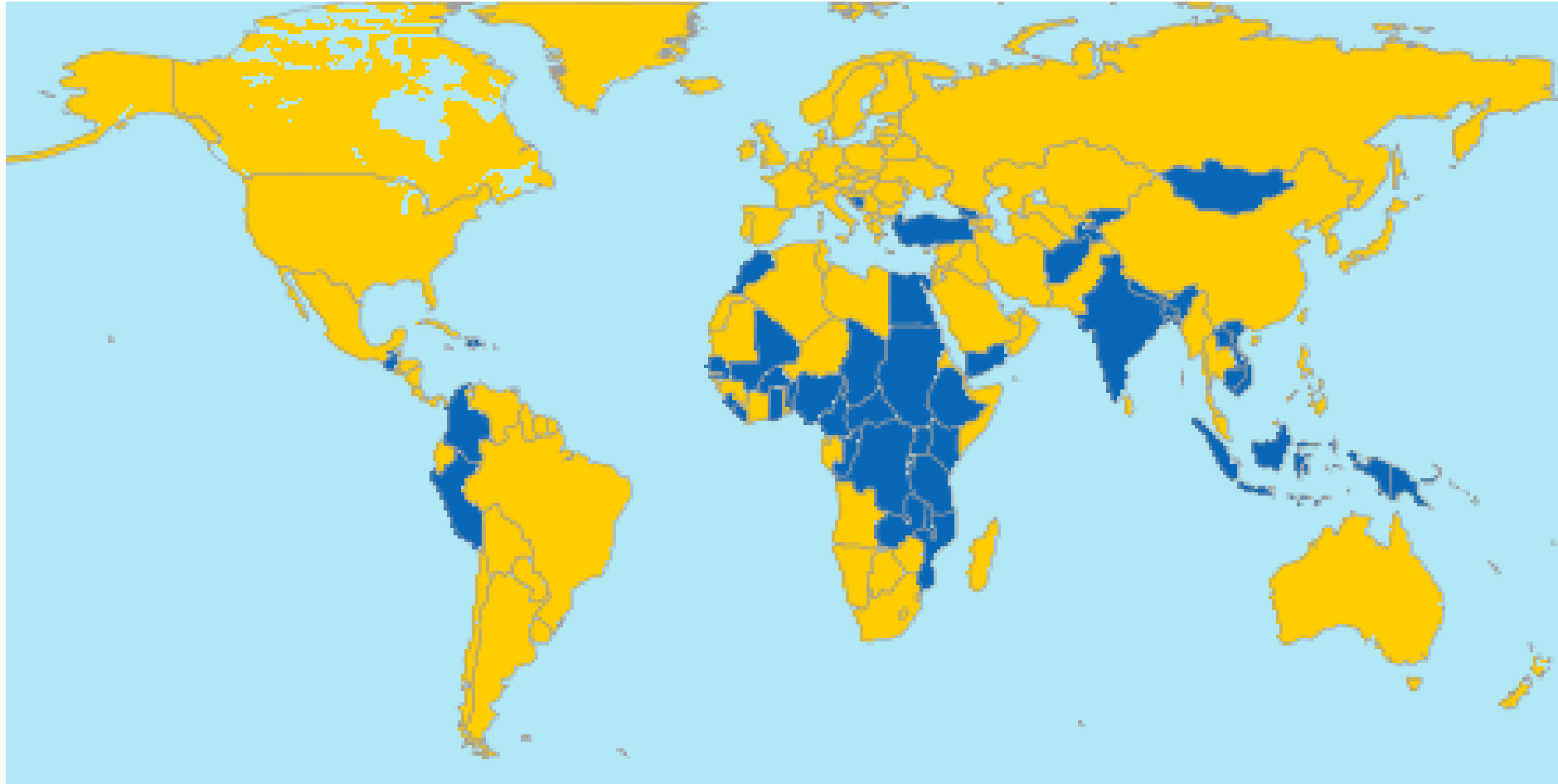


PPDs: Private Sector as the Engine of Growth

- ‘It is absolutely crucial to recognize that **all economic growth takes place at the level of the productive enterprise** – otherwise it is impossible to have a clear understanding of the growth process.’
- However, the existence of a vibrant private sector is highly dependent on whether the policy environment obstructs or enables private enterprises to form, operate and exit a business.
- This is where **Public-Private Dialogues** can play a vital role in helping to improve the institutional milieu through identifying ‘where the shoe pinches’ for the private sector and seeking solutions together with the public sector that will help to reduce the ‘friction’ in the economic machine

PPDs around the world



- **What is it, what does it look like?**
- **Why create or support PPDs?**
- **How do PPDs work?**
- **What is the impact of PPDs?**
- **How to implement PPDs?**
- **Ten practical tips to get results**
- **How to enter and exit?**

What is it, what does it look like?

What it is

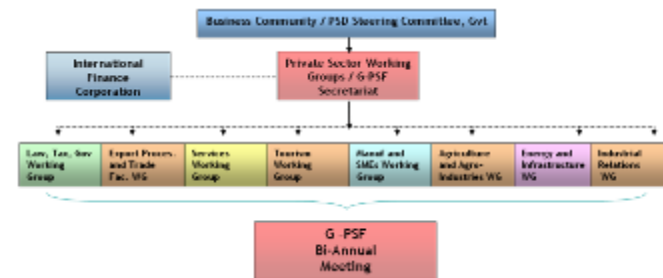
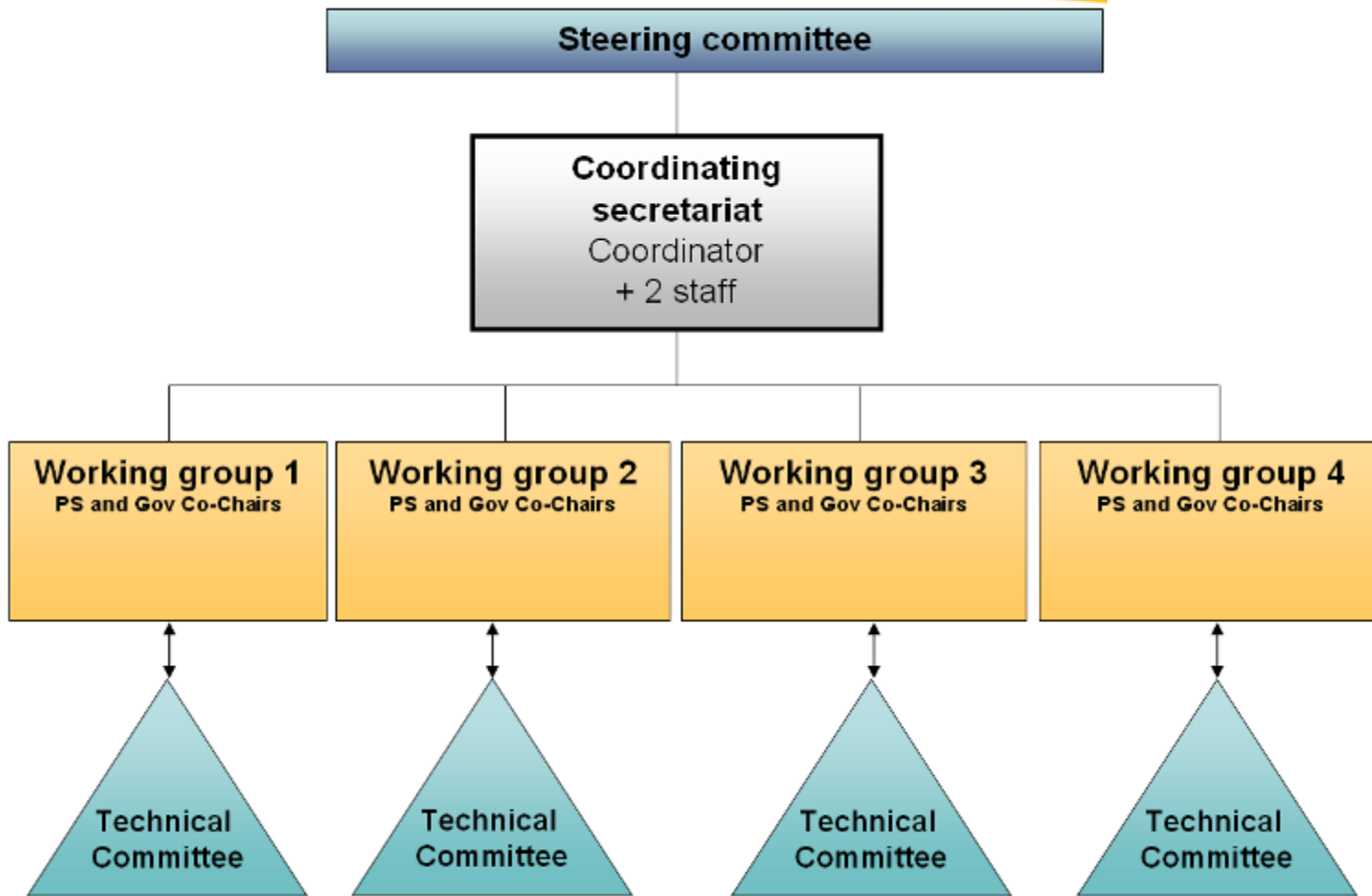
PPDs are structured mechanisms, anchored at the highest political level, coordinated by a light secretariat, and aimed at facilitating the discovery process by involving a balanced range of public and private sector actors in identifying, filtering, accelerating, implementing, and measuring competitiveness actions and policy reforms.

