guidelines for dialogue – how often will stakeholders meet, the process for reaching consensus, feedback mechanisms, degree of openness, relationship with government and parliament, etc.
- ☐ Nature of outputs – what kind of outputs the dialogue should aim to produce, e.g. policy recommendations, policy papers, etc. See section C II, below, for further ideas.
- ☐ Support services that may be required, such as research on issues;
- ☐ Communications and outreach strategies, identifying target groups and suggesting methods;
- ☐ Organizations that would benefit from capacity-building to enhance dialogue.

To design these recommendations, a strategic planning workshop with the future PPD leaders or participants can be more than helpful. It enables all sides to discuss mission, goals, strategy, action plan, etc.

The next section of this handbook will serve to inform the recommendations that could be made.

A - PUBLIC-PRIVATE DIALOGUE
Backgrounder on the benefits and risks of PPD

B - DIAGNOSTICS
Mapping tool for diagnosing the
status and potential of PPD

C - DESIGN AND IMPLEMENTATION
Based on the Charter of Good Practice
in Using Public-Private Dialogue for
Private Sector Development

D - MONITORING AND EVALUATION
Introducing a new standardized
evaluation framework for PPD

RESOURCES AND ANNEXES

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

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

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

C.1. MANDATE AND INSTITUTIONAL ALIGNMENT

The issue: Some PPDs have a formal mandate. This can mean anything from a mission statement drafted by participants to a presidential decree of establishment. Some even have a formal mandate with legal backing, making the consultation process mandatory. Other PPDs are effective without any form of formal or legal mandate.

Closely associated with the question of mandate is that of institutionalization. Some PPDs are formal institutions, other are informal initiatives. Some begin as informal initiatives and morph into formal institutions. All need to be aligned with existing institutions to avoid the risk of duplicating efforts.

Charter of Good Practice in
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PRINCIPLE I: MANDATE AND INSTITUTIONAL ALIGNMENT

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

➢ Dialogue depends on the capacity and mind-set of participants, and 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.

➢ A mandate with legal backing is especially likely to be helpful in transition economies or countries with strongly bureaucratic traditions.

➢ However, energy should not be diverted into establishing a legal status at the expense of losing momentum on substantive reform efforts.

➢ Legal mandates that are too detailed carry the risk of restricting flexibility and restraining initiatives from adapting to changing circumstances.

➢ Existing institutions should be capitalized on as much as possible. Even when hosted outside existing institutional frameworks, PPD is more effective when aligning its structure with existing institutional priorities and lines of command.

C.1.A. MANDATE

C.1.A.1 Distinguish between legal mandates, formal mandates and mission statements

When considering what legal status a dialogue mechanism should have, distinguish between mission statements, formal mandates and legal mandates. Each has its own advantages and disadvantages, as the typology of a mandates table shows.

The different options in the table below are not mutually exclusive – a PPD can combine several mandate options at once.

Typology of options to consider for establishing mandate and building momentum

Options to consider	Description	Strengths	Weaknesses
Mission statement	Purely internally generated and implies no official relationship with government.	Quick and easy to set up. Gives a dialogue maximum flexibility and independence.	Need to be agile and inventive to get dialogue outputs onto the public sector agenda.
Formal mandate	Like a mission statement but with high-level political origin, e.g. a presidential decree, or a formal invitation from a prime minister.	Creates immediate credibility for dialogue. Easier to obtain than a full legal structure.	Reduces scope to be confrontational when necessary and no guarantee of voice being heard.
Legal or regulatory mandate	A law or regulation that stipulates how the outputs of dialogue are to feed into the policy process.	Gives the surest guarantee that dialogue will input into decision making.	Difficult to obtain and change. Risks of delay in start-up and inability to respond to changes. Guarantee of input into decision making does not necessarily guarantee that the input will be taken seriously.
Memorandum of understanding	Formal document setting out how a new dialogue initiative will work with existing institutions	Creates clarity about role, function and institutional alignment. Can be combined with other options.	Risks being overly restrictive of potential for organic growth and flexibility for roles to evolve.
Temporary initiative with time-bound objectives	Publicly-stated deadline to which stakeholders commit, such as "50 economic reforms in 150 days"	Can create a sense of urgency and momentum where none had existed. Can be combined with other options.	Needs careful planning as it risks credibility if a publicly-stated aim and deadline is adjusted or ignored.

See the annexes for the following examples of mandates:
- ☐ Formal mandate: a sample letter from a president (Annex C2)
- ☐ Legal mandate: Rules of Operation of the Government of the Republic of Serbia (Annex C3)
- ☐ MoU: Bosnia's "Protocols for prosperity" (2004) (Annex C4)

Document provided in annex

C.1.A.2. Mandates can evolve as the status of a dialogue can change over time

There is no reason why dialogue cannot become more firmly legally grounded as it evolves and establishes itself. Dialogue can start with an informal mission statement and later consider seeking a formal or legal mandate at a future date if it seems helpful.

C.1.A.3. Instead of using a mandate to create momentum, consider a time-bound initiative with an artificial deadline

One reason for wanting a formal or legal mandate is to establish initial momentum and credibility for dialogue. If this is an issue, consider that the imposition of an artificial deadline through setting time-bound objectives can help to do the same thing.

For example, in Mexico's social pacts of the 1980s, talks were held on Friday nights and participants were forbidden to leave the building until an agreement had been reached – which usually happened on Saturday mornings.

In a less extreme example, a high-profile public commitment to passing "50 economic reforms in 150 days" enabled the Bulldozer Initiative in Bosnia to create a sense of urgency and momentum from the outset.

C.1.A.4. Legal requirements for public consultation may already be stipulated by law

Often countries include, either in their administrative procedure law or in the government functioning law, a requirement for public consultation. These legal requirements are often ignored by regulators but are nonetheless a good starting point of a PPD initiative.

In Serbia, for example, the Rules of Operation of the Government of the Republic of Serbia adopted in 2004 include the following text in its article 1:

> "In the procedure of preparation of a law which significantly changes the legal regime in a certain area or which regulates issues which are of particular interest for the public, the proposer has to previously perform public discussion, and he can perform it in other cases when they consider that this is necessary.

> The program of public discussion and term in which the public discussion is being performed is determined by the competent Board of the Government at the proposal of the proposer.

> "If the proposer does not perform the public discussion in accordance with the program which has been determined by the competent board, or does not propose to the competent board the performance of the public discussion although he had to, the competent board shall, while considering the draft law, oblige the proposer to perform an additional public discussion, i.e. it shall determine itself the obligation of performance of the public discussion, the bodies which shall perform the public discussion and the term in which it has to be performed.»

Such a legal text can serve as a platform to organize in a more systematic manner exchanges between the public and the private sector.

C.1.A.5. Correlation between mandate and effectiveness is not guaranteed

Denmark, unlike Serbia, has no requirements in its administrative procedure law that regulators ought to consult with stakeholders while preparing new regulations. But almost all regulations in Denmark nevertheless go through a thorough consultation phase, as regulators know that failing to consult adequately is likely to create problems later.

C.1.A.6. Don't be dogmatic about legal mandates – formal and informal structures can work indistinguishably well

 "Slovakia has a law on tripartism... whereas tripartism in the Czech Republic is based on an agreement concluded between the government and the social partners. This does not prevent the tripartite arrangements in these two countries from being virtually identical and social dialogue there has been operating relatively well for some time."
– *Social Dialogue in European Union Candidate Countries,* European Trade Union Confederation, September 2001

C.1.A.7. Mission statements can help clarify thinking about what PPD is trying to achieve

Mission statements serve to clarify the mission of the PPD. Having all members agree on what the goals are is already a success. Below are three examples of mission statements. Some are succinct, and some are more elaborate; the length does not matter much, although the more concise the mission statement, the easier it will be for stakeholders to agree on it, remember it, and abide by it.

From the Bosnia Bulldozer Initiative, Phase I

The Bulldozer Initiative is a mechanism to bulldoze away the roadblocks to a good business climate. It has two goals:
1 – Improve business climate by enacting much needed reforms.
2 – Organize the business community into an active lobby for reform.

From the Vietnam Business Forum

"The objectives of the Vietnam Business Forum are as follows:
1. Represent the views of the private sector in Vietnam, using the broadest possible participation of the private sector on a volunteer basis.
2. Help the Vietnamese government develop its private sector.
3. Engage in a regular, constructive dialogue with the Vietnamese government in order to make constructive contributions to policies & regulations that underpin the economic development of the country.
4. Work on issues of detail through sector-specific, sub-groups.
5. Identify areas of difficulty for the private sector, particularly in the implementation of laws and regulations, where donor support and funding may provide or help provide a solution.

See http://www.vietnambusinessforum.org/about_charter.asp for the rest of the Vietnam Business Forum's charter.

<u>**From Nigeria's Better Business Initiative**</u>

The Better Business Initiative has a twofold objective:

Objective 1: Practice Independent Policy Analysis and Advocacy

To help key stakeholders in government and the private sector develop policy choices on key issues affecting growth and diversification of the non-oil economy, for consideration by the incoming government. To this end, the Groups will:

- ☐ identify key constraints significantly affecting growth and competitiveness of the private sector;
- ☐ highlight policy priorities and strategic choices confronting decision makers;
- ☐ through further inquiry and deliberation, recommend creative solutions and policy instruments, to achieve desired outcomes;
- ☐ inform public discussion of priorities, desired outcomes, strategic choices, and alternative solutions;
- ☐ jointly explore overlapping issues and possible responses to them; and
- ☐ disseminate findings and recommendations to key audiences.

Objective 2: Strengthen Nigerian Change Agents

Beyond these short-term aims lies the lengthier task of restructuring the Nigerian economy, one that will extend beyond the four-year span of the incoming government. Sustaining this effort will require informed support as well as monitoring by strategically positioned and credible stakeholders from within the country. Consequently the second principal aim of the Better Business Initiative is to foster the mobilization of autonomous, local constituencies for change. Success in this regard will be manifested by the progressive institutionalization of informed policy dialogue, and greater recourse to evidence-based decision making within the public sector.

www.publicprivatedialogue.org

C.1.A.8. Workshops can be helpful in identifying the best way forward

Some dialogue processes have been initiated through enterprise-level surveys and focus groups, which serve as the basis for a workshop with relevant stakeholders discussing how PPD can be initiated and sustained, and which issues they should prioritize.

This approach is especially useful when there are existing institutions – that is, functioning dialogue mechanisms or private sector representative associations – that are non-existent or weak. The results of field research conducted during the PPD mapping exercise can be used for this purpose.

C.1.B. INSTITUTIONAL ALIGNMENT

C.1.B.1. Seek a Memorandum of Understanding with existing institutions

By definition, the need for new dialogue mechanisms arises when existing institutions are not proving sufficient to do the job. But existing institutions may nonetheless have the capacity to make or break a new dialogue mechanism depending on how effectively they are brought on board.

Seek clarity with existing institutions about how a new dialogue mechanism can leverage their roles and create new opportunities for them. A Memorandum of Understanding between a new dialogue mechanism and existing relevant institutions can be helpful in achieving that.

An existing institution may be able to house the secretariat of a new dialogue mechanism. For example, the Tanzanian Investors Round Table has its secretariat run by the Tanzania National Business Council.

New dialogue mechanisms can reinvigorate business membership organizations and Chambers of Commerce – but only if handled diplomatically. When these organizations are not aligned from the start with the new dialogue mechanism, they can perceive it as a threat.

Consider the potential to set a limited time span on a new dialogue mechanism, with the explicit aim of breathing new life into existing institutions and building their capacity to carry on the work – this needs careful thought and planning.

C.1.B.2. The location of the dialogue is important for institutional alignment

PPD needs a host that is effectively linked to existing institutions and yet is not perceived as instinctively favoring the interests of any particular participant in dialogue. This can be in an existing organization, agency or government department, so long as it is perceived as being able to take a wider view.

A number of existing institutions can potentially make good hosts for dialogues – while setting up a new and independent entity is also an option. The table lists some strengths and weaknesses of possible dialogue hosts.

Possible host	Strengths	Weaknesses
President's / Prime Minister's Office	Top-level political backing and a remit that stretches across different government departments and agencies.	Risk of creating "turf war" antagonism with other government agencies. Risk of political over-reliance on the individual figure of the president or prime minister of the day. Risks being seen by private sector as a government mouthpiece rather than a genuinely neutral space for dialogue.
Ministry of Finance or Trade	Likely to offer the most direct access to relevant decision-makers.	Risks narrowness of view on activities that impinge on other departments or agencies. Risks being seen by private sector as a government mouthpiece rather than a genuinely neutral space for dialogue.
Investment promotion agency or similar agency	Offers possibility of secretariat being hosted in an agency which already has a track record of promoting business climate improvements.	IPAs have often weak authority/mandate to carry through on reform recommendations. Vulnerable to weaknesses in agency such as ineffectiveness, narrowness of remit or negative perceptions on the part of some important stakeholders.
Chamber of Commerce or other Business Membership Organization	Can ensure that a wide range of member businesses are aware of and have easy access to the secretariat, and build the capacity of the Chamber or BMO in other respects.	If there are several Chamber/BMOs, to locate the secretariat in one risks alienating the other. Risk of being seen by government as more of a private sector mouthpiece than neutral space for dialogue.
International organization	Likely to have surest access to international best practice, trained personnel and funding. Can be perceived as a neutral, honest broker.	Risk of fostering dependence on external donors rather than local ownership of the dialogue process. Can be unhelpful for public image when donors and viewed negatively.
New and independent institution	Best chance of being perceived by all stakeholders as a disinterested, neutral facilitator.	Need to start from scratch with no existing institutional strengths to take advantage of. A new institutions has to be attached somewhere eventually, so one cannot completely avoid the issues mentioned in the other options.

The most important criteria of an organization in which a secretariat is located are that it should be effective, able to build capacity and reach a wide range of businesses, acceptable to a range of stakeholders, and it should not duplicate existing institutions.

Presidential Investors' Advisory Councils in Ghana, Senegal, Tanzania, Mali, and Uganda.

Presidential Investors' Advisory Councils, a form of private-public dialogue, were launched at the request of the Presidents in Ghana, Tanzania, and Senegal in 2002 and extended to Mali and Uganda in 2004. They are supported by the World Bank and the IMF and coordinated by the World Bank's Africa Private Sector Development unit in Washington, D.C.

The main purpose behind the establishment of the councils was to enable presidents and governments to dialogue with experienced business leaders to identify obstacles to investment, generate recommendations for concrete action, and reinforce and accelerate ongoing policy reforms to improve the overall investment climate.

Backed at the highest political level, these councils have had a positive impact on private sector development. But their nature as small, top-level bodies has implied a limited private sector representation, which raised questions in term of legitimacy vis-à-vis local SME entrepreneurs. Overall, through the effort of a number of working groups coordinated by a secretariat, the main purpose of the Councils is being met. The World Bank's impact assessment study, conducted in 2005, concluded that governments and the private sector recognize the councils as the most effective, credible and high profile public-private dialogue mechanism in these five countries. They reflect a public-private dialogue engagement and shared ownership at the highest level, and have filled a vacuum in providing political leaders with private-sector development policy experience and advice. Examples of successes include:

- ☑ Council efforts helped reduce the customs clearing average in Ghana from 1-2 weeks down to 3-5 days.
- ☑ The council in Tanzania succeeded in getting legislation enacted to improve land and labor markets and ease the process of establishing a new business.
- ☑ By one estimate, 70% of the laws passed by the Parliament in Senegal in the last two years, including an anti-corruption law, were driven by the efforts of Senegal's advisory council.
- ☑ Councils in Mali and Uganda, while established only late in 2004, have begun to prioritize reforms and established working groups to support them.

However, progress on more complex strategic priorities, such as identifying and promoting sources of growth, has been relatively uncertain. Where attempted, such work has been constrained by limitations in technical knowledge, data and funding of the Councils. Also, while interested by the dialogue with the private sector, government advisors expressed frustration over what they felt were poor investment responses, which illustrates that difference in expectations, if not dealt with effectively by coordinating secretariats, may lead to an eventual loss in dynamism of such initiative.

Another issue with the Councils is their closeness to the President's office, which is both an advantage and a source of potential slow down of the initiatives. The World Bank's impact assessment study concludes that Council secretariats should be anchored in an effective synergistic body that has clout, including close access to the president and credibility with key government ministries, and is respected by the private sector. The investment promotion agencies (IPAs) that host the council secretariats in Senegal and Uganda seem to be the good models to follow as they provide private sector access and confidence, while knowing how to get things done in government (although in many countries, the IPAs have often weak authority and mandate to carry through on reform recommendations). Anchoring the secretariat in a ministry or in the president's office risks the council being perceived as too close to government and too easily diverted by inevitable political considerations.

Adapted from "Presidential Investors' Advisory Councils in Africa: Impact Assessment Study", Washington: World Bank AFTPS, May, 2005

C.2. STRUCTURE AND PARTICIPATION

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

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PRINCIPLE II: STRUCTURE AND PARTICIPATION

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

➢ Appropriate structures can be formal, informal, or a mixture. Their design needs to take into account existing processes and institutions.

➢ Participation of relevant representative stakeholders should be agreed on in a transparent manner and be balanced and practicable, so as to best serve the objectives of the dialogue.

➢ Dialogue structures can be set up to carry out specific participatory processes in a series of working groups, for example to contribute to the elaboration of reform strategies for specific sectors, issue, or regional areas.

➢ An organizational design operated under the umbrella of a secretariat is often useful to help ensure a coherent approach to public-private dialogue, including the shaping of an overarching policy framework.


C.2.A. STRUCTURE

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

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

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

The function of the secretariat is to organize meetings, coordinate research efforts and other logistics, set agendas, rally members, manage communication and outreach strategies, and be a point of contact for others who want to join.
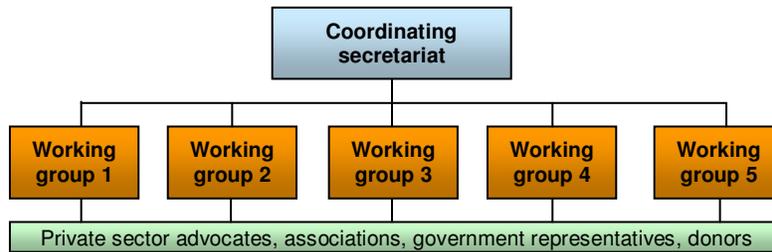
Working groups are typically organized by one or more of the following criteria: industry cluster (e.g. agriculture, tourism or manufacturing), by policy issue (e.g. deregulation, infrastructure, or labor) or by geographical location. This enables them to focus more effectively and call on greater levels of technical expertise.

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

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

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

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

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

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

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

A PPD budget may include the following:

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

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

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

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

☑ **Prepare and distribute an agenda of the meeting.** The secretariat's task is to prepare a coherent agenda for the meeting and any documentation on the issues to be discussed. It is important that the agenda be distributed in advance, so that the participants have a reasonable time for planning and preparation. The secretariat should also have a clear goal and focus for each meeting that it organizes so that its credibility is not undermined.

☑ **Select a neutral but knowledgeable person to chair the meeting.** At the beginning of the meeting, the chairperson should explain the goal or purpose of the meeting, and adhere to it. This person should be able to ask precise questions and have the ability to pursue specific issues in search of causes and solutions to the problems. It is important for the chair to maintain a balanced view throughout the discussions so that the invited parties feel that they are being given an unbiased forum in which to air their views. Where the chair must step in and take sides, this should be done carefully so as to solicit at least the understanding, if not always the support, of the participants. The staff of the secretariat should be able to fulfill the role of the neutral but knowledgeable moderator.

☑ **Take and distribute minutes of the meetings.** Taking minutes of the meeting is the task of the secretariat. The minutes need not always be detailed, verbatim documentation, but it is very important that there be at least a summary of the main points discussed, a record of the commitments made (and the timeframe within which they will be implemented), and any points of disagreement. The draft minutes should then be distributed to the participating parties for commentary. Once comments are received (and if a party does not send comments within the agreed timeframe, the secretariat may decide that "silence implies consent"!), the comments should be incorporated to the extent possible in the final version of the summary of the minutes. A last step to ensure ownership by all sides participating would be the signatures of the parties who participated.

☑ **Consider carefully the participants of a meeting.** The general suggestions for the selection of dialogue partners both from the public and private sectors (see section C.2.B. below) apply when organizing smaller meetings as well. The secretariat should not limit private sector participation only to those businesses or business associations that were selected as members of the steering committee. If a specific issue requires new representatives of the business community to be invited for discussions with the government, the secretariat should be able to come up with suggestions.

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

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

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

Document provided in annex

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

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

The Vietnam Business Forum has four working groups, two of which are shown on this diagram. The working groups are matched to the institutions with which they are in dialogue – the banking working group with the State Bank of Vietnam, and the manufacturing and distribution working group with the Ministry of Planning and Industry. The latter working group is further sub-divided into teams, which tackle specific issues such as administrative reform, tax, and property and tourism. The working groups and the forum's Executive Committee are supported by a secretariat with funding and support from the IFC.
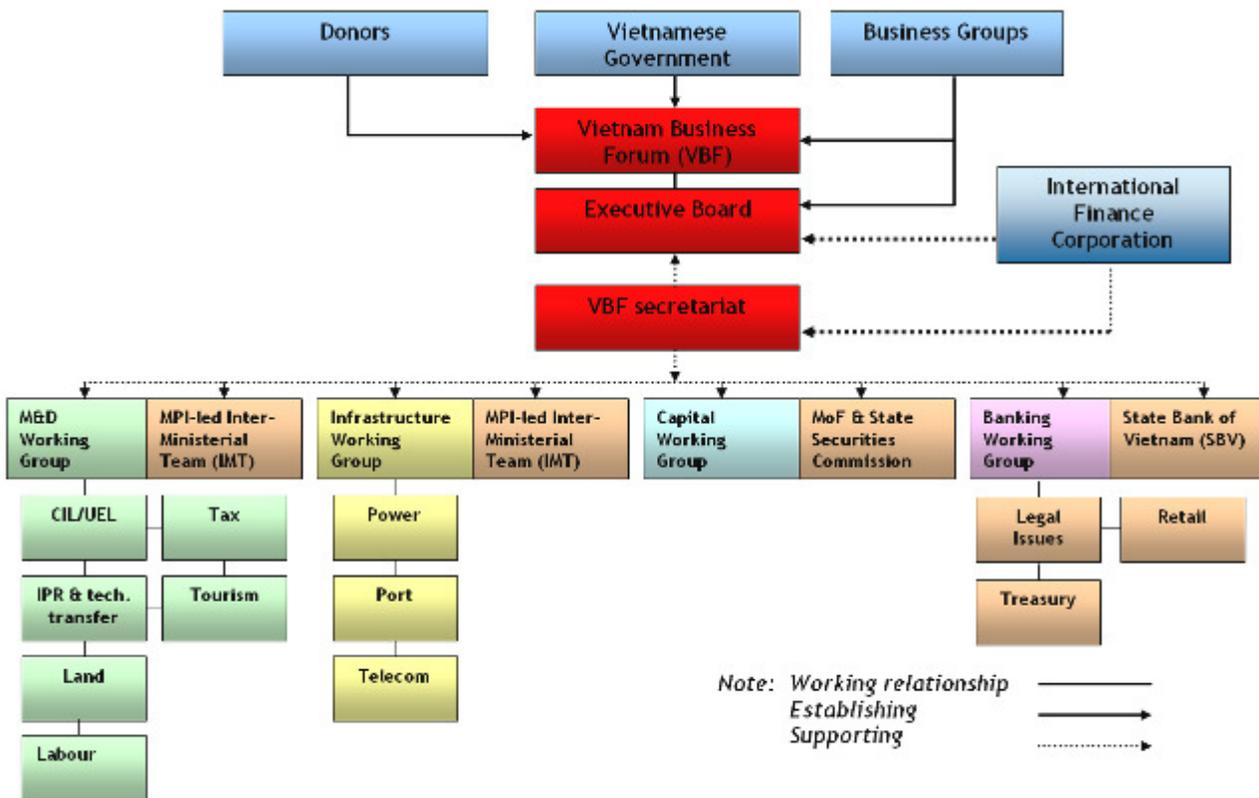
C.2.A.6. Example structure: The Lao Business Forum

The Lao Business Forum has four working groups – manufacturing, services and trading; tourism; and energy and mining. Its secretariat is initially based in the offices of the IFC and Mekong Project Development Facility Development Facility. The structure was based on lessons learned from Vietnam and Cambodia, whereas the detailed work is conducted in the working groups, with a high-level forum event every six months. The picture shown here has representatives of the private and public sector facing each other during a conference-type event, with the high-level political and international sponsors sitting in the middle table.
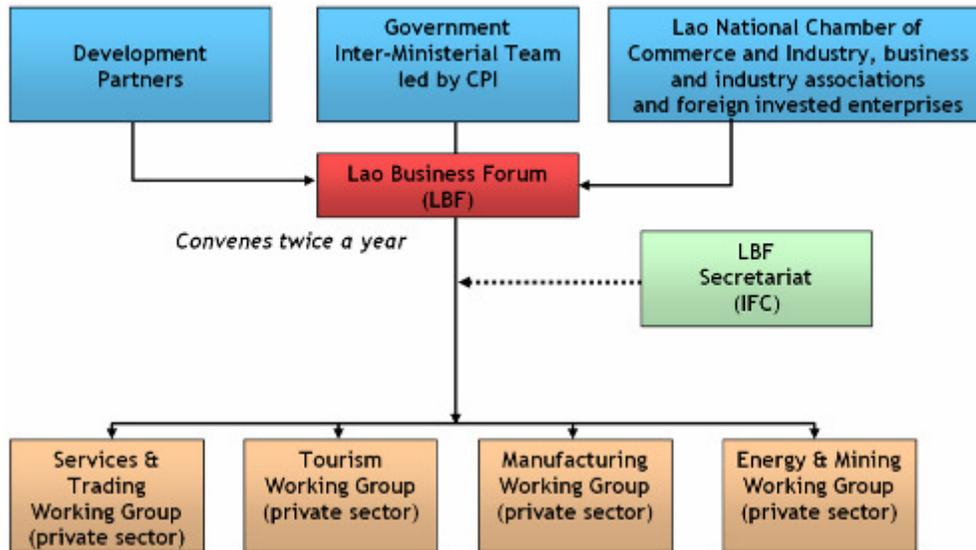
C.2.A.7. Example structure: proposed private sector forum in Sierra Leone

This proposed structure shows how technical committees can be formed to provide specialist backup to each working group, augmenting the facilitative role of the secretariat.
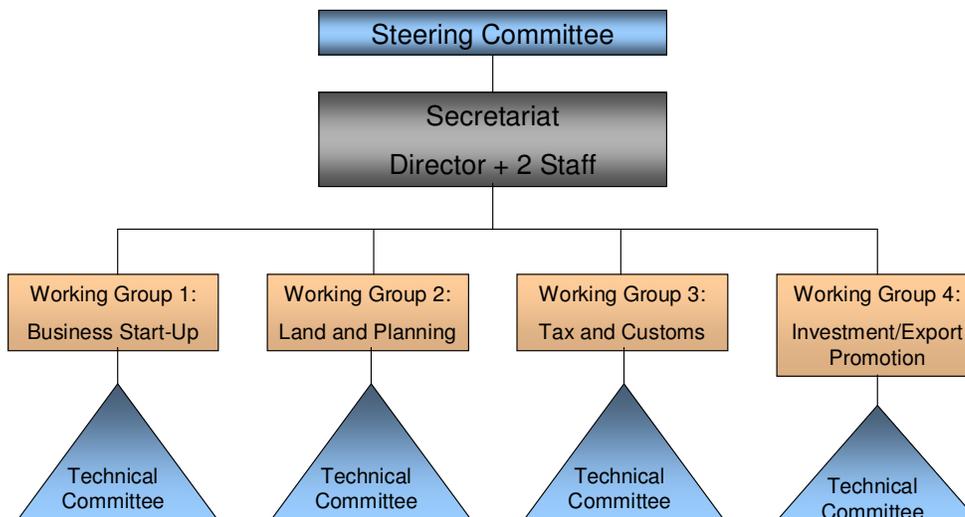
C.2.A.8. Example structure: the Bulldozer initiative in Bosnia and Herzegovina
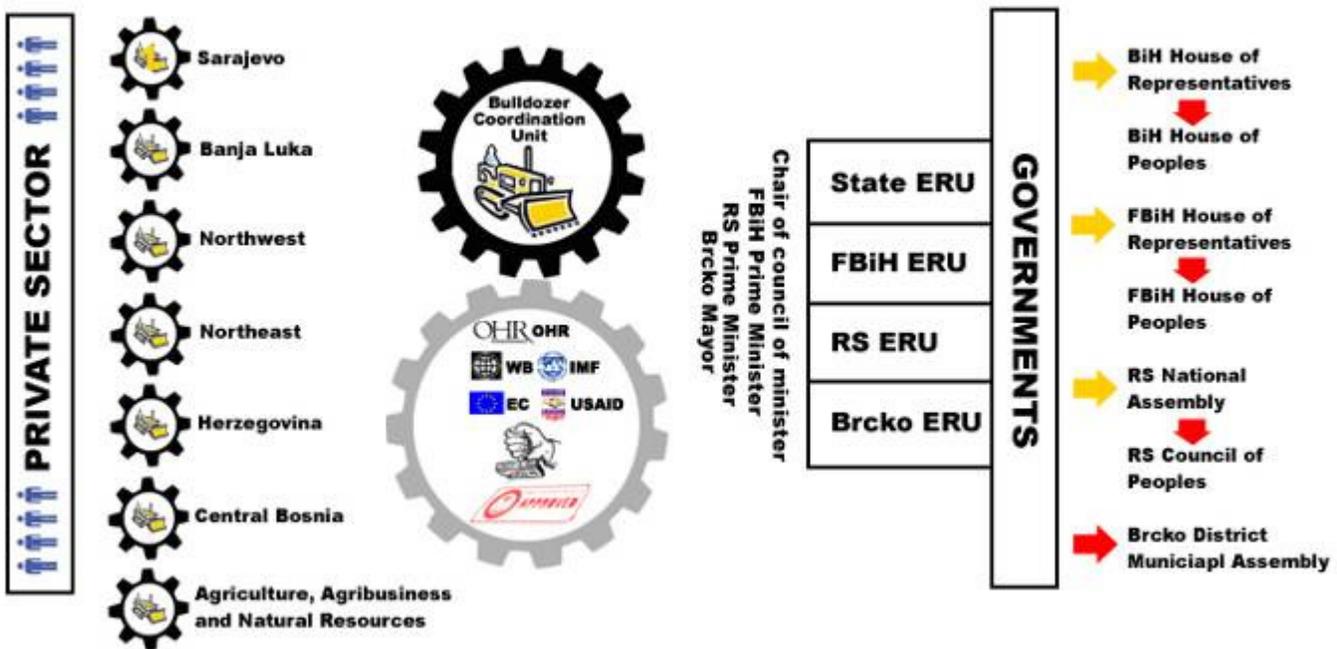
During the Bulldozer initiative in Bosnia (2002-2005), each Regional Committee was made up of an average of 12 different associations and a few private entrepreneurs. Each committee appointed a coordinator, and two co-coordinators who dispatched the work in their region, re-routed information coming from the Bulldozer Coordination Unit, and represented their Regional Committee proposals in the Plenary Sessions organized by the Bulldozer Coordination Unit, as shown on the picture on the right.

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

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

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

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

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

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

C.2.B. PARTICIPATION

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

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

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

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

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

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

- **Involve people who want to be involved, not who are in it for the money**
  Institutions volunteering their own resources to support PPD are more likely to be useful participants than institutions that join PPD only if recompensed. Emphasis should move from contractual obligations towards promoting the idea of engagement and commitment for its own rewards.

- **Include private sector intermediaries whenever possible**.
  Intermediaries such as business membership organizations and chambers of commerce can help to reach out to thousands of businesses without making meetings unwieldy. But that all depends on whether they are in touch with their members. Strengthening BMOs can be one of the best ways to promote PPD.

> **Be selective about public sector participants**
>
> "The inclusion of all relevant institutions at federal and state levels created a situation where [Nigeria's National Council on Industrial Development] was overwhelmed with public officials".
>
> *Public-Private Sector Consultative Mechanisms: Assessments of existing arrangements and potentials for a sustained public-private partnership in Nigeria- UNIDO, April 2002*

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

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

☐ **Involve women and minority groups**

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

☐ **Personal qualities required in participants**

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

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

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

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

> **Ghana's Investment Advisory Council (GIAC) example shows how specific outreach to minority communities may be needed**
>
> In 2005, the Lebanese and Indian entrepreneur communities had little involvement in GIAC – even though they made a substantial contribution to the Ghanaian economy.

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

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

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

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

(See http://www.nesgroup.org/thenesg/member.aspx for more details on the NESG membership process).
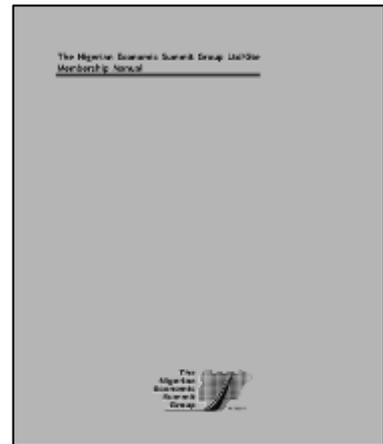
See Annex C5 for a sample distribution of participants, roles and responsibilities.

www.publicprivatedialogue.org

Document provided in annex

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

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

In Turkey, the YOIKK group, whose structure is shown on the right, follows this strategy when a major issue is solved. Apart from enabling working groups to be formed as demand for an issue rises, this mechanism also offers a sense of accomplishment to participants, who associate the closing of a working group with a "job well done" once a reform has passed.
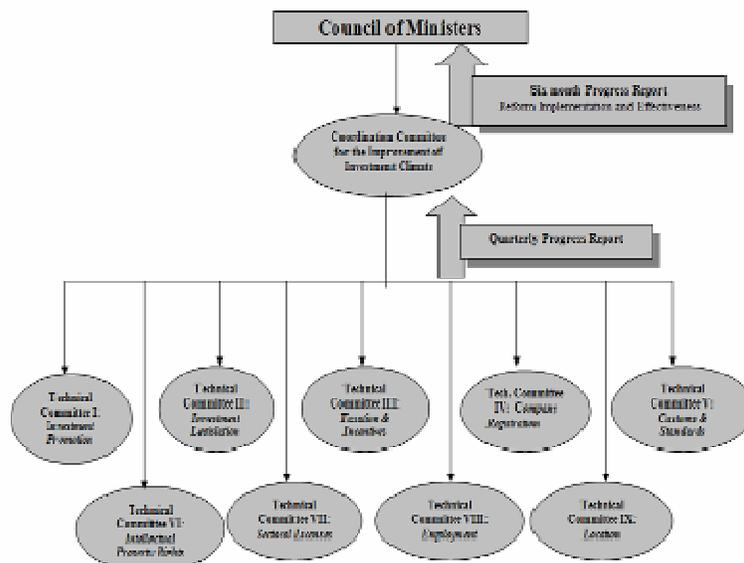
C.2.B.5. Including labor or civil society organizations? Consider parallel dialogues, or expanding the structure with time

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

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

C.3. CHANGES

The issue: Dialogue usually doesn't happen unless someone really wants it to. A common hallmark of successful PPDs is that they have strong and effective "champions" driving the process forward – but not so strong that they skew the process or make it personally dependent on individuals.

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PRINCIPLE III: CHAMPIONS

It is difficult to sustain dialogue without champions from both the public and private sectors who invest in the process and drive it forward.

➢ Backing the right champions is the most important part of outside support to PPD.

➢ It is easier for dialogue to survive weakness of champions in the private sector than the public sector.

➢ If champions are too strong, the agenda can become too narrowly focused, or dialogue can come to depend too heavily on individuals.

➢ Champions need to see the bigger picture and understand when they need to take a step back.

C.3.1. Use stakeholder mapping exercise to identify potential champions

Good champions can come from public or private sectors, the donor community and even civil society – Nigeria's Better Business Initiative, for example, arose largely from the championing of an academic who was highly respected in both business and government circles.

The most important qualification for champions is that they are widely perceived to have the broadest interests of the country at heart. Elected business association members are more likely to fulfill this criterion, especially if the association represents a wide range of businesses, than individual businesspeople.

Nonetheless, there will often be successful individual entrepreneurs who are widely perceived as being capable of speaking for enterprise in general, rather than their own interests in particular. An important function of the stakeholder analysis described in the introductory diagnostic section is to identify such dynamic and public-spirited entrepreneurs.

Early identification of champions is vital

"Early identification of key players in both the public and private sectors who are willing and can devote their own non-financial resources to get both sides around the table has been very useful. From my experience, these individuals are usually people who have significant influence on both sides and can not only get the actors to sit down and talk to each other but also can push identified reforms."

Mary Agboli, IFC, on the Abia and Anambra State Implementation Committees in Nigeria

C.3.2. Government champions should be seen as taking a wider view

Because champions need to be perceived as taking a wider view, ministries that provide direct services to the private sector – such as Ministries of Industry who run direct credit programs or business services operations, or Ministries of Commerce whose funding depends on license fees – need to be strong and well-regarded to function effectively as champions.

Ministries whose primary mission is the protection of civil society (such as Health, Education, Labor, Environment) generally tend to make poor champions, but are essential participants in PPD.

The most effective public sector champions often tend to be presidents or prime ministers, mayors or regional leaders – not only because it helps to have high-level political backing, but because they are most likely to be seen as taking an overall view of societal benefit.

C.3.3. Roles and responsibilities of champions

Champions can play important roles both behind the scenes and in the media spotlight. They may be most useful as "fixers" who can quietly persuade reluctant potential players to get around a table. Or they can be high-profile cheerleaders for dialogue – motivating SMEs to get involved, or assuaging public skepticism about the purpose of dialogue.

Typology of champions[4]	
Donors	At their best, donors can kick start the reform process when political consensus is lacking. They can provide resources, facilitate, and promote awareness, understanding and commitment to reform. They can also help create new champions in the system.
High level political champions (e.g. ministers or private sector leaders)	High profile, well respected and able to gain credibility among different stakeholders. Good understanding of the importance of the private sector.
Senior level, but less visible (e.g. permanent secretaries, parliamentarians)	Work more "behind the scenes", but with the authority and gravitas to make things happen.
"Energetic" champions	Often leaders of NGOs or BMOs who can inspire grassroots enthusiasm but are less able to remove obstacles at senior levels of government.
"Reluctant" champions	Bureaucrats who will have to implement reforms can sometimes become enthusiastic when offered training and career-building opportunities.
Individual entrepreneurs	The right mechanism can enable individual entrepreneurs to become champions for reform – usually in the form of collective action, but occasionally individuals breaking the mold can set an example to peers.

