PUBLIC - PRIVATE DIALOGUE
FOR GOVERNANCE AND DEVELOPMENT

PRIVATE SECTOR FOR GOOD GOVERNANCE PROGRAM
GOVERNANCE GLOBAL PRACTICE

What is a PPD?
Competitiveness partnerships, investors’ advisory councils, presidential investment councils, business forums, water forums, public private alliances, are different names for public private dialogue (PPD).

PPDs bring together government and private sector stakeholders in a formal or informal process to achieve shared objectives and play a transformational role for a particular set of issues. PPDs aim at promoting sustainable and inclusive growth by providing an efficient platform to raise and resolve development and governance issues. PPDs enable stakeholders to work cooperatively on governance initiatives to address specific state and market collective action problems through institutional and policy reforms in pursuit of a specific economic reform agenda.

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

Benefits of PPD
PPD initiatives are beneficial to help identify sets of issues, design workable solutions,
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better implement these and monitor the implementation of the solutions. As such, it helps prevent or cope with crisis, develop an inclusive society and lay the groundwork for sustainable growth. PPDs hold to account both private and public sector stakeholders.

PPDs are beneficial in improving business environments, stimulating competitiveness, increasing trust and fostering governance through coordination, transparency and accountability. Organized partnerships where the private sector can have input into policy design and where private actors and public officials can discuss the regulatory and competitiveness environment in a systemic fashion, have in many cases succeeded in simplifying overly complex legal and regulatory frameworks by reducing the cost and time required to do business, increasing the delivery of services to the private sector, and encouraging competitiveness of specific sectors. A sense of ownership of the reform programs is created among the business community, which makes policies more likely to succeed in practice, and reduces the communication gap.

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

Types of PPD

PPDs can take place at various levels within different timeframe. They can address issues at local, national, or international levels, or be organized by industry sector, cluster, or value chain, all in an effort to promote better governance practices and collective action solutions to development problems. They can also be time-bound (established to solve a particular set of issues) or institutionalized for in-depth transformation and development. PPDs can be categorized according to eight interlocking dimensions such as national vs. local, or economy-wide vs. sector specific, where the breadth of a relationship can be evaluated along a continuum, helping to guide the process.

In this document, we are exploring dialogues that are more institutionalized and structured.
World Bank Group experience

Today, the WBG supports a variety of PPD initiatives in more than 50 countries, including competitiveness partnerships, investors’ advisory councils, presidential investors’ round tables, business forums, water forums, public private alliances in extractive industries and other types of PPD. So far, support to those region-run initiatives has been organized through ad-hoc cross-support complemented by a yearly WBG-led “PPD International Workshop,” where practitioners could meet, take stock of PPD developments in various countries, further their knowledge, and learn new techniques. The most recent global workshop of this kind took place in Frankfurt, Germany in March of 2014.

The Private Sector Engagement for Good Governance (PSGG) program of the newly established Governance Global Practice (GGP), offers support to stakeholders looking at establishing multi-stakeholders platforms such as PPDs. The GGP has unique expertise in building capacity by working with a variety of stakeholder groups that range from civil society organizations (CSOs), social intermediaries, media, and other top-level political and policy leadership that supports and enhances the important governance work of PPDs for private sector development.

Case Study 1: PPD for Investment Climate

The majority of PPDs supported by the WBG are PPDs aimed at promoting private sector development policy reforms by raising local private sector voice through business forums, investor advisory councils, and other types of comprehensive and systematized partnerships that have become an important part of the private and financial sector reform process. Its broad definition in this context is as follows:

"PPDs are structured mechanisms, anchored at the highest practical level, coordinated by a light secretariat, and aimed at facilitating the discovery process by involving a balanced range of public and private sector actors in identifying, filtering, accelerating, implementing, and measuring competitiveness actions and policy reforms."
A review of investment climate programs in 16 countries commissioned by the IFC in June of 2011 found that across all country groups, a PPD had worked well as an entry strategy program to discuss regulatory reforms in progress, create dialogue on additional reforms, and is essential to the reforms’ success. The example of a dialogue on export processing in Cambodia demonstrates the type of benefits it can bring.

Cambodia: Private Sector Engagement leads to Growth and Governance Payoffs

The Cambodian garment manufacturers’ engagement with the Cambodian Government through the Cambodia Government-Private Sector Forum (GPSF), more than doubled Cambodia’s garment exports and revenues over a ten year period, from USD 1156M to USD 2982M. A successful PPD process lead to this achievement via the following outputs:

◊ Behavioral change achieved regarding government policies towards the garment industry
◊ Engaging high-level decision makers (GPSF decision have cabinet-level equivalence)
◊ Retaining Government focus on the issue
◊ Open discussions on laws such as the union law, regulations, processes, and informal fees
◊ Timely responses to requests by the Export Processing Working Group and Customs
◊ Reduction of bureaucracy and documentation (e.g. a Certificate of Origin now issued within 48 hours)
◊ Introduction of the ASYCUDA system for automated export documentation, saving time, money, reducing corruption
◊ More transparent and communicated export procedures
◊ Resolution of dispute over “night-shifts” rate applicable to 290,000 workers, 92% of whom are female