When to use it

- 1- In blank field, to gather actors and define competitiveness/PSD agenda
- 2- On specific cross-cutting or competitiveness issues, if lack of consensus , misalignment of actors or low political will
- 3- In post-conflict economies, with extra benefits of reconciliation
- 4- In context of FDI policies, as sounding board and aftercare mechanism
- 5- As a way to bridge institutional gaps, or to by-pass inefficient institutions

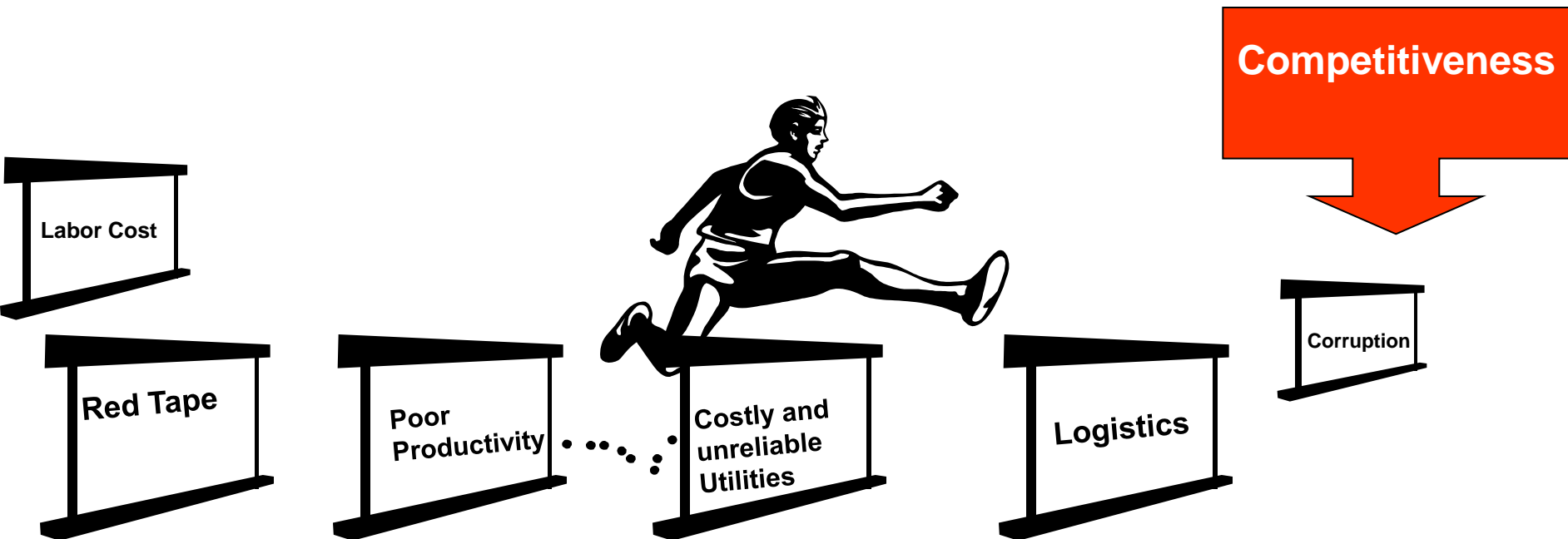
What does it look like



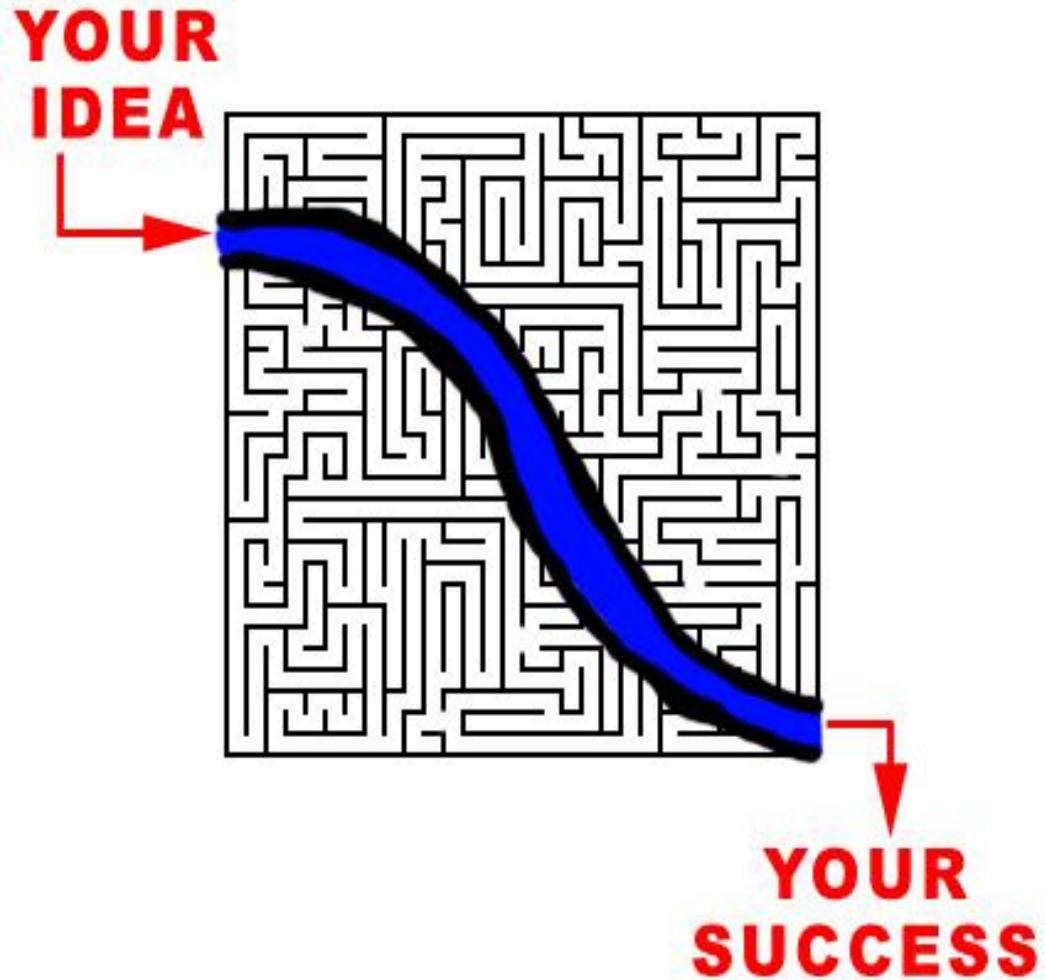


Why create or support PPDs?