C.3.4. Identify different champions for different issues and target audiences

The stakeholder analysis matrix helps to identify different stakeholders who need to be approached in different ways – leveraged, mobilized or neutralized. This matrix should be used as a basis for identifying champions to perform specific roles with regard to specific groups of stakeholders.
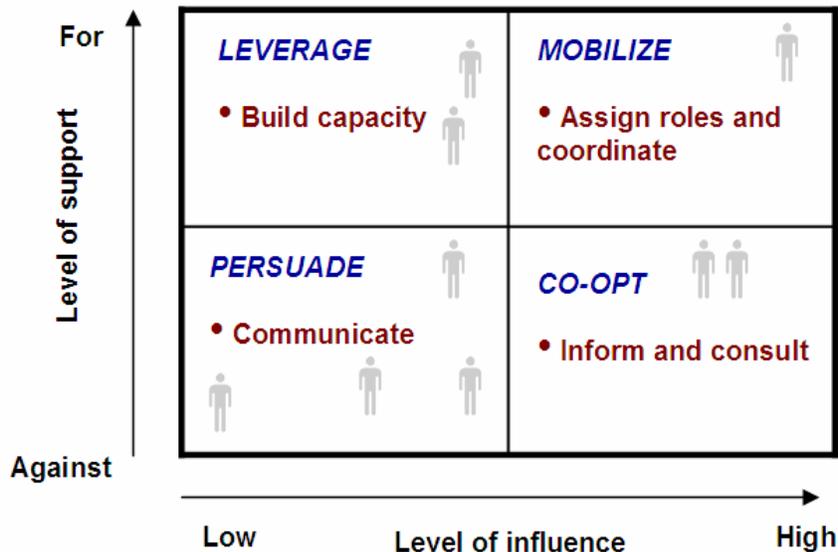
[4] Adapted from *The roles of champions and development agencies in achieving (and sustaining) reform*, Richard Waddington, Bannock Consulting, January 2006.

For example, if the matrix identifies SMEs as pro-dialogue but relatively powerless and labor unions as anti-dialogue and powerful, quite different champions may need to be identified to leverage the former and co-opt the latter.

C.3.5. Providing support to champions

Donors or other initiators or managers of PPD should consider the needs of different types of potential champions, and ways to empower them as change agents. This means understanding the local context, and focusing on the dialogue process rather than being prescriptive about the reforms it might lead to. It means adopting a flexible approach to engaging with champions and being prepared to "go the extra mile."

When donor agencies are involved in engaging with champions, it is especially important for them to recognize that this is a two-way exchange, and as such is an important learning opportunity for donor agencies themselves.

Important factors in providing effective support to champions include:

☐ **Respect for local context**
Some local champions may prefer to engage with PPD staff from their own culture, others may value the external perspective offered by international staff. It can often be the case that senior champions may resent being supported by younger, less experienced staff. Gender sensitivity must also be central to engaging with local champions.

☐ **People skills**
PPD mechanisms may employ staff or consultants on the basis of competence in their fields of specialization, but dealing with champions also demands adeptness at the human side of engagement. In this sense, training may be needed for PPD staff in mentorship, facilitation, change management, training trainers or information and communication skills.

Especially important for international staff or consultants is to understand and value their privileged position as neutral advisors with the benefit of experience from international best practice, and less directly affected – although by no means unaffected – by the immediate pressures of local, political, social, and cultural influences.

This affords a number of advantages. First, it means international staff should benefit from greater clarity in helping champions to construct a message that makes the link between the proposed reforms and the benefits to those affected.

> **DFID strategies for rewarding champions**
>
> "We have found it useful to reward champions upon delivery. For example, our champions in the local governments are given opportunities to be contracted to speak at functions on their experience with licensing reform. One key local government champion received a second computer to help him help in his licensing work. He also gets opportunities to be contracted to provide his insight to other local authorities. Our parliamentary spokesperson is contracted to perform this role. Private sector representatives were contracted to attend Deregulation Committee meetings and present the case for the private sector."
>
> *- Fiona MacCulloch, Regulatory Best Practice Programme, DFID, Uganda.*

Second, where a difficult or uncomfortable reform needs to be promoted it also means international staff is well placed to help champions construct a coherent and well balanced justification for the need for reform.

Third, international staff should be able to draw on their experience to support champions in setting achievable goals and recognizing progress or setbacks to the change process.

☐ **Sustaining commitment**
Often, champions are taking a risk in promoting and supporting PPD. It is therefore vital that initial political will is carried through into practical support, including efforts to build supportive networks that will leave champions feeling less isolated.

Basic equipment and supplies should not be ignored. Something as basic as the lack of a photocopier can be the difference between a change agent being able or unable to promote a message among his or her colleagues.

☐ **Capacity building**
Over the longer term, champions can benefit from capacity-building activities. Study tours are often criticized as ineffectual and a drain on limited resources, but when done well they can expose champions to new ideas and new ways of thinking.

Training opportunities can also expose individuals to new thinking, and can have even greater sustainable impact if those individuals are then empowered to become the trainers.

Sustaining commitment in practice

In Moldova, the BIZPRO programme, funded by the U.S. Agency for International Development (USAID) has translated political will to reform the legal and regulatory environment for doing business into a coherent strategy and action plan supported by a specific mechanism (the Regulatory Guillotine) for delivering short-term results in order to sustain momentum for reform.

The credibility of government has been bolstered by the delivery of "quick wins" and government has positioned itself as a driving force in the reform of the business environment through the use of a well-targeted media campaign and regional workshops. (See www.bizpro.md for more details.)

In Uganda, the DFID-funded Regulatory Best Practice programme has provided capacity-building support across the public-private divide by providing training and mentorship to government policy analysts and to BMOs.

The programme has focused on building a common language of reform around the concepts of Regulatory Best Practice (RBP), which has helped to build more constructive engagement and a partnership approach that is starting to bridge the divide between the public and private sectors.

C.3.6. Making best use of champions for media reports

When designing an information and communications strategy to promote a reform or dialogue platform, it is important to consider how to engage champions as messengers and which champions will

be most effective in promoting your message. The audience that a PPD is trying to reach should determine the choice.

A number of types of champions could be particularly effective, depending on the audience. On the one hand, high-profile, well-respected champions can be used to write editorials, for example, that could prompt government into the desired response.

On the other hand, the individual stories of entrepreneurs can have a strong impact, particularly when profiled on a regular basis, as this helps to convey the message that there is a problem that needs to be addressed. The use of individual entrepreneurs can also have a popular appeal as more citizens can relate to their experiences.

There are also some important considerations to bear in mind when selecting champions for a media campaign. High-level, influential political champions both in and outside government can be generally sensitive to media use, particularly in environments where certain sections of the media are seen less as an information and education platform and more as a trouble-maker for government.

In addition, such high level champions – especially those engaged in PPD – are often media-shy because they fear being unfairly judged as being unable to keep confidences. For related reasons, the "reluctant champions" identified in the champions typology, above – those civil servants with a vested interest in not being seen to rock the boat publicly – may be reluctant to become high-profile messengers of reform.

The "energetic champions" described in the typology – the leaders of NGOs and BMOs who may have a good story to tell and plenty of evidence to tell it with – may also not be the most effective messengers in environments where there continues to be a deeper reservoir of mistrust between government and civil society.

Taking these sensitivities into consideration, the most effective messengers may be the individual entrepreneurs with a personal story to tell that most citizens can relate to, and who often lack effective mechanisms for having their voices heard by government.

C.3.7. Be flexible in choosing champions to respond to changing circumstances

Three factors are likely to inform how one engages champions, bearing in mind the certainty that circumstances will change over time.

☐ First, it is important to identify probable champions early in the reform process – the changing political landscape or the results of public service reform can create the risk of "backing the wrong horse" if a chosen champion becomes marginalized or moves on from office. There is also often a strong case to be made for letting champions emerge.

It is important to observe which individuals exhibit initial keen interest in an issue. Before choosing to engage with individual champions, it is important to be sure that he or she will be willing to take a risk even without the support and backing of a donor – and that he or she has some existing influence.

☐ Second, today's champion can quickly transform into tomorrow's opponent. Individual issues within reform processes can be the catalyst for a loss of support from individuals who were

previously considered to be proponents of reform. To tackle this, it is important to be clear about focus and likely impact of reform right at the beginning.

If a champion's support is premised on inadequate understanding and appreciation of reforms, the champion may become a potential spoiler. Avoid champions whose initial interest is based on expected personal benefit, as they will be likely to desert the reform process if they do not secure a sustained personal advantage.

☐ Finally, it is helpful to acknowledge that champions more often than not will have a shelf life, and there is a risk of the champion outliving his or her usefulness. At the same time, this needs to be balanced with a responsibility to providing support to chosen champions.

Given that most PPDs change over time, we should also expect champions to change accordingly. The relationship with the PPD must be continually renewed to ensure that all parties remain relevant to each other and continue to be in a win-win situation.

C.4. FACILITATOR

The issue: Dialogue processes need to be facilitated to ensure progress. Meetings need to be arranged, participants invited and persuaded of the value of attending, and momentum maintained through the inevitable difficulties and changes.

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PRINCIPLE IV: FACILITATOR

A facilitator who commands the respect of stakeholders can greatly improve the prospects of PPD.

➢ Important qualifications include negotiation skills, understanding of technical issues and an ability to converse easily with everyone from ministers to micro-entrepreneurs.

➢ An innovative and entrepreneurial approach is often helpful.

➢ A difficult question is whether the facilitator should be local or external – Local knowledge is an advantage, but so is a lack of any personal baggage with participants.

C.4.1. Key functions of a facilitator

As mentioned in Chapter II above, the facilitator will often be the head of the dialogue secretariat. The facilitator is one of the most important determinants of PPD's success. He or she needs to be neutral, trusted, and have the other attributes mentioned in this section.

The role of the facilitator is to keep track of all ongoing PPD activities and in particular in the technical working-groups. The facilitator or staff of the secretariat can be appointed to chair technical sub-groups in some cases. In any event, the facilitator should be the driving force behind the elaboration of the PPD and its action plan. He or she is responsible for calling and organizing meetings and technical working-groups; mediating the meetings and discussions between the private and public sector representatives; recording the minutes of meetings; keeping the work focused on the goal of producing viable proposals for reform to be included in the action plan; researching the issues; preparing written proposals for discussion; and formulating the various implementation activities.

Experience shows that during PPD meetings, the public and private sector representatives will come up with interesting and workable suggestions. But it will be very rare that any of them will put it down in writing and formulate it coherently, which means that in order to achieve the goal – preparing a viable action plan and leading its implementation - the facilitator and the staff of the secretariat or associated consultants might have to further research these suggestions, analyze legislation, and formulate acceptable proposals, sometime with assistance or guidance from development partners (see section C.12.). These proposals can then be discussed in the working groups and altered as necessary. People are much more likely to react and comment on a drafted proposal than to provide the initial input themselves.

In summary, the most important functions of a dialogue facilitator are to:
- ☐ consult with stakeholders to determine their interest, willingness and ability to participate, and find ways of reaching out to foster broad representation from the private sector;
- ☐ work publicly and behind the scenes to lead the dialogue between government and private sector counterparts – spotting opportunities, negotiating compromises and developing a shared agenda – and encourage government to allow dialogue to play a role in new policy initiatives related to the private sector;
- ☐ liaise with the development partners on the provision of necessary inputs, such as expert policy advice, independent evidence-based research, and specialized technical assistance to build the dialogue capacity of all participants; and
- ☐ develop the agenda and vision for the dialogue, injecting energy while paying close attention to detail through keeping accurate and transparent records and providing impartial and timely summaries of meetings.

See Annex C6 for fuller sample ToRs for a facilitator.

Document provided in annex

C.4.2. Practical tips from experienced dialogue facilitators

The following practical tips illustrate lessons learned from successful dialogue facilitators.

☑ **Preparatory work between meetings is important to maintain momentum**
The facilitator should take care of preparatory work between meetings. This minimizes the risk of those meetings coming to be seen as an energy-sapping waste of time.

☑ **Define the timetable well in advance and stick to it**
The facilitator should make sure participants agree on a timetable – when each working group should deliver its input, when plenary meetings will take place, and when other events such as press conferences will take place.

Clear timetables not only enable the participants to plan their time in advance; when communicated publicly, they also help to create internal pressure on the participants to meet their own deadlines.

> **Facilitators need to work hard, be transparent and responsive**
>
> "It took me at least six months to build trust amongst the private sector when I arrived! Some of them would not invite me to meetings that were designed to discuss the proposed Working Group agendas. The best way to mitigate this has been to work hard, work with all parties, listen and be transparent. I also believe that being contactable and responsive is important."
>
> *- James Brew, IFC, on the Cambodian Government-Private Sector Forum*

☑ **Pay close attention to logistical details**
PPDs can be undone by a lack of attention to logistics. The facilitator should make sure the agendas and supporting papers are sent out in good time and meetings are arranged at times convenient to participants – something as minor as arranging meetings over meals can make all the difference.

☑ **Facilitators hired by donors should be seen to stay at arms length**
Often donor money is necessary to hire a facilitator. When this is the case, the facilitator should work to avoid being seen as narrowly driving the donor's agenda. The role of a facilitator is process-oriented, rather than to have substantive input into policy decisions. In general, it can be helpful for facilitators to adopt a low-profile approach.

☑ **Focus on process and "leading from behind"**
The facilitator's role is not to lead the dialogue but to encourage it. This can be difficult in instances when the facilitator can see a straighter path to a solution. But as the objective of PPD is to get the participants solve issues themselves through dialogue, the temptation to lead from the front should be resisted. Patience is a great virtue.

☑ **Full and transparent documentation should be promptly available**
Facilitators need to foster an atmosphere of transparency and efficiency by ensuring that all meetings and activities are fully documented and that minutes and reports are sent to all stakeholders in a timely manner.

☑ **Privately resolve disputes between participants when mediation is needed**
A lot can be done by a good facilitator in managing expectations in private conversations before meetings. What has been called the "divorced parents" strategy involves intimating privately to each of two parties who are in a state of potential conflict that the other is prepared to take a conciliatory stance.

Another winning strategy is to discuss with participants in advance when a disruptive contribution is expected and seek a general agreement to move on swiftly, heading off the chance of a reaction which would then lead to a time-consuming detour from the agenda.

☑ **A high degree of professionalism is required**
The facilitator must set a standard that can be followed, understanding how to conduct a meeting and carry the process forward in between meetings by building capacity and ensuring that participants understand the issues.

Facilitators have to bring impartiality and transparency to the dialogue, and must be trusted by all participants to be effective.

☑ **The role of the honest broker – defusing potentially contentious issues**
Facilitators should be able to take the sting out potentially difficult issues by airing them in private first – where the issue is significantly difficult for either party, the first rush of anxiety can be absorbed by the messenger.

As many issues arise as a consequence of personality clashes, the facilitator needs constantly to be on hand to focus people on the agenda at hand and broker meeting dates and times to find a resolution.

> **Awareness of local protocols is vital**
>
> "Facilitators should know how to handle the necessary local protocols and be sensitive to the underlying and often hidden issues, both technical and political, that might be impeding the dialogue."
>
> *- Jason Agar of Malawi's National Action Group*

☑ **Facilitators should have industry experience but be politically savvy**
Facilitators need to be able to explain to government officials why their results-focused private sector counterparts may find it stultifying to deal with bureaucracy, while at the same time also building an awareness among businesspeople of the political realities involved in getting results through the dialogue mechanism.

☑ **Choosing the right chairs for meetings**
Often a facilitator makes the best meeting chairperson – but local protocol may not allow an outsider to take a role that is perceived more as a matter of prestige than procedure. In such cases the facilitator needs to ensure that the person who is chairing each meeting is well briefed and supported with a focused agenda.

C.4.3. Invest in the training of facilitators

Facilitators can benefit greatly from training, including exposure to international best practice – it is recommended that facilitators should visit successful dialogue mechanisms in other countries.

Depending on their existing competencies, facilitators can benefit from training in project management skills, mediation skills and media skills. As facilitators will often become the public face of PPD, there may be a need to learn how to deal with the press and speak effectively on camera.

Facilitators should not hesitate to request training and technical assistance from the international donor community.

C.4.4. Facilitator profiles – Short biographies of seven PPD facilitators

Pascale Rouzies – Lao Business Forum

Pascale Rouzies joined IFC-Mekong Project Development Facility (MPDF) in May 2005 to coordinate the newly established Lao Business Forum. Her career includes more than 10 years as a hotel General Manager with ACCOR Group, including three years as the General Manager of Novotel Vientiane. Prior to joining ACCOR, she managed her own business in Paris, France. She has also established "Konata Asia," a Lao tourism consulting company, and helped start "La Renovateur," a French language newspaper in Lao PDR.

Mansur Ahmed – Nigerian Economic Summit Group (NESG)

Mansur Ahmed was involved in the activities of the NESG as one of its public sector collaborators since the start of the Nigerian Economic Summit in 1993. He became its Chief Executive and Director General in 2004 following his retirement from the Nigerian National Petroleum Corporation. Trained as an engineer, his career in industry and commerce involved various manufacturing industries before he joined the New Nigerian Development Company Limited, a development finance company, then the Nigerian National Petroleum Corporation.

James Brew – Cambodia Private Sector Forum

James Brew is an IFC Project Manager based in Cambodia. Since 2002 he has been working on the development of the Government - Private Sector Forum. He was educated at the Royal Melbourne Institute of Technology, Kings College, London, and the University of New South Wales. Previous to working with the IFC, he worked for the United Nations in East Timor and in logistics management for the mining, airline and engineering sectors.

Jason Agar – Malawi National Action Group (NAG)

Jason Agar is Managing Director of a leading Malawi-based socio-economic consulting firm (Kadale Consultants Ltd.) that specializes in private sector development. He manages the NAG Secretariat. His academic background involved a BA (Oxon) in Law, an MBA and an MA in Development Studies. He had a successful career in marketing for UK blue chip companies before working in Kenya as an advisor to an informal sector micro-finance project, before working at the Small Business Centre of Durham University Business School then starting his own consulting firm.

Farooq Sobhan - Bangladesh Private Sector Representative Group, PSD Task Force

As Founder President of the Bangladesh Enterprise Institute (BEI), a non-profit non-government research think tank dedicated to private sector development in Bangladesh, Farooq Sobhan has served a crucial role in advocacy on private sector development issues. Having been both a diplomat and an entrepreneur, he used his close ties with both the Government of Bangladesh and the private sector to form the Private Sector Representative Group, and the Private Sector Task Force, a platform for mutual interaction and consultation.

Beatriz Boza - Intermesa

Beatriz Boza is the Executive Director of Ciudadanos al Dia (CAD), a Peruvian NGO that serves as the coordinating secretariat of Intermesa, a public-private working group with 24 institutional members. CAD works to create demand for reform, and hence to create political will. Also a weekly columnist at El Comercio, Peru's leading daily newspaper, and Professor of Legal Ethics at the Catholic University of Peru Law School, she is the former head of INDECOPI , the Peruvian agency that regulates intellectual property, competition policy, consumer protection, market access, anti-dumping, bankruptcy and technical standards.

Beverley Morgan, Jamaica Cluster Competitiveness Project

Beverley Morgan is a director of the Jamaica Exporters' Association (JEA). She was Project Coordinator for the Jamaica Cluster Competitiveness Project and she manages the Competitiveness Company of the JEA that was formed to institutionalize and expand competitiveness and dialogue initiatives. Beverley Morgan chaired the Advisory Committee to the Minister of Technology on Electronic Commerce from 1999 to 2001, and was a Director of the Bank of Jamaica between 1992 and 2000. She is also a director of Area Youth Foundation, a not-for-profit, foundation that works with urban at-risk youth.

C.5. OUTPUTS

The issue: Dialogue is not an end in itself – it is a means to outputs. Choosing the right outputs to aim for can be critical to a dialogue's chances of success.

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

PRINCIPLE V. OUTPUTS

Outputs can take the shape of structure and process outputs, analytical outputs or recommendations. All should contribute to agreed private sector development outcomes.

➢ Analytical outputs can include identification and analysis of business roadblocks, agreement on private sector development objectives, and private sector assessment of government service delivery.

➢ Recommendations can address policy or legal reform issues, identification of development opportunities in priority regions, zones or sectors, or definition of action plans.

➢ Structure and process outputs can include a formalized structure for private sector dialogue with government, periodic conferences and meetings, ongoing monitoring of public-private dialogue outputs and outcomes, and a media program to disseminate information.

➢ Outputs should be measurable, time bound, visible, tangible and linked to indicators.

C.5.1. Types of intended outputs

Intended outputs can be more or less ambitious, ranging in scope from holding conferences and producing discussion papers to enabling legislative programs. Proposing quantifiable measures for success will depend of the type of output selected. Some possibilities are:

- The holding of an annual forum, as happens in **Vietnam**.
- The target of "50 economic reforms in 150 days" of **Bosnia**'s Bulldozer, each reform being a specific regulatory change.
- To "double the level of innovation by having at least 20 percent of all enterprises introducing some new product, process or service in the previous two years", as adopted by the Shannon region of **Ireland** as part of the EU's Risk Innovation Strategies.[5]
- An aim for improvement in a country's ranking in indices – such as the World Bank's Doing Business indicators, the World Economic Forum's Growth Competitiveness index, or the OECD's Human Development Index – which is among the objectives adopted by **Nigeria** Economic Summit Group and Better Business Initiative.

Typology of outputs

Output type	Examples
Analytical outputs	"Think pieces" that survey the investment climate territory and set recommendations in context. These include policy papers, position papers, reviews and assessments. All need to be informed by evidence-based research.
Specific Reform Recommendations	Specific recommendations for reforms to policies, laws or regulations, including suggested texts for draft new laws or amendments when appropriate.
Structure and process outputs	Conferences, meetings, functional monitoring and information dissemination programs. While these outputs are ultimately futile if they do not lead to any other kind of output, it can nonetheless be worth setting targets for them.
"Soft" outputs	Increases in trust, understanding and cooperation between stakeholders; building of social capital.

A focus on policy reforms – which can be defined as any change in a legislative or administrative system that will impact the end users of that system – is a common thread of many PPD mechanisms. This covers a broad range of meanings: passing a new law, a change in an internal procedure in a local administration, amendments to an article in a law, a ministerial instruction, a change in the way licenses or permits are handled, a different tax rate, a harmonization of procedures, and so forth.

Japan's deliberation councils show what can be achieved when consultation accumulates legitimacy by being seen to work well over a period of time – policies approved by the councils are implemented almost routinely, whereas any proposal emanating from the Ministry of Trade and Industry that has not passed through a deliberation council has little chance of passing parliament.[6]

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[5]*Regional Innovation Strategies of the European Regional Development Fund – Innovative Actions 2000-2002 –* European Commission DG Regional Policy, p.9, 2002.
[6]*Public/Private Consultation Partnerships,* Mark Dorfman and Agata E. Pawlowska, The World Bank Group, undated paper.

Several approaches can be considered to implement actions based on the problems identified[7].

C.5.1.1. Immediate commitment to resolve discrete problems

Some problems can be resolved immediately, when a government leader or head of an institution acknowledges the existence of a problem and when there is an easy and quick way to resolve it by, for example, altering internal procedures or preparing information for businesses. In such cases, the secretariat should document the commitment and follow up on whether it is implemented. Section C.5.4 and C.5.5 below provide mechanisms that can be followed to achieve such goal.

C.5.1.2. Action plan as a comprehensive tool to coordinate related activities in the short to medium term

For medium-term solutions (which can be undertaken within six months and up to two years) the preparation and adoption by the government of an action plan to address the problems identified is helpful. An action plan is a documentation of the discussions between the government and the business community and is a commitment by the government to the business community that implementation will be carried out. The action plan thus serves as a basis for business to monitor implementation of measures. It indicates priorities and allocates responsibilities including:

- □ what problems need to be solved,
- □ what reforms will be undertaken to solve them;
- □ who will be responsible for implementing the reforms;
- □ when they should be completed; and
- □ how they should be assessed.

Experience suggests that an action plan is not the most appropriate instrument for resolving long-term issues, like education reform or reduction of corruption. This is because the action plan is most successful when it is based on discrete activities that can be undertaken and completed, and whose impact can be monitored and evaluated.

C.5.1.3. White Paper/Roadmaps for major adjustments or long-term goals

Finally, some broad problems that are identified to be the root causes of certain administrative barriers can only be resolved in the medium- to long-term. This is because there needs to be a conceptual evaluation of the problems, which are often complex and multi-faceted, and thus can generate various options for their resolution. In addition, political support for the issues must be generated. But a prerequisite to political support is the preparation of information, its dissemination, consideration by the interested parties, and receipt and inclusion of their comments.

Examples include a study on pre-court appeals mechanisms, broader judicial reform, a white paper on a new system of cadastral valuation in determining the real estate tax, broader tax reform, customs reform, land reform, or other broad, major reforms requiring major policy reforms rather than regulatory/procedural reforms. In terms of content, the common thread for all these types of studies are a presentation of general principles as well as what specific activities should follow. These "roadmaps" are described in more detail below in section C.5.8.

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

C.5.2. Aim for hard, quantifiable benefits – soft benefits will come naturally

"Soft" benefits – increased trust and understanding – tend to arise as by-products from striving for outputs that are more easily quantifiable. Some possibilities for quantifying outputs: holding of meetings; publication of reports; recommendations made; reforms passed. Look at the M&E chapter for more ideas on how to quantify soft benefits.

Focusing on hard outputs is recommended: other outputs are likely to follow
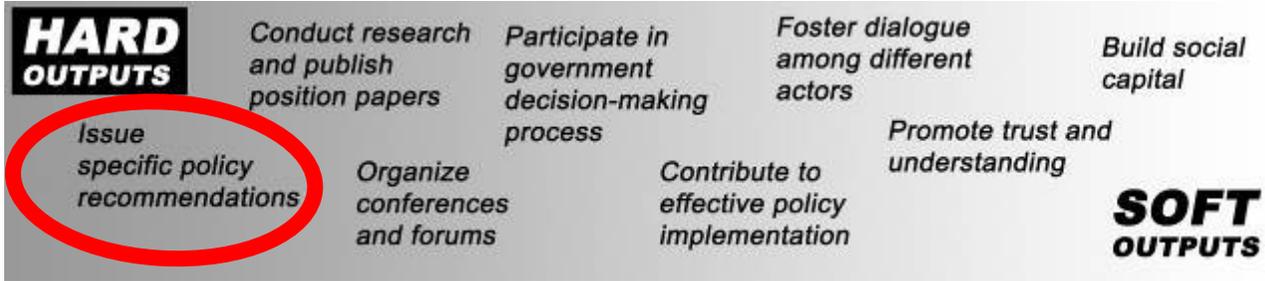
C.5.3. Focus the dialogue on specific policy issues, possibly starting with "low-hanging fruits"

The initiative needs to be focused on either specific issues or specific types of reform at first. The risk of falling far from the initial goals is high as the group tries to tackle too many sectors and too many types of reforms.

In Turkey, the YOIIK initiative initially focused on investment-related issues before expanding to other areas, dismantling working groups once the issues they dealt with were resolved, and creating new ones to tackle new issues. This ensured that energy was concentrated where it was needed, and where most results could be achieved in the short term. In Bosnia and Herzegovina, the Bulldozer initiative tackled many sectors of the economy, but focused on a specific type of regulation: it limited its work to small regulatory changes that could have a quick impact and that only demanded amendments into laws or regulations, thus avoiding lengthy political battles that the work on legislative overhaul or on more structural reforms would have brought.

An obvious but effective strategy is to start by picking the "low-hanging fruit" – reforms that are relatively easily achievable because the need for them is generally recognized and they are unlikely to meet serious resistance. This builds initial momentum – but care must be taken not to let this lead to unrealistic expectations of continued easy success.

C.5.4. Creating and processing proposals

As discussed below in the chapter on outreach and communications, it is helpful to have an outreach program to elicit reform suggestions from the grassroots. These reform suggestions need to be expertly assessed, filtered, and transformed into standard format recommendations for reform. This implies a need for a specialized technical committee of lawyers and economists, who will need to evaluate reform proposals, develop legal solutions, and perform a cost-benefit analysis. The filtering process is necessary to ensure that reforms which reach the stage of being proposed to government must show a benefit to the economy as a whole, and not serve the narrow interests of one group. A selection of approved

reform suggestions can then be put to a vote to determine which should be submitted to government. Section C.5.6. below maps in detail a possible filtering process.

C.5.5. Use standard forms to capture reform proposals

A standard form enables stakeholders to submit ideas in a transparent and fair way. Reform proposals to be considered by a PPD should be captured by a standard form and submitted either directly in working group meetings, in public information meetings or even by mail or e-mail.

It is recommended that the form be extremely simple in its conception

The only logo it should carry should be the one of the PPD.

A table at the top, under the logo, would enable the submitter to checkmark whom he or she represents. This can help with compiling statistics, but it also demonstrates that the initiative is an inclusive one, working with companies, associations, public institutions, international agencies, etc.

The aim of the form is to drive the submitter into a disciplined analysis of the issue. Below the table, four simple questions should be asked:
1- What is the issue at stake?
2- Why is it a problem for the growth of the private sector?
3- What is the proposed solution?
4- What are the specific action items? (which specific articles need to be amended, whether an instruction needs to be sent by a minister, etc.)

Gender Coalition
Improving the investment climate for men and women entrepreneurs in Uganda

Gender Coalition	Public authority	Private Business	Interest group	Aid agency
☐ CEEWA	☐ Ministry	☐ > 100	☐ Inv. Council	☐ World Bank
☐ UWEAL	☐ Parliament	☐ 50-100	☐ Chamber	☐ IFC
☐ AWEPON	☐ Reform Com.	☐ 20-50	☐ Association	☐ DFID
☐ __A	☐ Municipality	☐ 5-20	☐ University	☐ EC
☐ PSFU	☐ Agency	☐ <5	☐ Union	☐ USAID
☐ UIA	☐ Commission	☐ Foreign	☐ Other	☐ IMF
☐ UWONET	☐ Other	☐ Local		☐ Other

Reform title	R 01 Title of proposal

Reform proposal submitted by (please check and specify below) :

Name of organization: _____

Contact person: _____

Reviewed and revised by: Name of Working Group

Issue at stake:

Why is this a problem?

Proposed solution

Action items

Once formatted through such a form, a reform proposal is a few pages long and indicates the specific laws/regulations/actions to amend/take place in each relevant jurisdiction. It can include the text of existing articles, shown side by side with the new text recommended for adoption.

The figure below contains a reform proposal submitted during the Bulldozer initiative in Bosnia and Herzegovina. In just four pages, the reform deals with complex issues – minimum capital requirement, minimum value of shares, and harmonization of regulations in different jurisdictions. Yet the clear and simple format allows a legislator to understand the intent of the proposal and the reasoning behind its submission, and to directly assess the validity of the proposed amendments.

A complex issue, presented in four pages

C.5.6. Invite reform suggestions and filter them for quality control

To seen by all actors as legitimate, recommendations to government that emerge from a PPD must not only be clear, well-researched, and compellingly presented. They also must pass through a transparent filtering process. The failure of the Private Sector Roundtable in Ghana was partially attributed to the fact that its recommendations were "overly vague and, due to poor background research, failed to include analysis of such vital matters as cost implications", and furthermore were not accompanied by a realistic timetable for implementation.[8] See section C.12. 5. to learn how donors can be involved in the filtering process.

C.5.7. Tracking the selection process of reform proposals generated by PPD is crucial

Tracking the progress of reform proposals from initial suggestions through to concrete recommendations for reform – if this is an intended output of the PPD – provides useful insights into the effectiveness of the suggestion filtering process. It also serves to promote transparency and build the legitimacy of final proposals by demonstrating how they came to be adopted. The figure below details a typical filtering process.

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[8] *Government-Business Relations in Ghana: The Experience With Consultative Mechanisms,* Joseph Ayee (University of Ghana), Michael Lofchie (UCLA) and Carolina Wieland (UCLA), Paper for World Bank Private Sector Development Department, p.33., The World Bank Group, October 1999.

Filtering reform proposals ensures stronger legitimacy

Specific reform proposal issued by individual, firm or entity	

First filter:
Working group which has competency over the topic/region/sector

no → **Proposal rejected**

? → Amendment requested

yes → Proposal forwarded to secretariat for processing

Second filter
Secretariat consider feasibility of proposal in given timeframe and mandate of the PPD

no → **Proposal rejected**

? → Amendment requested

yes → Proposal reinforced by Working Group team of lawyer + economist. Proposal formatted and includes cost/benefit analysis

Third filter:
International experts/development partners certify compliance with best practice

no → **Proposal rejected**

? → Amendment requested

yes → Proposal put forth for plenary discussion between all working group heads under auspices of secretariat

Fourth filter:
Proposal put forward for vote by working groups heads

no → **Proposal rejected**

? → Amendment requested

yes → Proposal accepted and put forth through government executive and legislative process

Document provided in annex

See the annex C1 for sample standardized issue submission form.

C.5.8. Roadblocks vs. roadmaps

Although policy reform recommendations should be specific, that doesn't mean they can't be presented on more than one level. It is a good idea to create separate "product lines."

On one hand, specific reform proposals to be acted upon in the short tem by the government can be produced by the PPD.

On the other hand, as a way to create less direct pressure and to ensure sustainability of the effort over the long run, working groups can aim to produce more general research pieces taking a birds-eye view of the business landscape and describing the broader context for required reforms, such as economic strategy documents.

It is therefore recommend that a PPD develop a set number of targeted proposals (called, for example, "Business Roadblocks"), together with a smaller number of high quality, longer and research-based economic policy papers (e.g. "Business Roadmaps"). The Roadblocks promise concrete outcomes and instant gratification, while the Roadmaps build credibility by putting the Roadblocks in context.

C.6. OUTREACH AND COMMUNICATIONS

The issue: The public and private sectors often enter into dialogue with different worldviews, assumptions, and vocabularies. Many entrepreneurs who have value to add to dialogue may choose not to involve themselves in the process because of a lack of awareness or appreciation. Interactions between governments and businesses are also open to unfavorable interpretation by others, especially when the criteria for selecting business participants appear to be opaque.

**Charter of Good Practice in
Using Public-Private Dialogue
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PRINCIPLE VI: COMMUNICATIONS AND OUTREACH

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

➢ Common communication requires a mutual understanding of core motivation, which depends on frequent and iterative interactions between all parties.

➢ Dialogue should be as open-access and broadly inclusive as feasible. This necessitates an outreach program to the reform constituency. Elements can include use of the media, seminars, workshops, and roadshows.

➢ This also necessitates attention to building the capacity of the private sector to participate in dialogue to achieve a concerted strategy to communicate reform issues through clear and targeted messages.

➢ Transparency of process – in particular, an open approach towards the media – is essential for outreach, and also contributes to measurement and evaluation.

C.6.1. Communication strategies must be both for participants and the general public

The more successful PPDs tend to have effective communications strategies for making participants and the general public aware of the returns on the time and effort invested in dialogue.

C.6.A. OUTREACH

C.6.A.1. Build the capacity of BMOs

BMOs are a great means of reaching out to larger numbers of entrepreneurs – but they are often weak, ineffective, or non-existent.

There are many ways to foster capacity building in BMOs. One of the main obstacles to overcome is often the lack of trust the business community can have in its own BMOs, especially if these – as sometimes happens for Chambers of Commerce – have been set up by governments.

Indeed, for a government to make membership mandatory – which is often the case in countries transitioning from a socialist system – does not guarantee that mandatory subscription fees will be used wisely in representing members.

Instead, governments can help to make membership of BMOs attractive by providing incentives such as loan guarantees, special financing, and procurement opportunities.

Find out more about strategies for strengthening BMOs in *Building the Capacity of BMOs: Guiding Principles for Project Managers*, available on www.publicprivatedialogue.org/tools/

www.publicprivatedialogue.org

C.6.A.2. Direct outreach to entrepreneurs helps to elicit good ideas

Existing institutions often fail to harness the energy and ideas of grassroots entrepreneurs. This can be done by inviting them to submit proposals on a simple form, as outlined in the previous chapter.

Awareness of the form, or more generally of the PPD and its intended outcomes, can be raised through a media campaign and traveling road shows. All submissions should be considered transparently and everyone who submits proposals should be kept informed about their progress. The risk of personal exposure of entrepreneurs fearing to be perceived as trouble-makers by their governments, can be mitigated if the PPD initiative has a strong brand, behind which the entrepreneur can be anonymously represented or feel more secure.

The promoters can also be more aggressive in obtaining ideas by conducting surveys of businesses (for instance BIZPRO – under USAID funding - in Ukraine conducts a regular survey of SMEs) or even of government employees.

C.6.B. BRANDING

C.6.B.1. Branding and visual images have power

Re-branding Nigeria's "Competitiveness Forum Working Group" as the "Better Business Initiative" helped to communicate its core values to its target audience. Similarly, the name "Gender Coalition" in Uganda communicates very well the topic of the PPD.

The name, "Bulldozer Initiative" in Bosnia and Herzegovina, indicates a sense of urgency in dealing with regulation. The "Government Private Sector Forum" in Cambodia communicates the nature of the actors taking part in the partnership, while giving a clear idea that dialogue is the foundation of the partnership.

The power of a good name, a good logo, or powerful visual image should not be underestimated to communicate the potential benefits of PPD aimed at improving conditions for private sector development.

**A picture is worth a thousand words! Including these powerful visuals in
PowerPoint presentations helps communicate
both the benefits and the sense of urgency**

"The benefits of this initiative are clear:
it aims to facilitate entrepreneurs' success in this country
by maximizing government effectiveness"
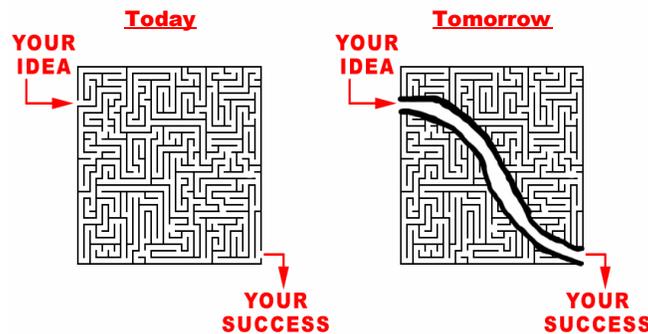
"When investors come to our country, this is
how our business environment appears to them. Something needs to be done!"