(Source: IFC GPSF Impact Evaluation; Van Sou Leng, GMAC 2011)
Case study 2: PPD for Competitiveness

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

Comparing Five Mediterranean Countries

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

The empirical and analytical work at the sector level corroborates that close collaboration between governments and the private sector offers great potential for defining opportunities and removing constraints to building competitiveness, such as skills and capability development, access to technology, access to finance, a supportive tax and regulatory environment, and industrial infrastructure.
Case study 3: PPD to manage natural resources

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

Jordan Valley Water Forum

Jordan faces an unprecedented water crisis. As water is now a precious commodity, its shortage significantly affects the country’s ability to realize sustainable and socially-shared economic growth and is linked closely to the country’s food and energy security, urban development, and directly impacts small farmers.

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

A multi-stakeholder platform called the Jordan Valley Water Forum (JVWF) was implemented in 2001 as a means to resolve some of the county’s most prevalent water issues.

Through the JVWF, critical water issues are affectively being addressed by better coordination and engagement practices between public and private sector stakeholders. In 2012, the first PPD process was launched by JVWF with 120 stakeholders participating. It resulted in several concrete steps toward rectifying the water crisis that includes: i) breaking the monopoly of the Amman municipal market, ii) providing insurance funds, iii) securing airfreight space in airlines for export of fresh products, and iv) addressing infrastructure maintenance issues along King Abdullah Canal.

Tanzania: Supporting Sustainability and Inclusiveness in the Minerals Sector

Tanzania is one of Africa’s most mineral-rich countries. It has experienced an extractive industry boom over the last decade - doubling the mining industry’s contribution to high economic growth rates from 1998 levels, and now representing by far the largest share of the country’s exports and foreign direct investment (FDI). Even more importantly, revenue from the sector is likely to increase significantly in the coming decade.
Tanzania’s 2012 induction into the Extractive Industry Transparency Initiative (EITI) – and the President’s public support for it – signifies a major step forward in the country’s natural resource sector’s governance framework. However, with a controversial legacy of generous tax concessions given to sector investor’s, coupled with new worries about proper accounting methods of sector revenue flows, concerns have arisen about the government’s capacity to transparently manage these much larger revenue flows.

As a response, the WBG is currently undertaking a number of initiatives through the Sustainable Management of Minerals Resources Project (SMMRP), aimed directly at information gaps and sector misperceptions that have affected the sector’s transparency, particularly at the local level.

Upon Tanzania’s 2009 application to join EITI, the EITI Multi-Stakeholder Group (EITI/MSG) was established as the main mechanism for public and private sector engagement. In 2009, a WBG study that assessed the progress of the EITI/MSG in terms of mining sector governance and transparency practices recommended: “further improvements in the sector’s governance framework – as well as better information sharing and more sustained collaboration among key stakeholders - in order to maximize the sector’s development for the benefit of investors as well as citizens.” The report broadly recommended:
- A more inclusive and transparent approach by 2010 Mining Regulations Act to policy, legislation and regulation and more value added inputs from affected stakeholders
- Greater and more consistent understanding of key sector dynamics and fundamentals as well as its contribution to the country’s economic and social development

- A more effective and inclusive TEITI/ MSG based on more consistent and committed engagement from all stakeholder groups

**PPD for Fragile and Conflict Affected States**

Experience shows that PPDs can play a special role in Fragile and Conflict Affected States (FCS) by supporting institutional development, transparency, trust building, and peace processes. PPDs in FCS economies serve as a means to tailor necessary reforms that will generate new investments and jobs that reinforce the peace-building and reconciliation process.²

The WBG has conducted several PPDs in FCS settings, including Afghanistan, Iraq, Liberia, Nepal and Syria, among others, and according to 2009 and 2011 assessments, WBG-sponsored PPDs were found to be effective tools in prioritizing and promoting reforms in International Development Association (IDA) and post-conflict countries,³ based on their ability to provide “quick wins” in implementing mitigation strategies and reaching important results established at the project design stage.⁴

A post-completion evaluation of the Nepal Business Forum undertaken by the WBG’s Independent Evaluation Group (IEG) found that promoting PPD around private sector reforms in the context of a country struggling to establish democracy has been useful. By the end of the project’s second phase, results included:
- implementation of more than 41 of 120 PPD recommendations
- savings of (US) $5.67M in private sector cost savings

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³ (Herzberg and Toland 2009, 5).

⁴ (Harwit 2011, 7–8).
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– establishing public-private and private-private dialogue in an environment of significant political turmoil.

PPD Approach

The PSGG framework is based on a set of tools that help to: 1) identify the collaborative governance gaps, 2) secure political will for reform, 3) set up a multi-stakeholder dialogue process around the issues at stake, and 4) ensure supportive buy-in and monitoring from constituents at large. They are deployed in a phased approach.