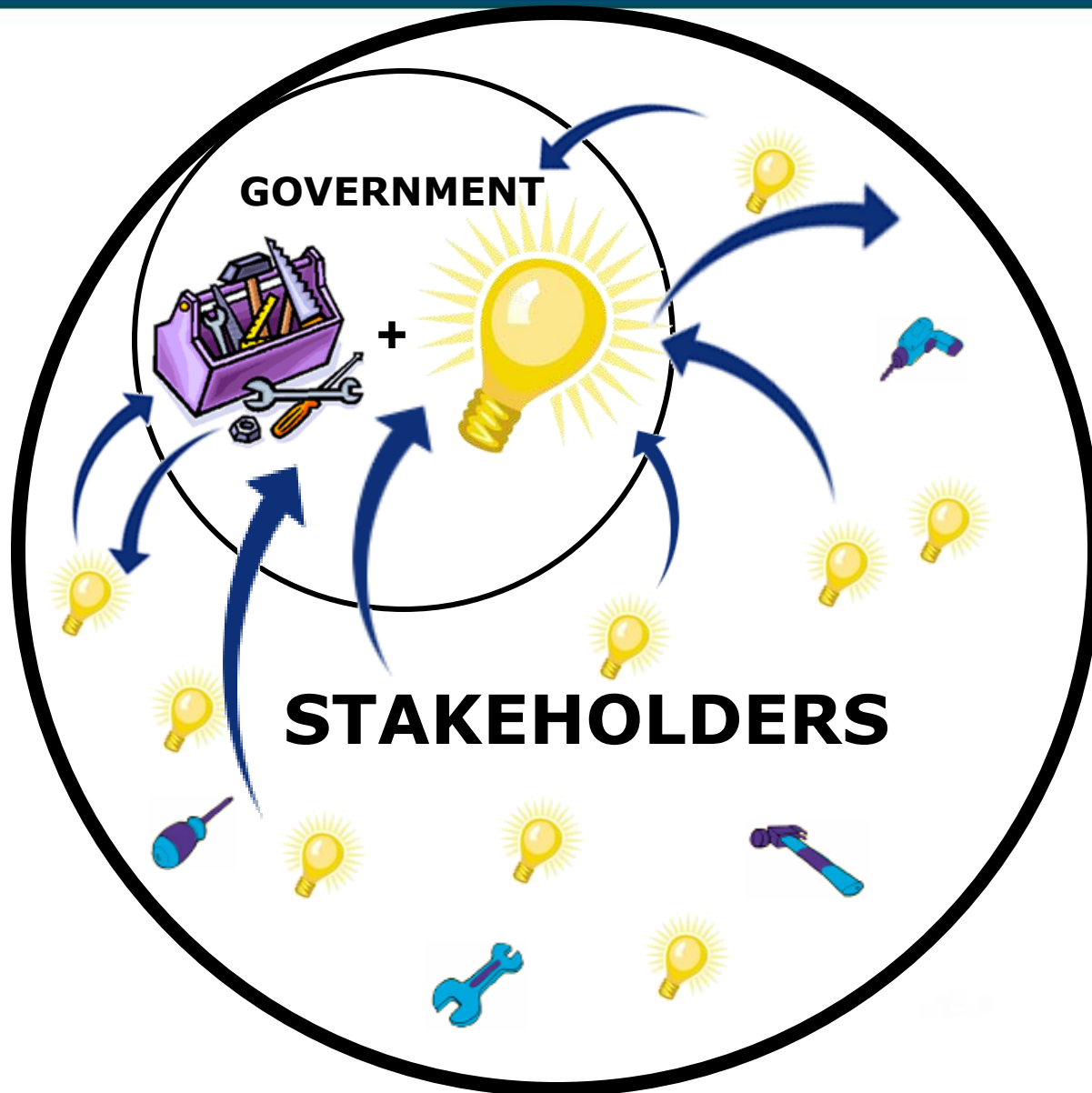
1- To discover priorities



2- To reduce regulatory burden



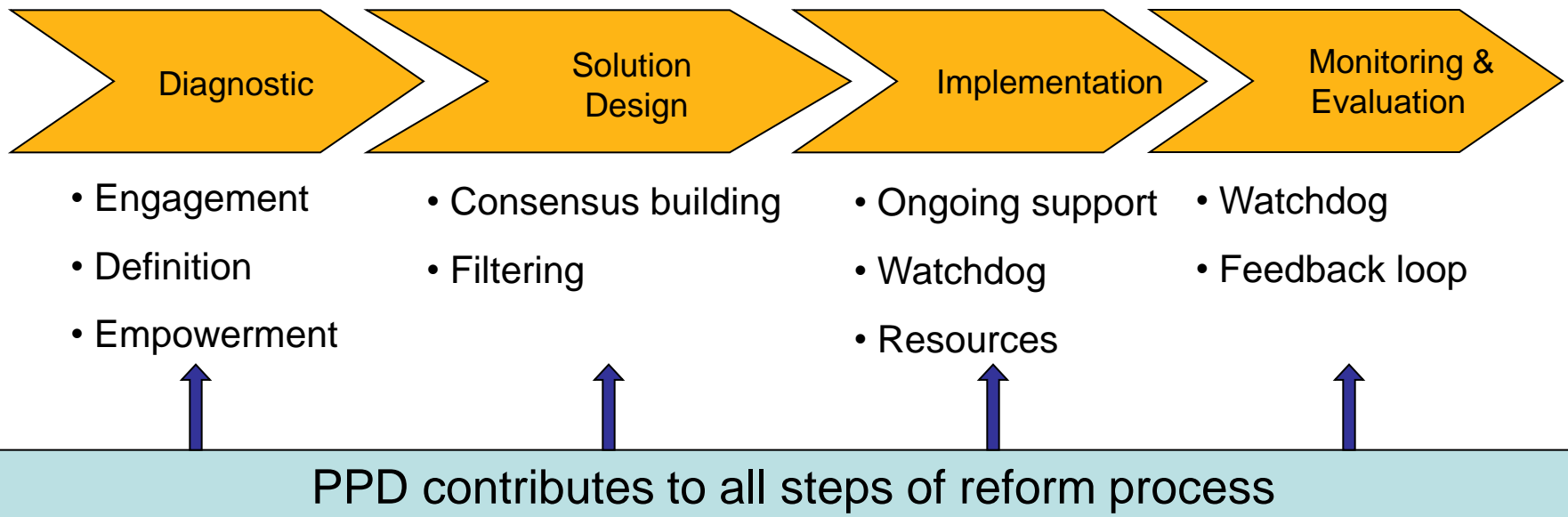
3- To ensure transparency and representativity



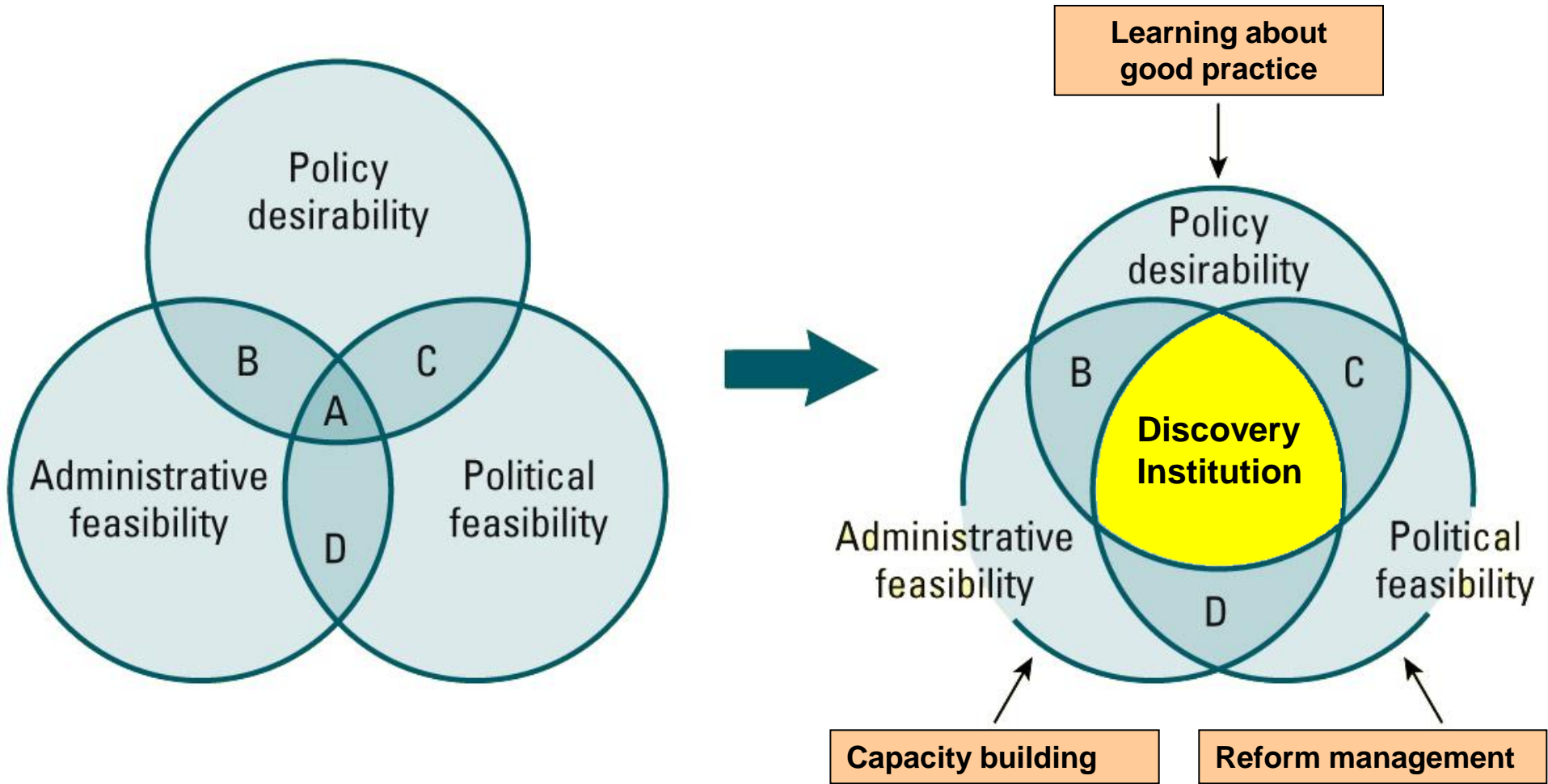
But how to structure that engagement?

4- To design and implement reforms

Structured dialogue → Workable reforms → Reforms that work



5- To increase opportunities for good policies



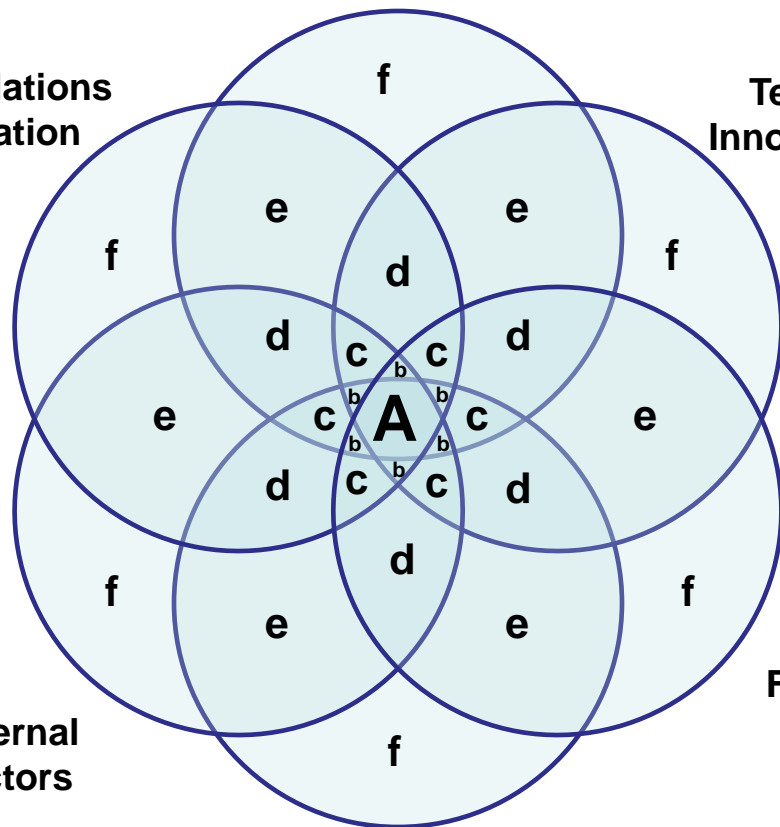
Source: WDR05.