C.6.B.2. Basic notions on branding

It is important for a PPD to know the value of its brand so that it can allocate adequate resources to nurturing, building, and protecting it. As for many nonprofit organizations and consumer goods companies, a PPD's brand is, along with its people, one of the most important assets it has.

Tracking the value of that asset and understanding which activities increase or decrease asset value is key to managing it effectively. A brand is more than just a name, logo, or trademark. Branding is an important way to connect with people.

A brand is a complex symbol that can convey up to four levels of meaning:

☐ **Product Attributes**
A brand can convey information on tangible product or service features, such as physical or functional performance, size, appearance, etc. A brand can also convey information on intangible product attributes, such as trustworthiness, prestige, etc.

☐ **Product Benefits**
Clients or stakeholders are actually buying or getting "benefits," i.e. what the product/service/initiative does for them – functionally and/or emotionally. An effective brand can convey this information as well.

☐ **Brand Values**
A strong brand will establish how the product/service/initiative fits with the client's or stakeholder's values. It does this by saying something about the client's or stakeholder's values and how he/she wants to be seen by others, and associating this with the product/service/initiative.

☐ **Brand Personality**
A brand will attract supporters whose actual or desired self-image matches the brand's image.

Public-private dialogue initiatives are by nature multi-stakeholders partnerships, so they have missions and constituencies that add to the complexity of brand management.

For instance, asked what the PPD is all about, a banker would probably answer that the initiative is aimed at facilitating the growth of personal and business finance in the country. Someone with gender equality concerns may consider the PPD as a vehicle to promote gender neutrality in the business environment. Politicians may view the same partnership through yet another pair of eyes, considering it as an institutional mechanism to push for reform in need of a grassroots constituency.

C.6.B.3. Creating a name

All these aspects need to be taken into account when producing names or visuals for a PPD initiative.

The two basic questions that need to be answered are: who is your audience? what are the values you want to communicate?

The name could derive from the answers. Initiators of a PPD may wish to choose words in a PPD's name that will communicate a stronger element of one or more of the following:

☐ Private sector viewpoint (e.g. "business")
☐ Dialogue with government (e.g. "partnership" or "forum")

☐ National union and identity (e.g. the name of the country)
☐ Private sector frustration (e.g. "voice")
☐ Private sector leadership in policy making (e.g. "initiative")
☐ Private sector understanding of macro policy, and economic concerns (e.g. "competitiveness" or "investment climate")
☐ Urgency and private sector impatience (e.g. "Bulldozer")
☐ Goodwill (e.g. "better")
☐ MSME advocacy (e.g. "micro")

As previously mentioned, a logo should eventually be associated with the name; the logo could be made of the initials. A logo will be a very useful tool for communication purposes – media, reports, corporate identity, etc.

From top left, clockwise: The better business initiative in Nigeria, the Bulldozer Initiative in Bosnia and Herzegovina, the Vietnam Business Forum, the Lao Business Forum, the Cambodia Government Private Sector Forum, the Joint Economic Council of Mauritius, Compite Panama.

C.6.C. COMMUNICATION TOOLS

C.6.C.1. The need to communicate economic reform efforts

Competent use of the media promotes public-private dialogue and is, of itself, a function of this dialogue. This is because public and private institutions approach the media differently, and nine times out of ten private institutions communicate more effectively.

They have to: their bottom line depends on good communications. A public institution explains. A private company sells. Private companies tend to sell more effectively than public institutions explain. Because of this, private sector expertise is at a premium in communicating PPD themes to the general public.

However, the private sector, particularly SMEs, are often less savvy than public institutions when it comes to using media coverage to advance a political agenda. They understand the mechanics of selling products, but often fail to see that reforms can be sold in the same way.

C.6.C.2. Humanizing reforms

Ways must be found to humanize the reforms so that people can relate to the benefits they bring.

It is especially important to translate the technicality of reform proposals into plain language when communicating the reforms to a larger audience. Various techniques can be used, as long as they are adapted to local language and understandings. But these types of efforts are not always required for the reform process to carry forward. Depending on the situation, communicating to the larger public through the media with information campaign can actually backfire. It may create more opponents than supporters.

> **Management decisions in communications**
>
> The Development Communications Division of the World Bank identifies five steps for managers to consider in thinking about communications:
> 1. Which audiences need to be reached?
> 2. What change in behavior is required?
> 3. What messages would be appropriate?
> 4. Which channels of communication would be most effective?
> 5. How will the communication process be monitored and evaluated?
>
> *For more elaboration, see the full report at http://siteresources.worldbank.org/ EXTDEVCOMMENG/Resources/carnegie3.pdf*

There is however a number of success stories to learn from. In Georgia, a successful anti-corruption communications campaign was run through posters on public transport.

In Bosnia and Herzegovina, every day for three months a newspaper published a column featuring a photograph of an entrepreneur and answers to a standard set of questions about how his or her business would benefit from a reform; this alone did much to further public understanding of and support for the dialogue process.

C.6.C.3. Handling the media and organizing press conferences

A basic way to communicate on the progress of a partnership is to invite members of the media to a press conference at the conclusion of a plenary session, a forum, a group meeting. If the media is well informed, either through previous briefing or carefully prepared informative handouts, the dialogue with the press can be fruitful and inform how the message could be carried out in subsequent events.

Press conference can be staged and impersonal. But if a partnership aims to build true grassroots support, a press conference should be a true dialogue with the press: unpredictable, authentic, grounded in practical advantages that the businesspeople are seeking, and focused on defining how these advantages could contribute to the general economic good.

> **Marking Milestones with media events**
>
> During the Bulldozer Initiative, a series of media events included the gala signing of a "Prosperity Protocol" by the members of the Bulldozer Commission and the heads of governments and parliaments, at the National Museum in Sarajevo on 4 June 2003. This marked the successful completion of the first 50 reforms and a commitment to secure another 50 reforms.

It can be beneficial to push forward members of working groups, even if they never have appeared on TV before or spoken to the press. It can help transform them from technicians, bureaucrats, entrepreneurs to policy advocates.

When talking to the press, people often

discover that if they simply communicate the essence of proposed reforms or agendas, their arguments begin to have resonance where they want them to resonate – among the legislators whose support they need in order to enact reforms.

Public broadcasting as a tool to secure commitment and increase transparency

In Cambodia, the 10th Government-Private Sector Forum on 22 June 2006 lasted seven hours, all of which were televised live throughout the country. The significance of the event was reinforced by the presence of the Prime Minister and the fact that the forum was named as an official Cabinet Meeting, making the decision taken there binding. While clearly benefiting the government because of its political visibility, the event was nonetheless key for the private sector, whose policy reform work gets rewarded by the guarantee that reform will take place.

Press conference should establish a dialogue based on mutual interest: the businesspeople want reforms; and with all the hard work already done in terms of drafting legal amendments and working out the likely impact of new legislation, the politicians want the political kudos that goes with being labeled reformist.

If both sides have positions that are easy to understand, they will be easy to communicate. If a win-win situation can be created over the long run, media coverage through press conference should become an integral part of PPDs.

C.6.C.4. Using public information documents and brochures

Beyond press conference, public information documents and brochures can be used to explain the process of how reform proposals are being designed by the public and the private sectors, their rational and content.

In Vietnam, the Business Forum regularly publishes its position papers and distributes them to informants.

In Nigeria, the NESG publishes the proceedings of all the summits.

In Bosnia and Herzegovina, two brochures were distributed during the Bulldozer Initiative, respectively at 84,000 and 200,000 copies through 5 newspapers, as a free insert (printed in black and white on newspaper-quality paper). The total cost for the campaign was $50,000. All the reforms promoted by the brochure got adopted 50 days after the first brochure hit the stands.

The figure below describes the different components of this brochure.

Communicating complex reforms in simple terms, through a public information brochure

Legitimizing proposals
Even though it is too small to read, including the original reform proposal first submitted in its original facsimile, shows respect for the reader. It demonstrates implicitly that a process was thoroughly followed, that people's ideas have the potential to become actual reforms. Readers may think "Hmm, me too, I could have sent a proposal."

Personalizing reforms
Depassionating the political contention attached with reforms can be achieved by personalizing them through the voice of grassroots supporters.

Being clear and concrete
The core of the brochure explains in very simple terms the problems caused by the current situation, why the reform is a good idea, and what the specific action items are for the government. It helps make the authorities accountable vis-à-vis their constituencies.

Making it engaging
Even if everybody is concerned, not everybody likes politics or economics. An innovative device, such as this comic strip educating the reader on the difficulties that bad business environments create for entrepreneurs, can help engage the reader while making the brochure a fun read.

C.6.C.5. Using comics

Another technique successfully used in Bosnia, but which has also worked well in Latin America, was a cartoon strip which ran in newspapers, dramatizing the life of an entrepreneur. This showed how the reform-enabling PPD efforts could make important changes in the lives of real, ordinary people.

The character in the cartoon strip, Max, reflected the concerns that had been expressed by businesspeople in the course of the Bulldozer process – but he also reflected a distinct personality. As his personality developed, his approach to the message developed too. The story – the fiction – was liberating, but at the same time, the character had an angle on the message – just as the real businesspeople had an angle on the original message.

One of the strengths of cartoons is, of course, that the lessons can be "humanized".

A second campaign in the same country aimed at promoting direct elections of mayors and better governance practices at the municipal level achieved to rally grassroots support through the serialized graphic novel telling the story of a woman-Mayor – Jasna.
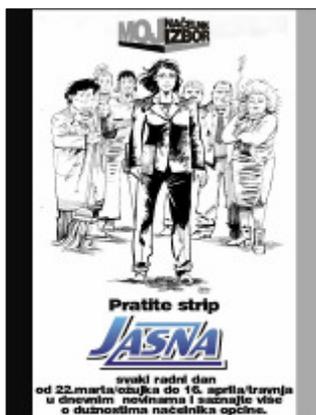
Complementing the cartoons was the T-shirt. Several thousand T-shirts were produced to accompany one of the economic reform cartoons, taking the reform message into a new level of public consciousness.

The Bulldozer media campaign reflected political initiatives that promoted to a greater or lesser degree an authentic dialogue among stakeholders; the campaign was effective because it combined private-sector communications expertise with public-sector political savvy – the medium was very much a part of the message.

C.6.C.6. Promoting PPD through op-eds

Opinion-editorial pieces in newspapers (op-eds) can be an especially valuable way of using the media to get a message across. PPD staff can draft op-eds for senior political and business figures and place them in the local media.

Op-eds have been found to be particularly useful where an argument has to be laid out in logical detail. Once it is published, it can be given a considerable and useful afterlife – circulated by email, photocopied and handed out to journalists, and used to sum up arguments for a particular policy at a particular time.

The op-ed is also an ideal instrument for engaging policymakers and opinion-formers on specific issues.

C.6.C.7. Using TV

TV appearances or regular programming brings prestige and legitimacy to a partnership. But examples of good use of TV by PPDs do not abound, as one-off successes are hard to sustain over time, and TV producing is relatively costly compared to a print, billboard or radio campaign. However, State-owned televisions may carry programs at no cost, except the cost of producing, which is often reasonable in developing countries. A live show called "Questions and Answers" in Bulgaria, related to a Local Economic Development initiative, cost only $200 per week to produce. Also, TV can be used by the PPD initiative to communicate its dealings: In Cambodia, every year, the Government-Private Sector Forum plenary meeting is actually broadcasted live during eight hours on public TV. This also helps train journalists on PPD and economic reform issues.

Shown here on promotion of an SME credit reform, "Business Edge" is a TV series in Cambodia and Saudi-Arabia which is part of a larger suite of tools to address the concerns of SME owners and managers to enhance business management skills and raise awareness on business policy-related issues. The Business Edge program was initiated by the MPDF of the IFC in December 2002.

In Bosnia and Herzegovina, the private sector involved with the Bulldozer Initiative decided to privately fund an ad campaign on TV, promoting the PPD objectives and providing the public with a call for action: a toll-free number was provided for citizens to reroute reform ideas and, more largely, to take part in the project. To outset the high cost of ad time, the group decided to opt for a minimum production cost by using basic video-text editing.

C.6.C.8. Using the radio

Radio is an extremely powerful medium, especially in developing economies where high cost, unreliable electricity, and poor programming is a deterrent for TV ownership. In Sierra Leone for instance, radio is the number one medium by far, as people have kept the habit of listening to constant news reports since the war. While a TV campaign will hardly reach 5-10 percent of the population, a radio campaign is likely to reach 80 percent.

An example of the power of radio comes from a reform effort in the Philippines. [9] Presenters of the most popular radio talk shows were invited to attend an informal briefing on the proposed laws at a private luncheon, followed up by informal personal contacts.

Because they understood the basic aspects of the proposed laws and the rationale for it, these presenters could ask pointed and strategically important questions on the air – and because of the size of their audience, it was difficult for any politician to decline responding to their queries.

> **Radio effectiveness**
>
> "Perhaps one of the most interesting (at times hilarious) aspects of the media campaign was the live questioning (in real time and on the air) of key decision makers, including among others, the President, the Speaker of the House, the Chairman of the Appropriations Committee in the Lower House, the Senate President, and the minority floor leader in the Senate. Early in the campaign, GWA had successfully convinced several AM radio announcers to attend an informal briefing on the proposed law given by PWI at a private luncheon. In that luncheon, which lasted several hours, PWI basically educated the announcers on the rationale for the law and on the logic of its basic provisions. This started regular informal chats among PWI, GWA, and the announcers throughout the advocacy process. The impact of this was quite significant. These announcers had prime time spots on radio (for example, the lunch hour, the early morning rush hour, the late afternoon rush hour) which attracted the largest audiences during the day. Because they understood the basic aspects of the law and the rationale for it, they could ask very pointed and strategically important questions on the air. Because of the wide reach of their slots, it was difficult for any politician to decline responding to their queries. When announcer X calls Congressman Y on his cell phone, Y would be hard pressed not to answer and engage in a brief conversation over the air. In one incident, for instance, a legislator was asked why he seemed opposed to a bill that would help reduce corruption (per his past actions in Committee); that legislator eventually voted for the bill. The AM radio component became extremely useful in unclogging barriers."
>
> *Jose Eduard Campos, Managing the Politics of Reform, Overhauling the Legal Infrastructure of Public Procurement in the Philippines, The World Bank, 2006*

In one incident, for instance, a legislator was asked why he seemed opposed to a bill that would help reduce corruption, with the presenter referring to his past actions in Committee; that legislator eventually voted for the bill.

→ For more innovative ideas on communications, see
http://rru.worldbank.org/Themes/PromotingReform/Communications/

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[9] *Managing the Politics of Reform, Overhauling the Legal Infrastructure of Public Procurement in the Philippines,* Jose Eduard Campos, The World Bank Group, 2006.

C.6.D. SOCIAL MARKETING

C.6.D.1. Using the social marketing framework to conceive PPD campaigns

Social marketing is the name given to attempts to bring about social change by using the techniques of commercial marketing to move target audiences through the four classic stages of behavior: precontemplation, contemplation, action, and maintenance[10].

1. <u>Precontemplation</u>: people or groups often start from not knowing that an issue at stake is a problem.
2. <u>Contemplation</u>: once they are presented with the facts, they move to the contemplation stage ("I understand that it is a problem, and I could do something about it if I wanted to").
3. <u>Action</u>: the next stage is to get exposed to possible solutions and decide what is the one which is would represent the lower cost for the biggest benefit.
4. <u>Maintenance</u>: once this is achieved, action can be taken, results measured and then maintained through recurring behavior.

The four behavioral stage used for social marketing

Precontemplation   Contemplation   Preparation/Action   Maintenance
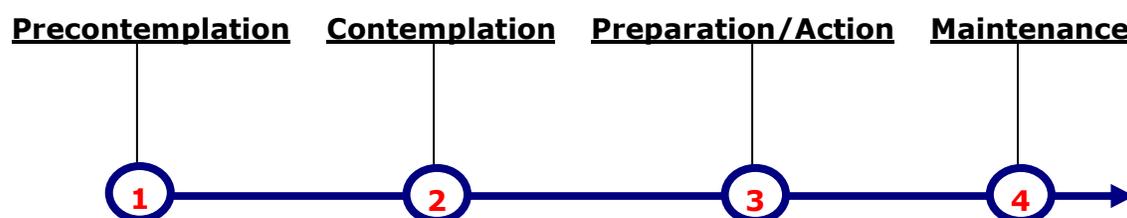
This framework is very applicable to economic reform and public-private dialogue in particular. Indeed, social marketing uses the techniques of commercial marketing to influence behavior. Usually, its target audience is the people who are exhibiting the problem behavior – for instance, people who smoke and don't exercise. But social marketing can also be used to influence institutions and systems that inhibit downstream individual behavior. For example, if sidewalks aren't lit, police protection enhanced or bike paths paved, urban residents may find it very difficult to exercise. Economic reform interventions involve influencing individuals' behavior – whether it's that of the legislators who have to pass laws, the regulators who have to enforce them, foundation executives who can decide whether to fund desirable programs, or media gatekeepers who have the power to tell stories that move an issue higher on the social agenda.

Here is a brief summary of some general techniques in social marketing, with comments on their applicability to a PPD context:[11]

<u>Authority</u>—Using a figure of authority, knowledge or trustworthiness to provide a more believable message. *Suggested for early stages of a campaign.*

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[10] Adapted from Alan Andreasen's Four Stages of Change. See *Social Marketing in the 21st Century,* Alan R. Andreasen, Sage Publications, 2006 and *Social Marketing and Economic Reform,* Alan R. Andreasen, Benjamin Herzberg, Social Marketing Quarterly XI.2 p.3-7, 2005.
[11] Adapted from *Social Marketing Strategies to Fight Corruption,* G. S. Kindra and Rick Stapenhurst, The Economic Development Institute of the World Bank, 1998.

<u>Peer Influence</u>—often, target groups are most easily influenced by members of their own age, race, party, or cultural or socio-economic background because they can identify with them. *Appropriate to the tailoring and delivery of messages to different target groups.*

<u>Benefits</u>—messages designed to appeal to rational thought and decision-making, showing how behavior serves an audience's self-interest. *Suggested for higher-level target groups such as senior businesspeople and politicians, etc.*

<u>Celebrity</u>—using celebrities to promote ideas based on the notion that target groups identify with certain public personalities and thus will want to adopt the endorsed behavior. *Suggested for lower-level target groups such as small enterprises or skeptical sections of the general public.*

<u>Consistency</u>—after committing to a given position, people are more likely to behave in a manner consistent with that position – once behavior has been changed it is often appropriate to have people wear buttons or use bumper stickers to support a cause. *Suggested strategy for later stages of the campaign.*

<u>Social Validation</u>—people are more likely to act or subscribe to a belief when they see that others are doing so. *This bandwagon effect is worth exploiting once stakeholders have started to come on board.*

<u>Moral Messages</u>—appeals that are directed to the target group's sense of what is right and wrong. *This appeal is appropriate to the issue of using PPD to promote transparency.*

<u>Testimonial</u>—messages based upon the assumption that audiences will respond to those who have changed behaviors and are benefiting from this change. *Suggested for later stages in the campaign.*

→ Find out more about using social marketing to promote PPD in *Social Marketing Applied to Economic Reforms*, a journal article available at www.publicprivatedialogue.org/tools/

C.6.D.2. Make clear the benefits of participation, as people will already see the costs

Each target audience will clearly perceive the costs to themselves of becoming involved in PPD – time, effort, and, in the case of public sector actors and other champions, a potential risk to credibility. It is important that communication materials make clear to each set of participants the potential benefits they can expect from involvement.

C.6.D.3. Map communication strategies to stakeholder analysis

Different stakeholders require different communication strategies depending on their attitude to PPD. The stakeholder analysis described in the introductory diagnostic tool will help identify how to reach out to different groups of stakeholders.

Stakeholders

| Unmovable opponents | Opponents | Uncommitted and Uninvolved | Uncommitted and Involved | Allies | Hard-core Allies |

Communication Strategies

| No effort | De-activate or convert | No effort | Activate | Reinforce | No effort |
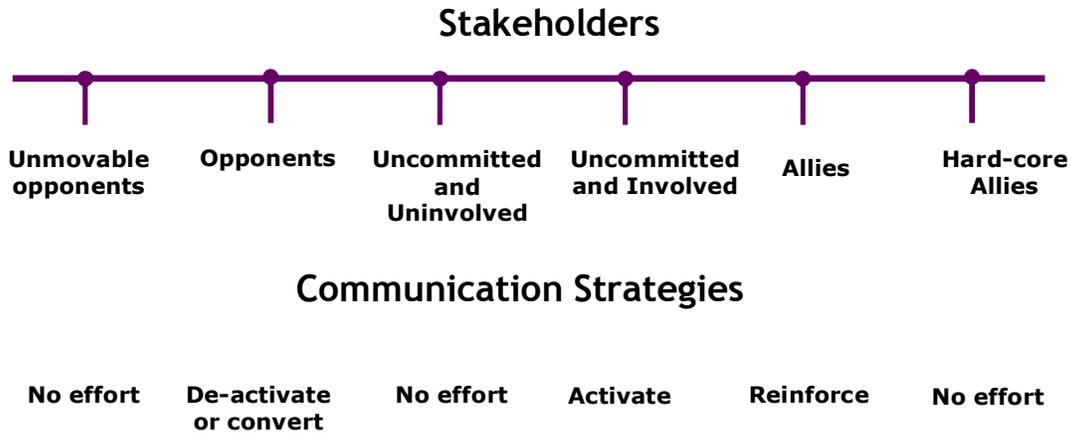
A communications assessment analysis may also be necessary to draw up more specific strategies. This can take the form of interviews with opinion leaders, focus groups and surveys. The aim is to identify opponents who are not unmovable, allies who may waver in their support, and stakeholders who are involved but uncommitted – reaching these three groups requires effort. The diagram maps the effort needed from a communications strategy at each point of the spectrum.

Citizen-friendly benchmarking: Case study from Peru

Cuidadarnos al Dia is a civil society organization in Peru which seeks to create the political will for business climate reform. The key to creating public demand for reform is "citizen-friendly benchmarking" – gathering facts and making them available through the media in an immediately accessible way. CAD's mantra is: "If your grandmother couldn't understand it, it's worthless."

An especially successful technique is the use of color-coded maps. This map shows the results of a benchmarking exercise in Lima, comparing the time and cost of registering a new business in each municipality. Every resident can see at a glance which are the best- and worst-performing municipalities, giving locally elected politicians no place to hide.
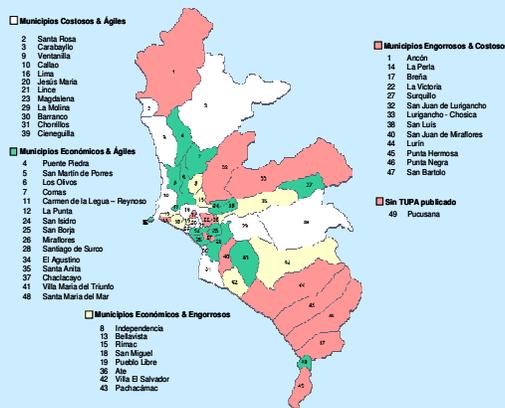
Full case study from Cuidadarnos al Dia available on
http://www.publicprivatedialogue.org/case_studies/

C.7. MONITORING & EVALUATION

The issue: Like any other activity in which time and money are invested, PPD needs to be monitored and evaluated. But PPD poses particular problems for M&E. One of the most valuable benefits it can bring – an improved atmosphere of cooperation and trust – is long-term and hard to quantify. And while it is a sign of success for a donor-initiated dialogue if participants take ownership of the process, that also makes it harder to set concrete targets in advance.

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PRINCIPLE VII: MONITORING AND EVALUATION

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

➢ 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.

➢ Monitoring and evaluation techniques enable better overall planning, can ignite potential advocacy, and provide both internal and external motivation to promote more effective implementation.

➢ To this effect, PPDs should develop a baseline assessment to measure their effectiveness in order to enable the partnership to better measure how it is achieving its goals over time and delivering on its envisaged benefits.

C.7.1. Separating monitoring from evaluation

While this principle of the charter deals with M&E, this chapter addresses only internal monitoring which a PPD can do itself. <u>A separate section of this handbook – Section D, below – deals in much greater depth with how the PPD process can be externally evaluated</u>.

Internal monitoring goes hand-in-hand with future planning. It tracks inputs, outputs, and intermediate outcomes. Evaluation, in contrast, is a time-bound exercise which focuses more on the outcome and impact level and aims to show the degree to which the overall objective or goal of the program has been realized.

Monitoring and evaluation have different focus[12]
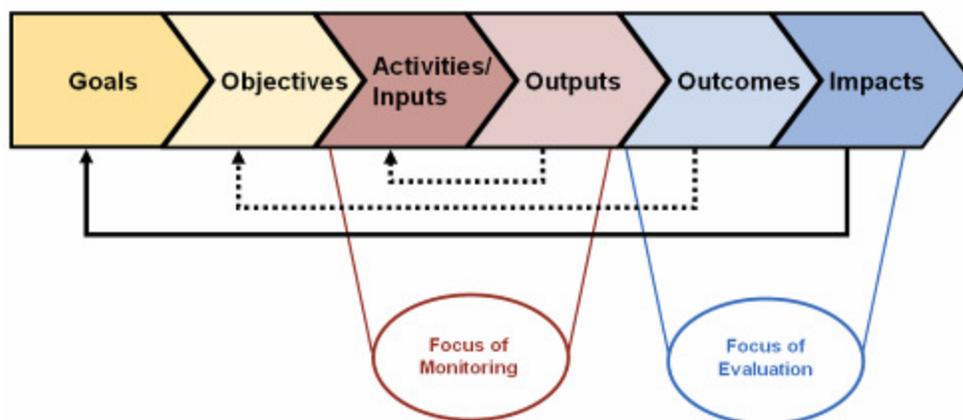
Below are presented some suggestions taken from international good practice on how PPDs can usefully monitor their activities and thereby learn information that can be helpful in adjusting modes of operation and planning for the future.

C.7.2. Monitor inputs such as human resources and budgets

It is helpful to monitor whether inputs into the PPD process – notably financial and human – are being utilized as envisaged. That implies close tracking of the budget against financial expenditure, and regular reviews of whether staff members are performing along the lines envisaged in their ToRs.

Evidence of divergence between foreseen and actual results may indicate either a need to revisit spending or use of staff time in practice to bring it back into line with what was originally envisaged, or a need to revisit future budgets and ToRs to bring them into line with lessons learned in practice.

C.7.3. Track the impact of each working group's work through a progress matrix

A simple but highly effective tool that has been used with particular success in Cambodia, Vietnam, and Lao is a progress matrix to track the progress of issues being studied by each PPD working group.

The matrix has five columns. The first describes an issue. The second summarizes the private sector recommendations on the issue. The third is for tracking progress on this issue in working group meetings. The fourth tracks the current status of proposals related to this issue in the PPD forum as a whole (e.g. firm commitments, sub decrees signed, laws submitted to parliament), and the fifth column is for marking achievements.

As is often the case with an issue there may be several recommendations to overcome the issue or its various aspects. These are reflected in the various rows.

Sample progress matrix (from the Cambodia Government-Private Sector Forum):

No.	Issues	Recommendations	Progress	Current Status	Implementation
16	**VAT Refund**				
	The implementation of an equitable VAT refund process has been outstanding since late 2003. (8th GPSF March 05)	VAT refund should be on time and the procedure should be simple. (8th GPSF March 05)	In reference to the VAT rebate the PM requested that the MEF consider the issue of the delay. The MEF has classified business enterprises into three categories: gold, silver and normal for accounting purposes. For any business that has an accurate accounting record for three consecutive years, the VAT refund time will be reduced from 48 days to 29 days. (8th GPSF March 05) The MEF reported that these categories had been issued following the recommendation from the LTGG WG at the 8th GPSF relating to "The implementation of an equitable VAT refund process has been outstanding since late 2003." (LTGG WG April 05).	The Prakas was signed by the MEF on April 22nd 2005. (LTGG WG May 05)	Implemented. New procedure implemented and consulted with the PS (LTGG WG April 05).
	The PS noted that as per the three categories of tax payer (i.e. Gold, Silver or Regular), to be a Gold or Silver tax payer, the Tax Department states that correct records are required. (LTGG WG April 05)	The PS asked whether this is in line with the Tax Law of 1994 that stipulates Khmer only records? (LTGG WG April 05)	The Tax Department responded that the correct book of records, to the level that can be understood by auditors are required. (LTGG WG April 05)		Implemented. Clarification provided.
26	**Accommodation Tax**				
	The PS is concerned that the implementation of Accommodation tax on September 1st 2005 is too soon as the implementation will be difficult for the private sector who forward sell accommodation. This means that rather than passing the tax onto the customer, it will become a substantive additional tax on the hotels and tour operators. (LTGG WG Sep. 8th 05)	The CHA recommended that the RGC delay implementation of the Accommodation Tax. (LTGG WG Sep. 8th 05)	The MEF responded that as the NA passed this Budget Law in 2004, the RGC must implement the law. (LTGG WG Sep. 8th 05)	The MEF decided to postpone the imposition of the Accommodation Tax so that the hospitality industry is better prepared. It will be imposed at a later date. (pre 9th GPSF Oct 2005) The CDC reported that the Accommodation Tax (as raised by the Tourism WG) was discussed. Consequently, during the 9th G-PSF the application of the Accommodation Tax was postponed. (LTGG WG Jan 06)	Implemented.
27	**Government Regulation No. 02. BB Dated 13 June 2005 on Strengthening State Property Management**				
	The Prime Minister (PM) issued on June 1st 2005 a circular to clarify / elaborate on the implementation of PM order Number 2 in relation to concession land for investors. The PM set four conditions to establish the right of the investor. 1. If there is already expenditure on land then it has to go ahead. 2. The Land Law has to be respected with no adverse impact on private property. 3. The land has to be secured for future generations. 4. If there is a dispute, it will have to be solved according to laws and regulations. (LTGG WG July 7th 2005)	The PS Co Chair noted that this issue was not on the agenda and requested the Senior Minister to forward this information after the meeting.	The Minister agreed to circulate.		In progress. Update required.

A progress matrix can be used in a precise or loose way.

If it tracks pinpointing recommendations that are extremely specific, the matrix provides a sure means to measure the progress of each proposal, which is essential to the process.

But it must be taken into consideration that a PPD process is often a politically sensitive mechanism. Being too prescriptive within the progress matrix or focusing too early on desired outcomes (e.g. laws or regulation passed) may substantively undermine the work of the project management team if the progress matrix is viewed as an accusing tool. The government could see it as an implicit message saying "you have not done enough yet, and we're pointing a finger at you on the specifics". For those who have to build and establish the relationships that will in the medium to long term provide the desired

outcomes, the progress matrix may then be used is a more flexible way, showing progress on issues, but for instance consider as "implemented" issues that were not resolved, but where the government provided a firm, non-yet-negotiable position on.

C.7.4. Track the selection process of reform proposals generated by PPD

Tracking the progress of reform proposals from initial suggestions through to concrete recommendations for reform – if this is an intended output of the PPD – provides useful insights into the effectiveness of the suggestion filtering process and also serves to promote transparency and build the legitimacy of final proposals by demonstrating how they came to be adopted.

BULLDOZER PHASE II – FIRST PLENARY SESSION	Forms distributed by committees	Proposals Received by committees	Proposals pre-selected by committees	Selected Proposals sent to Bulldozer Board	Selected proposals by Bulldozer Board	Proposals vetted by IMF, WB, EC, USAID, OHR	Proposals selected in First Plenary Session for inclusion into final book of 50	Proposals on hold for further review
Northwest	500	29	27	8	7	6	6	1
Northeast	700	40	20	10	5	4	4	
Banja Luka Region	600	70	40	10	4	2	2	2
Sarajevo Region	450	132	32	12	9	7	5	3
Herzegovina	200	15	10	4	3	1	1	2
Central Bosnia	1200	80	25	10	3	1	1	4
Total	3650	366	154	54	31	21	19	12
Ratio		→ 100%	42%	15%	8.5%	6%	5%	

The example above shows how this technique was used and translated into easy-to-follow table format in the Bosnia Bulldozer initiative, which adopted the methodology of distributing forms to entrepreneurs in different regions to solicit reform proposals.

The suggestions were assessed by local-level committees before being sent on for consideration by national-level experts, who then referred selected proposals to experts from the international community for advice on their practicability and desirability. The final selection of reforms was presented to the PPD stakeholders in plenary session for their official adoption.

This table shows the process of winnowing by which only the strongest 5% of initial suggestions for reform proposals received made it through to be adopted as recommendations.

C.7.5. Track steps in proposing reforms and having them implemented

Each PPD works slightly differently depending on its domestic circumstances, but it is usually possible to devise a step-by-step framework showing the ideal progression towards implementing private sector development reforms.

The below ladder of reform shows five steps taken by a private sector forum, from gathering suggestions to presenting final proposals for government consideration, and five further steps which the government is then expected to take, from analyzing proposals to verifying their implementation.

Using such a ladder to keep track of progress in issues, in the case of the private sector forum, and in implementation, in the case of the government, helps to identify delays and bottlenecks in the process.

Example monitoring framework for proposing and implementing reforms

Government

5. Monitor to verify implementation
4. Implement reforms in practice
3. Get reforms on the statute book
2. Conduct dialogue on draft reforms
1. Review and analyze proposals

Private sector forum

5. Plenary session decides on final proposals
4. Cost-benefit analysis of short-listed ideas
3. Working group decides on a short-list
2. Initial expert review creates long-list
1. Raise awareness and gather reform suggestions

The upper half of the ladder is especially helpful as it can be translated into a tracking table to monitor government progress on reform proposals, with each proposal generated by the private sector forum being assigned a score from one to five on the basis of how far it gets along the government part of the ladder.

Scorecard for government accountability

Review and analyze	1			
Conduct dialogue	1	2		
On statute books	1	2	3	
Implement in practice	1	2	3	4
Verify implementation	1	2	3	4	5
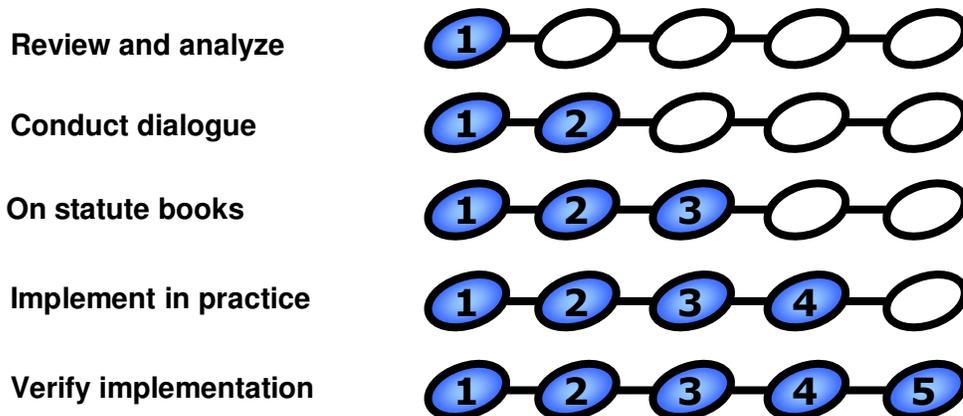
C.7.6. Use monitoring to promote accountability and transparency

Internal monitoring mechanisms provide a PPD with an opportunity to promote the values of transparency and accountability. In certain political contexts, the very act of monitoring and distributing the results regularly to stakeholders can play a valuable role in setting an example to government and corporate partners.

Finally, an important element of internal monitoring is understanding what is a success in the local context. Where low levels of trust exist, it is important to demonstrate that the dialogue itself is a successful outcome. Clarification of the government's position on a bureaucratic process can be as important, in the short term, as the passing of critical legislation after PPD dialogue will be in the future. In this context, the writing and maintaining of accurate records that respect the solemnity of the PPD process is important. Accurate, agreed minutes, are also an important ongoing mechanism for increasing transparency and providing a mechanism from which to launch the next round of consultations.

But while the above tools have their utility, capacity often varies greatly within the government and private sector in developing economies. It is not always practicable to over-evaluate and prescribe a strict adherence to procedures as outlined above. As stated, each country has its own practices and it is important that the PPD process finds the right path towards achieving its stated goals.

C.8. SUB-NATIONAL

The issue: PPD should not focus exclusively on the national level; PPD at the local level can have tremendous impact on the investment climate and the enabling environment for private sector growth. It is important for business and civil society to engage in dialogue with local levels of government that often have the power to take – and implement – decisions that affect private sector development. Local PPD can also address national issues to ensure that national policies meet local needs. Holding events in only the capital city also skews participation by making it harder for small businesses based in outlying provinces to get involved. Most principles of running a PPD at the national level apply at the sub-national level. But attention should be given to organizational and process issues to ensure that the PPD results in elimination of obstacles to investment and private sector growth.

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PRINCIPLE VIII: SUB-NATIONAL

Public-private dialogue is desirable at all levels of decisionmaking down to the most local possible level, especially as this is likely to be more practically capable of involving micro-entrepreneurs, SMEs and other local stakeholders.

➢ Local level public-private dialogue allows local issues and solutions to be identified and taken to decentralized decision-makers or channeled upwards to the appropriate level of authority at which they can be solved.

➢ Local dialogue can contribute to effective implementation of national policies. It may be particularly effective when explicitly aligned with dialogue taking place at national or regional level.

➢ Local level dialogues can especially benefit from use of participatory tools, capacity building initiatives, and the use of local and neutral facilitators.

C.8.1. Local-level dialogue can improve national-level policy

National-level PPD includes a limited number of representatives from the public and private sectors. This means that a relatively small number of private sector institutions have influence on policy, and regional and local governments are often excluded or underrepresented in the dialogue. This problem can be rectified by local-level PPD on national-level issues.

Local PPD throughout a nation can provide a wide range of inputs to national-level policy development and ensure that national policies meet differing local needs. Local PPD also provides ideas for addressing regional disparities and assisting impoverished regions.