(1) **GEAR**: Governance Environment Assessment Report – is a diagnostic of the level of collaborative policy making in a given sector. GEAR Reports are elaborated based on extensive desk research and qualitative interviews. It uses standardized diagnostic tools and methodology which structure reports in a comprehensive manner. A GEAR report will typically start with describing the political, economic and social environment relevant to the intervention and continue with a stakeholders analysis with an assessment of the capacity and governance of organizations / institutions which could be involved in the engagement platform; it then assesses their commitment, needs and priorities; reviews past or current state-private sector engagement initiatives and provides recommendations on how to engage the private sector for good governance.

(2) **OPT-IN**: Open Thinking Initiative – is a series of high-level engagement of country political leadership on key sectors where governance issues can impede growth, so as to identify challenges and foster political will. Opt-In uses GEAR outputs to raise visibility of the governance imperative as a condition to growth and to drive interest from stakeholders. PSGG also uses its unique position as an honest broker to facilitate the initial series of Opt-In engagement.

(3) **MSEP**: Multi-Stakeholder Engagement Platform – the private and the public sector are invited to design a sector-focused, organized, transparent, inclusive, coordinated dialogue process (based on 12-good practice principles) that seeks to develop actionable and constructive strategies to influence policy issues through collaborative governance; and once the platform is operating:

(4) **Voice**: Outreach and Interactive Communication Exchanges – helps raise the voice of the under-represented stakeholders (e.g. SMEs and the informal sectors) and identify demand and comparative advantages from a broader range of stakeholders, through surveys, communications and outreach campaigns. VOICE uses both traditional means – such as face-to-face interviews, print media - and new technologies (phone polling, websites, and social media).

Collectively, these four tools are intended to help unlock systems where capture and cronyism are prevalent, so as to reduce corruption, remove barriers to entry, enable open competition, and improve service delivery to constituents.

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The Multi-Stakeholder Engagement Process is based on **12 good practice principles** for designing, operating, and sustaining a PPD, which can be measured and acted upon at start (baseline), during, and at the end of the process (measurement of process effectiveness):

1. Assessing the optimal mandate of the PPD and its relationship with existing institutions;
2. Deciding the process under which participation to the PPD will be determined and under what structure;
3. Identifying the right champions and help them push for reform;
4. Engaging the right facilitator and organize a facilitation secretariat;
5. Choosing and reaching target outputs, and set up a reform tracking system for the working groups and at the secretariat level;
6. Devising a communication and outreach strategy;
7. Elaborating a monitoring and evaluation framework;
8. Considering the potential for dialogue on a sub-national level;
9. Making specific arrangements for sector-specific dialogue;
10. Exploring use of PPD as an aftercare mechanism for FDI-related policy issues and identifying opportunities for dialogue to play an international role;
11. Adapting the dialogue platform to the specificity of post-conflict and/or crisis environments;
12. Determining the best role for development partners (donors), to ensure sustainability of the process, including devising a transition/exit strategy.

Through the study of and the offering of advisory services on these elements, we specifically focus on the nature, structure and sustainability of collaborative processes between public and private sector actors and build the capacity of local actors to design a sustainable mechanism.

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

To help identify and tackle implementation challenges as well as build on elements doing well, we have developed three key monitoring and evaluation tools to inform the process after an initial evaluation has been taken, these include: **1) the Evaluation Wheel, 2) the Reform Process Table, and 3) the Logical Framework**. Respectively, these reflect impact on a reform process, output performance, and improvement over time.

An **“Evaluation Wheel”** is used to visually evaluate different aspects of PPD. It addresses all 12 elements of the *PPD Charter of Good Practice*, which are considered essential contributors to an effective PPD process. For each of the 12 aspects, a score between 1 and 10 is derived from indicators and presented on the Wheel. Each of the 12 process points is weighted according to the context of the PPD under review.

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We measure the impact on the reform process using a tool called the “Reform Process Table”. It divides the Reform Process into five areas: 1) Issue Identification and Prioritization; 2) Solution Design; 3) Advocacy and Handover to Public Sector; 4) Legislative / Executive Process; and 5) Implementation, M&E and Follow-up. We measure the influence of the PPD on each of these steps.

A “logical framework” identifies five basic levels in the evaluation exercise, which are related in a chain: Activities, Inputs, Outputs, Outcomes, and Impacts, and are representative of a variety of indicators such as Resources, Products, Behavioral Change, Increased employment, and more.

### PPD Community of practice

More than 500 PPD practitioners interact and support each other through the PPD website [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org) with offers a “community of practice” approach. The website supports the knowledge exchange among PPD practitioners with the objectives of 1) enabling interactive knowledge exchange, innovation and sharing within the community; and 2) providing a vehicle to capture and disseminate knowledge products. Check out the recent additions: 21 case studies, 15 videos and all the presentations produced for the 2014 PPD Global Workshop.

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