6- To increase sustainable sector competitiveness

Skills – Labor - HR

Regulations
Taxation

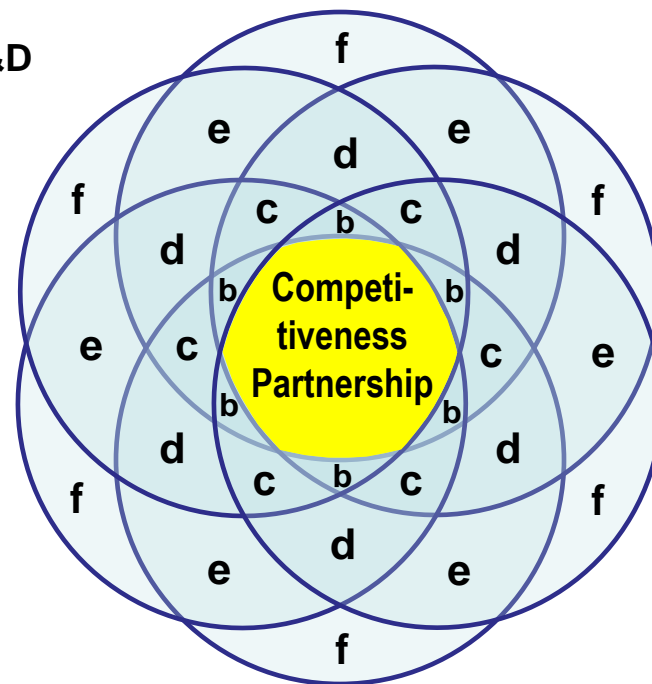
Technology -
Innovation – R&D



External
Factors

Infrastructure

Financing

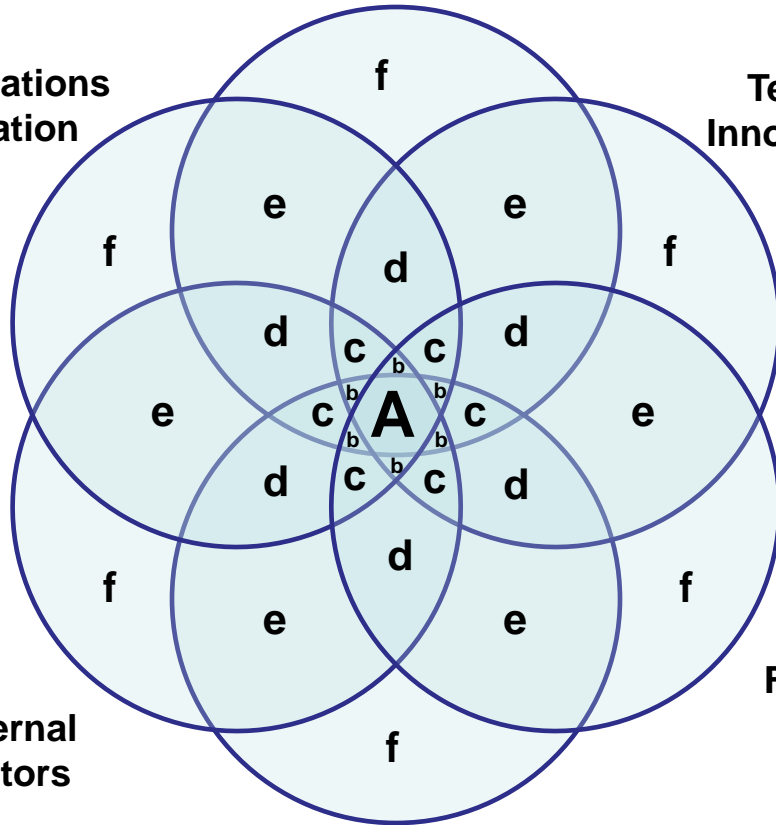


Increasing Sustainable Sector Competitiveness

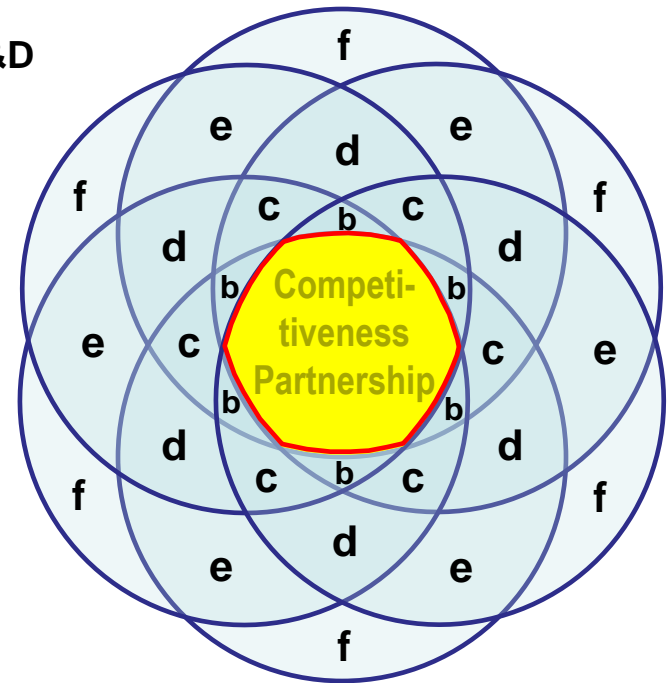
Skills – Labor - HR

Regulations
Taxation

Technology -
Innovation – R&D



Financing



What is the impact of PPDs?

Evidence of development effectiveness

2005:
Independent evaluation of 5 Investors Advisory Councils in Africa



2007:
Independent evaluation of 3 Business Forums in Mekong



2009:
Independent evaluation of 30 WBG-sponsored PPDs

Over **400 reforms** achieved in over 50 distinct areas



Economic impact (private sector savings)
Conservative estimate: **\$500 millions**

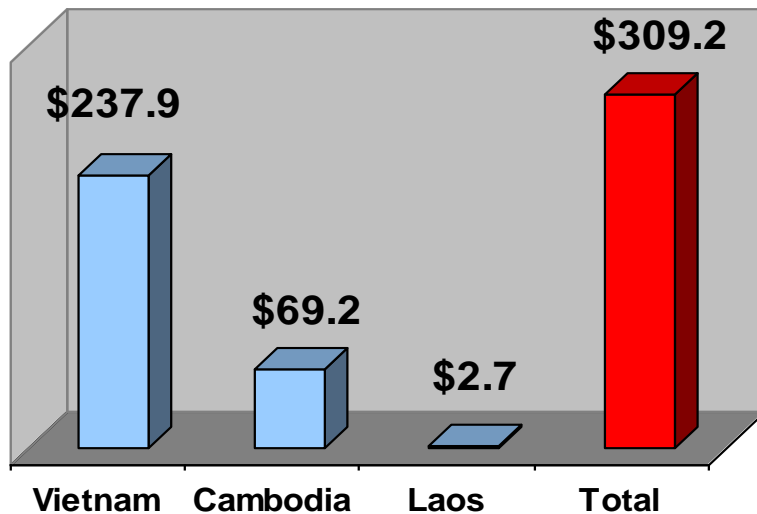
Cost effectiveness
Start-up investment of **100k-200k**

Aceh	2008
Albania	2008
Bangladesh	2007
Belarus	2007
Cambodia	1999
Chad	2008
Cameroun	2008
CAR	2007
Ethiopia	2008
Laos	2005
Liberia	2007
Nepal	2008
Pakistan	2008
Sierra Leone	2007
Romania	2006
Senegal	2002
North Sudan	2007
South Sudan	2007
Tanzania	2002
Timor Leste	2008
Tonga	2005
Uganda	2004
Vanuatu	2008
Vietnam	1997
Zambia	2007
Benin	N/A
Ghana	2002
Mali	2004

Regulatory payoffs

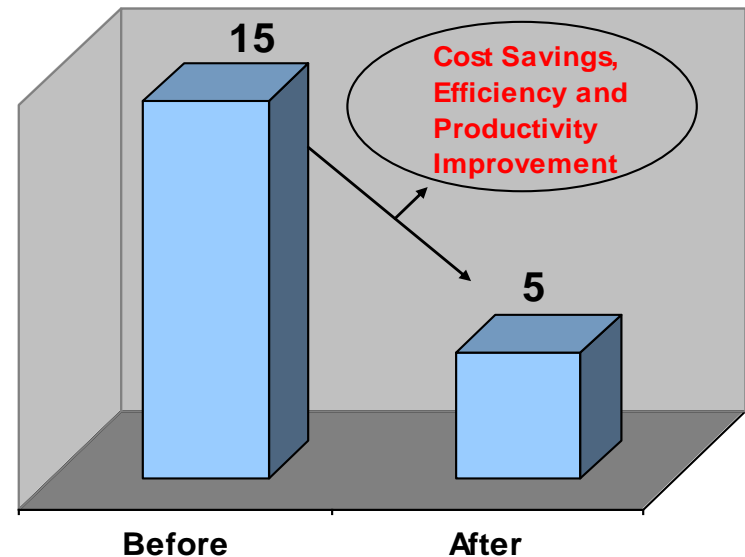
Mekong Area

Private Sector Savings from reforms processed through PPDs in the Mekong Area (\$ Million)



Ghana

Drop in Customs Clearance length as a result of the Advisory Council in Ghana (Nb of days)



Competitiveness payoffs - Cambodia Garment



- Two reductions of Export Management Fee has saved GMAC members USD 2,2 millions (2008)
- Reduction of bureaucracy and documentation required for import-export procedures;
- Certificate of Origin now issued within 48 hrs, with reduced cost and documentation (2 GMAC staff are positioned at MoC to assist factories in C/O applications);
- Introduction of the ASYCUDA system which has automated export documentation, saving time and money;
- Creation of a handbook on export procedures
- Suspension of Advanced Profit Tax (1%) until 2012
- Reduced the employers' contribution to the National Social Security Fund from 1.8% to 0.8%
- Established a Task Force on amendments to the Labor Law
- Reduced night shift rate from 200% to 130%

More country examples of the impact of PPDs...