Local PPD is also important to obtain local buy-in to national policies. Local public officials are often the ones who implement decisions taken at regional or national levels. As such, they can make or break the success of PPD in practice. Thus, strengthening dialogue between central and local officials often is as important as strengthening dialogue between the public and the private sectors.

It is important for PPD leaders and facilitators to design mechanisms to ensure a regular flow of communications between local and national level PPD venues.

Ideally, the national government, along with its partners in dialogue at the national level (business associations, etc.) will encourage and support local level PPD. But it is important that the participants in the local PPD have developed the forum and priority issues. National level support and involvement is important to motivate local stakeholders to participate in PPD and to ensure that the national government will act on issues and recommendations identified at the local level. A bottom-up, grass roots approach is also important since local stakeholders must take "ownership" of the PPD venue and its output – if they have little commitment the PPD will fail.

> **Prioritizing national guidelines locally through consultation in Auvergne, France**
>
> The Regional Chamber of Commerce and Industry in Auvergne, France, initiated the "panel meetings of entrepreneurs," so-called economic democracy panels, to get opinions on main themes related to the economic, social and territorial environment for business development. Panel members are nominated or elected as local representatives of the business community of the Auvergne region with the task to voice opinions of their constituencies. The main features of the panel are the following: representativeness, capacity to react promptly, and in-depth knowledge of the topics under consultation.
>
> The consultation is conducted over the Internet so that results can be exploited immediately and can be easily disseminated among both political partners and business circles.
>
> The topic of the first panel survey was related to the national economic guidelines and priorities announced by the President Chirac in January 2004. The main objective of the survey was to find out what measures proposed in the guidelines were considered the most urgent to be implemented locally.
>
> *Adapted from "Consultation with Stakeholders in the Shaping of National and Regional Policies Affecting Small Business", Enterprise and Industry Directorate General, European Commission, 2005*

C.8.2. Local-level dialogue can achieve important improvements in regional economic competitiveness

Local PPD can focus on elimination of barriers to private sector development that are caused by local government regulations and practices. Businesses operating in the region can advise the local

government on the barriers, and the two can work together to eliminate them. They can also collaborate on initiatives to increase their region's competitiveness.

In many regions, local PPD is part of a broader partnership on local economic development. Such partnerships can establish a vision for the region's economy and work toward that vision through joint projects and recommendations for elimination of policy and legal obstacles. It is important to include local business and government leaders along with others whose support will be necessary to the success of the endeavors.

SMEs and local authorities participate most effectively in dialogues on tangible, hands-on matters, such as discussions of administrative processes (registration, tax administration, customs clearances, etc). In the early stages it is important that the parties identify "quick wins" – reforms that can be implemented by the local government with immediate tangible benefits to the private sector. This builds credibility and trust, and leads to more interest in and commitment to the forum for dialogue.

Effective communication is paramount at the sub-national level. In its recommendations, the Enterprise and Industry Directorate General of the European Commission reports that responses from public administrations to a survey regarding their level of activity reveal that "meetings with social partners" as "method currently used" are mentioned more often by regional and local authorities than national governments. On the other hand, "consultation by written procedure" is used more often by national governments than regional and local ones. Since it is easier for local governments to have face-to-face consultations than it is for a national government with many more stakeholders, local governments have no excuse to not use the more effective method of face-to-face dialogue on issues.

All participants in the dialogue must understand the context for the consultation and the goals for the dialogue. Otherwise the dialogue will be unfocused and unproductive, with each stakeholder expecting to discuss only the issues that are of immediate importance to his or her business. Some education, training and outreach are helpful so stakeholders understand what to expect from PPD, how to engage in productive dialogue, and what are the most important economic issues for their region.

Regional public-private dialogue on land issues in Russia.

Administrative barriers studies conducted in various oblasts within the Russian Federation have identified land and construction issues as the most significant barriers to investment and growth. The initial diagnostics of the problems were able to sketch out the overall procedures and their costs in terms of time and money.

However, because of the multiplicity of procedures and the complexity of the issues, it was agreed that the studies did not provide enough detail for immediate identification of detailed priority actions. Therefore, in Tomsk, Perm, Nizhny Novgorod and Leningrad oblasts, more detailed evaluations of land and construction issues were carried out under FIAS supervision by local and international consultants, in the shape of public-private dialogue, so as to provide a more comprehensive and detailed basis for formulation of reforms.

In the case of Tomsk and Perm oblasts, because they were established through a process that involved both the business community and the government, the recommendations got strong buy-in and these detailed reports were the foundation of the oblasts' action plans in the area of land and construction.

Adapted from: A manual for the identification and removal of administrative barriers to investment, Module 4: Public-private dialogue, March 2005, FIAS, International Finance Corporation and The World Bank Group

C.8.3. Acknowledging local differences is a key success factor, in particular in post-conflict environments

In post-conflict environments, or when interests or ethnic groups are clearly divided, it may be important to address the differences, including economic conditions, culture, and languages. In regions that have some relatively wealthy sub-regions and some impoverished sub-regions, it is important to address the economic problems in the impoverished areas. When ethnic groups have a history of conflict, the facilitators must be cognizant of various sensitivities.

During the Bulldozer Initiative in Bosnia, six regional committees were created; each covering a delimited region that went over the boundary line that divides the two of Bosnia's ethnically composed entities. Each regional committee had therefore stakeholders speaking at least two of the three country's official languages: Bosnian, Croatian, and Serbian. Although the three languages are quite similar, some stakeholders might have felt insulted if the PPD working documents were not in their preferred language. For that reason, the Bulldozer coordination unit had to invest into creating three separate versions of each document. While it increased the transaction cost of the partnership, it enabled all the stakeholders to feel comfortable in participating in the joint discussions and action plans.

Bringing together communities or regions that have been torn apart by conflict requires high-quality facilitation. If possible, an outside facilitator with experience in post-conflict situations should be brought in to co-facilitate and mentor a respected neutral local facilitator.

> **The local-level Irish social partnerships**
>
> Intensive dialogue between government, business, trade unions, and NGOs was instrumental in bringing Ireland from economic stagnation in the early 1980s to a high growth economy since the late 1980s. Based on success at the national level, and the need to address unemployment at the local level, the Irish Government set up 12 pilot regions for local public-private partnerships.
>
> The partnerships utilized an approach similar to that which made the national level partnership so successful: focusing on problem solving, mobilizing resources, and flexibility and experimentation in devising remedies. The pilot initiatives were successful and the local partnership model was expanded to 38 local partnership companies that cover the poorest parts of cities and regions in Ireland and 33 community groups in the other parts of the country, all with the mandate to address economic and social development.
>
> While the partnerships were created by the national government, they are in reality mostly grass-roots organizations that are led by local stakeholders. They typically have between 20 and 25 members and operate through 5 to 6 working groups. A key goal of the partnerships is to improve coordination of national and local level programs. To improve national and local level coordination, there are formal relationships between the partnerships and Government agencies. By providing private sector, National Government, and NGO leadership, the partnerships have had some success in overcoming the traditionally weak local governments' inability to assist in local economic development efforts.
>
> *Adapted from: OECD, Local Partnerships for Better Governance, 2001, Chapter 6.*

C.8.4. Local-level PPD should be based on an appropriate geographical coverage

Local PPD can be at the municipality, county, or other sub-national political level, or can be based on an economic region that crosses political boundaries. Since PPD is primarily focused on economic growth and private sector development, the regions should be based on economic commonalities. For example, it might not be best to combine a primarily agricultural area with a primarily industrial area.

Or it might not make sense to limit the region to a geographic area that is interdependent with another area.

Each of Croatia's 21 counties has a Local Economic and Social Council, but the European Union has delineated four economic regions. Some of the counties are part of a multi-county economic region, with supply chains, workers, and companies constantly working across county borders. It is likely that the Councils will be redefined to cover economic regions, and will be more effective. Municipal-level dialogue can (and already does) also take place to cover obstacles that are under the purview of the municipal governments and to feed issues to the regional and national-level councils.

C.8.5. Strengthening local-level Chambers of Commerce can help local dialogue

Developing the management, communication, presentation, negotiating and advocacy skills of local Chambers of Commerce can have a big effect on promoting local level dialogue. Ideally the chambers themselves can train their private sector members in ways to engage effectively in dialogue with government.

In the EU, for instance, most chambers have regional programs that are geared at servicing local entrepreneurs, but also to conduct dialogue with local governments. The European Commission reports that, according to a survey of business associations and chambers of commerce across the EU member countries and the candidate countries (CC), many of the associations indicated that they have regional (41.7 percent) or local branches (26.6 percent). In the candidate countries (where one could assume that centralized institutions do not work as well as in the EU member countries), the majority of replies did come from the business organizations who considered themselves as local (52.2 percent).

The local and regional activities of Business Membership Organizations are higher where state institutions are less effective. [13]

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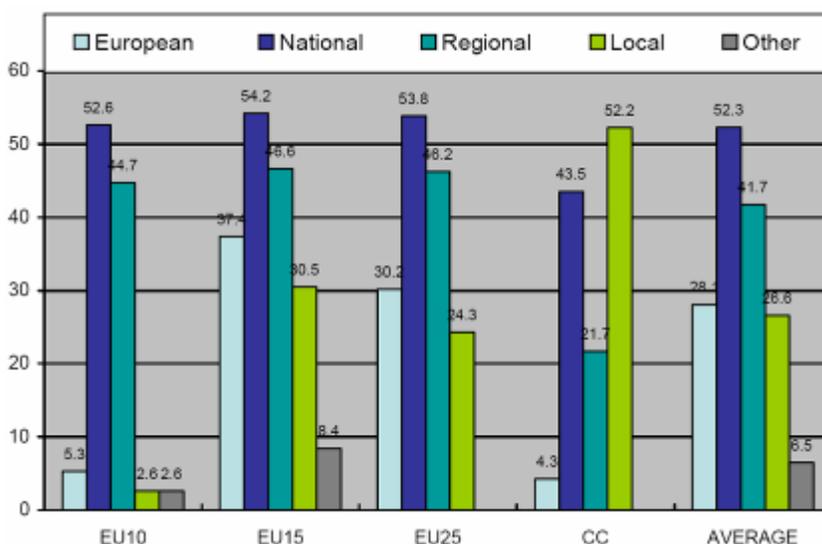
[13] From *Consultation with Stakeholders in the Shaping of National and Regional Policies Affecting Small Business*, Enterprise and Industry Directorate General, European Commission, 2005. Survey responses from business organizations (please note that more than one answer was possible to this question so percentages do not add up to 100).

C.8.6. Local and regional approaches often work well combined with cluster approaches

USAID in particular has focused on promoting dialogue in regional industry clusters, with considerable success. Most clusters are made up of a group of businesses in an industry and supporting institutions that are mostly located within the same geographic area. They are often among the main drivers of economic development in that area and need to be at the center of PPD in that region. The supporting institutions usually include the local government(s), and in most cases the cluster's dialogue includes PPD on obstacles caused by the local government. These obstacles are important not only because they affect a key industry – they also tend to affect all industries in the region.

C.9. SECTOR-SPECIFIC

The issue: It makes natural sense for dialogue to arise between a particular industry, cluster or value-chain in the private sector and those in government responsible for regulating that area of the economy – many theorists believe that promoting clusters plays a major role in improving competitiveness. But these sector-specific dialogues present their own particular opportunities and threats.

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>
> *PRINCIPLE IX: SECTOR-SPECIFIC*
>
> **Sector-specific or issue-specific public-private dialogues should be encouraged because they provide more focus, greater incentive to collaborate, and more opportunity for action.**
>
> ➢ To tackle the risk of missing the big picture, sector-specific dialogues should be linked to a broader, cross-cutting dialogue process.
>
> ➢ The choice of sectors to involve in dialogue can be controversial, especially where institutions are weak. This can be mitigated by a transparent process.
>
> ➢ Dialogue works best with the sectors most willing to invest time and resources – though this requires safeguards against unfairly favoring already-strong sectors.
>
> ➢ Rent-seeking activity is more of a risk in sector-specific dialogue.
>
> ➢ This can be mitigated by greater transparency, explicit enunciation of intended outcomes, and an inclusive approach that creates open access for all stakeholders with an interest in the sector's or cluster's value chain.

C.9.1. Getting the PPD process right is key to sector-led growth

Harvard economist Dani Rodrik advocates[14] that PPD has a crucial role to play in identifying opportunities to promote competitiveness through a sector-specific approach. He argues that history shows neither exclusive state planning nor unfettered enterprise work at promoting competitiveness – what is needed are collaborative efforts between government and the private sector to identify opportunities and devise strategies.

> **PPD as the key to industrial policy**
>
> "Most significant instances of productive diversification are indeed the result of concerted government action and of public-private collaboration... when it comes to industrial policy specifying the process is more important than specifying the outcome."
>
> *Dani Rodrik, Industrial Policy For The Twenty-First Century, Harvard University, 2004*

In this context, devising effective PPD mechanisms is the key starting point for successful industrial policy. Rodrik describes how public-private "deliberation councils" should work:

"They would be the setting in which private-sector interests would communicate their requests for assistance to the government, and the latter would goad the former into new investment efforts.

"These councils would seek out and gather information (from private sector and elsewhere) on investment ideas, achieve coordination among different state agencies when needed, push for changes in legislation and regulation to eliminate unnecessary transaction costs or other impediments, generate subsidies and financial backing for new activities when needed, and credibly bundle these different elements of support along with appropriate conditionalities."

C.9.2. Local ownership and leadership are key in sector-specific dialogue

Donor experience of attempting to promote competitiveness through clusters generally suggests that it is difficult to "pick winners."

Local ownership, in particular the existence of strong private sector champions, has usually proved to be the key determinant of success. The absence of emerging private sector champions is generally a sign that a cluster will fail to progress regardless of outside assistance.

C.9.3. Start by holding participatory workshops open to all interested parties

The best way to start exploring the potential for cluster-based PPD is to hold a series of participatory workshops to discuss cluster strategy. These workshops should be open to all actors in the sector value chain – enterprises, trade associations, related educational and financial institutions, labor unions, and public sector agencies. They should be accompanied by a communications and outreach strategy to raise awareness.

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[14] Industrial Policy for The Twenty-First Century, Dani Rodrik, Harvard University, 2004. See http://www.ksg.harvard.edu/rodrik/

Such a series of workshops could productively be linked to a competitive bidding process for financial assistance packages for cluster development.

Potential for PPD is highest in sectors where these workshops are characterized by broad participation and sustained engagement, a general willingness to listen to all views, and the emergence of credible champions from both public and private sectors.

Successful PPD is likely to be less easy to foster when these workshops are characterized by attendance that appears to represent a narrow clique, domination of the discussion by a few voices, or tensions and personal animosities.

Identifying clusters with the strongest potential for success

When identifying which clusters have the most potential, look for ones that:
- ☐ offer clear promise for growth and extra opportunities for investment;
- ☐ have an existing critical mass of skills and resources;
- ☐ are capable of generating substantial employment opportunities;
- ☐ show potential for generating export and foreign exchange earnings; and
- ☐ have private sector actors who demonstrate strong interest in collaborating on common issues.

Adapted from PricewaterhouseCoopers and SRI International, "USAID Competitiveness Interventions Review," prepared for USAID, November 2001

C.9.4. Changing private sector mindset is especially important in sector-based dialogue

Because many firms in sector-specific dialogue will be in direct competition with each other, extra effort often needs to be made to persuade the private sector that it makes sense for them to cooperate to resolve common problems. See the section on outreach and communications for ideas on strategy.

Improving the quality of private sector input into public sector decision-making – always an aim of PPD – is especially challenging and worthwhile in sector-specific dialogue, as a competitive mindset that characterizes clusters may translate into greater scope for rent-seeking activities.

The aim is to foster a forward-looking private sector mindset that perceives common opportunities across a cluster. Experience backs up the common-sense inference that this is more difficult to achieve in long-established industries.

Often, it is necessary to fight another mindset. It is not uncommon that the private sector assumes a passive attitude, expecting the government not only to lead the clustering effort, but also to provide the necessary ideas, funds, and resources. This attitude works against the need to develop process ownership by all those involved. Even worse, making the whole process dependent on government imperils continuity because of the transient nature of public administrations. In contrast, a successful formula is to insure that as beneficiary of the process, the private sector assumes as well the roles of 'author' of the strategies and implementer ("actor") of the corresponding actions.

Characteristics of successful clusters

Among the characteristics of successful cluster-based initiatives identified by the Global Cluster Initiative Survey are:
- □ They are part of a broader, concerted government effort to improve competitiveness.
- □ They have broad membership, rarely excluding foreign-owned or small companies.
- □ Around five-sixths have an articulated vision. Over two-thirds have quantified targets.
- □ Financing changes over time – initially government often plays a leading role, with membership fees becoming more important in later stages.

Adapted from the Cluster Initiative Greenboko, Orjan Solvell, Goran lindqvist, Kristian Ketels, Cluster-research.org, 2003

C.9.5. There are several dangers in having PPD based on too few sectors

Involving too few sectors makes it more difficult for PPD to have impact on cross-cutting issues, which in turn increases the risk of over-specialization, over-reliance on previously successful models, and a lowered ability to perceive and capitalize on new opportunities.

It is worth making the effort to foster PPD in several parallel sectors and building cross-cutting PPD mechanisms from these sectoral dialogues.

C.9.6. Donors can be especially helpful in international benchmarking and technical training

The same issues arise with donor inputs into sector-specific dialogues as into PPD in general – see point 12 for a broader discussion of donor role. But donor inputs which can be especially valuable in sector-specific dialogue include international market and policy research and benchmarking, and specialized technical training and assistance.

C.10. INTERNATIONAL ROLE

The issue: Just as sub-national opportunities for dialogue should not be ignored, neither should the potential for PPD to contribute in the international arena – especially in preparation for negotiations on treaties and trade talks. It makes sense for governments and private sectors to cooperate on opportunities such as trade, tourism and exploitation of natural resources in international fora.

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PRINCIPLE X: INTERNATIONAL ROLE

Broad and inclusive public-private dialogue can effectively represent and promote national and regional interests of both public and private actors in international negotiations and international dialogue processes.

➢ Complex international challenges require broad, ad hoc alliances between state and non-state actors. These should be transparent, inclusive and open-access.

➢ Involving local partnerships at international levels can give a more effective voice to national and regional interests by helping public and private sectors coordinate and thus widen their room for maneuver.

➢ International partners can foster an informal process of regional and multilateral policy dialogue, setting an example for national-level initiatives.

As economies become increasingly interdependent, development challenges confronting public and private actors call for international approaches – at regional or global levels. Examples include infrastructure, tourism, environment, stability, trade and research, some of which are already tackled primarily in the framework of global or regional intergovernmental organizations, such as the World Trade Organization (WTO).

To influence outcomes at international level, national private sector organizations must coordinate at the international level, form transnational networks and engage with governments at the regional or global level. Affiliation to transnational business networks allows private sector groups to take their concerns and proposals into the international arena.

Just as national PPD is a prerequisite to effective joint public-private engagement in international dialogues, so international dialogues can boost national PPD: when international challenges become daunting for the economy, public and private actors may find ways to overcome any reluctance to work together.

C.10.1. Government-private sector partnerships at national level can prepare for international negotiations and dialogue

PPD can be used to define positions that are to be defended by national government delegates or negotiators abroad. PPD can also identify the strategic challenges that will be determined by negotiations and dialogue processes outside the country, and prepare the ground by putting them on the national or regional agenda. The WTO negotiations, which recommend governments to consult with their private sector during the accession process, provide a good ground for establishing such relationships. It is important for PPD to establish clearly why both the public and private sectors should consider challenges to be priorities. This may involve educating partners in dialogue, for example by public awareness campaigns to enhance government sensitivity or to dramatize the issue and to demystify PPD process for private sector actors.

C.10.1.1. A clear private sector mandate boosts a government's legitimacy and enables government negotiators to benefit from private sector technical capacity

Governments that have secured the support of their domestic private sector for their negotiating stances are able to claim enhanced legitimacy for their positions in the international arena.

The technicalities of international negotiations can overwhelm government capacity, expertise and experience. Public sector negotiators can therefore benefit from tapping into the expertise of the private sector. Data, analysis and advice provided by the domestic private sector can be critical for governments involved in international negotiations or dialogue.

C.10.1.2. International programs of PPD should be sensitive to a country's broader economic interests

Entrepreneurs should make sure that government commitments made in an international context are informed by the country's economic interests and needs. Private sector actors must be encouraged to approach PPD that informs international negotiations in terms of what is best for the country as a whole. This means evaluating trends and assessing their impact on domestic sectors – for instance, a country's liberalization commitments should be informed by the capacity of the national industry to engage in freer trade with foreign competitors.

C.10.2. International PPD should be inclusive and actively seek out key participants

From the public sector side, PPD should include officials who are involved in international negotiations and dialogue, both within the negotiating team itself and in the capital-based administration.

When inviting representatives from the private sector, it is important to ensure that they are dependable sources of input:

- ☑ All key sectors of the economy are adequately represented – including farmers, who are often excluded from the "private sector" but do not fit neatly into the "civil society" category either.
- ☑ Participants are genuinely representative of local business communities, and able to generate feedback and information from their local constituencies.
- ☑ Participants have analytical skills, can understand impact assessments, and are able to analyze complex issues.

> **The Eastern Africa Farmers Federation's participation in the NEPAD process**
>
> The main lesson learned from the Eastern Africa Farmers Federation's participation in the NEPAD process is that, for farmers to be able to consult, dialogue, and eventually agree upon positions, there is need for mobilization of ideas from members.
>
> This requires time, resources, and effective farmers' organizations truly representing the interests of the membership. Many such organizations today are weak and not able to meet the aspirations of their members.
>
> Capacity is needed to establish secretariats and properly work with members – continuously collecting issues from farmers, conducting surveys, validating them and eventually developing and packaging issues of interest to the majority of the members.
>
> See the full case study on:
> http://www.publicprivatedialogue.org/case_studies/

C.10.2.1. Build alliances with NGOs, development partners and transnational BMOs

> **The participation of West and Central African cotton producers in international trade negotiations**
>
> Farmers and industrialists have acknowledged the need to act in international fora as they largely determine the threats an opportunities facing Western and Central African economies. Governments have risen to the challenge of building broad alliances with national producers, including small farmers, and also non-governmental organizations. This helps widen their room for maneuver
>
> Active participation in international negotiations has done much more to build the national and regional capacities of farmers, industrialists and official trade negotiators than any donor-sponsored could have achieved.
>
> See the full case study from ENDA-Tiers-Monde on:
> http://www.publicprivatedialogue.org/case_studies/

Internationally-oriented PPDs can be enhanced by efforts to build broader alliances encompassing local and international NGOs, development partners, transnational business associations and public opinion.

In particular, NGOs, development partners and transnational business associations often prove a reliable source of expertise and analysis underpinning national governments' and business communities' positions in the international arena.

NGOs and development partners may:

- ☑ play an essential advocacy role in raising awareness among public opinion, governments and international organizations;

☑ serve as an interface between authorities and the local private sector, especially parts of the private sector that may be poorly organized, lack analytical capacity, or have little influence on government – for example, small agricultural producers;

☑ be instrumental in formalizing the dialogue between governments and the private sector on issues to be tackled at the international level, such as by educating local private sector and officials in the working of international fora.

C.10.3. PPD at the international level needs an appropriate institutional framework, and to be time bound

International negotiations and dialogue processes are often complex, protracted and require specialized skills. Without a specific institutional framework, any PPD will struggle to cope with this complexity.

C.10.3.1. Channels of communication must balance expertise and legitimacy

A consultative mechanism for the private sector must do two jobs: it must be a channel for substantive and advanced analysis performed by the most expert sections of the local business community, and also a source of legitimacy for official positions in the international arena.

This may typically involve a core group of experts from the private sector providing analysis and advice, and a larger business consultative body discussing and endorsing official positions.

C.10.3.2. Give specific assignments to a core group of private sector experts

A core group of private sector experts with relevant fields of expertise should be given specific assignments and tasked to interact regularly with officials, both in negotiating teams and in capital cities.

Their task is to help departments develop detailed negotiating positions and strategies, model the effects of proposed agreements on domestic sectors, and generate feedback and information from their contacts both locally and abroad.

> **The Philippines Task Force on the WTO Agreement on Agriculture Renegotations (TF-WAAR)**
>
> The interactive consultative system adopted by the Philippines Department of Agriculture in the course of the Doha Round of international trade negotiations has been beneficial and instructive to both the government and the private sector alike.
>
> The TF-WAAR has made it possible for the government to craft more credible negotiating positions and strategies that are fully supported by its constituents. The private sector in turn has used the opportunity to air its concerns and proposals in a more constructive manner, and at the same time understand more clearly the effects and implications of trade agreements on their individual sectors and the agricultural sector in the country as a whole.
>
> There is indeed much to gain, and little to lose, from involving the private sector in the process of trade negotiations.
>
> As the negotiations proceed and new trade agreements are put on the line, the need for more active, intensive and broad private sector participation will increase. The government itself, with its limited resources and personnel, will more than ever need the assistance of the private sector in evaluating emerging proposals and estimating their impact on domestic sectors.
>
> The private sector must rise to the occasion, accepting both the responsibility and the challenge to help the government achieve what is best for the country.
>
> See the full case study from the Federation of Free Farmers (FFF Philippines) on:
> http://www.publicprivatedialogue.org/case_studies/

C.10.3.3. Integrate consultative mechanisms with the government's internal structure

Consultative mechanisms should be synchronized and integrated with the government's internal structure for handling the negotiations.

Consultative mechanisms must guarantee active, regular, and sustained involvement and constant interaction with negotiators and public officials throughout the negotiation process, which is usually protracted and difficult. This implies providing for more-or-less permanent membership on consultative bodies.

C.10.3.4. The consultative process should be participatory and inclusive on the private sector side

In particular, representatives of private sector organizations must carry out similarly participatory and interactive processes within their own organizations. This is essential to guarantee that PPD consists of a genuine bottom-up approach, with the negotiating team getting to hear concerns from the grass roots.

C.11. POST-CONFLICT

The issue: Experience of PPD in recent post-conflict situations – noticeably Sierra Leone, Bosnia and Herzegovina, Cambodia, Liberia, with further examples in Kosovo, East Timor, and other countries – points to its significant potential as a tool for promoting peace and expediting the reconstruction of civil society.

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PRINCIPLE XI: POST-CONFLICT / CRISIS RECOVERY / RECONCILIATION

Public-private dialogue is particularly valuable in post-conflict and crisis environments – including post-natural disaster – to consolidate peace and rebuild the economy through private sector development.

➢ Because they focus on the specific and tangible issues of entrepreneurship, economic reconstruction and investment climate improvement leading to job creation and poverty reduction, public-private dialogue initiatives are very effective at building trust among social groups and at reconciling ethnic, religious or political opponents.

➢ PPD can be especially valuable in enabling the sharing of resources and building capacity – a particular priority in crisis environments.

➢ Structures and instruments for dialogue need to be adapted to each post-conflict or crisis context. They need to take into account the inherent informality of the economic actors and the potential role of customary systems in re-establishing the rule of law.

➢ An external "honest broker," possibly linked to international organizations in charge of peace building, may be needed to kick-start dialogue. But mechanisms should be put in place for quick transfer of the initiative to local ownership.

C.11.1. Post-crisis PPDs face specific challenges

Some investment climate problems are likely to be more pronounced in post-conflict or post-crises countries. They include:

☐ limited formal access to finance and weak public sector capacity to regulate, leading to a concentration of private sector activity in the informal sector;
☐ scarcity of land for development and deficient infrastructure services;
☐ lack of management and technical business skills in the private sector, and lack of business development services;
☐ instability and concerns about security leading to rapidly changing situations and unpredictability;
☐ lack of social capital and high levels of mistrust;
☐ breakdown of links with external markets, and the perceived high political and business risks of re-engaging; and
☐ absence of an effective court system to enforce creditor's rights and contracts.

PPD in post-conflict environments is therefore likely to require particular strengths in most of the following areas:

☐ government commitment;
☐ strong champions and effective facilitators who are perceived as neutral;
☐ simplicity and flexibility of design to adapt to unanticipated opportunities;
☐ attention to capacity building programs in both public and private sector; and
☐ outreach and communications strategy to build social bridges and emphasize commitment to common goals.

C.11.2. Some PPD benefits are increased in post-conflict

C.11.2.1 Reconstruction

Dialogue on investment climate concerns, pursued in targeted local regions, can facilitate reconstruction and build confidence from the bottom-up. Involving local constituencies in reaching consensus on policy design and then reaching targeted results can provide for "good news" early in the reconstruction process as well as solid benchmarks for evaluation and monitoring. Such "quick wins" are reached, the reconstruction benefits are multiple:

☐ The results being speedier, especially compared to systemic reform efforts usually applied in post-conflict situations, they empower local groups and demonstrate outsider bona fides.
☐ They propel economic development forward at local level.
☐ They can jump-start post-conflict institutional development.
☐ They can sharpen donor, international community, and central government responsiveness through dialogue.

C.11.2.1 Peace building

PPD can serve as a platform to reach broader post-conflict goals:

☐ PPD processes can be used as dispute resolution and conflict prevention tools.

□ Through communications, they help international or central government messages reach all segments of the population, up to the local level; PPDs also provide a mechanism for local concerns to be communicated upwards.

□ Dialogue can build the basis for reconciliation by addressing societal issues such as respect for human rights, and for addressing broader issues such as corruption and combating organized crime.

□ Stable dialogue can lay the basis for refugee and internally displaced people (IDP) return.

C.11.3. Applications

C.11.3.1. Sierra Leone: Peace dividends of the Private Sector Forum

A donor-led post-conflict diagnostic study on the investment climate revealed some of the fissures and sensitivities within the government. The solution design (action planning) phase discovered that the focus on economic reforms through the removal of administrative barriers to investment could be a useful tool for bridging these gaps, by turning the process into a multi-ministerial-led project. To this end, the project established an Inter-Ministerial Subcommittee, led by the Minister of Trade and Industry, which unanimously endorsed the implementation plan.

Additionally, it became clear during the diagnostic phase that the private sector was not unified in the push for reform, and that it tended to be divided along ethnic lines. Again, during the action planning process, these disparate groups began to work together, actually culminating in the creation of an ad-hoc business forum. Maintenance of this dialogue was critical to the success of the reforms, therefore the Sierra Leone Business Forum was formed. Led by the Minister of Trade and Industry, it became a key source for designing and implementing the investment climate action plan.

The Sierra Leone Private Sector Forum structure

An interesting feature of the forum is that this nascent public-private group was designed to be a vehicle for dialogue not only between the government and the business community, but also between the different groups within the business community.
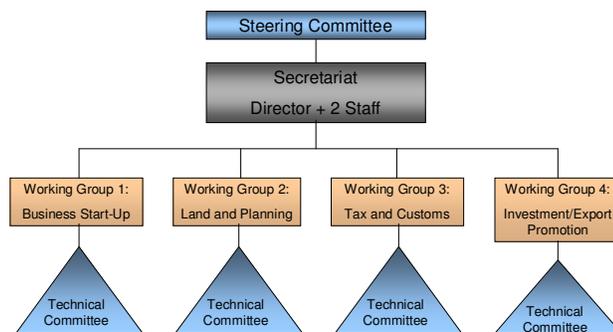
C.11.3.2. Liberia: The challenge of reconciling ethnic-based business associations

In 2006, three factors play against coordination of business associations: First, due to the extended conflict, most business associations had historically been entrenched in defending specific ethnic groups rather that investing time and resources in coordinated policy advocacy. Second, the hold of some business associations on large parts of the informal sector had created a vested interest in the status

quo. Third, the opposition over the citizenship restrictions, land ownership, and liberianization act (excluding foreign ownership in 26 sectors of the economy) had caused bitterness on both sides.

The Foreign Investment Advisory Service (FIAS) of the IFC served as a neutral partner to bring together business advocates representing all the different ethnicities, a first since the end of the civil war. Discussion took place between the different parties on ways to organize better for being more effective vis-à-vis the government. All present avowed the ineffectiveness of their policy advocacy strategies and acknowledged that they had more issues in common than differences. They decided to unite forces in presenting reform proposals in a single voice. They demanded technical assistance in organizing themselves, as they recognized that past conflicts called for neutral coordination of the different groups rather that having one group taking the leadership in term of coordination and logistics. All associations also expressed the fear of possible retaliation from government officials if they came forward with reform proposals that would reduce or eliminate rent collection for such officials. Thus the idea of creating a new initiative, in parallel to the existing Chamber of Commerce was extremely appealing to all, as it gave all association the ability to "hide" behind a neutral brand so that individual associations or entrepreneurs could not get singled out.
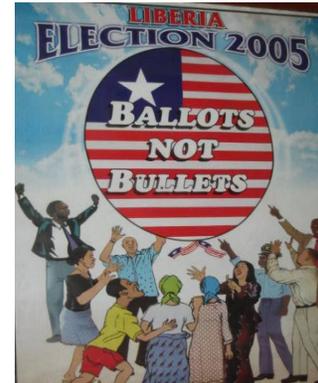
C.11.3.3. Bosnia and Herzegovina: Bridging the constituency gap

In post-conflict situations, international institutions or third-party countries often take the lead in establishing macroeconomic stability, promoting the rule of law, developing the private sector and building institutional capacity. The natural partner of the internationals for these activities is the local political leadership. This political layer often faces great legitimacy challenges, being either inherited from former systems, or facing strong skepticism by local constituents. Fighting for their own survival, local politicians quickly understand the give-and-take relationship with donors and financial institutions, who are in turn satisfied with the consensual agreement and "good will" of the local political layer. Clearly forgotten, the constituencies are not taken into account in the dialogue for reform, and fail to understand the benefits of structural (and therefore painful) changes that the country needs to go through on its way to economic recovery and political stability. If not cared for, the "constituency gap" can promptly lead to social unrest, or at least lack of support for reform and disillusion with the benefits of peace.

Donors can help bridge the constituency gap by reaching directly to the constituents

In Bosnia and Herzegovina, the Bulldozer Initiative succeeded not only in introducing important reforms but also in bridging the constituency gap by empowering and training local groups to advocate change, and in establishing sustainable democratic mechanisms for civic participation in government. Once established, the PPD broke through political and ethnic barriers, and created a coherent and sustainable link through a new democratic dynamic. According to the International Crisis Group, the Bulldozer Initiative actually "create[d] an alternative constituency for reform, which does not rely just upon the national parties".[15]

C.11.3.5. Cambodia: Overcoming mistrust through structured dialogue

In 1998 peace came to Cambodia after almost thirty years of war. The war had been concluded in phases from the Vietnamese entry to Cambodia in 1979, the involvement of the United Nations Transitional Authority in Cambodia (UNTAC) culminating in a general election in 1993, and finally the complete cessation of hostilities in 1998.

The Protocols for Prosperity, recognizing the Bulldozer partnership between the private and public sectors, were actually the first document since the war signed by all members of the executive and legislative of all four jurisdictions of the country.

Throughout the concluding decade of the war the government had become focused on instituting a market economy in Cambodia. Although there had been some early success with the rise in the garment sector, by the late 1990s the Asian financial crisis affected Cambodia and this led to a realization that the emerging private sector needed to be included in the development of the economy if it was going to grow.

Once this recognition was made, Cambodia initiated the Government-Private Sector Forum (G-PSF).

Cambodia's G-PSF is a public–private consultation mechanism. The forum is held biannually under the chairmanship of the Prime Minister of Cambodia. The G-PSF is a full cabinet meeting and the decisions made in the Forum are binding as such. The G-PSF is an opportunity for the private sector and the governments to report on the progress of the seven Working Groups and to consider the outstanding issues that remain unresolved from the WG meetings. The seven Working Groups are the engine of the G-PSF. They are organized by sector: 1) Law, Tax and Governance, 2) Export Processing and Trade Facilitation, 3) Services, including Banking and Finance, 4) Tourism, 5) Manufacturing and SMEs, 6) Agriculture and Agro-Industry, 7) Energy and Infrastructure. Each Working Group is co-chaired by a Minister of the Royal Government of Cambodia and a representative from the private sector. The Working Groups meetings discuss an agreed agenda of issues and recommendations that relate to either policy (e.g. laws, sub-decrees, prakas, decisions) or direct operational impediments confronted by the private sector (such as road conditions, unofficial fees, damaged infrastructure). Outstanding issues that are not resolved within the Working Group dialogue are referred to the G-PSF for Cabinet review.

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[15] Agence France Presse (AFP), Friday, July 04, 2003.

The 10ᵗʰ Government-Private Sector Forum held at the Council for the Development of Cambodia (CDC) in Phnom Penh on June 21 2006
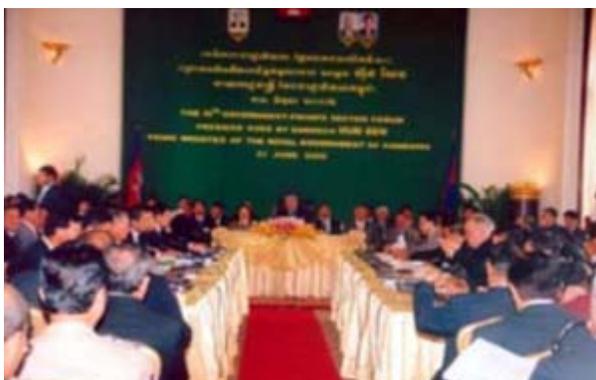
As the Working Groups meetings are attended by representatives of the line ministries, one of the important functions of the G-PSF is that it provides an opportunity for intra-government exchanges of information relating to private sector development.

When this mechanism was put in place, deep distrust existed within the community. The privations experienced by Cambodians under successive communist governments made them cautious with regard to business or personal exposure. An open dialogue between government and private sector was something new to the emerging private sector.

An important factor that enabled the Forum to move forward was the focus on a neutral, shared, non-political platform which could be used for constructive consultation on issues, not criticism. If the Forum had been perceived as other than a constructive, participatory process that was understood and appreciated as such by the government, it would not have encouraged businesspeople to engage in a participatory process for development.

From an early narrow base of participation, and sometimes difficult consultations, the G-PSF has continued to evolve to provide a structure for private sector participation. As a process that depends on personalities and building relationships where they otherwise had not existed, the process needs to be constantly worked with to build a trust-based dialogue focused on private sector development.