Competitiveness Partnerships achieved over 400 reforms in over 50 areas of the Investment Climate in 30 countries (WBG evaluation 2009)

Country	Benefit	Before	After
Bosnia (Bulldozer)	Slashed statutory capital requirements when registering a LLC	\$ 6. 500	\$ 1. 300 Increased number of registered companies (doubled in some areas)
Vietnam (VBF)	Ease labor restrictions for expatriate employees	Decree 105 limited the number of foreign employees to 3% of the total staff, with cap at 50.	Circular 04 excluded management from limitation, and removed cap under special permissions.
Turkey (YOIİK)	Amend law on company registration process	19 steps to register 2 and half month	1 step, 8 procedures to register 1 day process, 9 days total
Botswana (NACEE) 22	Setting institutional means for economic empowerment	Public grant program with high corruption, not investment guarantee agency, poor VC access.	Citizen Entrepreneur Dev. Agency (CEDA). Direct link to Ministries of Finance + Planning Subsidized loans, VC, JV 50 applications/week

How to implement PPDs?

Prerequisites

Consider Four Dimensions

Public Authorities:

Engagement means sufficient capacity, political will and leadership.

Business community:

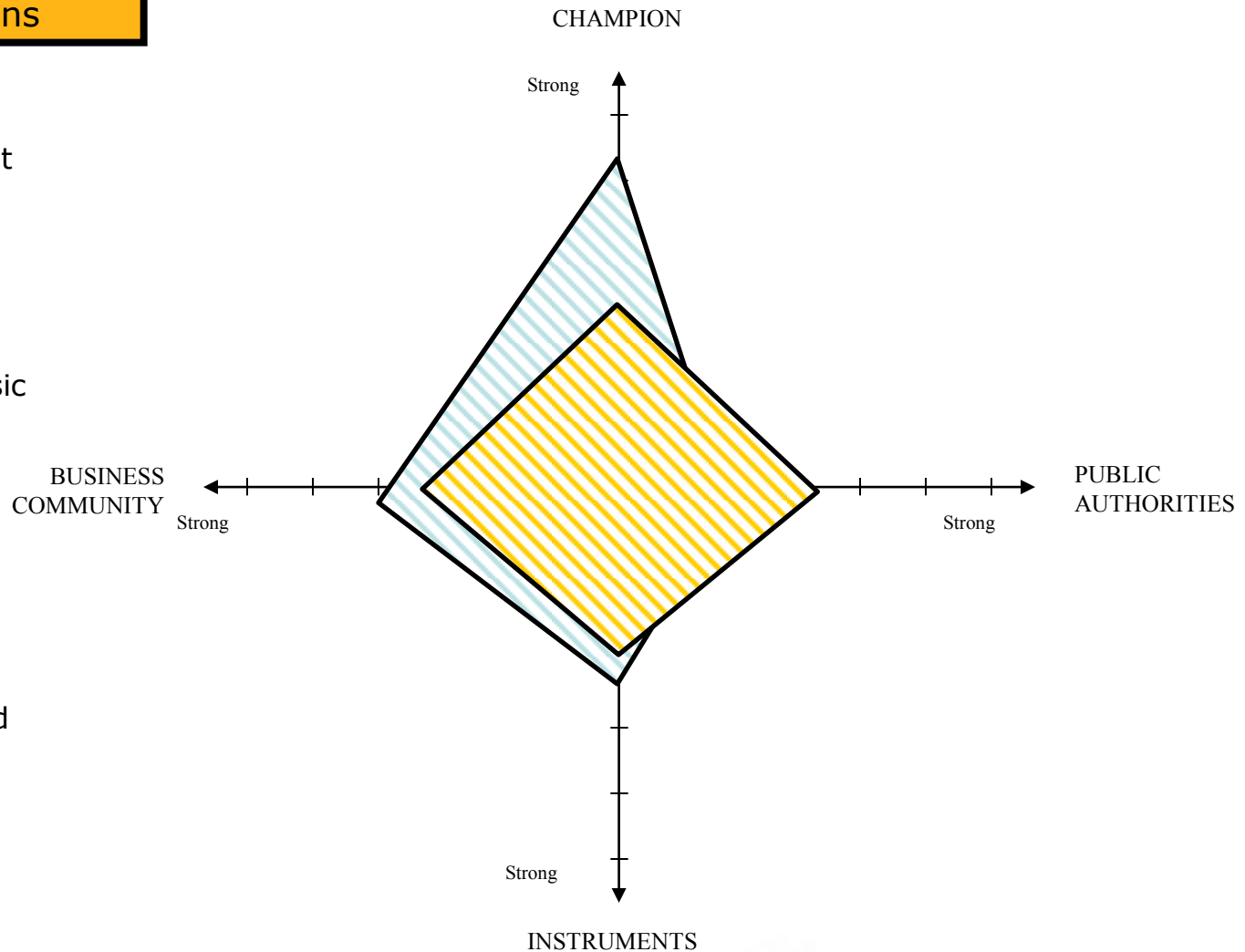
Needs to be somehow organized, led and feel a basic sense of security.

Champion:

Needs credibility, expertise and the ability to get media attention

Instruments:

Need logistical facilities, seed funds (may also supplement champion in QA)



Implementation framework: 12 key processes

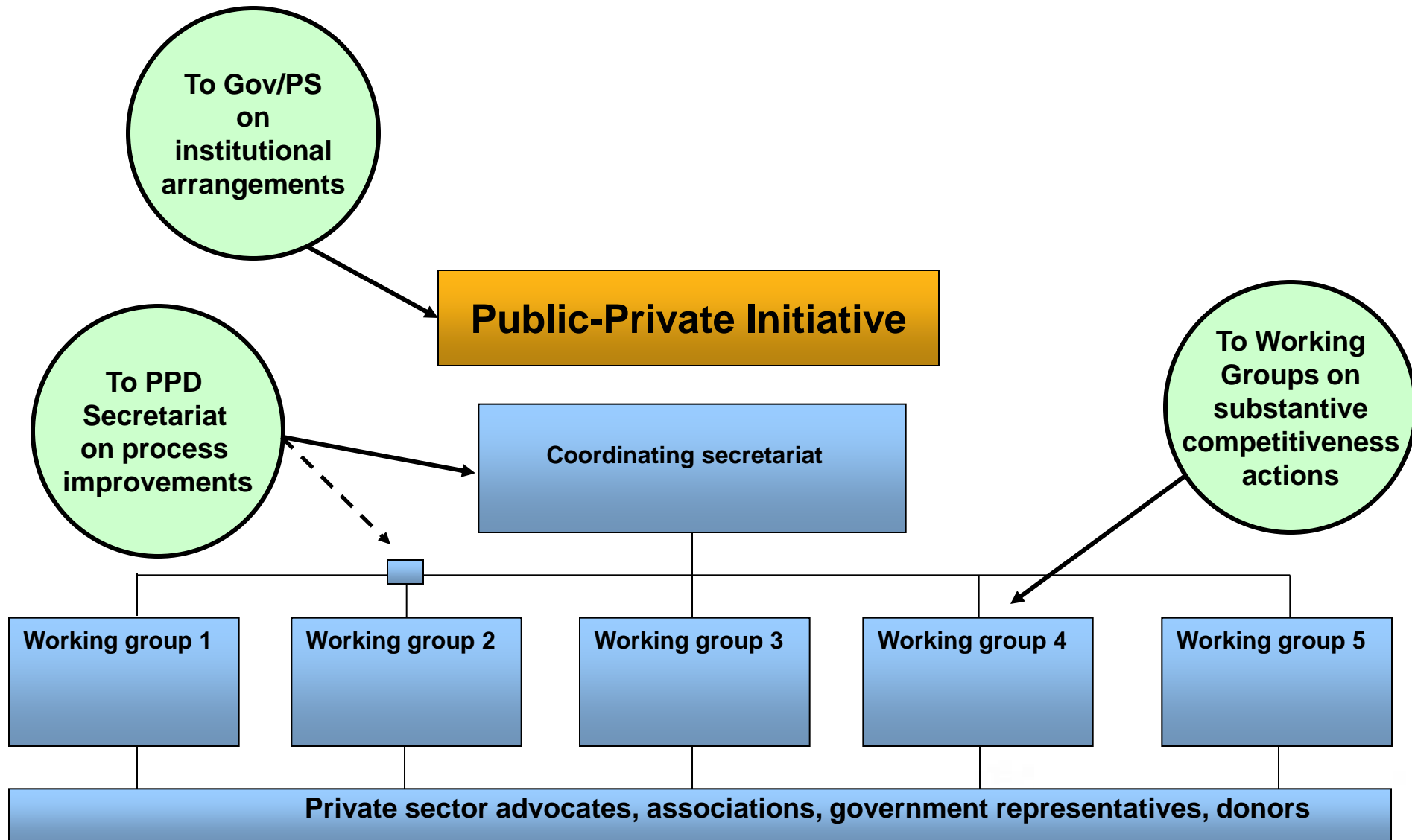
1. Mandate and Institutional Alignment
2. Structure and participation
3. Champions
4. Facilitator
5. Outputs
6. Outreach and communications
7. Monitoring and evaluation
8. Sub national initiatives
9. Sector-specific programs
10. Relevance to FDI
11. Post-conflict/disaster, crisis response
12. Development partners

A number of **options** to choose from

A number of good and bad **practice** to learn from

A number of **decisions** to implement

Delivery modes



Ten practical tips to get results

How to get results ?