C.11.3.4. Other nascent or potential applications

Private sector development is critical if countries are going to move away from war and provide opportunity for conflict-afflicted populations. An inclusive, participatory approach such as that being developed in Liberia, Sierra Leone, Bosnia and Herzegovina, or Cambodia can play an important role in such development.

Because of their considerable contribution to the growth of civil society, PPD processes could be designed for example in **Afghanistan** to bring previously repressed segments of society into the political culture by engaging them in the identification of administrative and economic reforms relevant to their daily lives. Through this process, small farmers and women could develop a sense of ownership and pride and increase their power as constituents.

In **Kosovo**, a public-private dialogue methodology is being applied since July 2004. The Kosovo Bulldozer Committee is sponsored by USAID and the United Nations Mission in Kosovo (UNMIK). It involves a dialogue between the Alliance of Kosovar Businesses and the Provisional Institutions of Self-Government, with an aim of identifying regulatory burdens that slow investment down and hinder business operations. This partnership effort was launched as it was recognized that "not just economic growth but political stability"[16] depend on the success of such undertaking.

In **Iraq**, appealing to small entrepreneurs for reforming administrative procedures and rewriting

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[16] Statement of Dale Pfeiffer, USAID Kosovo Mission Director, July 1, 2004 press release.

commercial rules and legislation could help in reconstruction of a legal framework. In addition to filling in the gaping holes in private sector regulation and boosting a business-oriented middle class, this process would provide much needed legitimacy, coming from the Iraqi private sector rather than from the immediate corporate interest of reconstruction contractors.

Timor Leste has been independent since 2002. Despite the recent resurgence of violence in spring 2006, private sector associations are attempting to federate themselves into a business forum and organize a constructed dialogue with the government. With 80 percent of the economy being informal, how representative such a forum can be remains an issue. But with weak property rights, inefficient registration, difficult trade regime and a complicated tax system, businesspeople have little choice but to advocate with the government for a betterment of the business environment. Donors, such as the IFC, intend to help in building capacity for the steering committee.

C.12. DEVELOPMENT PARTNERS

The issue: Much of the growth in interest in PPD in recent years has been fueled by the international donor community's perception of it as a tool to promote private sector development and poverty reduction. Often, the relationship between public and private sectors is so poor that dialogue has little chance of getting started without the involvement of a donor. But donor involvement brings with it significant risks.

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

PRINCIPLE XII: DEVELOPMENT PARTNERS

Public-private dialogue initiatives can benefit from the input and support of donors (development partners) when their role is determined by the local context, demand driven, and based on partnership, coordination, and additionality.

- ➢ Development partners can encourage conditions for dialogue, and initiate, promote, support, fund, and facilitate dialogue.

- ➢ Capacity building and disseminating international best practice are two areas where development partners can play a particular role.

- ➢ The role should be as neutral as possible, maximizing the local ownership and capacity, the development of trust, and the maintenance of a conducive and transparent environment.

- ➢ Development partners should consider social, economic, and political context; exit strategies; and sustainability issues.

- ➢ They should coordinate among themselves to avoid duplicating efforts and maximize the availability of funds when partnership are found to be worth supporting.

C.12.1. What can donors do to strengthen dialogue?

Donors should not normally think of support for PPD as being a stand-alone project, but should rather consider integrating a PPD component in any private sector policy reform support program in which they are involved, particularly regulatory reform and business-enabling environment programs. This has been DFID's and the World Bank Group's approach, for example, in recent interventions in Bangladesh, Nigeria, Tanzania, and Sierra Leone.

That said, donors can be one of the biggest resources and one of the biggest obstacles to effective PPD.[17]

They serve as resources when:
- ☑ they help participants collect and analyze evidence, both from the in-country environment and from other international experience;
- ☑ they build capacity in policy analysis, regulatory impact analysis, and other key policy-making skills; and
- ☑ they help improve the infrastructure that promotes dialogue, such as improved communications, knowledgeable business journalism, and international benchmarking (such as the Doing Business report).

But donors often are one of the biggest obstacles to PPD. They obstruct primarily when:
- ☒ they impose their agendas on host governments; and
- ☒ they make both governments and private sector associations respond more to donor priorities than to their home constituencies.

C.12.2. Challenges in donor funding

A problem donors face is that PPD and enabling environment reform needs sustained support more than it needs large, one-off financial contributions. Donor and PPD time horizons often don't match. Bureaucracy can make donors slow-moving and inflexible. DFID has had success in promoting PPD through setting up independent trusts and "challenge funds" such as the Business Linkages Challenge Fund in the United Kingdom, which for instance supported a program with PPD dimensions in Tanzania. Such funds are more capable of responding to changing opportunities. Using local trusts as a means to bypass donor project cycles to synchronize better with PPD requirements also represents a promising initiative. Challenge funds, too, can serve this purpose, but only if they can be given long enough lifetimes to establish their presences and streamline their procedures. In general, donors should develop more flexible and less time-bound approaches to promoting PPD.

Overall donors need to adopt a more venture capitalist attitude towards PPD – treat it as a high-risk but essential investment, one that will require innovation and experiment, and a healthy tolerance for failure. In the same vein, PPD investments need an exit strategy right from the start, a way of migrating from donor promotion to self-promotion.

Donor funding should also take into account associated risks and actual capacity. As noted above, capable BMOs are a major help to PPD. Donors can play an important role by providing seed funding and support for technical capacity building – but must be extremely careful not to foster dependence and make BMOs responsive to donor needs rather than the needs of their members.

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[17] This section borrows in part from *Reforming the Business Enabling Environment: Mechanisms and Processes for Private-Public Sector Dialogue*, Report by DAI Europe for DFID, February 2005.

Less appreciated is how much government ministries in foreign aid-dependent countries could potentially focus more on donor project management than on sound policy making and implementation. If grant funds are abundant, engaging civil servants in PPD and other policy reform initiatives could be rendered difficult due to competition from other donor programs.

Donor funding and coordination during the Better Business Initiative (BBI)

"A significant design problem related to donor funding and coordination. In fairness, it is important to note that donor coordination is never easy given the different timeframes, mechanisms and strategic objectives under which different donor organizations operate. [-] The problem was more at the level of the contract structure and project design than at the level of the day-to-day coordination and working relationships among officers for the donor groups. Indeed, [-] all three of the sponsoring donors (IFC, USAID and DFID) [-] worked well together.

In the first place, the funding flow to several of the Host Organizations [running specific working groups] was irregular and based on cost-reimbursements. Thus, for the most part these organizations had to not just front the resources for BBI-related activities but, in some cases, had to endure long waits for cost-reimbursements. This took an uneven toll on the Host Organizations; some of them, such as the Lagos Business School and the MAN, were already doing similar activities and had resources upon which to call. In these cases, the irregular funding was not a major constraint. In contrast, the funding problem seems to have more significantly affected the performance of groups such as HuriLaws, which had less of an existing in-house capacity for the work envisioned by the BBI.

Beyond the matter of funding flows, the funding structure chosen by the donors set up a principle-agent problem for the BBI. The African Institute for Applied Economics (AIAE) was to be [the forum's] secretariat and, in this capacity, organize and bring thematic, logistical and conceptual coherence to the ongoing work of the five Host Organizations and their respective Working Groups. However, these Host Organizations had a funding relationship with and reported to the donors, and not to the AIAE. Under the best of circumstances, this put AIAE in a difficult position – would the Host Organizations cooperate with its organizing efforts or not? However, as the donor funding performance became an issue as noted above, it further undercut the ability of AIAE to perform its secretariat role. Thus, AIAE ended up between a rock and a hard place; it was expected to perform coordination functions on behalf of the donors to support the BBI yet the donors did not provide it with the tools with which to properly fulfill this function."

Public-Private Dialogues in Nigeria: The Better Business Initiative and Cluster Development Project, Report Prepared by for the SME department of the World Bank Group by Jesse Biddle and Paul Kalu, March 2006

C.12.3. Collecting evidence on behalf of local constituencies

PPD may be hard to get going because of a lack of evidence. Donors can play an extremely useful role by funding the collection of evidence that is seen by all parties to be independent. Business environment surveys are a good example of this.

Donor resources are well deployed when building local capacity in data collection and analysis, regulatory impact assessment and other analytical skills – including business journalism. An important role for donors hence includes benchmarking of local policy environments against international good practice.

C.12.4. Facilitation and coordination

Donors can help create PPD in countries where public-private trust is low by bringing in trained facilitators and building local capacity in facilitation. They can also support an existing PPD by providing coordination services, or by hosting a secretariat.

The direct role of a donor in managing the secretariat is appropriate in cases where an independent secretariat is the optimum solution but where there is no clear institutional solution involving existing parties. This often is the rationale for donor support, precisely to play an honest broker role between public and private sectors.

Sometime that role is so effective that it becomes hard to transition to a locally-owned secretariat. For instance, the IFC has been involved in this role in Cambodia for the past five years and for nearly ten years in Vietnam. It still plays a leading role in these business as of 2006.

Donors are present mostly during the start-up period. The first two years of a PPD are often sufficient to get the initiative off the ground, and ensure that it is well established and generating results. And while the depth of involvement of a donor can change over time, a donor may expect some ongoing role beyond this initial start-up period.

While the secretariat function could migrate elsewhere if a donor was involved in facilitating a PPD, the donor should expect and be prepared for an ongoing role in the initiative. There is often a lot of ground to be covered in setting up a Greenfield PPD in environments that can be characterized by a combination of cronyism and mistrust between government and the private sector. Without a strong role from the donor as honest broker, it may just not happen, nor quickly graduate to a process that can be assumed by an existing institution. If a transfer is successful, the donor could however keep mobilizing funds to support ongoing PPD activities. The PPD will also most likely benefit from an ongoing technical input from the donor community, in form of technical experts supporting specific working groups.

On the other hand, a PPD could suffer if the donor who had started brokering the partnership changes its strategic focus and "drops" its support after decides to hasten a full transfer to local ownership.

Such was the case for the Bulldozer Initiative in Bosnia and Herzegovina, where, after two successful phases of six months each, the international sponsors precipitated the transfer of the secretariat to local counterparts, while dropping their support to the project. The initial period had seen the creation of a new process, and had been focused on results so as to convince stakeholders to engage. After just a year, the secretariat was unprepared to transfer its newly acquired knowledge to local institutions, while these institutions, had not had the time to ramp up their capacity to host the initiative effectively. The result was a comedown of the Bulldozer initiative during its third phase and the eventual struggle of the locally-owned secretariat to lead the partnership effectively.

Donors may also be involved in general facilitation rather than operating the secretariat. The goals of these initiatives indeed correspond to their private sector development agenda. PPDs provide a non-partisan platform for policy advocacy on behalf of the private sector and in close relationship with the government and institutions that donors can tap into. PPDs also aim to represent the voice of the private sector vis-à-vis the government, to promote a number of investment-friendly policy reforms, and to introduce regulatory improvement practices and capacity within the administrative processes.

C.12.5. Donors input into the reform design

As they are defined by working groups and processed by a PPD secretariat, reform proposals would gain enormously if they are designed according to benchmarks and principles that have received a "seal of approval" from international agencies. While not reducing ownership of the proposals themselves, the involvement of the development partners in the design process has two main benefits:

- ☑ It ensures that reform proposals do not contradict or interfere with structural, top-down efforts.
- ☑ It can serve as a guarantee to the governments that the entrepreneurs are not going to hijack the process to request non-viable benefits, such as removing all taxes, etc, or that specific entrepreneurs are not going to use the process for their own exclusive benefits.

GTZ's role in Vietnam's Investment Law and Enterprise Law

GTZ provided support to the public-private consultation process in Vietnam prior to the passing of the Investment Law and Enterprise Law in 2005 in a number of important ways:

- It directly supported dialogue meetings between government and key private sector associations, exposing participants to international best practice techniques in moderation, discussion and use of the Internet.
- It supported a Regulatory Impact Assessment carried out by the Prime Minister's Research Commission. This included business test panels and consultation workshops held throughout the country.
- It used the media to publicize consultation, which increased the transparency of the process, helped to overcome reluctance and apathy on the part of businesspeople to make comments in public, and built support for the new laws.
- It published high-quality research studies (illustrated) on issues relevant to the two proposed laws. These became the neutral evidence base which could be discussed at consultation meetings.

Full case study from GTZ available on http://www.publicprivatedialogue.org/case_studies/

Getting a group of donors to participate in the partnership is beneficial. For instance, the IMF could ensure that all selected reforms comply with sound macroeconomic standards. The World Bank could ensure they correspond to good poverty reduction strategies and that they fit overall technical assistance strategies. The European Commission or other regional organization could guarantee that each proposed change is compliant with EC or WTO standards. The IFC, DFID, GTZ or USAID could participate in vetting the reforms against best practice legislation and good private sector development principles. Hence, a reform proposal, once out of the "production pipeline," could become extremely resistant to political criticism, because the merits of the reform are backed-up by internationally vetted evidence and good practice.

Accolade *and* frustration of the international community during the Bulldozer Initiative in Bosnia and Herzegovina

"Other critics, primarily from international agencies, raised concern when the Bulldozer process started to tackle issues that clearly went out of the scope of the "micro-reforms" it had intended to process. When there were synergies between the development policies of the international agencies and the policy choices of the business community, donors were happy to use the Bulldozer as a platform to voice their concern with the government. In the case of Bulldozer Phase I Reform number 23, which addresses moving the point of collection for excisable tax, the OHR and IMF were happy to have the impetus come from local businesses, although this had long been an IMF policy objective. But this willingness to let the Bulldozer process lead structural policies was limited to the extent it promoted the International Community's own agenda and priorities. A semi-crisis occurred, for instance, with Bulldozer Phase II Reform number 17, when the Bulldozer Committee on Agriculture decided to request an export ban on raw logs, until a new forestry certification mechanism would enable the export of wood while preserving both the local industry and the BiH ecosystem. Agreeing with the reform goal, which it had identified through consultations with the private sector, the World Bank opposed the approach of an export ban, as it contradicted its longer-term policy choice expressed in a Bank-funded multi-year forestry program. But despite this opposition, entrepreneurs decided to go for the quick solution of the ban and the reform was voted through as the international agencies no longer had veto power in the Plenary Sessions. [-]

This example illustrates the limits of the [public-private dialogue] process. Even if it is sponsored by international agencies, such a process will always remain private sector driven in its approach and in the recommendations it makes. Whether the international agencies can live with the results is another question. But it must be borne in mind that such disagreements are the sign of a healthy democratic process. After all, one cannot wish to have a vibrant private sector advocacy process and at the same time expect it to remain on the sidelines, applauding politely every move made by internationals."

Investment Climate Reform – Going the Last Mile: The Bulldozer Initiative in Bosnia and Herzegovina – Benjamin Herzberg, World Bank, Policy Research Working Paper Series with number 3390.

But it is the participants who should set the pace – not the donors' internal timetables.
Donors should not impose their own agendas on PPD. Donors should not force PPD agendas into limited time horizons due to foreign aid procedures and restrictions. This can be reinforced if there is a lack of coordination within donors. Donor coordination is indeed paramount. Donors may do the most damage to PPD when they confuse participants through uncoordinated initiatives that tackle the same issues through parallel, isolated projects that soak up scarce human resources.

If reform proposals bear the legitimacy of local entrepreneurs' demands *and* are vetted by international agencies, they have a stronger chance to get enacted and implemented.

A - PUBLIC-PRIVATE DIALOGUE
Backgrounder on the benefits and risks of PPD

B - DIAGNOSTICS
Mapping tool for diagnosing the
status and potential of PPD

C - DESIGN AND IMPLEMENTATION
Based on the Charter of Good Practice
in Using Public-Private Dialogue for
Private Sector Development

D - MONITORING AND EVALUATION
Introducing a new standardized
evaluation framework for PPD

RESOURCES AND ANNEXES

D. MONITORING AND EVALUATION FRAMEWORK FOR PPD

D.1. INTRODUCTION

Monitoring and evaluation is closely related to planning. Monitoring is an ongoing activity that focuses on progress in terms of realization of activities and depletion of budget. Monitoring tracks mainly the use of inputs (activities) and outputs, but in some degree also tracks (intermediate) outcomes.

In contrast, evaluation takes place at specific moments, and permits an assessment of a program's progress over a longer period of time. Evaluation tracks changes and focuses more on the outcome and impact level.

This is illustrated by the following graphic, which shows the link of the chain of inputs, outputs, outcomes and impacts with the planning cycle[18]:
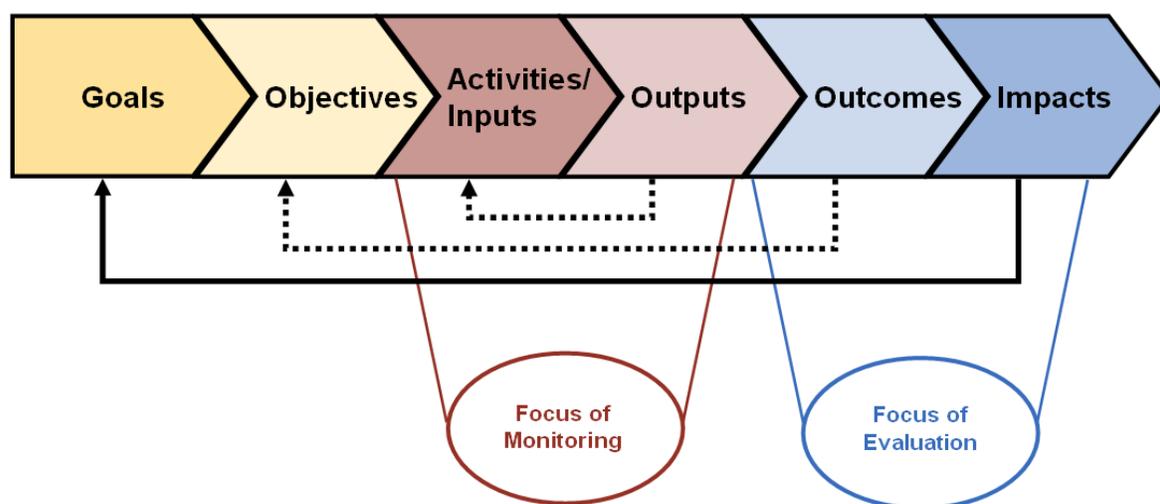
Output measurement shows the realization of activities. Outcome measurement shows in what degree direct objectives and anticipated results are realized. And impact assessment shows the degree in which the overall objective or goal of the program is realized.

Without defining clear and measurable goals, objectives and activities at the design stage of PPDs, M&E becomes an impossible endeavor. This requires the development of measurable indicators: Specific, Measurable, Achievable/Agreed upon, Relevant/Realistic, Time-bound (SMART) that permit objective verification at a reasonable cost.

At the same time more qualitative indicators also need to be developed, particularly for the outcome and impact level: Subjective, Participatory, Interpreted and communicated, Compared/Cross-checked, Empowering, Diversity/Desegregation (SPICED). These SPICED qualitative indicators address more subjective aspects in M&E.

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[18] Illustration adapted from *Guide to Core Output and Outcome Indicators for IFC Technical Assistance Programs*, Geeta Batra, Monitoring and Evaluation Group, SME Department, IFC, The World Bank Group, 2005.

In this chapter we suggest the use of a combination of standard indicators and customized indicators. This is to:

☐ provide an objective basis for assessing performance of different PPD processes;
☐ provide a solid foundation for management decisions; and
☐ facilitate learning within PPDs and between different PPDs and organizations involved in implementing these PPDs.

This chapter presents an outline of a possible M&E framework that can be used for measuring of different aspects of PPD processes. The focus of the chapter is mainly on evaluation of process, outcome and impact of PPDs. But several components, instruments and indicators can also be used for monitoring, with a focus more on outputs and short-term process developments.

The structure of the chapter is as follows:

- Section 2 presents a three-step approach for task managers who need to develop a comprehensive process evaluation and impact measurement exercise for any particular PPD. This section provides step-by-step guidelines to practitioners for conducting M&E activities, from drafting a project brief to conducting interviews and writing final recommendations.

- Section 3 contains a short description of major approaches and instruments for reliable data-collection on process and impact of PPD processes. These approaches and instruments are generally applicable in the evaluation exercise, but the selection of specific instruments will depend on specific aspects of the PDD. These are described in the following sections.

- Section 4 sets out a framework and indicators for the evaluation of operational process and development of PPDs, and presents some specific suggestions for the use of instruments for data-collection.

- Section 5 presents a framework for evaluation of political economy reform results of PPDs. The framework provides a methodology to assess the degree of impact of a PPD on a standardized set of reform process steps.

- Section 6 presents a general methodology for evaluating the economic impact of PPD. In conjunction with standardized indicators such as the Doing Business indicators, which can permit comparison and benchmarking of economic results of different PPDs, practitioners will need to customize this model to their own needs and develop indicators related to specific project objectives.

- Section 7 contains practical guidelines for using and customizing the three frameworks for evaluation of PPDs in different contexts.

See the annexes for standard form M&E instruments that are ready to be used customized.

Document provided in annex

D.2. PROJECT MANAGEMENT GUIDELINES: THREE STEPS TOWARDS EVALUATING PPD

Setting up and conducting an evaluation framework for PPD can effectively follow a generic three-step approach.[19]

D.2.1. Step One: Design of the M&E project brief

A project brief for the M&E exercise consists of the following elements:

(a) Background information about the PPD, and the context under which the M&E exercise takes place.
(b) Defining the basic questions that need to be addressed by the M&E framework, the main indicators and how they can be verified;
(c) A description of the approach, methods and tools for the M&E framework. The following methods and tools provide a generic menu:

Methods	Possible Tools
Desk-study **Interviews (with internal and external stakeholders)** **Questionnaires (internal and external stakeholders)**	- Checklists - Open and closed questions techniques - Most Significant Change Interview format - List of open and closed questions and control-questions (clusters and constructs) - (Self-) assessment questionnaires - Statistical software to process information - Written and digital channels to collect and process information from questionnaires
Observation (Site-visits and observing meetings)	- Models and formats to structure information
Focus group meetings (for analysis and/or validation and discussion of findings) **Debriefing and feedback** **Reporting**	- Facilitation techniques - Visual formats to organize and present data in focus group meetings - Facilitation techniques - Feedback and confronting techniques - Format for M&E reporting - Matrix to analyze information requirements of stakeholders in the M&E process

From the menu above, a minimal set of methods and corresponding tools needs to be selected to ensure that data can be collected and analyzed on input, output, outcomes and impact. In addition to this, some methods and tools are also needed to acquire data on the process.

The elements in bold in all cases need to be part of the M&E framework; the other elements can be selected depending on available budget.

(d) A budget that balances the available resources for M&E and the needs of the M&E framework.
The final two phases are iterative. If the methods and tools selected surpass the available budget, new and more restrictive choices have to be made on the methods and tools to be used.

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[19] The three-step approach in this section is presented generically. Most steps and instruments described in sections 1&2 can be applied both for monitoring and evaluation. However the focus in this chapter (particularly in the sections 3 to 6) is on evaluation. Remarks and suggestions with steps, approaches and frameworks with indicators and data-interpretation tools will mainly apply for their use for Evaluation purposes.

Once the right balance is found, the following elements can be added to the project brief:

1. A project management framework with a description of tasks and responsibilities for the internal stakeholders to conduct M&E on the PPD;

2. A description of competencies and tasks for an external consultant to co-conduct the M&E, and a description of the reporting format, deliverables, time-path and available resources for the M&E process in a ToR.

Sample ToR instructions are provided in Annex D1.

Document provided in annex

This matrix outlines the main competencies an external consultant should have, and the main tasks that are associated with each:

Behavioral competencies	Tasks related with competency
Communication skills Capable of bringing across information and ideas in understandable language, verbal and written.	Interviewing Facilitation of meetings Report writing
Analytical skills Able to analyze a complex problem, situation or process and understands its causes.	Conduct the M&E, using specific approaches, methods and tools
Cross-cultural awareness Capable of understanding and mediating different cultural values and practices – in the public, private and civil sectors – in multi-stakeholder settings.	Facilitation of multi-stakeholder processes with participants of different sectors. Feedback and discussion of results of M&E exercise, and jointly developing with stakeholders follow-up actions in such a way that all stakeholders feel ownership of the process.
Creativity and enterprise Can recognize possibilities, come up with solutions and invent new methods when necessary. Willing to take calculated risks.	Develop recommendations that are relevant and applicable in specific development contexts and acceptable for different stakeholders involved.
Knowledge and Experience related Competencies	**Tasks related with competency**
PSD experience	Analyze M&E data and interpret in light of broader knowledge and experience in private sector development.
Previous work in developing countries and emerging markets	Analyze M&E data and interpret in the light of knowledge of social economic development processes and pro-poor economic growth.
Knowledgeable about PPDs	Analyze M&E data and interpret them in the light of relevant public-private dialogue and partnerships processes. Development of recommendations through cross-fertilization of relevant PPD experiences.
Technical expertise on M&E approaches and frameworks	Collect data, using sound M&E approaches and instruments. Correctly analyze data and develop conclusions and recommendations, showing a clean chain of reasoning.

When the tasks for the consultant in the M&E process are clear and the desired competencies have been identified, the final element can be put in place:

3. Selection, recruitment and briefing of external consultants.

The following matrix is helpful for developing the contents of the project brief.

Design Matrix: Planning research and developing a project brief	
Background information	- Short history of the PPD process - Describe the context of the PPD - Describe the stakeholders in the PPD, including the specific stakes they have in the process - Relevant available lessons learned (from previous M&E data)
Basic questions	- Define the information requirements of stakeholders involved in the PPD - Define the information requirements of initiators of the M&E process (facilitators and/or donors) - What is the program doing? Define a small set of generic "W" questions: What? Who? Where? When? Why? How?
Indicators and sources of verification	- Presentation (first outline) of generic indicators (output, outcome and impact level) - Indication of main sources of verification (available and/or to be developed in the M&E exercise)
Basic approach	- Focus on monitoring, evaluation or both? - Focus on process, results or both? - Focus on outputs, outcomes, impact or all? - Focus on hard, soft data or both? - Define level of involvement of stakeholders in the M&E process
Specific methods and tools	- Select basic methods and tools: desk-study, surveys, interviews, focus-group meetings and/or others
Task-division in M&E process	- Describe responsibilities and tasks of relevant persons involved in the M&E exercise
Time-line	- Define the timeline for the M&E process - Describe the main steps of the M&E process and indicate deliverables at the end of each step
Requirements of consultants	- Set out behavioral competencies, knowledge and experience-based competencies, and other formal requirements
Budget	- Budget - Sources of funding

D.2.2. Step Two: Conduct the data-collection

Step Two usually will take the bulk of the time and resources in the M&E process – particularly when one wants to evaluate the process and impact of a PPD, not all information will be readily available.

Under step one, a first selection of basic approaches and tools was made. In this step, specific instruments will have to be selected to ensure the M&E framework is coherent and reliable; guaranteeing reliability of objective (hard) data and sufficiently cross-checked inter-subjective (soft) data.

The following is a list of possible data collection methods, with a brief indication of the strong and weaker points of each of those methods.

Data collection	Description	Suitable for evaluation	Advantages	Disadvantages
Sample survey	Collection of data using questionnaires with a fixed format. Subjects: households (social-economic survey); a sector (farm management survey); or an activity (enterprise survey).	- Assessment	- Detailed data - Statistical significance - Reliable	- Time consuming - Expensive - Information is static
Case studies	Collection of data through regular interviews (e.g. once every month or fortnight) for a longer period (often a year).	- Assessment - Description	- Detailed data - Dynamic information - Very reliable	- Very time consuming - Expensive - Data usually not statistically significant
Tracer studies	Determination of effects of intervention over a longer period	- Assessment - Description	- Detailed - Reliable - Can track relationships over time	- Expensive
Record keeping	Data collected and recorded by interviewee	- Assessment	- Data collection is cheap - Very detailed information	- A lot of data to process - Danger of bias of interviewee
Rapid appraisal	Combination of data collection and instant appraisal in the field	- Description - Judgment	- Quick results - Relatively cheap because of concentration on essentials	- Can only be applied by experienced experts - Reliability and validity of information cannot be guaranteed
Visual observation	Observation of activities/results/ issues	- Description - Judgment	- Cheap and quick - Observation is free of bias	- Interpretation is difficult; can be a tendency to over-interpret - Can only be applied by experienced experts
Individual interviews	Collection of data through interviews with informers, "open" interviews or "structured" interviews, with questionnaires as part of a sample survey	- Description - Judgment - Facilitation	- Provides opinion of individual interviewees	- Time consuming - Bias of interviewees sometimes difficult to assess
Group interviews	Group discussion with informants. The interviewer acts as discussion leader	- Description - Facilitation	- Provides a clear insight into differences of opinion and how these are considered - Discussion may lead to further analysis	- Neutral position of interviewer sometimes difficult to maintain

In section 3, some of these instruments – the ones which are particularly relevant for M&E of PPD processes – are described in more detail.

D.2.3. Step Three: Writing the process evaluation and impact assessment

The final step in the M&E process is to draw up the report on the PPD process. In general, an impact report should:

☐ have clear separation of findings, conclusions, and recommendations;
☐ deal with inputs, outputs, outcomes, and impacts;
☐ tackle questions of relevance, efficiency, effectiveness, and sustainability;
☐ address the process;
☐ identify lessons to be disseminated; and
☐ balance between judgment, for accountability purposes, and learning.

Process evaluation and impact assessment reports on a PPD ideally should also contain information on:

☐ the organizational effectiveness and process development of the PPD;
☐ economic impacts of the PPD; and
☐ reform process impacts.

In sections 4, 5, and 6, each of these aspects of PPDs will be dealt with in detail.

The final report should be written in two stages. First, a draft final report should enable stakeholders to provide final comments on the findings and analysis – but not the conclusions and recommendations, which are the sole responsibility of the evaluator. After this feedback, the final report can be written.

D.2.4. Dissemination

Evaluation reports can contain a wealth of information from which many other actors can learn, so it is worth considering whether and how to disseminate these findings more widely than with the direct stakeholders of the PPD.

For the purposes of wider dissemination, the report might need to be edited to avoid confidential information being disclosed to third parties, and to ensure the report is understandable for readers who do not know the context of the dialogue.

Websites on PPD to consider for dissemination

www.publicprivatedialogue.org
rru.worldbank.org/Themes/BusinessEnvironment/
www.unglobalcompact.org
www.businessenvironment.org
www.pppue.undp.org
www.weforum.org
www.oecd.org/daf/investment/development
topics.developmentgateway.org/businessenvironment
rru.worldbank.org/Themes/BusinessEnvironment/
www.ifpri.org/themes/ppp/ppp.asp
www.haiweb.org/02_focus_c.htm
www.thewaterpage.com/ppp_debate.htm
www.isted.com/publications/english/parternship_port.htm

D.3. METHODS AND INSTRUMENTS FOR DATA COLLECTION

D.3.1. Inventory and cataloguing of existing documentation

Usually, an inventory is a first step in data collection. It contains a first analysis of existing internal and external information on the PPD. Usually conducted by an external consultant, the inventory will lead to an inception report for the M&E process.

The analysis needs to be focused on the basic questions to be addressed in the M&E exercise defined in step one above. It offers an opportunity to identify and refine sub-questions and corresponding indicators, along with their sources of verification.

The focus in the inventory is on a review of inputs, activities, outputs, outcomes and impacts, based upon the information available in existing documents and archived material. The information can be further analyzed using a small set of key performance criteria:

☐ Relevance: addressing the relationship between outputs and outcomes on the one hand, and stakeholders' needs and expectations on the other.
☐ Efficiency: addressing the relationship between the inputs and outputs or activities, in particular how much input is required for the outputs.
☐ Effectiveness: addressing the relationship between the outputs and outcomes – that is, to what degree do the output activities lead to expected outcomes.
☐ Sustainability: Addressing the relationship between the outcomes and impact of the PPD and the continuation of activities enabled by continued provision of inputs or the identification of new alternative inputs.
☐ Quality of the PPD process: Measuring the degree of appreciation of stakeholders of the quality of the partnership and existing measures to ensure quality control and improvement.

If necessary, this list might be extended with other aspects and/or performance criteria.

Here is a checklist for conducting this inventory:

	Is there sufficient information available in written material? (Yes/No)	Methods and tools needed to find additional information
Inputs/activities		
Output		
Outcome		
Impact		
Relevance (relationship between outputs and outcomes and the needs of stakeholders)		
Efficiency (relationship between inputs and outputs)		
Effectiveness (relationship between output and outcome)		
Sustainability (relationship between outcome and impact and future inputs/activities)		
Quality of the process of the PPD		
Other aspects specific to the PPD's context		

Using this matrix, one can more easily identify where more in-depth research is needed and the tools for undertaking that research. Furthermore, the matrix can be used to make a final check if the M&E process will meet the requirements mentioned in the ToR.

It might, in some cases, lead to changes in the ToR when the matrix shows that certain information requirements cannot possibly be met through the M&E process.

D.3.2. Baseline, benchmark and control-group research

Also taking the form of a desk study, this stage constitutes a more in-depth review of PPD-related documents, including looking at the PPD's context.

Here is a list of possible relevant documents that might be available:

Internal documents of the PPD itself	Baseline data on the context of the PPD	Benchmarking
Original program document	PRSP, private sector development strategies	Research on PPD processes in other localities
Mission statement, mandate, official acts	Policy papers of relevant Ministries	Research on private sector development in localities where no PPD-process has taken place
Rules and regulations	Economic surveys	M&E reports on PPD processes, either in the same locality or elsewhere, where similar initiatives with similar objectives and indicators have taken place
Periodic planning documents	Information from bureaus for statistical research	Control group experiments as an element in the M&E process (NB: this will greatly increase costs)
Periodic reporting documents	Enterprise surveys	
Minutes of meetings	World Bank's Doing Business Indicators	
Existing internal or external evaluations		
Brochures and publications		
Press clippings		

It is obvious that the level of effort and costs required to obtain information will increase drastically with each category. In many countries, no reliable baseline studies and statistical data are available. In most cases it is likely that no systematic benchmark or control-group related information is available.

Benchmarking and control group information is likely to require specific instruments to be developed in the M&E process design, and a corresponding budget. Although such experiments are interesting, budget limitations will often preclude them.

D.3.3. PPD surveys

Surveys and questionnaires are an effective way to generate quick information on the opinions of target groups, but usually require a significant amount of time and resources. It is therefore recommended to use standardized surveys, which can be customized by adding or deleting specific questions.

The use of standardized surveys and questions has the additional benefit of enabling comparison of results of PPDs in different contexts.

In conducting and customizing surveys one should take the following aspects into account:

Design Aspect	Comments/Suggestions
Open or closed questions?	- Closed questions generate quicker information that is easy to process. - Providing scales (e.g. from 1 to 5) for answers can enrich information. - Open questions are time-consuming to respond to and difficult to process.
Amount of time that can be requested from respondents to fill out questionnaires	- A good survey should not take more than 30 minutes for people with a stake in the evaluation, and 15 minutes for those who are indirectly involved.
Language	- Language should be clear and simple. - Think about translations in local languages.
Digital or paper	- Digital surveys are easy to process and the Internet can be used as a tool. - In many situations, digital surveys will not be possible because of lack of access to technology.
Piloting and testing	- Customized surveys should be tested to assess if they can generate sufficient information and to make sure questions are understandable for respondents. Also, the amount of time needed to fill out surveys should be assessed.
Control questions	- A good survey should contain a some control questions to ensure that the information collected is sufficiently reliable
Number of desired respondents	- The reliability of results of surveys increases with the number of respondents. - In the context of PPDs it is important to ensure that desegregated information can be generated on each specific stakeholder group. - If it is not possible to disseminate surveys widely, they can still be used, provided that results can be cross-checked with other methods of data-collection.
Timing of questionnaires	- One should try to disseminate questionnaires at moments when respondents are ready and willing to invest time on them – for example, the end of the financial year is generally a poor time to survey entrepreneurs.
Level of effort that is realistic for analyzing and reporting data	- When digital means for processing surveys are available, analyzing and reporting on data will usually not require significant time and effort. - Open questions can only be processed when significant time is available for analysis.
Rolling out the surveys	- If surveys are sent to people without proper follow-up, non-responsiveness can be high. A successful response rate would be at least 60 percent. - Responsiveness can be greatly increased when surveys are collected manually or when distributed during events at the end of which the surveys can be collected.

Section 4 contains two examples of surveys that can be used for the purpose of process evaluation and impact assessment of PPDs.

D.3.4. Field interviews and focus-group meetings with relevant local actors

Desk study and surveys should be complemented by interviews with local stakeholders.
The first activity here is to list all relevant internal and external stakeholders and establish an order of priority of key persons. Depending on time and resources available for the interview process, a selection can then be made from this list.

The following criteria could be used in this selection:

☐ At least two representatives of each stakeholder group (usually five stakeholder groups can by identified in PPDs: Private sector representatives, intermediaries, public authorities, civil society representatives – including media, unions, NGOs and political factions – and development partners, including donors and aid NGOs.
☐ A mix of internal and external stakeholders.
☐ A mix of stakeholders with active involvement and potential stakeholders without active involvement.
☐ The facilitator(s), manager(s) and administrator(s) of the PPD.
☐ Gender balance.
☐ Ethnic balance.

Once the interviewees are selected, a checklist of relevant open questions should be developed for each stakeholder group. The essence of interviewing is to allow free input from all stakeholders involved.

Section B.2. of this handbook contains checklists for different stakeholder groups that can be used in the interviewing phase for evaluation purposes.

Checklists will greatly increase the amount and reliability of information that can be generated from interviews, but they are not enough. Good interviewing skills and techniques are required to produce good data. The following table contains a few simple guidelines for conducting interviews.

Do's and Don'ts in Interviewing

DO's	DON'Ts
Show interest	Be too controlling
Nod and murmur encouragement	Appear judgmental
Use open questions	Use closed questions
Silent pauses to allow thinking time	Use leading or suggestive questions
Summarize the answers back	Change topic too abruptly
Check if you understand correctly	Assume you understood

A useful tip for good interviewing is to use open questions by using the five W-questions: start your questions with: What, When, Where, Why, Who.

Several techniques are available to improve the reliability of results from interviews. Two of them are briefly described below:

D.3.4.1. STAR interview technique[20]

This technique has been developed not only to obtain descriptive information but also insight into the effects of actions and human behavior. The technique is simple and follows four steps:

Situation: Ask the interviewee to describe the situation you want to know more about.
Tasks: Ask the interviewee to describe his or her own tasks or responsibilities in this situation, or perception of tasks or responsibilities of other relevant persons.
Actions: Ask the interviewee to describe the actions that have been taken to perform the tasks at hand.
Results: Ask the interviewee to describe the results of the actions undertaken.