-1-

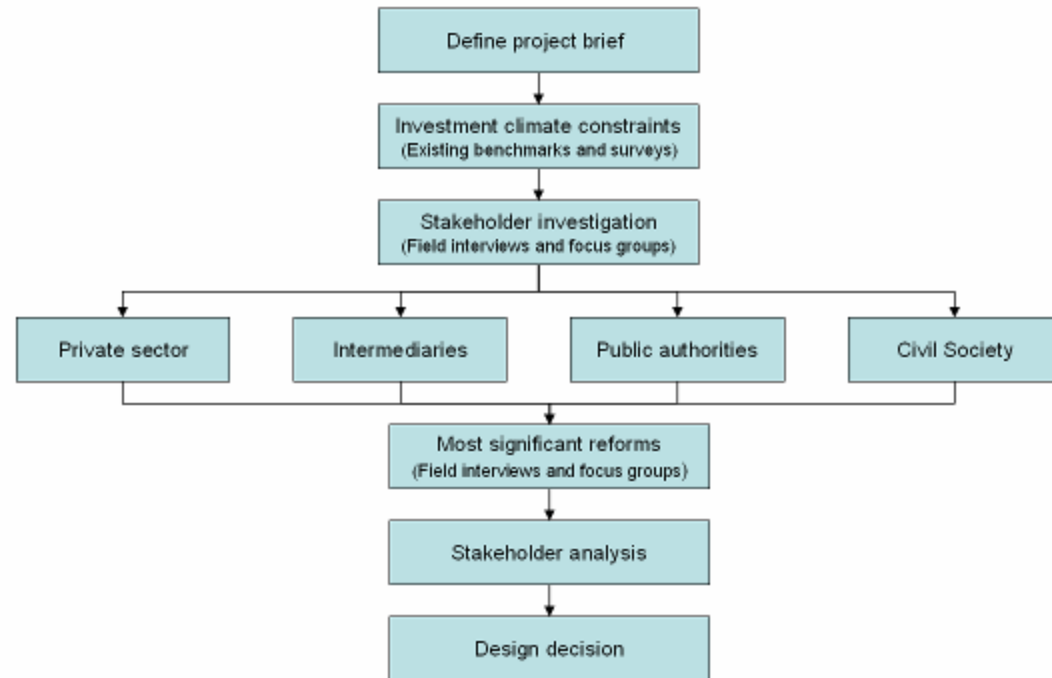
A lot of work

Huge coordination and mediation business



How to get results ?

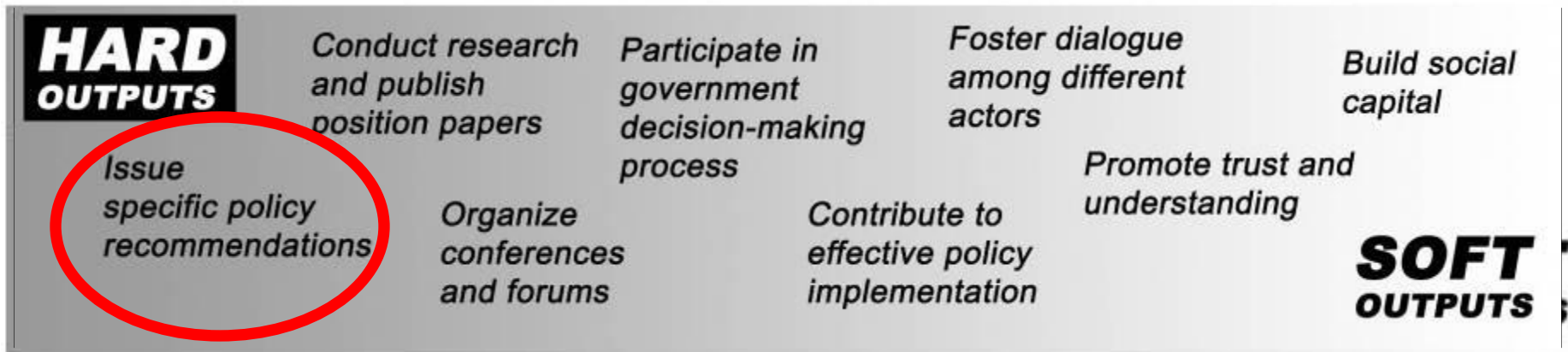
-2- Design consultations for PPD



-3-

**Strong focus on
targeted,
measurable
refroms**

Several types of outputs

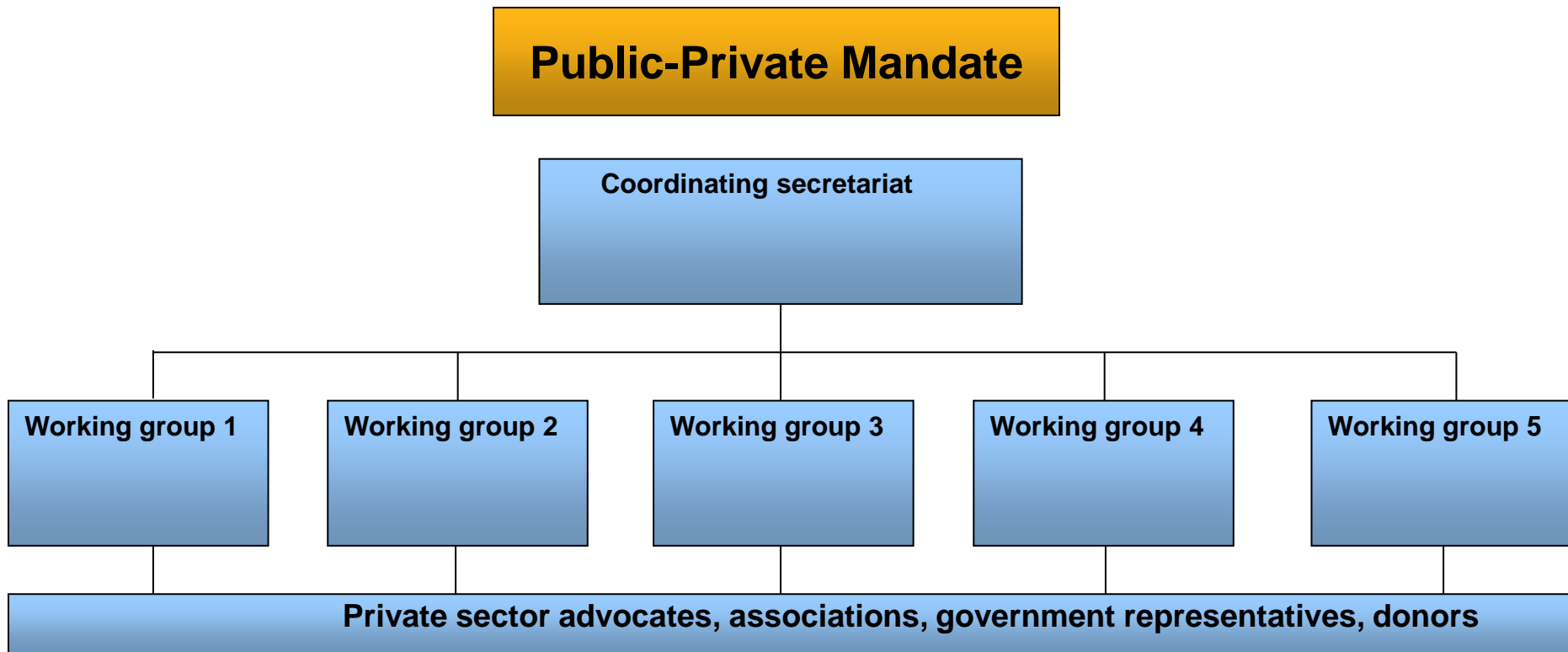


Focusing on this
will bring the others

How to get results ?

-4-

Simple, **explicit** organization



How to get results ?

-5-

A unique,
transparent and
disciplined way
to collect reform
proposals

Forum des Affaires
République Centrafricaine
Améliorer le climat des affaires par le dialogue public-privé

Formulaire de proposition de réforme ou d'action

Idee proposée par :

Entreprise Privée	Etat	ONG	Agence Internationale
<input type="checkbox"/> > 100 salariés	<input type="checkbox"/> Gouvernement	<input type="checkbox"/> Chambre de commerce	<input type="checkbox"/> SFI
<input type="checkbox"/> 50-100 salariés	<input type="checkbox"/> Parlement	<input type="checkbox"/> Association	<input type="checkbox"/> Autre
<input type="checkbox"/> 20-50 salariés	<input type="checkbox"/> Autorité locale	<input type="checkbox"/> Autre	
<input type="checkbox"/> 5-20 salariés	<input type="checkbox"/> Agence indépendante		
<input type="checkbox"/> < 5 salariés	<input type="checkbox"/> Autre		

Proposant (optionnel) : _____

Proposition filtrée et validée par (nom du groupe de travail) : _____

Proposition numéro:	Titre de la proposition:

La situation actuelle méritant l'attention :

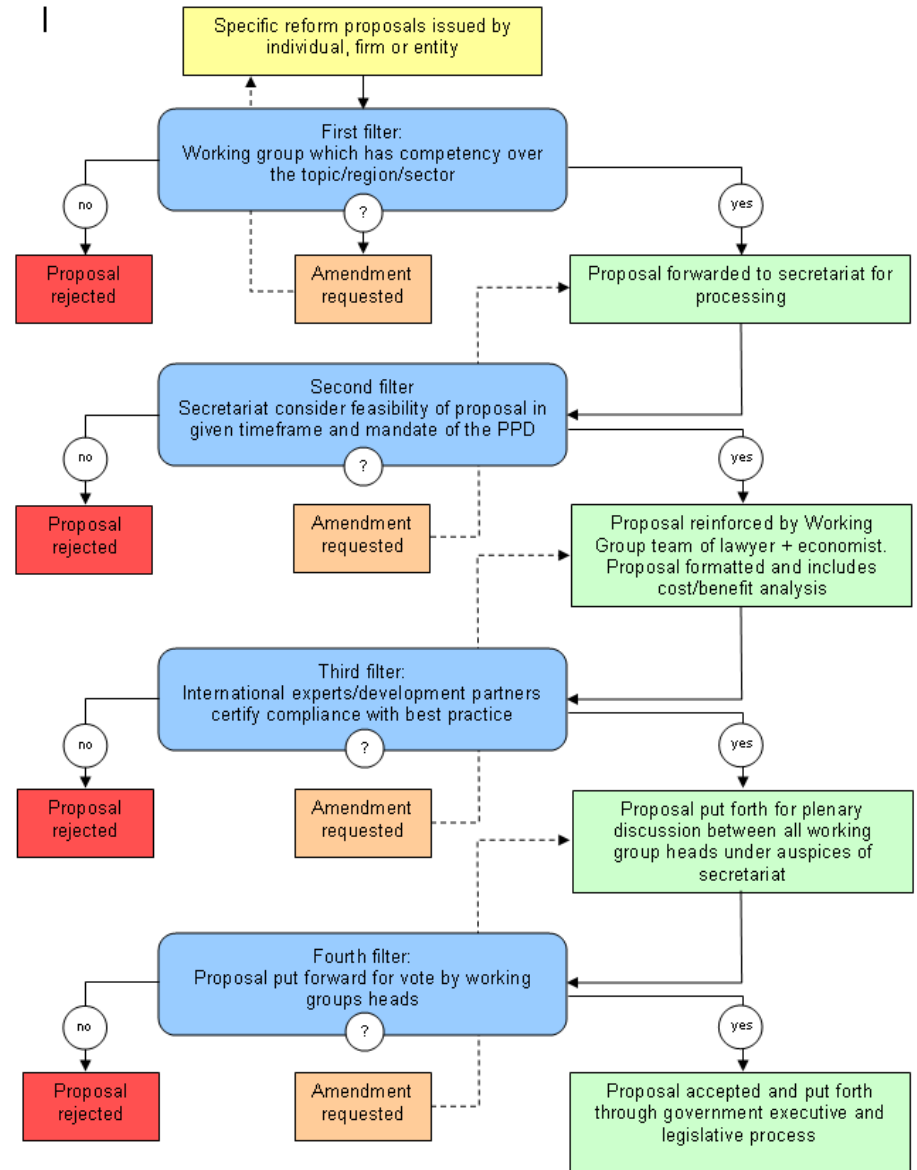
Raison pour lesquelles cette situation représente un frein au développement économique :

Solution(s) préconisée(s) :

Actions à mettre en œuvre dans le cadre des solutions préconisées:

How to get results ?

-6-
A filtering process that ensures quality of proposed reforms



How to get results ?

-7-

A lot of work (again)

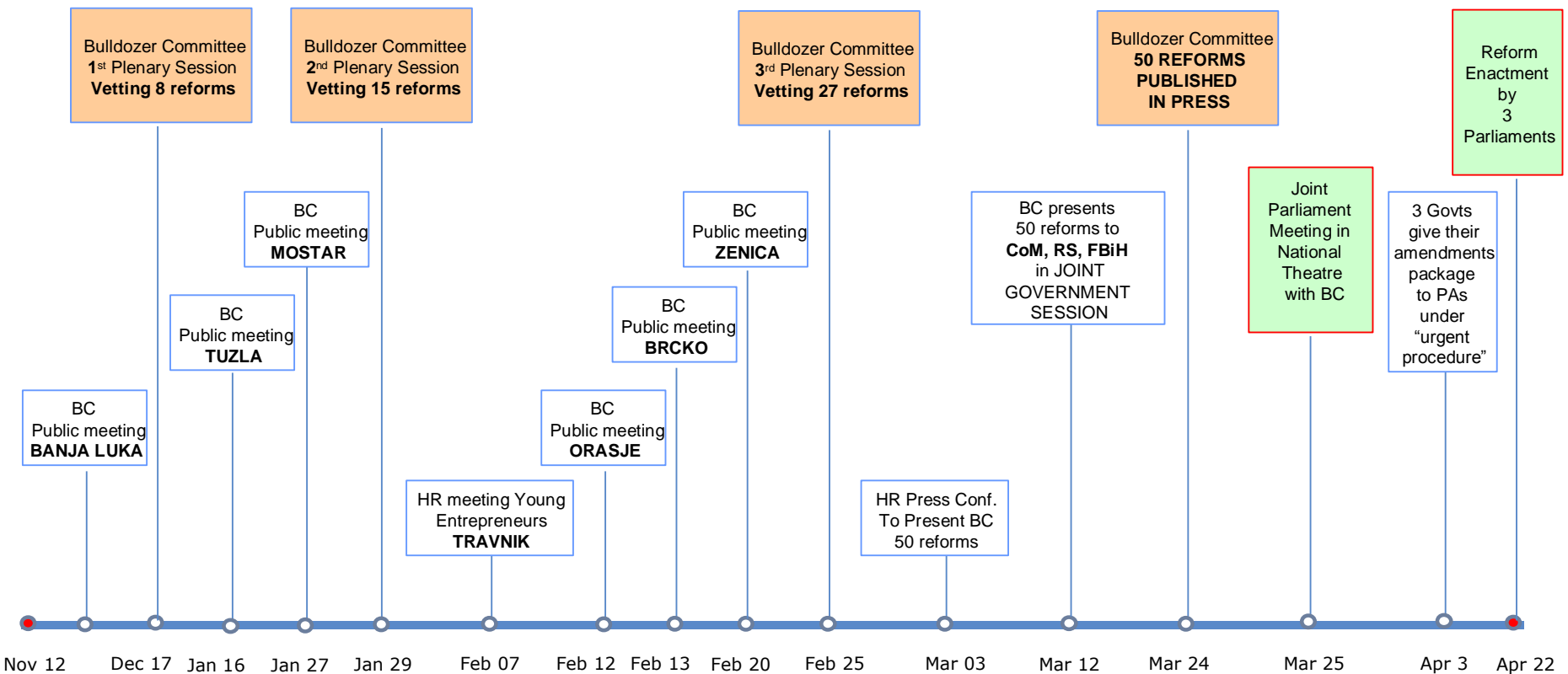
Simple criterias to ensure quick processing and transparency of process

Forum	Propositions collectees par les GT	Propositions pre-selectionees par les GT	Propositions finalisees par les GT et presentees au secretariat	Propositions correspondant aux criteres de fesabilite	Propositions correspondant aux standards internationnau x	Propositions votees en séance pleniere	Propositions retenues pour plus tard
Groupe de travail 1	40	16	6	4	3	2	1
Groupe de travail 2	40	16	6	4	3	2	1
Groupe de travail 3	40	16	6	4	3	2	1
Groupe de travail 4	40	16	6	4	3	2	1
<u>Total</u>	160	64	24	16	12	8	4
<u>Ratio</u>	→ 100%	40%	15%	10%	7.5%	5%	

How to get results ?

-8-

Good planning



How to get results ?

-9-

Strong **convincing** power



Bosnia Bulldozer initiative, "50 reforms in 150 days"



Palace #1

26%

From the Protocols for Prosperity... To the Prosperity Garden (Bosnia)



From the Protocols for Prosperity... To the Prosperity Garden (Bosnia)



Cambodia SME credit reform - TV shows on location (SMEs) + Experts

b²
Better Business Initiative
Partnership to improve the economic environment

Nigeria PPD



Georgia legal and judicial reform



Accountability gets specific in Bosnia (participatory government reform)

Cambodia G-PSF
Government-Private Sector Forum

A Participatory Approach to Private Sector Development

Home | G-PSF | Provincial Dialogue | About | News/Events | Participants | Partners | Links | Footer | Contact

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Cambodia's Government-Private Sector Forum is a public-private consultation mechanism

The Government-Private Sector Forum (G-PSF) improves the business environment, builds trust, and encourages private investment through a demand-driven process with the private sector identifying issues and recommending solutions, by fostering capacity and a strong relationship between the government and private sector, the G-PSF is considered a key pillar in improving the investment climate in Cambodia.