This simple technique helps to address specific questions in a systematic way, and leads to more insight into causal relations in change processes.

D.3.4.2. "Most Significant Change" interviewing

A relatively new technique is the Most Significant Change (MSC) interview method. This method is particularly helpful to obtain information on unexpected events, or aspects which might not have been included in process design and planning but have had a significant influence.

Format for MSC interviews[21]

[Example 1] Since the start-up of the LED in your municipality, what, in your opinion, has been the most important change – either positive or negative – in relation to the interaction or co-operation between public, private and civil organizations?	Short description of the example (initial question and follow up questions):
Proof/References	
Your assessment of importance and coherence of this example	
[Example 2] What, in your opinion, has been the most important change in the social-economic situation of your family/enterprise/organization during the past year?	Short description of the example (initial question and follow up questions):
Proof/References	
Your assessment of importance and coherence of this example	
[Example 3] What, in your opinion, has been the most important change in strategies and activities of your organization since the start of the LED program?	Short description of the example (initial question and follow up questions):
Proof/References	
Your assessment of importance and coherence of this example	
Your suggestion of which example to use in further process of evaluation	

Although the techniques mentioned above are simple, it requires a lot of practice to improve personal skills in interviewing.

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[20] Star Interviewing has been developed in the context of human resource management to conduct selection and recruitment interviews and performance appraisals.
[21] This example is taken from an MSC interview conducted in the Local Economic Development (LED) process in Macedonia in 2005.

D.3.5. Recording results

Once the interviews have been conducted, proper records should be made of the main outcomes of each interview. These records should be kept until the M&E process has ended to the satisfaction of stakeholders. They should be properly archived by the task manager, as evidence in case the chain of reasoning is questioned.

In addition to individual interviewing it is also possible to conduct group interviews. This might be considered when time and resources are limited and when the people in the group have sufficient mutual trust to express their opinions openly. Group interviewing can be helpful in cross-checking and validating information.

At the end of the interview stage it is recommended to process and aggregate information from the interviews, surveys and desk-study in a set of first preliminary findings. These preliminary findings should be presented and discussed during one or more focus groups. Such focus groups are a crucial step in the evaluation process because findings can be validated and unclear issues can be discussed.

The focus groups might result in the identification of additional points that have to be further investigated (with desk study, surveys and/or interviews) during the evaluation process. If this is the case, a new focus group will be needed to re-validate the findings.

There are many techniques to conduct focus groups, which have to be customized to specific local contexts. A few general guidelines can be given:

- ☐ All the people who have participated in the interviews should be invited, possibly complemented by a selection of other relevant persons.
- ☐ Preliminary findings should be presented clearly, but tactfully. If critical findings have to be addressed, they should be presented with care.
- ☐ Always try to find a balance between positive and critical findings.
- ☐ Allow for sufficient time to discuss all issues and ensure that all stakeholder groups can participate actively.
- ☐ Only present findings, not yet conclusions or recommendations; another focus group could be helpful at a later stage for presenting a draft report with conclusions and recommendations.
- ☐ Explain to participants how you will process the results of the focus group, and indicate the next steps towards the final report.
- ☐ Make a written report of the focus group meeting.

An interview format and an interview template for the Most Significant Change interview are provided on Annexes D2 and D3.

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Document provided in annex

D.4. EVALUATION OF ORGANIZATIONAL PROCESS AND EVOLUTION OF THE PPD

This is the first of three sections presenting three different frameworks, tools, and sets of indicators to analyze PPD.

This section focuses on organization process and evolution. The following one looks mainly at the impact of PPDs on political economy reforms relevant to private sector development. The next looks at more specific outcomes and impacts of a PPD on regulations and economic changes in the environment of the PPD. Ideally they should all be used in combination to obtain a complete overview of the overall results of PPDs.

D.4.1. Results matter, but so do processes: mitigating the risk of mixing subjective and objective information

Monitoring and evaluation of PPD processes is often focused on results. However, the process of reaching those results – or not reaching them – is equally important.

More insight should be obtained into process aspects of dialogue and partnerships, to identify aspects that need improvement to increase the likeliness of achieving anticipated results.

It is not easy to address process-related aspects in evaluation with traditional logical framework-oriented instruments, because processes are experienced and perceived differently by the various stakeholders involved.

Therefore, to some extent evaluation of PPDs also becomes measurement of the subjective opinions and perceptions of people involved in the dialogue. The challenge is to move forward from measurement of individual subjective opinions towards measurement of inter-subjective and cross-checked indicators.

Another related challenge is to deal with aspects that lack written information. Though these might be possible to observe, they may easily be misinterpreted by the consultant or task manager conducting the exercise. This calls for participatory instruments that can generate more objective information on people's opinions, providing sufficient security for people to express these opinions openly.

A possible approach, presented in this section, is based upon the acceptance that measurement of opinions – provided they are sufficiently cross-checked – can generate sufficiently reliable and useful information on PPD processes.

In addition, other methods and instruments need to be used to pair the inter-subjective opinions with objective and quantifiable data on indicators.

D.4.2. An instrument for evaluating the process and evolution of PPDs

The main aspects of PPDs presented here are based on the PPD Charter (chapter C, above). The table below shows which aspects can be evaluated with the instrument presented later in this section.

Summary Table: Indicators covered with the evaluation wheel (see below) and the appropriateness of use of indicators for benchmarking purposes

Main aspects (following the PPD Charter)	Useful for benchmarking
Mandate and Institutional Alignment What were/are the objectives of the PPD and what was/is its mandate towards the government and the private sector? How does it fit with current institutions?	Yes
Structure and participation How is the PPD structured, does it enable balanced and effective participation?	Yes
Champion(s) Has the PPD identified champions, and how has it tried to leverage them over time to impact the effectiveness of the dialogue process?	Yes
Facilitator(s) and management Did the PPD engage suitable facilitators? How has their role been defined? Have they managed to effectively ensure cohesion and performance? What conflicts did they manage, and how did they resolve these?	Yes
Outputs What outputs does the PPD produce, and under what internal processes? Have outputs from the PPD contributed to agreed private sector development outcomes in the shape of structure and process outputs, analytical outputs or recommendations?	Limited
Outreach and communications Has the PPD communication enabled a shared vision and understanding through the development of a common language and built trust among stakeholders?	Yes
Sub National Has the dialogue been conducted at all levels of decision making down to the most local possible level involving micro-entrepreneurs, SMEs and local stakeholders?	No
Sector-specific Have sector-specific or issue-specific public-private dialogues been encouraged?	Yes
International role Does the PPD represent and promote national and regional interests of both public and private actors in international negotiations and international dialogue processes?	Limited
Post Conflict/Reconciliation /Crisis-recovery Has the PPD contributed to consolidate peace and rebuild the economy through private sector development in post-conflict and crisis environments – including post-natural disaster?	No
Development partners Has the PPD benefited from the input and support of donors? How has the donor agenda impacted the decisions of the PPD?	Limited

This approach required caution. Structures and outputs are diverse in different PPD contexts; international role and post-conflict factors are not always relevant; and the involvement of development partners can range from absent to crucial. These elements of the charter, then, only have a limited usability for comparison and benchmarking.

The other aspects of the PPD charter, however, have potential for comparison and benchmarking. The indicators presented here under each aspect have been designed in such a way that they can generate comparative data.

The "evaluation wheel" instrument presented below provides the opportunity to cross-check data on similar aspects of different PPDs, or the development of one PPD over time. It generates information for facilitators or program managers to improve their insight into the PPD process, cross-check in focus groups, and use in future desk study.

D.4.3 The "Evaluation Wheel"

The evaluation wheel has been developed to evaluate different aspects of PPDs in a visual way. The number and type of aspects can be customized according to the M&E needs of the PPD and the needs of different stakeholders involved. The wheel presented in this section includes all twelve elements of the PPD charter.[22]

Sample evaluation wheel
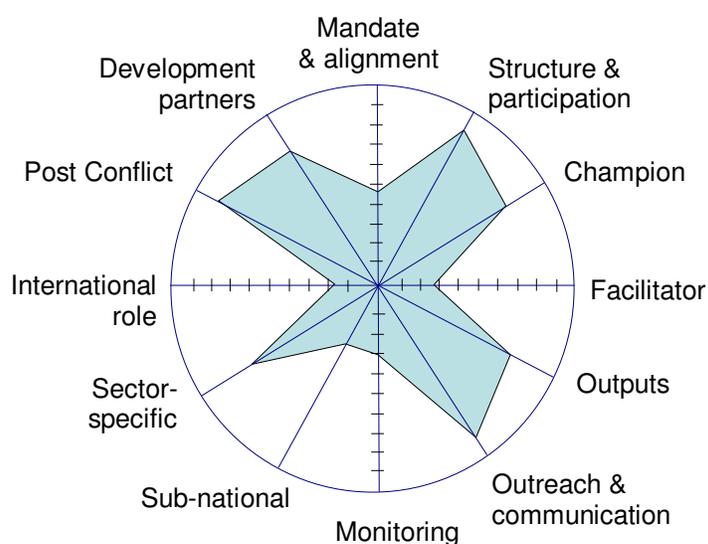
In this hypothetical example of an evaluation wheel, some aspects of the PPD being analyzed are valued relatively highly – such as structure and participation, outreach and communication. Others are less well developed, such as dialogue at the sub-national level and effective facilitation.

The evaluation wheel can be customized according to context. We recommend, however, using a standardized set of indicators to compose the evaluation wheel.

D.4.4. Use of the evaluation wheel for comparison and benchmarking

For each of the 12 process aspects represented on the wheel, below are presented two objectively verifiable indicators indexed on a scale from 1 to 10. The average index between different indicators for a single process aspect gives the final score to be plotted on the wheel.

The following matrix presents several indicators that can be objectively verified by the evaluator(s) through interviews and desk study.

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[22] Element 6 of the PPD charter is the M&E of PPDs. As this tool is used mainly for evaluation purposes, only the aspect of monitoring is considered in the evaluation wheel.

#	Operational Process Indicators:	index measurement	Technique to gather information
Mandate and institutional alignment : Average scoring on all indicators on a scale from 0 to 10			
1	Existence of mission statement and capacity of participants to explain this mission statement	➢ Non-existence=0; existence (in coherent written document)=10 ➢ Percent of respondents who are able to recite the substance of the mission statement; none=0; all=10.	Desk study Interviews (minimum of 5 interviews with stakeholders)
2	Degree of anchorage of the partnership into existing public institutions, as per its mandate	➢ Percent of participants with decision-making power in their home institutions (none=0 and all=10) ➢ Mandate formally accepted and signed by relevant public institutions (none=0; all=10)	Desk study Interviews
Structure and participation: Average scoring on all indicators on a scale from 0 to 10			
3	Existence of rules and regulations in the partnership, including formal mechanisms in place to balance power	➢ Non-existence of documents with rules and regulations=0; complete set of clear rules and regulations=10 ➢ Equal participation of each stakeholder group (in number and level representatives): unequal or stakeholder groups missing=0; exactly equal=10	Desk study Desk study Interviews
4	Degree of participatory decisionmaking	➢ Percent of decisions reached by consensus or vote during partnership meetings (none=0; all=10) Active contribution of all different stakeholder groups in developing proposals (none=0; all=10)	Desk study Interviews Interviews
Champion(s) and leadership: Average scoring on all indicators on a scale from 0 to 10			
5	The presence and clear involvement of champions who are recognized as such by stakeholders	➢ Existence of at least one champion in each of the participating stakeholder groups (none=0, all =10) ➢ Percent of respondents that identify the same champion(s) (all mention different champions=0, all mention the same one(s)= 10	Interviews
6	Continuity of involvement of champions in dialogue or partnership	➢ Turnover rate of champions. (high, staying on only a few months=0 to low, continuous presence=10)	Interviews

Facilitation and management: Average scoring on all indicators on a scale from 0 to 10			
7	Quality of facilitation of the PPD	➢ Existence of Terms of Reference for facilitators and other members of the Secretariat? Non-existent=0; coherent written document=10	Desk study
		➢ Percent of respondents who indicate that facilitators perform well	Interviews
8	Quality of management arrangements (responsibilities, tasks, structure, arrangements etc.)	➢ Existence of task descriptions for manager(s), and – if there is more than one manager – clear division of tasks (non-existence=0, clear description/division=10)	Desk study
		➢ Timely availability of project plans and timelines for all stakeholders (no and not for all=0 and yes for all=10)	Desk study Interviews
Outputs: Average scoring on all indicators on a scale from 0 to 10			
9	Amount and kind of economic and/or reform proposals in relation to planning	➢ Number and kind of economic and/or reform proposals (none=0, as planned =6, exceeding planning=10)	Desk study Interviews
10	Degree to which dialogue or partnership has innovated or changed existing institutional structures.	➢ % of respondents of external organizations who indicate the PPD has had influence on activities of their organizations. (none=0, all=10)	Interviews with external stakeholders
		➢ Appreciation expressed by external stakeholders on the performance of the PPD (no knowledge at all/low appreciation=0; detailed knowledge and high appreciation=10)	
Outreach and communication: Average scoring on all indicators on a scale from 0 to 10			
11	Quality and frequency of communication between different stakeholder groups	➢ Distribution of time between listening and speaking of participants of different stakeholder groups in meetings of the PPD (extremely unequal=0 and very equal=10)	Observation of meetings Interviews
		➢ Number of misunderstandings or disagreements in communication that are clarified (none=0, all=10)	

12	Amount and kind of outreach and communication activities to civil society and media	➢ Amount of money spent yearly by the partnership on media and communication as a percentage of the total budget of the PPD (no budget=0, total amount (needs to be customized to situation)=10) ➢ Amount of (written, verbal, television) external communication messages (none=0, total amount (needs to be customized to situation)=10	Desk-study Interviews (internal and external stakeholders)
Monitoring: Average scoring on all indicators on a scale from 0 to 10			
13	Quality of reporting and documentation on activities of the partnership	➢ Number and frequency of monitoring reports (on a scale from 0 to 10) ➢ % compliance of reporting with qualitative targets set for monitoring (not at all=0, entirely=10)	Desk study
14	Degree to which monitoring results have resulted in changes in planning and targets	➢ Percent of follow-up actions on recommendations in monitoring reports (no recommendations followed up=0, all recommendations followed up=10)	Desk study Interviews
Sub-national: Average scoring on all indicators on a scale from 0 to 10			
15	Existence of local and regional structures or consultation mechanisms for the dialogue or partnership	➢ Consultation of PPD (through formal structures/channels) at further decentralized geographical levels (no at all=0, many channels and all relevant levels=10) ➢ Percent of respondents at the level of local target groups (indirect beneficiaries of the PPD) who are satisfied with the performance of the PPD (none=0, all=10)	Desk study Interviews Interviews with beneficiaries and target groups at the local level
16	Existence of activities of the PPD at other levels (local, regional or national) through ad hoc activities or dedicated programs or working groups	➢ Number of activities at other levels than the dialogue and partnership itself (none=0, many and at many different levels=10)	Interviews (internal and external stakeholders)

Sector Specific: Average scoring on all indicators on a scale from 0 to 10			
17	Degree to which the dialogue or partnership addresses specific problems of participants	➤ Number of (sub)sector or issue-specific working groups in the PPD (none=0, all relevant sub-sectors=10)	Desk study Interviews
18	Capacity of the dialogue or partnership to generate concrete solutions to specific problems of participants	➤ Number of (sub)sector or issue specific proposals generated (none=10, at least one per year for each (sub)sector or issue=10) ➤ Quality of these proposals rated by the evaluator(s) (on a scale from 0-10)	Desk study Interviews Desk study
International Role: Average scoring on all indicators on a scale from 0 to 10			
19	Presence and participation of participants in the dialogue or partnership at international forums and conferences	➤ Number of international events in which representatives of the PPD participated (none=0, all relevant international forums and conference=10) ➤ Number of presentations on the PPD for audience as a percentage of total events in which was participated (none=0, all=10)	Desk study Interviews
20	Active consultation and contacts made by international actors to learn from the dialogue or partnerships	➤ Number of international actors who made inquiries with the PPD (none=0, regular inquiries by different international actors (at least 10 inquiries of 5 different actors)=10)	Desk study Interviews
Post-conflict – reconciliation: Average scoring on all indicators on a scale from 0 to 10			
21	Capacity to put conflicts on the agenda of the dialogue or partnership and resolve them	➤ Existence of an internal communication strategy to mitigate conflicts (not existent=0, existent (written and coherent)=10) ➤ Percent of conflicts that have been peacefully resolved within the PPD according to respondents. Average % of all respondents (none=0, all=10)	Desk study Interviews (participants in the PPD)
22	Contribution made by the dialogue or partnership to conflict resolution and peace building in its external environment.	➤ Existence of an external communication strategy to mitigate conflicts in the direct external environment of the PPD (not existent=0, existent (written and coherent)=10 ➤ Number of relevant conflicts in the direct context of the PPD positively influenced by the PPD, according to external stakeholders. (no influence at all=0, in all conflicts positive contribution noticeable=10)	Desk study Interviews (external stakeholders)

Development Partners: Average scoring on all indicators on a scale from 0 to 10			
23	Degree of dependence of the PPD on financial support of development partners (DPs)	➢ Amount of financial support from DPs as a percentage of the total costs of the dialogue or partnership (total budget provided by DPs=0, more than 50% of budget provided by own resources=10)	Desk study
24	Degree of autonomy of the agenda of the PPD from agendas of development partners	➢ Number of points on the agenda that were promoted by DPs as a percentage of total issues on the agenda. (all points promoted by DPs=0, no points promoted by DPs=10	Desk study Interviews

The design of the evaluation wheel is such that it enables a clear and easily readable picture of a dialogue or partnership, which can be used for comparison of process-evaluation results over time in the same PPD or to compare different PPDs on the 12 elements of the PPD charter.

See next section and Annex D4 for how to assess each of the indicators.

D.4.5. Use of the evaluation for in-depth analysis of a specific PPD

The evaluation wheel is useful for providing more in-depth understanding of the dynamics of a PPD in a particular context, and analyzing differences in appreciation of the PPD in question by stakeholder groups participating in it.

For this purpose, the indicators in the matrix above are verified through the aggregation of individual assessments on each of the 12 elements of the PPD Charter from all stakeholders participating in the dialogue or partnership. These can be cross-checked by focus groups, interviews and desk studies.

See Annex D5 for a questionnaire for collecting individual assessments.
Annex D6 provides an evaluation wheel template.

Document provided in annex

It is possible to represent on the same wheel the appreciation of private sector stakeholders only (represented by the blue area on the below example), government representatives only (the red line), etc.

It is also possible to produce a single wheel with the overall aggregated data of all stakeholders. This wheel would thus present the inter-subjective overall assessment of the PPD as perceived by all stakeholders, and can be usefully compared with the first wheel composed on the basis of objective indicators.

Example of evaluation wheel used for inter-subjective analysis
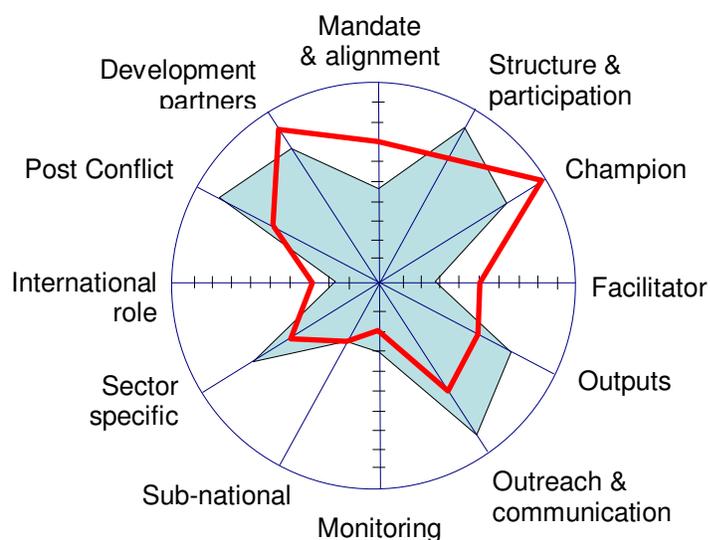
The evaluation wheel is a powerful visual tool to enable discussion and more in-depth analysis of a PPD in focus group meetings with different participants in the dialogue or partnership. Different aggregated scores of individual assessments for each relevant stakeholder group can easily be compared using the picture above.

In particular, scores that show big differences between different stakeholder groups, and those aspects that are scored low by all stakeholder groups, will need further discussion.

Aspects that show a low scoring of all stakeholder groups will likely require improvements in the design and the process of the PPD. Aspects that show differences in appreciation of different stakeholder group will require improvements in information provision to specific stakeholder groups or changes in set-up, rules and regulations to enable a more balanced participation of all stakeholder groups.

By comparing wheels over time – for instance, with intervals of a year – task managers can analyze if the PPD is developing towards or away from a balanced participation and appreciation by different stakeholder groups.

D.5. EVALUATION OF THE POLITICAL ECONOMY IMPACT OF PPDS ON REFORM PROCESSES

This component of the evaluation exercise assesses the extent to which a PPD has been beneficial in starting up and implementing reforms identified as priorities by national governments.

5.1. Three elements of political economy reform

The political economy reform process depends on three related elements:

☐ **Policy desirability**: the political interest of the government in investing efforts in reforms, depending on factors such as commitment of the leadership, configuration of political factions, upcoming elections, advocacy by private sector and civil society organizations, the macro-economic situation, etc.
☐ **Administrative feasibility**: the institutional capacity to develop and manage public institutions within the framework of public sector reform processes.
☐ **Political feasibility**: the coherence of the framework of different reform processes and the institutional capacity to manage reform processes.

PPD can contribute to all three elements. Its main impact is likely to be on raising the importance of issues on the government's agenda and building a constituency for reform, and thus increasing the policy desirability and feasibility of these reforms.

Through government participation in PPD, officials are exposed to exchange of experiences that contribute to capacity-building within the public sector. However, additional efforts are needed to build capacity for public sector reform processes.

The relation between these three elements is shown in the following figure[23]:
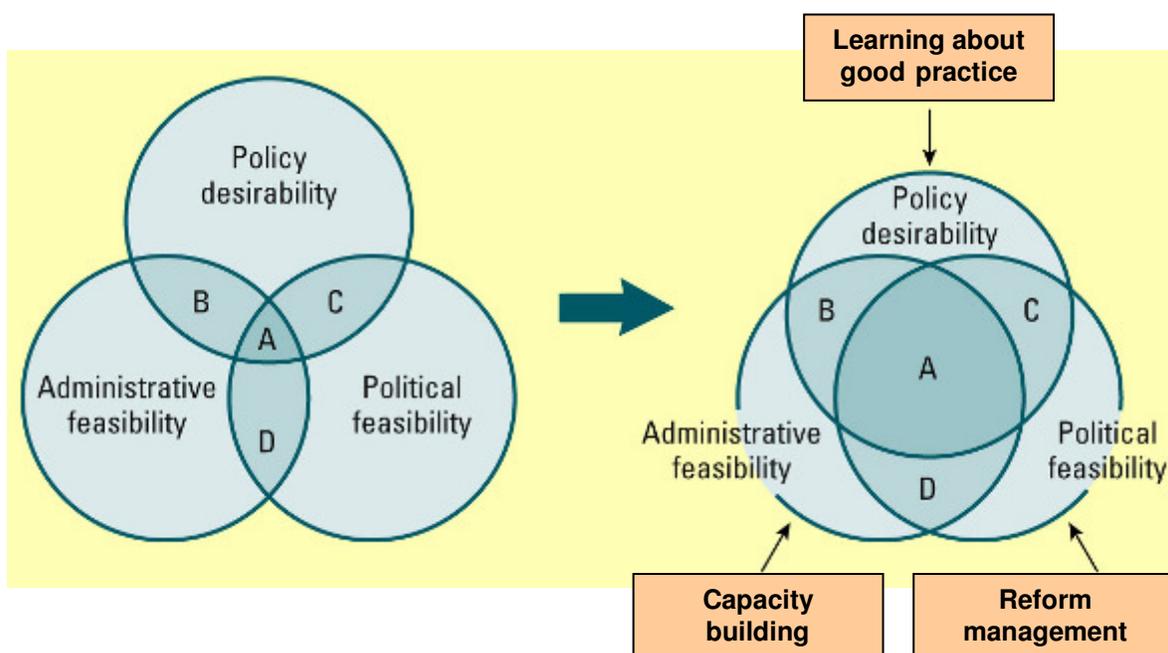
23 Figure from *The World Development Report 2005,* The World Bank Group, 2005.

Practitioners should be aware that governments can be impelled towards reform by other processes and actors. International development partners can influence reforms through dialogue and financial incentives. Political decentralization processes can also have an effect.

So it is difficult to attribute political economy reforms fully to PPD. Nonetheless, it is in this area that PPD is most likely to have its most significant impact.

D.5.2. Clarifying the steps of the reform process: drafting, executive, legislative

Reform processes differ from country to country. For each context, the evaluator should attempt to categorize the typical set of steps of the reform process.

For instance, for a state level legislative amendment in Bosnia and Herzegovina the steps are the following:

A) Drafting
1. Identification of issue and potential for reform (first written document about the issue).
2. Pre-drafting public-private consultations.
3. Agreement from a minister to champion the bill.
4. Amendment during the technical drafting process.
5. Public-private consultation during the drafting process.
6. Production of final amendment draft.
7. Decision of minister to forward the bill to the Council of Ministers.

B) Executive
8. Decision to put the amendments on the agenda of the Council of Ministers.
9. Adoption by the Council of Ministers.

C) Legislative
10. Decision to put on the agenda of Parliament.
11. Two readings by the House of Representatives.
12. Adoption by the House of Representatives.
13. Two readings by the House of Peoples.
14. Adoption by the House of Peoples,
15. Harmonization by the relevant Parliamentary committees of each house in the event the versions adopted differ,
16. Publication in the Official Gazette.

Although the number and kind of specific steps in a reform process can vary significantly between countries, the categories of a) drafting steps, b) executive steps and c) legislative steps can be distinguished in any given country.

Once this is done, a table is created with all the steps indicated by a different column. Each row represents a single bill, an amendment to a law, regulation or decree, or anything else that the PPD claims to have had an impact on. It is advisable to choose only the most significant reforms – say, a maximum of 10 – to which the PPD contributed.

Following the different data collection methods, the evaluator needs to rate each step, in terms of the level of influence, which the PPD had on the step being measured. This level of influence can be indexed

on a scale from 0 to 3. This would mean that for each given reform and given step the following scores are possible:

0 – The PPD had no impact on this step.
1 – This step benefited from input from the PPD.
2 – The role of the PPD was crucial in the accelerating this step.
3 – The PPD was solely responsible for this step.

Final scorings can only be conducted after detailed analysis and cross-checking of the data collected, because it is likely that opinions on the degree of influence of a PPD on a specific reform and step will greatly vary among different stakeholder groups.

The rating of the level of influence can be summarized and visualized in a table with color coding to illustrate the evaluated impact of the PPD on the reform process of all the regulatory or legislative changes it will claim to have contributed to.

This illustration is based on the 16-step reform-process in Bosnia-Herzegovina:

PPD influence on reform process	Drafting							Executive		Legislative						
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13	Step 14	Step 15	Step 16
Reform #1	3	2	0	1	2	0	0	0	1	2	0	2	0	2	0	0
Reform #2	3	2	2	1	2	0	0	0	2	1	0	1	0	1	0	0
Reform #3	1	2	1	1	1	1	0	0	0	2	0	2	1	2	0	0
Reform #4	0	0	0	2	3	0	0	0	1	1	0	1	0	1	0	0
Reform #5	3	1	0	1	0	1	0	0	1	1	0	0	0	0	0	0
Reform #6	3	1	1	1	3	0	1	0	2	0	1	0	1	0	0	0
Reform #7	2	2	0	1	3	0	2	1	0	0	1	0	0	0	0	0
Reform #8	3	2	0	1	2	0	0	1	1	0	0	1	0	1	0	0
Reform #9	2	1	1	0	2	1	0	0	0	1	0	2	0	2	0	0
Reform #10	1	3	0	1	1	1	0	0	2	2	0	0	0	0	0	0
Total	21	16	5	10	19	4	3	2	10	10	2	9	2	9	0	0

This table can be converted to colors to give quick visual information to readers as to where the PPD has been most influential.

PPD influence on reform process	Drafting							Executive		Legislative						
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13	Step 14	Step 15	Step 16
Reform #1	3	2	0	1	2	0	0	0	1	2	0	2	0	2	0	0
Reform #2	3	2	2	1	2	0	0	0	2	1	0	1	0	1	0	0
Reform #3	1	2	1	1	1	1	0	0	0	2	0	2	1	2	0	0
Reform #4	0	0	0	2	3	0	0	0	1	1	0	1	0	1	0	0
Reform #5	3	1	0	1	0	1	0	0	1	1	0	0	0	0	0	0
Reform #6	3	1	1	1	3	0	1	0	2	0	1	0	1	0	0	0
Reform #7	2	2	0	1	3	0	2	1	0	0	1	0	0	0	0	0
Reform #8	3	2	0	1	2	0	0	1	1	0	0	1	0	1	0	0
Reform #9	2	1	1	0	2	1	0	0	0	1	0	2	0	2	0	0
Reform #10	1	3	0	1	1	1	0	0	2	2	0	0	0	0	0	0
Total	21	16	5	10	19	4	3	2	10	10	2	9	2	9	0	0

In this example, it is clear that the impact of the PPD on the reform process lies at the beginning of the process, in identifying issues and organizing the consultation process during the drafting phases. The PPD also plays a significant role during the different readings at the two houses of parliament.

Ranking steps in order of the importance of the PPD's influence leads to an understanding of where a PPD is currently most effective, and where it may need to focus more attention.

D.6. EVALUATION OF REGULATORY AND ECONOMIC OUTCOMES AND IMPACTS OF PPDS[24]

Regulatory and economic outputs, outcomes and impacts of PPDs can be evaluated based on the logical framework approach. As objectives, anticipated results and activities are likely to be different in each PPD, the approach presented here focuses upon providing the general logical framework model. The specific sets of indicators will need to be customized to each PPD.

This framework focuses on "hard," i.e. objectively verifiable outputs, outcomes, and impacts of PPD-processes. As such it complements the process-oriented framework and the framework for measuring the (often indirect) impact on reform processes, set out in the above two sections.

D.6.1. The structure of the logical framework

The logical framework identifies five basic levels in the evaluation exercise, which are related in a chain. This figure presents the five levels (in the first box, two levels are combined) and gives some examples of generic indicators related to each link in the chain.

Logical framework for evaluation
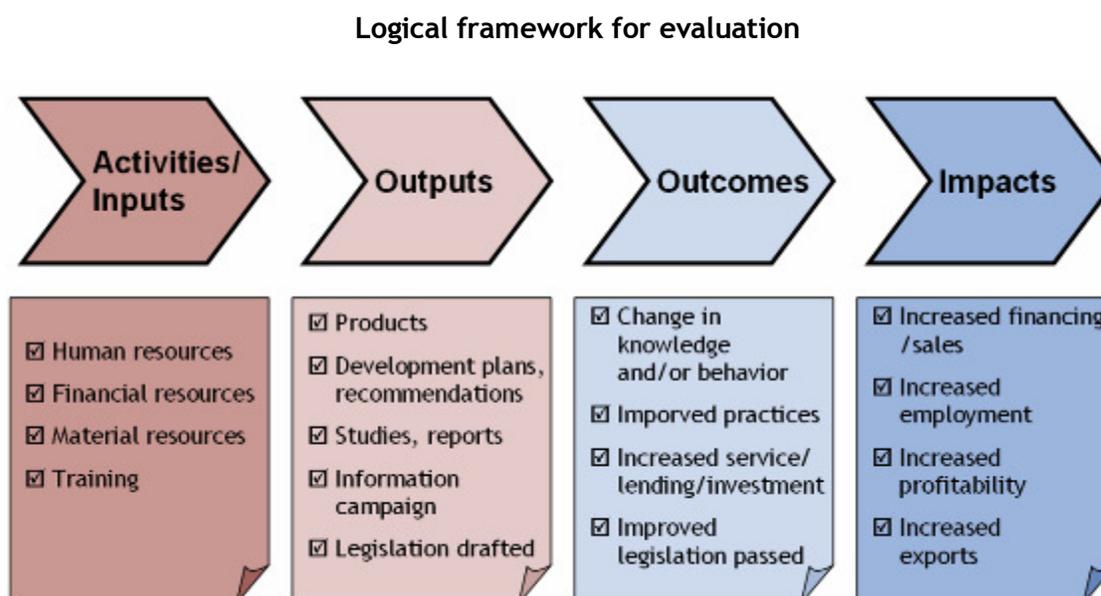
As has been mentioned, M&E is not a stand-alone activity that can be designed retrospectively. Rather, it is closely related to the program cycle. The logical framework is a powerful visual tool to illustrate the relation of M&E with planning and it shows that indicators need to be developed in the planning stage of the PPD process.

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[24] This section is based upon IFC's recent work on developing indicators for M&E of its technical assistance and advisory services. This text is an adaptation of the *Guide to Core Output and Outcome Indicators for IFC Technical Assistance Programs*, Monitoring and Evaluation Unit, Technical Assistance Impact and Enhancement, IFC, The World Bank Group, 2005.

D.6.2. The different stages of the program cycle

Indicators are used at several stages in the project or program cycle (see figure). Since characteristics of these stages differ, the functions of indicators may also differ.

D.6.2.1. The identification stage

During the identification stage, the plan for the project or program is being formulated in general terms and, normally, planning indicators are not yet formulated at this stage. Nevertheless, indicators may already play a crucial role in getting more precise information on the context of the intervention and on the problems to be tackled. During this identification stage, task managers should try to reinforce the quality of the situational analysis of the PPD by using specific indicators.

D.6.2.2. The formulation stage

During the formulation stage, the initial plan needs

The Program Cycle

to be worked out in more detail. Generally, several indicators will now be formulated. At this stage, the indicators are called either planning indicators or Objectively Verifiable Indicators (OVI's) as different persons will come up with the same information.

If the plan is worked out in a logical framework matrix, the planning indicators or OVIs are presented in the second column of this matrix.

Indicators are generally formulated for the overall objective(s), the project purpose and the results. This provides sufficient level of detail for the formulation stage.

Together with the indicators, it is also necessary to identify the sources where the information referred to in the indicator can be found. These are called Sources of Verification (SoV) and included in the logical framework matrix in the third column.

Identification of these SoVs at this stage is highly recommended, since discussions on where to find the information or how to collect it often lead to reformulation of the indicator. If the information referred to in the indicator cannot be obtained, the indicator becomes useless and a new one should be formulated.
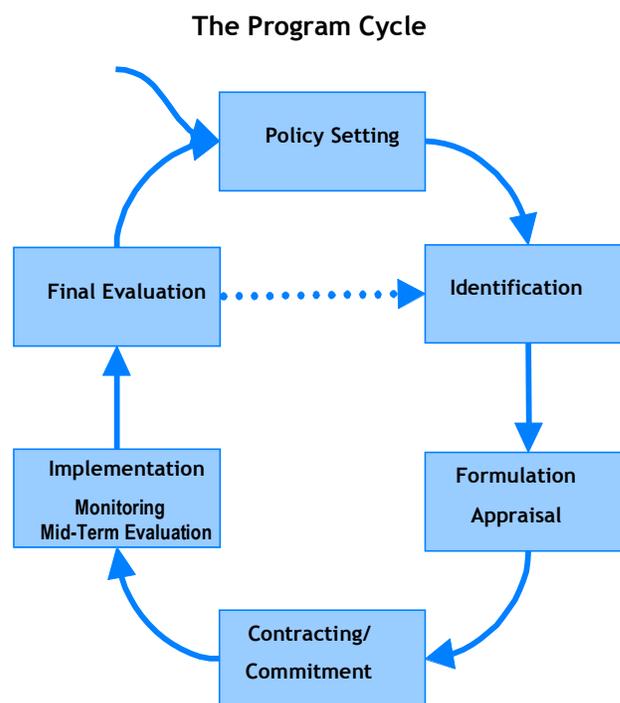
Indicators (OVI) in the logical framework

Overall Objective(s)	OVI	SoV	
Project Purpose	OVI	SoV	Assumptions
Results	OVI	SoV	Assumptions
Activities	Inputs		Assumptions
			Preconditions

The development of indicators during the formulation stage is crucial. First of all, when objectives are still vague, planning indicators are necessary to obtain information about target groups, timeframe and baseline and target values. Without this information, resource allocation and budgeting as well as operational planning remain almost impossible.

Example of good planning indicators: the Millennium Development Goals

Efforts towards achievement of the UN Millennium Development Goals by 2015 are being monitored. The framework for reporting includes eight goals, based on the UN Millennium Declaration. For each goal there is one or more specific targets, along with specific social, economic and environmental indicators used to track progress towards the goals. Over 40 indicators are identified to monitor progress.

Goal 1: Eradicate extreme poverty and hunger.

Target 1 for 2015:
Halve the proportion of people living on less than a dollar a day and those who suffer from hunger

Related indicators:
1. Proportion of population below $1 per day (PPP-values)
2. Poverty gap ratio [incidence x depth of poverty]
3. Share of poorest quintile in national consumption

See also www.un.org/milleniumgoals

For example, an objective such as "increased worker productivity" means little without specifying the exact nature of productivity, and with how much it is supposed to increase, for how many workers, and within what timeframe.

Second, it is also necessary already at the formulation stage to define how to track progress towards the objectives during implementation.

See, for example, the indicators formulated to track progress towards the achievement of the MDGs. With the formulation of clear targets, the MDGs clearly indicate what is to be achieved in terms of development by 2015. The identified indicators are important signals (direct as well as indirect ones; see also below) indicating changes in relation to MDG 1.

As explained above, a complete plan will include information on target group, timeframe, baseline and target values. This information can be included already in the objectives or is further specified in the indicators. The completed plan, including the indicators, will now provide a solid basis for the management during implementation and thus also for monitoring and evaluation.

D.6.2.3. The implementation stage

During the implementation stage, monitoring and evaluation activities provide managers with particular information, for which – again – indicators are used. Obviously, the planning indicators formulated at the level of results, purpose and overall goal will be the starting point for monitoring and evaluation.

However, during implementation, managers will also be interested in other aspects of the intervention, such as depletion of budget or specific bottlenecks caused by external factors. In this context, some

organizations distinguish input indicators, output indicators, and so on, referring to the type of monitoring or evaluation they are used for (see figure):

Input indicators

Resources: time, money, staff, material

Process indicators

Resources	→	Results/Outputs

Indicators of action/Output indicators

Action	→	Results/Output

Indicators of reaction / Outcome indicators

Result	→	Purpose/Outcome

Impact indicators

Purpose	→	Overall Objective

Indicators of context

External Factors
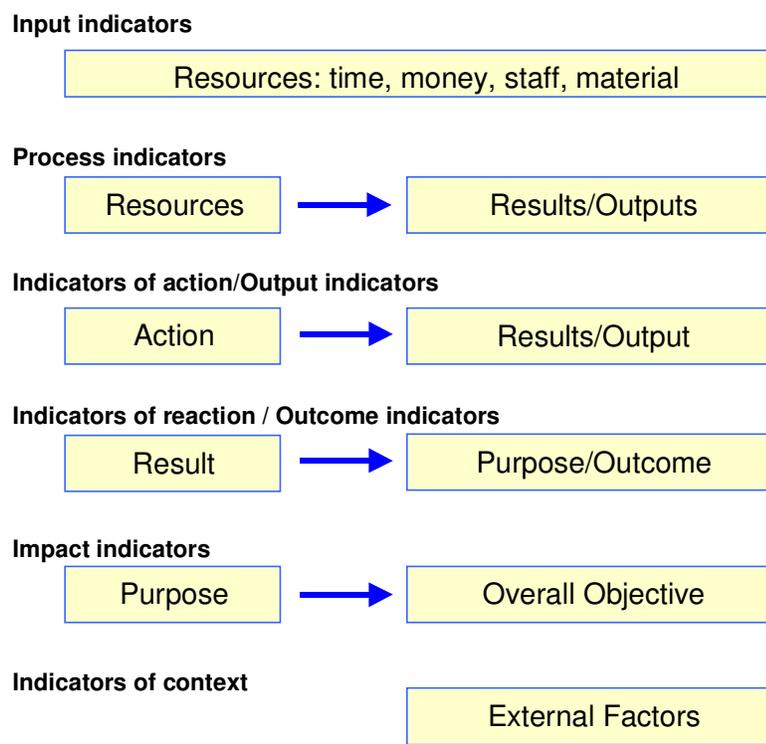
D.6.3. Different indicators and focus of monitoring

Moreover, a manager might want to monitor management aspects that are not even mentioned in the logical framework (such as human resource management issues, reporting frequency, etc.). Based on the specific information needs of managers, a variety of monitoring indicators can be identified.

For evaluation – and, as a consequence, also for indicators for evaluation – the same principle is applicable. Depending on the evaluation criteria – such as relevance, effectiveness, efficiency, sustainability, and impact – the evaluator's information needs and focus of the evaluation indicators will have to be further defined.

Again, planning and monitoring indicators will be a good basis for evaluation activities. For example, indicators of achievement of goals will facilitate the appreciation of impact, while indicators of results will provide information to evaluate effectiveness.

Monitoring indicators on budget depletion and on use of resources will facilitate the evaluation of efficiency and indicators related to context may well support appreciation of sustainability.

D.6.4. Type of indicators

We can distinguish two types of indicators:
1) Direct indicators, which refer directly to the subject they have been developed for.
2) Indirect indicators, which only refer in an indirect way to the subject.

D.6.4.1. Direct indicators

These indicators directly address the subject of interest, and are often suited to operational and technical subjects. Nonetheless, these might not be easy to measure. A good example of a direct indicator is "the proportion of the population below $1 per day".

D.6.4.2. Indirect indicators

Indirect indicators, also referred to as proxy indicators, refer in an indirect way to the subject of interest. There can be several reasons to formulate indirect indicators:

> **Example of an indirect indicator**
>
> In a credit scheme in Ghana, women's bank-savings set aside for re-investment appeared to be a good indirect or proxy indicator for the earnings of the women.

- ☐ The subject of interest cannot be measured directly. This is particularly the case for more qualitative subjects, like behavioral change, living conditions, good governance, etc.
- ☐ The subject of analysis can be measured directly, but it is too sensitive to do so – for example, level of income or, in the context of an HIV/AIDS intervention, "safe sex."
- ☐ The use of an indirect indicator can be more cost-effective than the use of a direct one. As such, indirect indicators are very typical management tools.

Generally, managers are not looking for scientifically reliable data but for management information. An indirect indicator may well represent the right balance between reliability of information and the efforts needed to obtain the data.

Indicators are defined to provide unambiguous information about interventions and their achievements, but are never an end in themselves. In addition to the reasons outlined above for defining indicators, the use of meaningful indicators in the evaluation exercise can lead to management information on the PPD.

D.6.5. Standardized indicators, e.g. Doing Business

In addition to customized indicators (see 6.6 below), a limited number of standardized indicators can help to enable comparison and benchmarking of PPDs in different contexts. We advise evaluators to refer to the list of indicators in the Doing Business reports issued every year by the World Bank (www.doingbusiness.org). The reports present a number of objective measurements of the costs of regulatory frameworks and procedures for entrepreneurs.

World Bank Doing Business Indicators	
Starting a business	**Protecting investors**
Procedures (number)	Extent of disclosure index (0-10)
Time (days)	Extent of director liability index (0-10)
Cost (% of income per capita)	Ease of shareholder suits index (0-10)
Minimum capital (% of income per capita)	Strength of investor protection index (0-10)
Dealing with licenses	**Paying taxes**
Procedures (number)	Payments (number)
Time (days)	Time (hours per year)
Cost (% of income per capita)	Total tax payable (% of gross profit)
Employing workers	**Trading across borders**
Difficulty of hiring index (0-100)	Documents for export (number)
Rigidity of hours index (0-100)	Signatures for export (number)
Difficulty of firing index (0-100)	Time for export (days)
Rigidity of employment index (0-100)	Documents for import (number)
Hiring cost (% of salary)	Signatures for import (number)
Firing cost (weeks of salary)	Time for import (days)
Registering property	**Enforcing contracts**
Procedures (number)	Procedures (number)
Time (days)	Time (days)
Cost (% of property value)	Cost (% of debt)
Getting credit	**Closing a business**
Strength of legal rights index (0-10)	Time (years) no practice
Depth of credit information index (0-6)	Cost (% of estate) no practice
Public registry coverage (% of adults)	Recovery rate (cents on the dollar)
Private bureau coverage (% of adults)	

From the table with Doing Business Indicators above, the evaluators should pick those aspects on which the PPD to be evaluated claimed to have had an impact. The related indicators under the relevant aspects should be added to other customized indicators that have been identified in the design of the logical framework of the PPD process.

The list of Doing Business indicators is also relevant as a reference for the set-up of new PPD processes. During the planning stage, Doing Business indicators can already be included in the project design and the development of the logical framework.

D.6.6. Developing customized indicators

Considerable efforts to formulate standardized indicators are being undertaken, such as the Doing Business Indicators. Nonetheless it will usually be necessary to develop some customized indicators. This section offers some suggestions.

D.6.6.1. Formulation of indicators

Because indicators for planning, monitoring or evaluation serve slightly different purposes, clarity on the status of the project or program in the life cycle is useful before starting to formulate the indicators.

> **Examples of existing performance indicators for governance**
>
> ☐ "Quality of Budgetary & Financial Management"
> ☐ "Corruption Perceptions Index"
> ☐ "Quality of Government Services"
>
> See also:
> www.worldbank.org/publicsector/indicators
> www.doingbusiness.org

Formulation of good indicators cannot be hurried. It is good practice to go step-by-step and worry about the precise formulation of the indicator at a later stage. The following steps may be of help:

1. What
Brainstorm on the variables – what are the objectives, in terms of numbers of standards.

2. How much
Define the magnitude of the desired change.

3. Who
Clarify the target group. Often specific information on who belongs to the target group is necessary, for example in cases when gender specificity is required.

4. Where
Specify information on the intervention area, if this does not yet become clear from step 3.

5. When
Define the timeframe.

> **Example of formulating an indicator**
>
> *MDG 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015*
>
> One of the indicators for this goal is the ratio of literate females to males of 15-24 years old.

The brainstorm on variables (step 1) may lead to a number of different options. Especially when indirect variables are identified, consider the likely validity, accuracy, sensitivity and cost-effectiveness of identifying these variables when deciding which will best serve the information needs of the involved managers.

Cost-effectiveness, of course, also needs to be considered for direct indicators and may be a reason to prefer indirect indicators.

In defining the indicators, emphasis should be placed on trying to ensure that indicators:

- ☐ are relevant to the types of technical assistance and facilitation most frequently undertaken in PPDs;
- ☐ are valid with respect to reflecting the underlying concept that is meant to be measured,
- ☐ are reliable in terms of minimizing potential measurement error, and
- ☐ are practical for facilities and regional offices to use given the effort required to collect necessary data.

D.6.6.2. From inputs to impacts

When customizing indicators, clarity is needed about different terms:

- ☐ *Inputs* refer to the resources used in program activities.
- ☐ *Activities* are the actions taken or work performed in particular projects using specified inputs. These include assessments, advisory services, training, and public awareness campaigns.
- ☐ These activities are intended to result in *outputs* such as reports, advice, training events, and media coverage.
- ☐ In turn, these outputs are expected to yield certain *outcomes* in terms of changes in knowledge, behavior and performance among beneficiaries in the target population.
- ☐ Finally, it is anticipated that programs will generate development *impacts* including higher productivity, greater income, and economic growth.

D.6.6.3. Choose only indicators relevant to the specific PPD

The design of the PPD process will dictate which indicators are relevant and which are not. From the relevant indicators, select those for which data are available at a reasonable cost.

Examples of PPD-specific indicators

A working group concerned with improving infrastructure conditions to boost the export market might consider as an impact indicator *the time it takes for a truck with standard container to cross the country to the nearest port*.

A working group concerned with improving ICT skills among the workforce might consider an indicator such as *the average scoring of ICT students on final examinations of higher education institutes*.

A PPD focused on cutting red tape will need impact indicators such as *the % increase of the number of newly registered companies*.

A PPD that is working on improvement of the investment climate for international enterprises might want to measure *the percent increase of foreign investments of international companies in a country*.

D.6.6.4. Consider carefully the target groups for indicators

Outcome and impact indicators are used to measure different characteristics of PPDs and the results they anticipate for relevant stakeholders. These could be, for example, individuals, financial institutions, BMOs, or private enterprises, and they can be either direct or indirect beneficiaries of the PPD.

Examples of defining target groups for indicators

A working group aiming to improve conditions for micro, small and medium enterprises (MSMEs) might want an indicator such as *a percent increase in sales of MSME's with a maximum total turn-over of 10,000 USD per year*. It will not be useful to know what is the percent increase in sales of the private sector as a whole.

A PPD working on improving the access of agricultural producers to foreign inputs might want to know the *percent increase of importation of fertilizers*. It will not be interested in the percent increase of the value of total imports in the country.

The indicator of increased business registration would be too general for a PPD that is working on promoting the enabling environment for tourism companies. It will need to know the *percent increase in registration of tourism companies*.

D.6.7. The limitations of indicators

It is necessary to bear in mind that changes in indicators do not necessarily prove that it is the PPD which has led to the change. The main use of indicators is for monitoring purposes, to provide a sense of whether members of the target population have been reached and have improved performance on various dimensions.

To be able to attribute observed changes specifically to the PPD requires more rigorous studies that involve comparison with a counterfactual – the hypothetical situation that would have occurred in the absence of the program.

Good impact assessments use random assignment, constructed controls, and/or other approaches to isolate the impact of the program from other extraneous factors affecting outcomes.

D.6.8. Multiple measures are needed to calculate changes over time

The outcome and impact indicators included in this handbook are expressed as a measurement taken at a specific time. The intention is for programs to establish a baseline and be able to assess changes in the level of particular indicators over time. Changes can be calculated on an absolute or percentage basis.

The budget for data collection and analysis should be commensurate with the scale and importance of the project. As a general rule of thumb, M&E budgets should be in the order of three to five percent of the total program budget.

D.6.9. Indicators for comparative use and evaluative benchmarking of PPDs

This table suggests a limited number of indicators for comparative use and benchmarking of PPDs at the level of outcomes and impacts, which is the focus in the evaluation exercise.

Anticipated Result	Outcome indicator (examples)
Changes in laws and regulations related to business enabling environment	Number of laws and regulations promulgated (new or amended) during the period under review.
Changes in relevant administrative procedures	Number of administrative procedures during the period of review.
Transaction costs for administrative procedures	Official cost of starting a business. Official cost of registering property. Official cost of enforcing contracts.
Days required to complete administrative procedures	Average time to complete each procedure in calendar days.
Objective	Impact indicator
Increase the rate of business registration	Number of businesses registered during the year.
Increase private sector productivity and growth	Percentage of enterprises reporting that the business enabling environment is conducive to their productivity and growth. Number of new jobs created. Amount of FDI registered during the year.

D.7. CONCLUDING REMARKS

This section of the handbook has focused on providing general guidelines for setting up and planning an evaluation exercise for a PPD. Some methods and tools for data collection have been presented. Three frameworks, tools, and sets of indicators have been introduced, with the purpose of enabling comparison and benchmarking of outcomes and impacts of PPDs.

These inputs, of course, are additional to ongoing M&E efforts within the context of PPDs or even broader programs of governments, development partners, and NGOs. Our suggestions are not meant to replace these ongoing efforts but to complement them. Where possible, frameworks, tools, and indicators should be linked to existing ones and not treated as a stand-alone evaluation exercise.

Cross-checking of outcomes of different frameworks and tools will greatly improve the quality of impact analysis. Additionally multi-stakeholder meetings, such as focus groups, are useful techniques for validation and discussion of findings in a participatory way with all the stakeholders involved in a PPD.

The data collection tools and frameworks with indicators can relatively quickly and simply generate analysis of data and present them visually to stakeholders in the evaluation exercise for further discussion and analysis.

The information generated by the frameworks can be compared over time – for example, periods of half a year or a year – in order to assess how a PPD is developing.

The frameworks and indicators have been designed in such a way that they can also be used for comparative analysis and benchmarking of outcomes and impacts of PPDs in different settings.

Many of the tools and frameworks are still works in progress, and new insights will further improve their relevance and usefulness. Of course these tools and frameworks are not blueprints; they need to be tailored to each context.

Finally, frameworks and tools do not directly solve the difficult issue of attribution in evaluation exercises; this will always require thorough analysis and thinking. The inputs in this chapter are intended to help in this process.

We invite comments and examples on www.publicprivatedialogue.org/contact/ to improve the tools, make them more accurate over time, and more comparative across different contexts.

A - PUBLIC-PRIVATE DIALOGUE
Backgrounder on the benefits and risks of PPD

B - DIAGNOSTICS
Mapping tool for diagnosing the
status and potential of PPD

C - DESIGN AND IMPLEMENTATION
Based on the Charter of Good Practice
in Using Public-Private Dialogue for
Private Sector Development

D - MONITORING AND EVALUATION
Introducing a new standardized
evaluation framework for PPD

RESOURCES AND ANNEXES

RESOURCES AND BIBLIOGRAPHY

This handbook is an output of the first International Workshop on Public Private Dialogue, held in Paris in February 2006. It has been informed by papers and case studies written for presentation at that workshop, and a number of other seminal documents.

70 articles and resources on the topic of public-private dialogue have already been referenced in "*Competitiveness Partnerships: Building and Maintaining Public-Private Dialogue to Improve the Investment Climate*", Herzberg and Wright; The World Bank, Policy Research Working Paper Series, no. 3683, which is available online . This Handbook draws in part from those references. Instead of listing them again, the authors have chosen to list only references readily available online, and indexed by topic and countries on www.publicprivatedialogue.org.

The website is constantly updated with links to the latest relevant materials about PPD, and aims to be a comprehensive collection of documents and links which will be of interest to PPD practitioners. All documents referenced in this bibliography can be accessed through the website. Readers are advised to check these website links for new information which may also be of interest.

For ease of reference, this bibliography is presented in three sections, corresponding to the organization of links to these source materials on the website. Short descriptions of key papers are provided so that this bibliography can also serve as a recommended reading guide.

Many of these papers also have associated PowerPoint presentations by the authors, also available on the website.

Lessons learned: http://www.publicprivatedialogue.org/papers/

Competitiveness Partnerships: Building and Maintaining Public-Private Dialogue to Improve the Investment Climate
Benjamin Herzberg & Andrew Wright; The World Bank, Policy Research Working Paper Series, no. 3683.
A resource drawn from the review of experiences of 40 countries. The paper is designed to be used as a resource by donors, governments, or businesspeople who are interested in establishing, maintaining, or improving a competitiveness partnership in their country or region. It distills some ideas and techniques from best practice, offering a selection of valuable insights into how practitioners can avoid common pitfalls. The paper has three parts. Part One outlines what competitiveness partnerships can achieve. Part Two presents issues to consider when designing such partnerships, and Part Three identifies challenges that are frequently faced and strategies that have been used to overcome them.

Reforming the Business Enabling Environment: Mechanisms and Processes for Private-Public Sector Dialogue
Bannock Consulting Ltd, for DFID

DFID Policy Division's Investment, Competition and Enabling Environment (ICEE) team commissioned Bannock Consulting Ltd to examine how public-private sector dialogue (PPD) can support investment climate improvement. The consultants focused on DFID's and the European Union's field experiences with PPD processes and mechanisms in their private sector development programs. The paper looks at dialogues spanning many continents, political and social systems, ranging from highly formal and structured to informal and ad hoc. It identifies success factors and lessons learned, and includes a helpful list of dos and don'ts for donors.

Le Dialogue Public-Privé dans les Pays en Développement: Opportunités, Risques & Préalables

Nicolas Pinaud, OECD Dévelopment Centre

Based on an investigation into the conditions of public-private dialogue in sub-Saharan Africa, this paper aims to pinpoint institutional prerequisites - effectiveness of the bureaucracy, organization and maturity of the local private sector, political environment - for productive dialogue.

Survey of Good Practice in Public-Private Sector Dialogue

UNCTAD

A helpful distillation of some best practice in public-private dialogue drawn from experiences in several countries, with emphasis on SME promotion in the developing world. Especially valuable on identifying the conditions and culture which are conducive to dialogue and on discussing the role of private sector representative organizations.

Participation Revisited: A Managerial Perspective

Benjamin Crosby, USAID

A philosophical and practical overview of the value and limitations of participation in formulating public policy. Discusses the costs and benefits of efforts to increase participation, identifies circumstances which are most propitious, and assesses some practical problems of expanding participation and strategies to deal with them.

Promoting Competitiveness in Practice: An Assessment of Cluster-Based Approaches

Mitchell Group, for USAID

Looks at public-private dialogue from the angle of working with industry clusters rather than investment climate reforms which affect a country's whole economy. Looks in depth at USAID experiences in Mexico and Mongolia and also draws on other country experiences to distil lessons for promoting competitiveness through clusters.

Consultation with stakeholders in the shaping of national and regional policies affecting small business

European Commission Enterprise and Industry Directorate General

A valuable report on how policy makers in European countries consult with small businesses. It finds that since small enterprises constitute approximately 99% of businesses in all European economies, it is essential that the policy makers carefully listen to their opinions, involve them in the decision making process at an early stage and take their specific situation and their interests into account when developing new legislation and policies. Along with providing several interesting case studies, the report includes twelve recommendations addressed to national and regional governments on how to establish a more efficient dialogue with stakeholders and improve the consultation procedures.

Tools for practitioners: http://www.publicprivatedialogue.org/tools/

How to Promote Public-Private Dialogue for Business Enabling Environment Reform
Bannock Consulting Ltd, for DFID
A brief "how to" note extracting the practical lessons emerging from the larger Bannock Consulting review of DFID's PPD experience (see above).

Building the Capacity of BMOs: Guiding Principles for Project Managers
Alejandro Alvarez de la Campa et al.
A World Bank publication that analyses the problems typically faced by BMOs and gives guiding principles on how to design, implement and evaluate a project aimed at building their capacity to become a strong and reputable representative of the private sector. Also:

Monitoring and evaluation of multi-stakeholder co-operation and partnerships in local economic development
Frans van Gerwen (Msc.), MDF Training & Consultancy, The Netherlands, and Lazar Nedanoski, MCIC, Macedonia
A valuable resource which looks at participatory and process-oriented approaches for monitoring and evaluation in public-private partnerships. It reviews lessons learned and looks at a case study from Macedonia. This is a draft paper prepared for the international conference on "reforming the business environment", held in Cairo in November/December 2005.

Social Marketing Applied to Economic Reforms
Alan R Andreasen and Benjamin Herzberg; Social Marketing Quarterly Volume XI / Number 2
This article discusses the principles of social marketing with reference to the efforts of the Bulldozer Initiative in Bosnia to change attitudes among entrepreneurs, legislators and the general public.

Policy Framework for Investment
OECD, Paris, 2006
A set of questions and annotations for governments to consider in ten policy fields identified in the Monterrey Consensus of Financing for Development as critically important for the quality of a country's environment for investment.

Policy Framework for Investment: A review of Good Practices
OECE, Paris, 2006
A companion volume to the Policy Framework for Investment, providing analytical background material and examples of good practice on each of the ten chapters of the PFI.

Case studies: http://www.publicprivatedialogue.org/case_studies/

[AFRICA]

Participation, Consultation and Economic Reform in Africa: Economic Fora and the EG-DG Nexus
Center for Democracy and Governance, Bureau for Global Programs, Field Support, and Research, USAID
Looks at specific experiences of dialogue in Uganda, Ghana, South Africa and Zimbabwe to explore the relationships between dialogue, economic growth and democratization. Especially interesting on

the connections and potential tension between growth and democratization and the role of donors in addressing that tension.

[AFRIQUE DE L'OUEST ET DU CENTRE]

La participation des cotonculteurs d'Afrique de l'Ouest et du Centre aux négociations commerciales internationales
Eric Hazard, Head of Policy Dialogue at ENDA Tiers-Monde, Senegal

[EAST AFRICA]

Farmers dialogue - NEPAD process experience
Philip M. Kiriro, Vice-Patron KENFAP, President EAFF, Vice-President IFAP

[EASTERN EUROPE]

Social Dialogue and EMU in the Candidate Countries: Estonia, Hungary, Malta, Poland and Slovenia
European Foundation for the Improvement of Living and Working Conditions
Describes a project to use tripartite dialogue - government, trades unions, business - in five EU candidate countries to help them prepare for meeting the Maastricht criteria for joining the Euro. Split into five individual country reports which contain useful discussions of the state of public-private dialogue in each country.

Social Dialogue in Central and Eastern European Countries: Trends, Issues and Challenges
Giuseppe Casale, International Labour Office
Comprehensive analysis of the changing state of public-private dialogue in sixteen countries in Central and Eastern Europe. Looks at some of the challenges faced by transition economies, especially in industrial relations and enterprise development, and usefully explores the scope of social dialogue to manage change.

Social Dialogue in European Union Candidate Countries
European Trade Union Confederation
Takes stock of social dialogue in the ten Central and Eastern European EU candidate countries plus Turkey, Cyprus and Malta. Especially good at outlining the legal, institutional and political basis of employer and trade union organizations, and assessing how effective interaction between them is in preparing for EU membership.

[PACIFIC ISLANDS]

Public-Private Sector Partnerships
Pacific Islands Forum Secretariat
Discussion paper for a meeting of economic ministers of Pacific Islands Forum countries on the subject of public-private dialogue. Contains a good exploration of general lessons about dialogue - its aims and scope and best practice in implementation - together with discussions of experiences both in the Pacific region and beyond.

[SOUTH AMERICA]

Government-Business Relations in the Construction of Mercosur
Gian Luca Gardini
Study of interaction between government and business in Argentina and Brazil during the construction of the Mercosur trading area.

[BANGLADESH]

The Bangladesh Private Sector Forum
Craig Wilson, Program Manager, Investment Climate Assessments, SouthAsia Enterprise Development Facility - International Finance Corporation

The Bangladesh Private Sector Development Support Project: A Case Study in Public-Private Dialogue
Farooq Sobhan, President, and Shihab Ansari Azhar, Senior Research Associate, Bangladesh Enterprise Institute
Looks at how the public-private dialogue mechanism used in the design of the PSDSP was established, its benefits and constraints, and how dialogue can be strengthened and enhanced in the future.

[BOSNIA AND HERZEGOVINA]

Investment Climate Reform: Going The Last Mile, The Bulldozer Initiative in Bosnia and Herzegovina
Benjamin Herzberg
Comprehensive exploration of the establishment of the acclaimed Bulldozer project in Bosnia and Herzegovina. Especially valuable in describing how innovative outreach and media management techniques were used to build bottom-up support for economic reform, change social attitudes and enthuse small and medium entrepreneurs.

Monitoring and evaluation during the Bulldozer Initiative in Bosnia and Herzegovina
Benjamin Herzberg

[BOTSWANA]

Structured Public-Private Sector Dialogue: The Experience from Botswana
Dr. Anthony Land
Based in part on illuminating interviews with participants, provides a helpful general synopsis of public-private dialogue in Botswana, describes how the current structures for dialogue evolved and how they function, and contains a useful discussion of their respective strengths and weaknesses and lessons that can be learned.

[BULGARIA]

Effectiveness of Public-Private Dialogue in Bulgaria
Petya Mandova
Discusses the role that public-private dialogue has played in changes in the Bulgarian business environment since the mid-1990s. Explores both formal and informal consultative mechanisms. Especially useful for the negative lessons that can be learned from instances of dialogue that have not been found effective.

[CAMBODIA]

Cambodian Government - Private Sector Forum (G-PSF)
James Phillip Brew, Project Manager, IFC

[CROATIA]

Local/National Level Economic Policy Dialogue: the Competitiveness Council and Economic and Social Councils in Croatia
Joe Lowther, Senior Manager, Emerging Markets Group; Kresimir Sever, President, NHS Trade Union Confederation

[DOMINICAN REPUBLIC]

The Dominican Republic Competitiveness National Council
Andres van der Horts, Executive Director, Competitiveness National Council
[FIJI]

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Isireli Koyamaibole, CEO, Ministry of Commerce, Business Development and Investment; and Ken Roberts, CEO, Fiji Employers Association

[JAMAICA]

The Jamaica Cluster Competitiveness Project (JCCP)
Kenneth Hynes, Director, and Country Coordinator for OTF Group Jamaica; and Beverley Morgan, Director, Jamaica Exporters' Association

[LAO PDR]

Lao Business Forum: Improving the business environment through constructive dialogue
Pascale Rouzies, Lao Business Forum Coordinator, IFC-MPDF; and Trang Nguyen, Manager, Business Enabling Environment Program, IFC-MPDF

[MALAWI]

The Malawi National Action Group (NAG)
Jason Agar, Managing Director, NAG Secretariat, and Chancellor L. Kaferapanjira, Chief Executive, Malawi Confederation of Chambers of Commerce and Industry (MCCCI)

[MALI]

Communication sur le Dialogue entre le Secreteur Public et le Secteur Prive: Cas du Mali
Paul Derreumaux, Djibril Tabouré, Mohamed Traoré

[MEXICO]

Dialogue, Partnerships and the evolution of Clustering efforts in Chihuahua, Mexico
Alonso R. Ramos Vaca, Senior Advisor, Chihuahua Nuevo Milenio Project

Is it possible to institutionalize a public-private dialogue mechanism to reform economic regulation and policy in Mexico by the end of the current administration?
Miguel Flores Bernés, Coordinator General for Regulatory Impact Assessment, COFEMER

Public-Private Dialogue in the State of Aguascalientes, Mexico
Armando Jimenez, Secretary of Economic Development, State of Aguascalientes

[NIGERIA]

A Case Study of the Nigerian Economic Summit
Mansur Ahmed, Director General and Chief Executive of the Nigerian Economic Summit Group

[PAKISTAN]

Pakistan Small and Medium Enterprise Development Association (SMEDA)
Andleeb Abbas, SMEDA

[PERU]

Utilizing Public-Private Dialogue to Create a Market for Reform
Beatriz Boza, Executive Director, Ciudadanos al Día (CAD); and Luke Haggarty, Program Manager, Business Enabling Environment Program, LAC Technical Assistance Facility, IFC

[PHILIPPINES]

A Case Study of the Philippines Task Force on the WTO Agreement on Agriculture Renegotations (TF-WAAR)
Raul Q. Montemayor, National Manager, Federation of Free Farmers (FFF Philippines)

Managing the Politics of Reform - Overhauling the Legal Infrastructure of Public Procurement in the Philippines
J. Edgardo Campos and Jose Luis Syquia, World Bank Working Papers 34044
Looks at the sequence of events in buidling a public-private dialogue initiative that ultimately led to the passage of legislation that markedly altered the rules that govern public procurement in the Philippines. The study attempts to distill operationally useful lessons for managing the politics of a reform process.

[RUSSIA]

Private-Public Sector Dialogue in the Development and Implementation of Regional Projects: Tomsk Oblast, the Russian Federation
Babushkin Evgeny, Head of the Department of Investment and Economic and Legal Expertise, Administration of Tomsk Oblast

[RWANDA]

The Rwandan Revenue Authority Project
Eugene Torero, Commissioner for Large Taxpayers, Rwanda Revenue Authority; Max Everest-Phillips, Senior Governance Adviser, DFID; and Richard Stern, African Regional Program Coordinator, FIAS

[SOUTH AFRICA]

PSI (Private Sector Initiative) in Southern Africa
Corin Mitchell, Director of Operations, SBP South Africa

The Role of Donors in PPD and the Southern African Development Community (SADC) Regional Business Climate Survey
Thomas Bedenbecker, Advisory Service of Private Business - Southern Africa (ASPB)

[TANZANIA]

Promoting Public-Private Dialogue for Self-Motivated Reforms in the Municipality of Moshi, Tanzania
Felician John Ifunya, CEO, AMFE Microserve

[TIMOR LESTE]

Public-Private Partnerships in Development: Three Applications in Timor Leste
José Braz, OECD Development Centre

[UKRAINE]

Economic and Social Regeneration in the Ukrainian Donbass
Peter Fortune, Private Sector Development Adviser, DFID Ukraine

[VIETNAM]

Public Private Dialogue in the making of the Unified Enterprise Law and the Common Investment Law in Vietnam
Thomas Finkel, GTZ Vietnam

Launching the Vietnam Private Sector Forum, 1997-2000
Wolfgang Bertelsmeier, IFC Country Manager for Vietnam, Laos and Cambodia, 1997-2000

www.publicprivatedialogue.org

ANNEXES

The Annexes contain samples of materials relevant to establishing and maintaining PPD that practitioners can take and adapt to local contexts.

Word versions of these annexes are available on www.publicprivatedialogue.org for ease of adaptation

Each annex is numbered in sequences corresponding to the Handbook's main sections. Section A does not refer to any annex.

B - DIAGNOSTICS

ANNEX B1:   Template for completing diagnostic report and checklists
ANNEX B2:   Template questionnaire for interviews with private sector representatives
ANNEX B3:   Template questionnaire for interviews with BMO representatives
ANNEX B4:   Template questionnaire for interviews with public sector representatives
ANNEX B5:   Template questionnaire for interviews with civil society representatives

C - DESIGN AND IMPLEMENTATION

ANNEX C1:   Outreach to entrepreneurs: Sample "business roadblock" submission form
ANNEX C2:   Initiating dialogue: Sample letter to businesses and business associations
ANNEX C3:   Legal mandate – Case of Serbia
ANNEX C4:   Formal mandate – Case of Bosnia and Herzegovina
ANNEX C5:   Structure and participation: Sample PPD participants, roles and responsibilities
ANNEX C6:   Sample terms of references for setting up a secretariat to promote and manage PPD

D - MONITORING AND EVALUATION

ANNEX D1:   Sample structure for terms of reference for a PPD evaluation
ANNEX D2:   Most Significant Change interviews – Interview format
ANNEX D3:   Most Significant Change interviews – Interview template
ANNEX D4:   Instructions for drawing the evaluation wheel
ANNEX D5:   Evaluation wheel – questionnaire to stakeholders
ANNEX D6:   Evaluation wheel – template

ANNEX B1: Template for completing diagnostic report and checklists

On the following pages you will find a standard template for completing the diagnostic mapping tool report outlined in Part A, followed with checklists of questions to answer in each section for ease of reference.

1. General assessment of the investment climate, based on desk research.
(Target length: 500 words)

2. Assess the private sector, addressing the issues raised in the checklist.
(Target length: 500 words)

3. Map intermediary organizations – roles, importance, strengths and weaknesses

Intermediary	Mandate	Membership type and size	Strengths and accomplishments	Weaknesses	Contact information

4. Map the public sector agencies that are relevant to private sector development

Department or program	Jurisdiction and audience	Strengths and accomplishments	Weaknesses	Contact information

5. Assess the attitudes of civil society, addressing the issues raised in the checklist.
(Target length: 500 words)

6. Stakeholder analysis and recommendations, if required by project brief.
(Target length: 2000 words)

ANNEX B2: Template questionnaire for interviews with private sector representatives as part of the diagnostic tool

Name: ....

Company: ....

Size and sector: ....

Contact details: ....

Date of interview: ....

Interviewer:...

- ☐ What are the things that make it most difficult to do business in this country, in your opinion?

- ☐ Thinking about your relationship with government, how much time do you spend on interactions with government departments? Do you think this is too much time, too little or about right? Do your interactions tend to go smoothly, or do they tend to involve delays and/or informal payments?

- ☐ What kind of interactions do you have with public sector people? As part of your work, do you meet high-level decision-makers, or low-level bureaucrats? Do you socialize with people who work in the public sector?

- ☐ In general, do you think the government understands the concerns of businesspeople like yourself? Do you think the government is competent and capable in its efforts to promote the growth of the economy?

- ☐ Are there any government departments which you think are especially good or bad at what they do, when it comes to dealing with businesspeople? Which are they? Why?

- ☐ Do you make an effort to stay informed about changes in laws and regulations? How? Do you generally feel there is stability of policies, and that you will be aware of any changes that may affect your business?

- ☐ Do you have access to legal advice on abiding by laws and regulations?

- ☐ Have you ever tried to lobby someone in government, either on your own or by joining an organization? Was that experience successful?

- ☐ Do you belong to any representative business membership organizations? For each organization: What services to you receive from them? Do you feel you are well served by them? Do you think they are genuinely representative of the interests of people like you?

☐ [For small entrepreneurs:] Some people say that any policy that benefits big businesses like multinational corporations will also tend to be good for small businesses like yours. Do you agree or disagree?

☐ Thinking about efforts to promote public-private dialogue to improve conditions for doing business, if a well-known person were to appeal publicly for businesspeople and government to work together for the good of the country, who do you think that should be? Who would be listened to?

ANNEX B3: Template questionnaire for interviews with BMO representatives as part of the diagnostic tool

Name: ....

Organization: ....

Areas of interest: ....

Contact details: ....

Date of interview: ....

Interviewer:...

☐ How many members do you have, and what kind of businesses do they represent? What kind of services do you provide to your members?

☐ What are the things that make it most difficult to do business in this country, in your opinion?

☐ Are there any government departments which you think are especially good or bad at what they do, when it comes to dealing with businesspeople? Which are they? Why?

☐ What do you think about international donor agencies which have a presence in your country? Do you perceive them as doing a good job for the country, or as interfering? Are there any you have a particularly positive or negative feeling about?

☐ Thinking about efforts to promote public-private dialogue to improve conditions for doing business, if a well-known person were to appeal publicly for businesspeople and government to work together for the good of the country, who do you think that should be? Who would be listened to?

ANNEX B4: Template questionnaire for interviews with public sector representatives as part of the diagnostic tool

Name: ....

Department: ....

Responsibilities: ....

Contact details: ....

Date of interview: ....

Interviewer: ....

☐ Some people in the public sector think that businesspeople are only interested in themselves. Others think that businesspeople are valuable contributors to society. Which comes closest to your view?

☐ Do you feel that government generally does a good job of helping private enterprise to improve economic growth in the country? If not, what do you think it could do better?

☐ Are there any government departments or agencies that you would identify as being especially good or bad at working with the private sector? Which are they?

☐ Thinking about efforts to promote public-private dialogue to improve conditions for doing business, if a well-known person were to appeal publicly for businesspeople and government to work together for the good of the country, who do you think that should be? Who would be listened to?

ANNEX B5: Template questionnaire for interviews with civil society representatives as part of the diagnostic tool

Name: ....

Organization: ....

Areas of interest: ....

Contact details: ....

Date of interview: ....

Interviewer:...

☐ How do you think the government acts towards the private sector in this country? Do you think they don't do enough to help businesspeople, or they let businesspeople get away with too much? In what ways?

☐ Are there any government departments or agencies that you would identify as being especially competent and capable? Which are they?

☐ Are you familiar with any representative business membership organizations? For each: Do you perceive them as doing a good or bad job?

☐ What do you think about international donor agencies which have a presence in your country? Do you perceive them as doing a good job for the country, or as interfering? Are there any you have a particularly positive or negative feeling about?

☐ Thinking about efforts to promote public-private dialogue to improve conditions for doing business, if a well-known person were to appeal publicly for businesspeople and government to work together for the good of the country, who do you think that should be? Who would be listened to?

ANNEX C1: Outreach to entrepreneurs: Sample "business roadblock" submission form

This form should be adapted and formatted according to the specifics of the partnership.

BUSINESS ROADBLOCK SUBMISSION FORM

[Logo of the partnership]

Submitted by:

Name:

…………………………………………………………………………………

Position: …………………………………………………………………………

Organization:

…………………………………………………………………………

Private enterprise: ☐ >100 employees   ☐ 10-100 employees   ☐ <10

What is the issue?

[Describe the background to the problem]

Why is this a business roadblock?

[Describe how the problem holds back private sector development]

What is the proposed solution?

[Describe what could be changed and how this would have a positive impact]

What action is necessary to implement the solution?

[Specify e.g. the law or regulation that would need to be amended or repealed, or the decision-maker who would have to issue new guidance]

ANNEX C2: Initiating dialogue: Sample letter to businesses and business associations

This is an example of a letter that could be sent by a high-ranking government official to initiate the process of public private dialogue.

[*Official stationary*]

From: [*Name of Government Official*]

[Date]

To: [*Name of recipient(s)*]

Dear friend,

The government of [*name of country/region*] is committed to promoting the development of the private sector in [name of country/region]. More investment means more jobs and prosperity for the [country/region] and each of our citizens.

As a representative of the business community of this [*country/region*], you know first hand the issues that the private business faces in its daily commercial dealings. Starting and running a company is a hard thing to do, that demands courage and tenacity. I commend you for that. I also want you to know that the government is committed to ensure that entrepreneurs like you evolve in the best business environment possible.

To that effect, and to make sure that our policies and regulations take the views of the private sector into account, I would like to invite you to engage with your colleagues – other entrepreneurs, business associations and constructive business advocates – and provide us with your insights.

I suggest that you and your colleagues organize yourself in the manner you will find most constructive and representative, and constitute yourself as an ad-hoc private sector group. This group should be representative and include business advocates from various industries and regions. After your own internal consultation process, I would like to receive, in the form a document addressed to me, and before the end of [insert deadline], your single-voice insights on the following five topics:

- [*For example:*] Investment facilitation
- Registration and licensing
- Customs and Trade
- Standards and certifications
- Business and commercial legislation
- [*Other examples of pressing issues*]

The input the government is seeking is not a list of grievances and problems regarding the above matters, but rather a list of possible legal, institutional or technical solutions to specific issues in each of these areas, together with an explanation for why they are needed and how they could be implemented.

I suggest that each of the final recommendation of the private sector group include the following:

- What is the issue at stake? (Keeping in mind that issues at stake should be described in a coherent, fair and objective and non-partisan manner).
- Why is it a roadblock to private sector development? (Elaborating on the negative effects of the current situation and describing such effects with specific examples).
- What is the proposal for a solution? (Insisting on the benefits of such solution, but also taking into account the risks and costs of the chosen option).
- What are specific action items for the public authorities? (Defining what specific article of what law needs to be amended and how, what rule book or bylaws need to be modified to ensure better implementation, what institutional steps could the government take to resolve such matter, or any other action the private sector deems appropriate.)

Let me stress that we intend to consider your recommendations. It does not mean that we guarantee we will act on all your insights. But we will give a very serious consideration to your input, especially if proposals are presented with a sound cost/benefit analysis, if they make economic sense for the businesses of this country, and if they match international best practice.

If the private sector feels the need for facilitation of this process, I would suggest that [insert name of willing donor agency] could provide facilitation assistance throughout.

I know how important to you is the topic of private sector development for [name of country/region]. I hope that you will be able to contribute to its improvement by participating and leading the process mentioned in this letter. My office is available to you for further information.

Sincerely,

[*Signature*]

[*Name*]

[*Title*]

Copy: [*List of Private Sector Representatives*]
         [*List of copied government officials*]

ANNEX C3: Legal mandate – Case of Serbia

The text below is an example of how a law can incorporate the principles of dialogue between the government and the business community. The blue highlights point to the specific articles that inscribe the public-private dialogue into the law.

<u>REPUBLIC OF SERBIA</u>

REPUBLICAN SECRETARIAT FOR LEGISLATION

PROPOSAL OF AMENDMENTS TO THE RULES OF OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF SERBIA

In Belgrade, 11 October 2004.

In accordance with article 9 para.1 of the Law on the Government of the Republic of Serbia («Official Gazzette of the RS», No. 5/91 i 45/93),
The Government of the Republic of Serbia issues the following

DECISION OF AMENDMENTS TO THE RULES
OF OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF SERBIA

Article 1.

In the Rules of Operation of the Government of the Republic of Serbia, («Official Gazzette of the RS», No. 6/02, 12/02, 41/02 and 99/03), article 29. is being amended as follows:
«An act which is being proposed by the Government to the National Assembly is being prepared by the proposer in the form of a draft, and the act which is being adopted by the Government is being prepared by the proposer in the form of a proposal.

In the procedure of preparation of a law which significantly changes the legal regime in a certain area or which regulates issues which ar of particular interest for the public, the proposer has to previously perform public discussion, and he can perform it in other cases when they consider that this is necessary.

The program of public discussion and term in which the public discussion is being performed is determined by the competent Board of the Government at the proposal of the proposer.

If the proposer does not perform the public discussion in accordance with the program which has been determined by the competent board, or does not propose to the competent board the performance of the public discussion although he had to, the competent board shall, while considering the draft law, oblige the proposer to perform an additional public discussion, i.e. it shall determine itself the obligation of performance of the public discussion, the bodies which shall perform the public discussion and the term in which it has to be performed.»

Article 2.

In article 30 para.1. after point 4) point 5) is added as follows:
«5) The Office for European Integration – in the cases of harmonization with the EU regulations ».
Para 2. is amended as follows:
«In the preparation of a draft law, other regulation and general act which is adopted by the Government, the proposer has to obtain the opinion of other ministries and special organizations when the subject which is being regulated enters theirs competence or is of interest for them ».

Article 3.

Article 34. is amended as follows:

« A draft law, other regulation and general act, i.e. proposal of the general act to be adopted by the Government, is submitted to the Government in the form in which it is adopted, with a statement of reasons.

The statement of reasons must contain:

:

1) the constitutional, i.e. legal basis;

2) the reasons for adoption of the act, which contains also: the determination of the problem which the act has to resolve, the aims which are being obtained by adoption of the act, whether other options for the resolution of the problem have been considered except adoption of an act and which are they and why adoption of the act is the best option for the resolution of the problem;

3) an explanation of the basic legal institutes and particular solutions;

4) evaluation of the means necessary for the implementation of the act;

5) An analysis of the effects of the act, which contains the following explanations: Who and how is likely to be affected by the solutions proposed in the act, what are the likely costs for the citizens and economy, in particular small and medium enterprises, are the positive effects of adoption of the act such that they justify the costs, does the law stimulate the entry of new business entities on the market and does it stimulate market competition, have all interested stakeholders had the chance to expose their views about the draft law and which measures are going to be undertaken during implementation in order to fulfill the scope of the law. If the proposer considers that the statement of reasons of the act does not have to contain such analysis, he has to state the reasons for which he considers that;

6) general interest for which a retroactive effect is being proposed, if the act contains provisions for which retroactive effect is foreseen;

7) the reasons for adoption of the law in accordance with an urgent procedure, if an urgent procedure is proposed, with listing of the damaging consequences to the life and health of the people, security of the Republic and operation of the bodies and organizations which would occur as a consequence of the non adoption of the law in an urgent procedure;

8) The reasons for which it is proposed that the law, other regulation or general act should become effective before the eighth day from the day of its publication;

9) an overview of the provisions which are being amended (the overview is being prepared so that the part of the text which is being amended is crossed over and the new text which replaces or amends the existing text is written with capital letters).

As an attachment to the draft law, a Statement of Compliance of the draft law with the regulations of the European Union must be submitted, which contains the evaluation of the compliance of the draft law with the relevant legislation of the European Union, and if there are no such regulations of the EU – a statement of this fact. An overview of the executive acts with terms for their adoption is also attached to the draft law.

An individual act is submitted by the proposer with a statement of reasons, which contains the relevant facts on the basis of which the adoption of the act is proposed.»

Article 4.

Article 43. is amended as follows:

«The materials which are being presented for consideration and deciding to the Government are available to the public when the competent board issues a conclusion proposing to the Government the adoption of the act, except draft laws for which public discussion is being effected.

The material which represents a state, military or official secret are presented to the Government with the sign "strictly confidential" or "confidential", a special evidence is kept of these material and they are

used and treated in accordance with special rules and instructions of the Secretary General of the Government.

On a material of a confidential nature the proposer identifies the type of secrecy and level of confidentiality with a special visible sign.

A confidential material must be accompanied by a statement of reasons explaining why it has been given this qualification.

Draft laws which are submitted to the Government for consideration and adoption, can not be placed into the category of confidential material.

Article 5.

This Decision becomes effective on the eighth day from its publication in the «Official Gazzette of the Republic of Serbia ».

ANNEX C4: Formal mandate –Case of Bosnia and Herzegovina

Bosnia and Herzegovina's "Protocols for Prosperity" is an example of giving dialogue a high-profile political and formal mandate.

Bosnia and Herzegovina

Protocols for Prosperity

Recognizing that economic progress is essential in the process of developing a stable and cohesive Bosnia and Herzegovina,

Observing in particular that the economic challenges facing Bosnia and Herzegovina can only be overcome through reform,

Aware of the difficulties experienced by workers, employers and entrepreneurs because of legislation that is not harmonized, and because existing standards currently applied in BiH do not yet conform to relevant Directives of the European Council,

Recognizing the importance of incorporating modern principles of international law as an integral part of the law of Bosnia and Herzegovina,

Conscious that the Bulldozer Initiative was launched on 12 November 2002 with the sole purpose of identifying problems faced by entrepreneurs and to enact, within 150 days, 50 economic reforms comprising legal amendments and administrative decisions that provide a modern, coherent and efficient regulatory regime supporting free-market standards and economic development,

And supporting that initiative while remaining mindful of the urgency of developing a legislative framework and structural conditions under which to build a progressive economic environment,

We the undersigned confirm the following:

Clause 1

We have begun a dialogue under the auspices of the Bulldozer Initiative, which has resulted in the emergence of a stronger civic society, recognizing that civic society has acted as a responsible and viable partner in the productive and open dialogue with the political representatives of Bosnia and Herzegovina.

Clause 2

Working to a timeframe target of 150 days, private sector representatives and political and regulatory bodies have taken part in this dialogue, which has led to the successful enactment of 50 economic reforms at an average rate of one reform every four days.

Clause 3

The reforms of the Bulldozer initiative, which we are committed to implement, have materially improved the business environment of Bosnia and Herzegovina and this success has prompted us to engage in a second phase of reforms, called "Bulldozer Phase II".

Clause 4

Through Bulldozer Phase II, we agree to continue this dialogue and make it more inclusive, incorporating representatives of the trades union and other civic organizations. This trilateral dialogue – with the participation of government, businesses and unions – will facilitate the design and implementation of reforms that address the requirements of a modern democracy.

Clause 5

We are resolved to create the necessary conditions for a open and welcoming business environment in BiH- by identifying and eliminating pointless bureaucratic obstacles, by promoting exports through the introduction of harmonized, EU-compatible regulations, and by unlocking domestic resources through reform at the local level, which will benefit every citizen in every municipality in BiH.

Clause 6

We commit ourselves to ensure proper implementation of all these reforms. Furthermore, we will do everything possible to ensure that "Bulldozer Phase II" is as successful as Phase I and that the Bulldozer process as a whole delivers tangible improvements which BiH businesspeople and citizens are entitled to expect, so that the economic environment in which they evolve sets positive prerequisites for a better future and for sustainable prosperity.

Signed in Sarajevo, on the 4th of June 2003.

Mr. Sefik Dzaferovic
Chair, BiH Parliament House of Representatives

Mr. Adnan Terzic
Chair, BiH Council of Ministers

Mr. Ahmet Hadzipasic
Prime Minister, Federation of Bosnia and Herzegovina

Mr. Sjivko Matic
Chair, FBiH Parliament House of People

Mr. Remzija Kadric
Chair, RS Council of People

Mr. Mirslim Kasumic-Vizije
Northeast Bulldozer Committee representative

Mr. Miladin Micic
Banja Luka Bulldozer Committee representative

Mr. Srećko Borra
Herzegovina Bulldozer Committee representative

Dr. Srkto Dobrilovic
Agriculture and Natural Resources Bulldozer Committee representative

Mr. Velimir Jukic
Chair, BiH Parliament House of People

Mr. Dragan Mikerevic
Prime Minister, Republika Srpska

Mr. Muhamed Ibrahimovic
Chair, FBiH Parliament House of Representatives

Dr. Dragan Kalinic
Speaker, RS National Assembly

Mr. Sinisa Kisic
Mayor, Brcko District

Mr. Enad Bistevic
Sarajevo Bulldozer Committee representative

Mrs. Ajsel Mitichegovic
Central Bosnia Bulldozer Committee representative

Mr. Admir Felic
Northwest Bulldozer Committee representative

ANNEX C5: Structure and participation: Sample PPD participants, roles and responsibilities

This annex illustrates how a sample Private Sector Forum might be constituted.

	Participants	Role/Responsibility
Steering Committee	Minister of Trade and Industry President of Chamber of Commerce Representative of Funding Agency	Sets Agenda Endorses new activities Facilitates constitution of relevant working groups
Secretariat	Forum Executive Director Admin Barriers Coordinator PSD Strategy Coordinator Forum Economist Forum Assistant	Coordinating role between participating business associations and PSD policy reform advocates Establishment of Forum project management plan, with specification of activities, deliverables, monitoring and evaluation framework Convening and organization of Forum meetings Delivery of Forum activities Contracting external consultants/research as needed Preparation of relevant PSD research and establishment of policy reform advocacy material Organization of Chamber of Commerce training Delivery of communication and outreach programs Sensitization on PSD issues, including informality reduction through entrepreneurship
Working Groups	Private Sector Representatives Directors from Involved Ministries/Agencies Civil Society Representatives (academic)	Identification of related priorities and recommendations Establishment consensual policy reform proposals Monitoring reform implementation Review/endorsement of technical committee Support to ongoing implementation
Technical Committees	Line Ministry/Agency managers Expert Consultants Directly concerned private sector representatives	Formulation and drafting of specific reform proposals (including technical and legal drafting) Institutional change programs Implementation activities

ANNEX C6: Sample terms of references for setting up a secretariat to promote and manage PPD

The purpose of the Secretariat is to facilitate a constructive dialogue between the Government and the business community, both foreign and domestic, and thereby improve the investment climate, stimulate private sector development in [*name of country*] to raise employment and improve peoples' lives.

To raise the quality of the government-private sector dialogue and to monitor progress on issues raised by the private sector, the Secretariat will facilitate and coordinate interaction within and between the private sector working groups as well as between the joint government-private sector working groups.

The Secretariat will coordinate its overall activities with [*insert names of relevant institutions*] and assist in organizing joint government-private sector working group meetings and a bi-annual Forum.

The Secretariat will ensure that initiatives and issues emanating from the private sector are appropriately identified, are broadly representative, are adequately researched and are presented to the Government through the joint government-private sector working groups in a focused, solutions-oriented manner.

The Secretariat will monitor discussion of issues raised, implementation of potential solutions and disseminate information to the working groups and the broader community of businesses, multilateral institutions and donors.

The Secretariat will have no decision-making or policy-making powers.

The impact of the Secretariat will be measured by the extent to which coordination and communications within and between the working groups is considered effective and efficient.

Longer term indicators of success would be the degree of participation by the business community in the dialogue process and improvement in the business environment, leading to higher foreign and local investment activity.

Tasks and Responsibilities

☐ Promote a strong public-private partnership between the Government and local and foreign businesses by acting as a neutral honest broker between the various parties.

☐ Promote the Government-private sector dialogue within the business community to broaden and deepen private sector participation in the process, especially from local businesses.

☐ Act as a resource center for private sector-led initiatives.

The Secretariat will report to the Steering Committee. [*Include a paragraph on the composition of the Steering Committee*].

[The following are sample staffing and responsibilities of a Private Sector Forum secretariat]

☐ **Executive Director.** [*Title could also be: Coordinator, Liaison Officer, Forum Manager, etc.*]
The executive director has a critical role for coordinating, facilitating, administering and otherwise providing structure and form to the PPD process. The Secretariat he or she heads is an important facility for providing resources to the entire Forum process. In addition to its administrative and other duties the coordinator will play the role of the 'honest broker' for the entire dialogue process, and especially when working group dialogue process moves from earliest stages to maturity. He or she

- ☑ Assures the overall leadership and management of the PPD activities, maintenance of liaison with government and private sector, brokering of access to funding for studies, etc;
- ☑ Consults with all stakeholders to determine their interests, willingness/ability to participate;
- ☑ Manages Secretariat's professional and administrative staff;
- ☑ Formulates a detailed program and work plan, distributes necessary tasks, defines priorities and ensures implementation of program tasks by the Secretariat team in particular and other key PPD participants ;
- ☑ Establishes and maintains working contacts and exchanges with the relevant public and private sector principal counterparts for the program;
- ☑ Secures support for the structure of the PPD and appropriate participation from the public and private actors;
- ☑ Arranges meetings between the government and private sector representatives to agree on the topics and agenda of the dialogue process and facilitates discussion during the meetings;
- ☑ Guides the working group in the completion of their stated objectives;
- ☑ Elaborates action plans; assist working groups in finding information on specific topics (seeking donor and government support for technical inputs when needed);
- ☑ Ensures that the partnership stays on course and that the suggestions agreed by the working groups are presented to the government and inform Government policy;
- ☑ Prepares quarterly reports to participants, donors and counterparts; along with other reports which may be required, such as media briefings;
- ☑ With other team members drafts articles, delivers presentations and speeches on reform approaches in each of the program areas;
- ☑ If the secretariat is funding through technical assistance, prepares a plan for continuation of secretariat function, and recommend how the functioning of the PPD will be assured following the completion of technical assistance.
- ☑ Manages funding and is responsible for accountability, transparency and efficiency of the Secretariat and the initiative.

Qualifications include: strong neutral figure vis-à-vis the government and the private sector; relevant academic credential; experience in business, government, law or related profession in country and/or abroad; private sector management experience; demonstrated entrepreneurial spirit; knowledge of business environment reform programs, public-private dialogue processes and related communications programs.

☐ **Private Sector Development Specialist**. [*Title could also be: Policy Analyst, Business Reform Manager, Economist, etc.]* The PSD Specialist assists the director with sorting through working group's proposals, coordination or drafting of issues papers that emerge from working groups and elaborates on initial regulatory or policy proposals made by working groups or individual entrepreneurs, applying cost/benefit analysis to reform ideas. He or she:

    ☑ Participates in the implementation of the action plan or reform program;

    ☑ Participates in working group meetings and maintains dialogue and support to technical committees;

    ☑ Provides technical support to private sector participants on economic and policy analysis;

    ☑ Researches and drafts background papers and policy notes on issues identified by working committees, as needed on an a demand-driven basis;

    ☑ Participates in the organization and execution of communications program;

    ☑ Conducts economic analysis of reform proposals as needed;

    ☑ With other team members drafts articles, delivers presentations and speeches on reform approaches and institutional change in each of the program areas.

    ☑ Links to private sector, and to policy specialists in government institutions and within the donor community to ensure viability of proposed reforms;

    ☑ Assist the Executive director in other PPD related activities.

Qualifications include: Strong experience in policy analysis and formulation in areas relevant to investment climate; Knowledge of international good practice on private sector development; strong communications and advocacy skills; ability to interface effectively with government and private sector; strong teamwork and interpersonal skills.

☐ **Other professional staff.** [*This may include the following, depending on the specific needs of the PPD and the availability – or not – of other resources that which could be drawn upon:*

*- **A Lawyer specialized in development economics** – if the PPD is processing a lot if regulatory proposals, to ensure their compliance with best practice, their legal workability and to formulate the corresponding amendments.*

*- **A Public Service/Institutional Change** Specialist – if the government is willing to integrates the findings and work process of the PPD in its institutional framework, to maintain working relationships with all institutional partners, create change management strategies and coordinate their implementation within the institutions.*

*- **A Regional Coordinator or a Sector specific coordinator** – if the PPD has a strong regional focus and that some parts of the country are significant in term of economic activity but too remotely located; or if a partnership gives a particular emphasis to specific clusters of activities or to particular industrial activity, to manage the work on these regions or sectors.]*

☐ **Administrative Assistant**. [*Could also fulfill the function of interpreter/translator if needed.]* The Administrative Assistant has a key role in supporting the PPD activities and the Secretariat team. PPD dealings tend to produce a mass of detailed documentation, which the Assistant will help manage effectively. He or she:

    ☑ Manages the Secretariat office and deals with all logistics related to the Secretariat;

    ☑ Organizes plenary meetings and working group meetings;

    ☑ Handles sensitive correspondence, and ensures proper documenting of all Secretariat's activities and dealings.

Qualifications include: Strong organization and interpersonal skills, good knowledge of local settings,

ANNEX D1: Sample structure for terms of reference for a PPD evaluation

1. Background
Describe the relationship between the organization(s) commissioning the evaluation and the project to be evaluated. Describe the project, including its location, main objectives, target groups and organizational context. Indicate assistance provided by donors and other sources, main results achieved, and core elements of the project's approach. Describe the reasons for the evaluation.

2. Objectives
Define the objectives of the evaluation. Be aware of the danger of confusing the objectives of the study with the objectives of the project to be studied.

3. Methodology
Include necessary technology, timing, organization, etc. Concentrate on the essentials, giving scope to the consultant to make use of their own experience, expertise and creativity.

4. Scope
Define the size of the focus, in terms of sample size and/or time available. Specify types of expert that will be required and how much time will be needed from each. Break down the time expected to be taken by preparation, study and reporting. Indicate which posts are expected to be filled by local evaluators and which by international evaluators.

When the evaluation is intended to feed into a larger evaluation, specify the relationship of the two. Often it is helpful to indicate the type of conclusions or recommendations expected.

5. Deliverables
Specify dates when an intermediate report should be ready, the number of draft reports to be presented and the dates on which this should be done, and the date on which the final report should be ready. Specify how many reports will be delivered to which parties and in which languages. This might include a table of contents and an indication of page count.

If necessary, specify any other deliverables – final or intermediate –such as briefing and debriefing meetings, or presentation of preliminary findings at the end of the stay of the mission team.

6. Support
Specify support services that will be available – data, reports, transportation, equipment and staff.

7. Competencies
Specify competencies required for each consultant, preferably identifying knowledge-based, experience-based and behavioral competencies. If a team of consultants is sought, this section could also specify a required mix of gender, ethnicity or local and international consultants.

8. Budget
Budgets are not always specified as they may be confidential. But budget items relevant for consultants should be specified, such as allowances for travel or communication costs.

9. Bibliography
Indicate relevant available documentation and where it can be obtained.

ANNEX D2: Most Significant Change interviews – Interview format

While conducting interviews and trying to gather information of the Most Significant Change, make sure to follow the following guidelines:

1. Explain clearly to the stakeholder the area of change under review, e.g. the evaluation of PPD in a locality.

2. Explain clearly the period under investigation. This should preferably be more than a year, to give time for consequences of change to have emerged.

3. Ask a few open questions. Examples include:

☐ Since the start-up of PPD in your locality/region/country, what, in your opinion, has been the most important change (positive or negative) in relation to the interaction/co-operation between public, private and civil organizations? Please give only one example.
☐ What, in your opinion, has been the most important change in the social-economic situation of your family/enterprise/organization during the past year(s)? Please give only one example
☐ What, in your opinion, has been the most important change in strategies and activities of your organization since you participated in the PPD? Please give only one example

Examples given by the respondent do not need to be directly related to the PPD.

4. Ask follow-up questions on each example, as appropriate. For instance:

☐ What happened?
☐ Who was involved?
☐ Where did it happen?
☐ When did it happen?
☐ How did it happen?
☐ Why is this example you give more important than others?
☐ Who should know about this change?
☐ Should something happen to follow up on this change, and if so, what should happen and who should be involved?

5. Ask for proof or references that can be consulted to verify the change described by the participation, if appropriate.

6. Give your own assessment of the importance and coherence of the change described, and give an order of priority to the examples for further use in the evaluation process.

ANNEX D3: Most Significant Change interviews – Interview template

Name: ....

Company/Organization/Department: ....

responsibilities: ....

Contact details: ....

Date of interview: ....

Interviewer:...

Most Significant Change interview	
Question 1: (insert your question here)	Short description of the example:
Proof/References:	
Your assessment of importance and coherence of this example	
Question 2: (insert your question here)	Short description of the example:
Proof/References:	
Your assessment of importance and coherence of this example:	
Question 3: (insert your question here)	Short description of the example:
Proof/References:	
Your assessment of importance and coherence of this example:	
Your suggestion of which examples to use in further process of evaluation:	

N.B. More questions can be added, but the Most Significant Change interview work best with very few open questions.

ANNEX D4: Instructions for drawing the evaluation wheel

Step 1: Please assess individually on a scale from 1 (not at all) to 5 (very much) the evaluation questions on your PPD (for presentation of aspects and sub-questions see Annex D5 on next page).

Step 2: Indicate in the figure (blank template figure provided below on Annex D6) the score of your overall assessment (total score of two sub-questions, on a scale of 1 to 10) on each specific factor in the corresponding spoke of the evaluation wheel.

Step 3: Draw a line between the scores to create a graph in the evaluation wheel.

This will produce a picture that looks like this example:
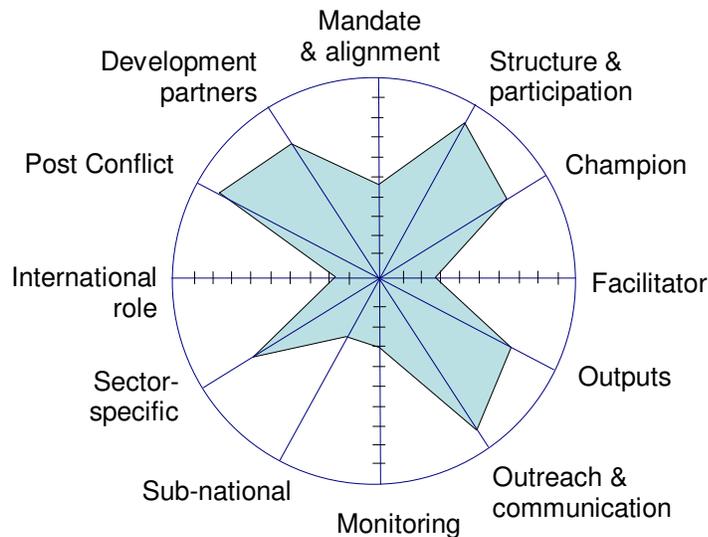
Step 4: In a focus group meeting, results of individual scores or aggregated scores of each stakeholder group can be compared and discussed. Plotting the different scores and drawing a line of different color for each stakeholder's group responses enable visual comparison. As a final step the facilitator/evaluator can also produce a summary evaluation wheel, combining the scores of all stakeholder groups

See following pages for factors to be evaluated and the scoring sheet.

ANNEX D5: Evaluation wheel – questionnaire to stakeholders

Please give your personal opinion on each question, expressing your answer on a scale of 0 to 5. If you are not well informed enough to offer an opinion, please score 0.

Mandate and institutional alignment - What were/are the objectives of the PPD and what was/is its mandate towards the Government and the private sector? How does it fit with current institutions?			
#	Sub-question	Scale	Your score
1	Do you know if your PPD has a mission statement and if so how satisfied are you with the quality of this mission statement? (is it clear? Is it inspiring?)	Don't know and/or not satisfied = 0 Very satisfied = 5	
2	Do you feel your PPD is formally recognized by public institutions? And do you experience a positive attitude of these institutions towards your partnership?	No recognition and negative attitude = 0 Highly recognized/ positive attitude = 5	
		Total score =	
Structure and participation - How is the PPD structured, does it enable a balanced and effective participation?			
#	Sub-question	Scale	Your score
3	Do you know of rules and regulations in the PPD and if so, how satisfied are you with these rules considering your own possibilities to participate in the partnership?	Don't know and/or not satisfied = 0 Very satisfied = 5	
4	How satisfied are you with your possibilities to participate in decision making within the PPD?	Not at all = 0 Very satisfied = 5	
		Total score =	
Champion(s) and leadership - Has the PPD identified champions, and how has it tried to leverage them over time to impact the effectiveness of the dialogue process?			
#	Sub-question	Scale	Your score
5	Are there clear champions or leaders in your PPD and how satisfied are you with their performance?	No champions and/ or not satisfied = 0 Very satisfied = 5	
6	Are you satisfied with the continuity of the involvement of these champions or leaders over time?	Not satisfied = 0 Very satisfied = 5	
		Total score =	

Facilitation and management - Did the PPD engage suitable facilitators and or managers? How has their role been defined? Have they managed to effectively ensure cohesion and performance? What conflicts did they manage, and how did they resolve these?			
#	Sub-question	Scale	Your score
7	Are you satisfied with the performance of facilitators and/or managers in your PPD?	Not satisfied = 0 Very satisfied = 5	
8	Do you know if your PPD has management arrangements (description of responsibilities, tasks, structure, arrangements etc.) and if so, how satisfied are you with these arrangements?	Don't know and/or not satisfied = 0 Very satisfied = 5	
		Total score =	
Outputs - What outputs does the PPD produce, and under what internal processes? Have outputs from the PPD contributed to agreed private sector development outcomes in the shape of structure and process outputs, analytical outputs or recommendations?			
#	Sub-question	Scale	Your score
9	Are you satisfied with the amount and quality of proposals that have been produced by your PPD for external parties (e.g. government, ministries, public institutions)?	Not satisfied = 0 Very satisfied = 5	
10	Do you think your PPD has had influence on changing laws, rules and regulations or changes in structure and behavior of public institutions?	No influence whatsoever = 0 Very much = 5	
		Total score =	
Outreach and communication - Has the PPD communication enabled a shared vision and understanding through the development of a common language and built trust among stakeholders?			
#	Sub-question	Scale	Your score
11	How well do think that you can communicate with the other participants (from other organizations) in your PPD?	Very poor = 0 Very well = 5	
12	How well do you think external parties (the government, the general public) are informed about your PPD through external communication, awareness raising and marketing activities of your PPD?	Not at all = 0 Very well = 5	
		Total score =	

#	Sub-question	Scale	Your score
Monitoring - Is there regular reporting on the process, activities, outputs and outcomes of the PPD and providing follow-up actions to problems identified in these reports?			
#	Sub-question	Scale	Your score
13	Do you know if the activities, outputs and outcomes are being monitored and reported and if so how satisfied are you with the quality of these monitoring reports	Don't know and/or not satisfied = 0 Very satisfied = 5	
14	Do you think monitoring reports have resulted in changes in planning (setting targets) and activities in your PPD?	Never = 0 All the time = 5	
		Total score =	
Sub-national- Has the dialogue been conducted at all levels of decision making down to the most local possible level involving micro-entrepreneurs, SMEs and local stakeholders?			
#	Sub-question	Scale	Your score
15	Does your PPD consult with local stakeholders affected by it and if so how satisfied are you with the amount and quality of these local consultations?	No and/or not satisfied = 0 Very satisfied = 5	
16	Does your PPD organize activities to reach out to stakeholders at the local, regional or national levels and if so, how satisfied are you with the participation and involvement of these stakeholders in these activities?	No activities and/or not satisfied = 0 Very satisfied	
		Total score =	
Sector Specific - Have sector-specific or issue-specific public-private dialogues been encouraged?			
	Sub-question	Scale	Your score
17	How satisfied are with actions and decisions in the PPD to address specific problems you are facing?	Not satisfied = 0 Very satisfied = 5	
18	How satisfied are you with the capacity of the PPD to generate concrete solutions to your specific problems?	Not satisfied = 0 Very satisfied = 5	
		Total score =	
International Role - Does the PPD represent and promote national and regional interests of both public and private actors in international negotiations and international dialogue processes?			
#	Sub-question	Scale	Your score
19	How often do participants in your PPD partnership participate in international forums and conferences on private sector development related issues?	Never = 0 Frequently = 5	
20	How often is your PPD contacted by international actors with a request for information about your activities?	Never = 0 Frequently = 5	
		Total score =	

| #	Sub-question	Scale	Your score
*Post-conflict/crisis recovery/reconciliation* - Has the PPD contributed to consolidate peace and rebuild the economy through private sector development in post-conflict and crisis environments – including post-natural disaster		
21	How well do you think is your PPD able to recognize (possible) conflicts, put them on the agenda and resolve them?	Not at all = 0 Very well = 5	
22	Do you think your PPD has been able to make contributions to resolve conflicts and to build peace in its external environment?	No never = 0 Frequently = 5	
		Total score =	
*Development Partners -* How dependent is the PPD from the input and support of donors? How has the donor agenda impacted the decisions of the PPD?		
#	Sub-question	Scale	Your score
23	What is your opinion of the degree of dependence of the PPD on financial support of development partners? (Does more than 50% of the budget comes from external donors?)	Very much (the entire budget) = 0 Not much (and much less than 50%) = 5	
24	How much influence do you experience of development partners in the planning and agenda's of your PPD?	Very much and at all meetings = 0 No influence at all = 5	
		Total score =	

ANNEX D6: Evaluation wheel – template
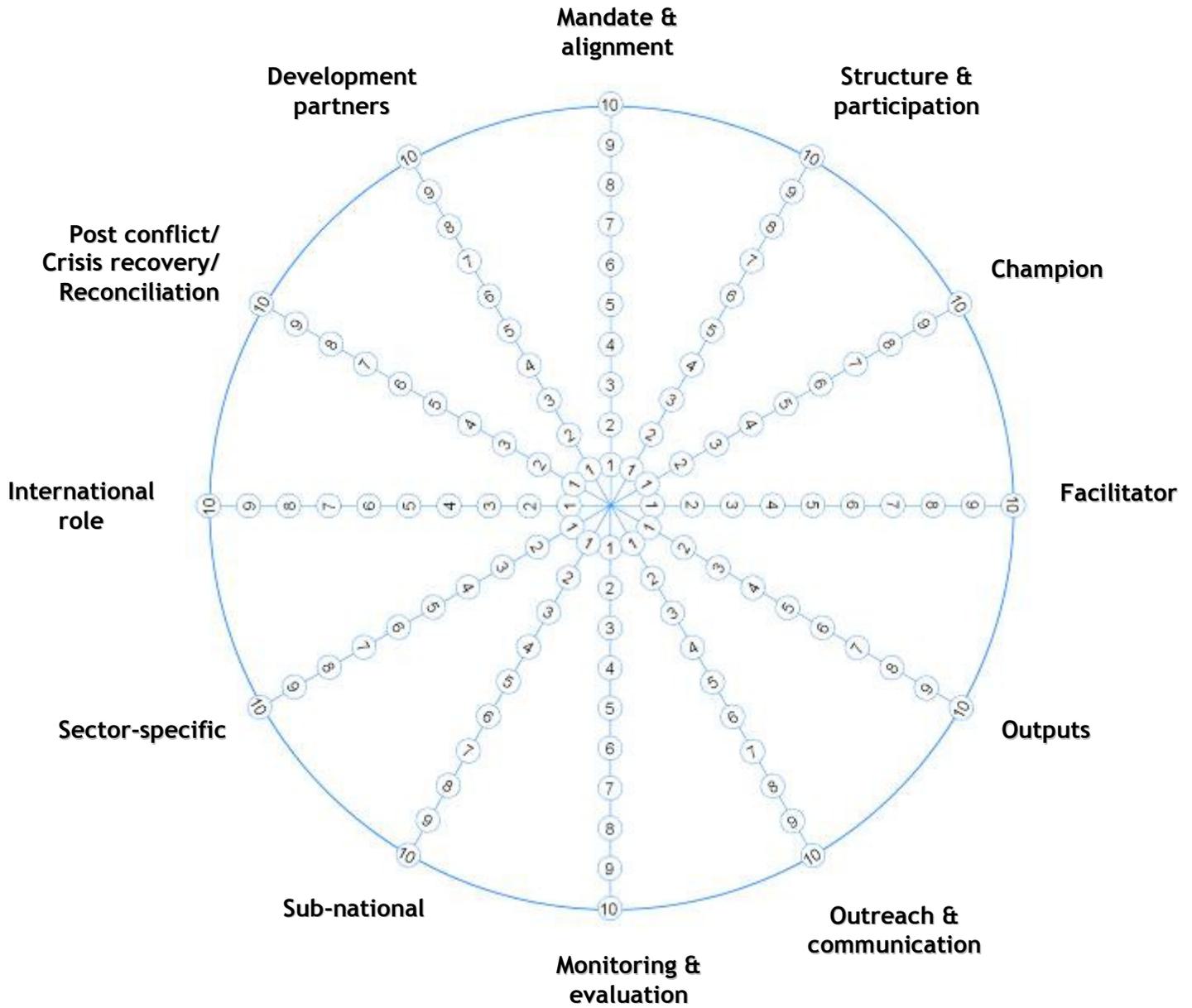
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http://www.publicprivatedialogue.org
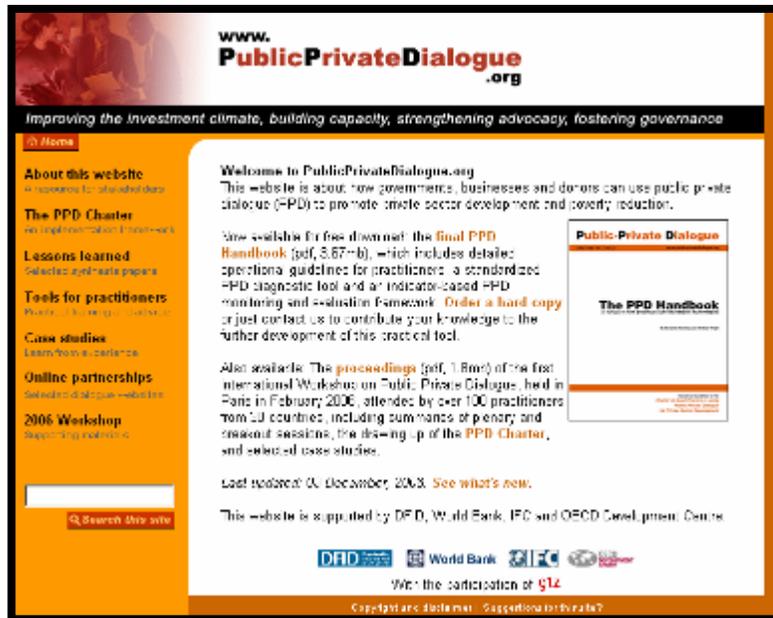
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VINCENT PALMADE,
LEAD ECONOMIST, FIAS

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CRAIG WILSON,
EXECUTIVE DIRECTOR,
FOUNDATION FOR
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THE COMPETITIVENESS
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TONY POLATAJKO,
SENIOR ENTERPRISE
DEVELOPMENT ADVISER,
DFID

"VERY PRACTICAL, HIGHLY RELEVANT FOR US"
MARKUS PILGRIM,
PROGRAM MANAGER, PRIVATE
ENTERPRISE PARTNERSHIP -
MIDDLE EAST & NORTH AFRICA, IFC