Working Groups

- Agriculture & Agro-Industry
- Tourism
- Manufacturing & SMEs
- Law, Tax & Good Governance
- Services, including Banking & Finance
- Energy, Infrastructure & Transport
- Export Processing & Trade Facilitation
- Industrial Relations

Latest News/Events

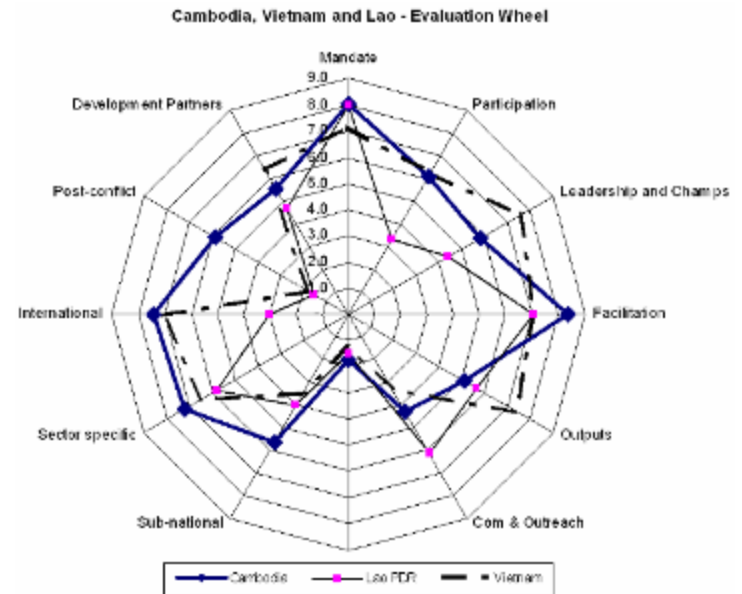
- The Industrial Relations Working Group Meeting, 31st March 2008**
The Industrial Relations Working Group Meeting will be held at the office of the Ministry of Social Affairs, Veterans and Youth Rehabilitation on Monday 31st March 2008 at 9:30am.
- Law, Tax and Good Governance Working Group Meeting, 27th March 2008**
The Law, Tax and Good Governance working group meeting will be held at the office of the Ministry of Economy and Finance on Thursday 27th March 2008 at 3:00pm.
- The Export Processing & Trade Facilitation W/G, 27th March 2008**
The Export Processing and Trade Facilitation working group meeting will be held at the office of Ministry of Commerce on Thursday 27th March 2008 at 8:30am.
- Co-Chair Seminar on Productivity, 26th March 2008**
The 13th Government-Private Sector Forum will be held on 23rd April 2008 under the leadership of Sandeep Prasad, Prime Minister Han Sen. The theme of this Forum will be "Productivity". To identify issues related to the topic, in consultation with Dr. Beng Soffy, the Private Sector Co-Chair of the 3rd Working Group, the seminar will be held at the Hotel Dufour in Dandal on Wednesday, 26th March 2008.

G-PSF is sponsored by:

- Business Associations & Chambers of Commerce
- Cambodian Law & Regulation
- Public-Private Dialogue
- Research Institute
- Royal Government of Cambodia
- Trade

How to get results ?

-10- Monitoring process and evaluating impacts



Issue	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	Average
1.0	-	-	1.0	2.0	1.0	2.0	2.0	3.0	-	-	2.0	2.0	1.0	1.5
2.0	-	-	1.0	1.0	1.0	-	-	-	-	-	2.0	2.0	-	0.5
3.0	-	-	1.0	2.0	2.0	2.0	1.0	3.0	1.0	2.0	-	-	1.0	1.4
4.0	-	1.0	1.0	1.0	1.0	2.0	1.0	2.0	2.0	-	-	1.0	-	0.9
5.0	-	1.0	1.0	2.0	2.0	3.0	2.0	2.0	-	1.0	-	2.0	-	1.2
6.0	-	-	-	2.0	1.0	2.0	-	3.0	-	2.0	-	3.0	-	1.1
Average	-	0.3	0.8	1.7	1.3	2.2	1.5	2.6	0.6	1.0	0.4	2.0	0.3	1.1

How to start and exit?

PPDs are risky business but risk is manageable

Reinforcing vested interest (e.g. Mongolia)

➔ Be open and transparent – Publicize quality control – Broad based

Over and under representation (e.g. Tanzania, 18%)

➔ Strengthening BMOS – Equal representation – Periodic review

Sustainability issues (e.g. Bolivia)

➔ Clear agenda and proposals – Manage expectations – Live and let die

One man shows (e.g. Botswana)

➔ Foster bottom-up support – Secure written commitment – Prepare transition

Political risks (e.g. Bosnia)

➔ Depoliticize through outreach – Woo parliamentarians – Go local

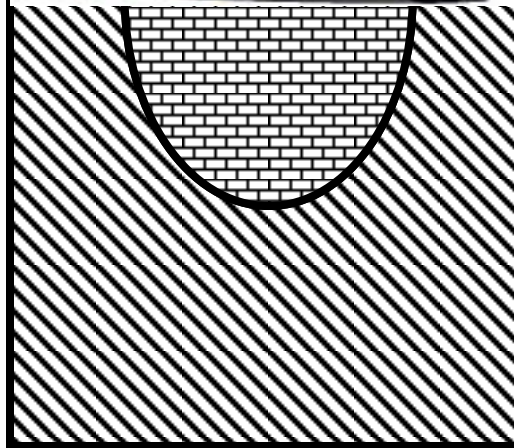
Institutional misalignments (e.g. Uganda NF)

➔ embrace institutions – Use technical ministerial staff – Transfer competencies

Initiative or institution?

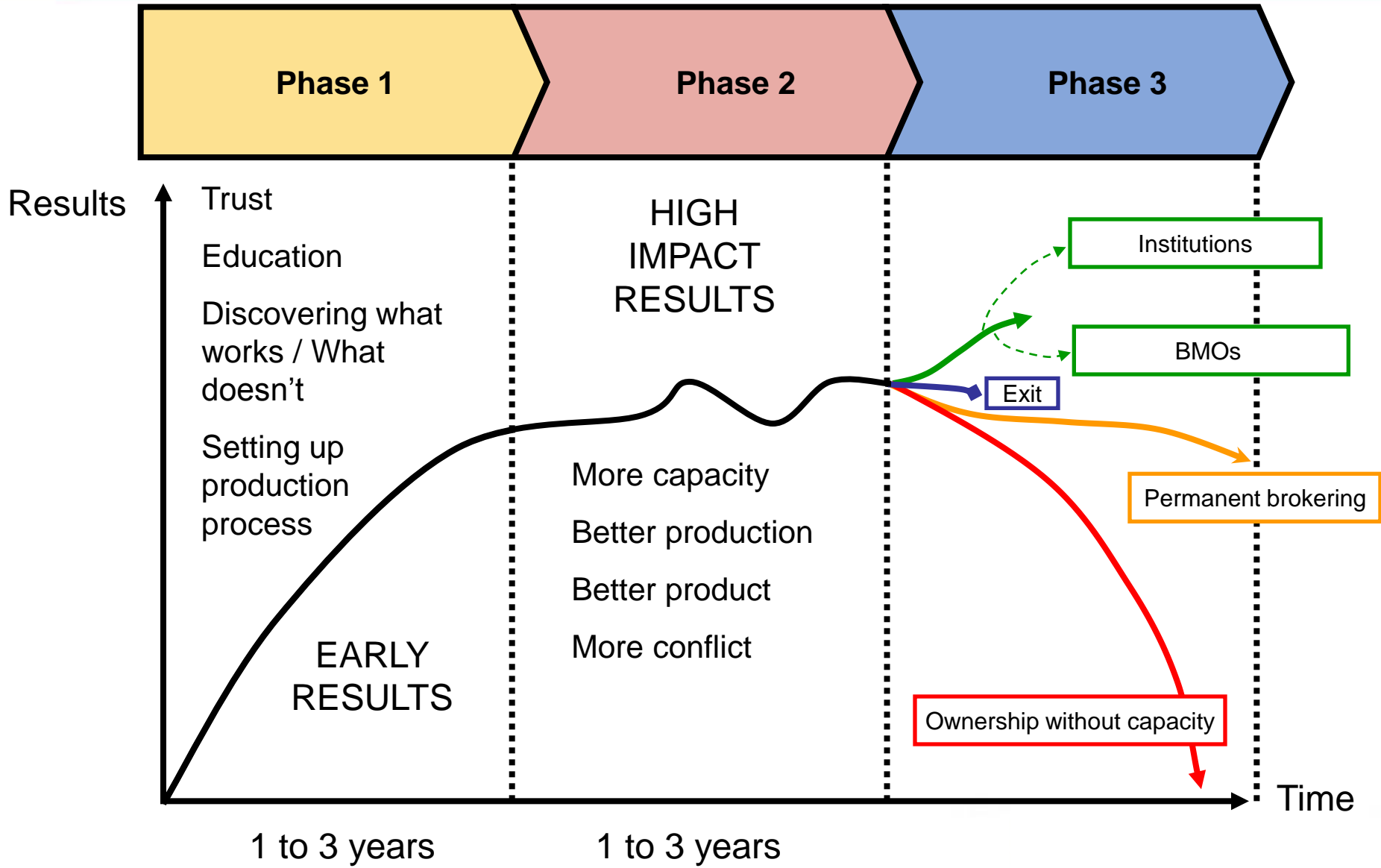


Public authorities



Private sector

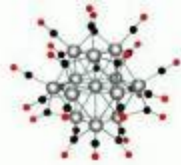
Life and death of a PPD mechanism



Linking the PPD to other reforms processes



SEZ



Clusters

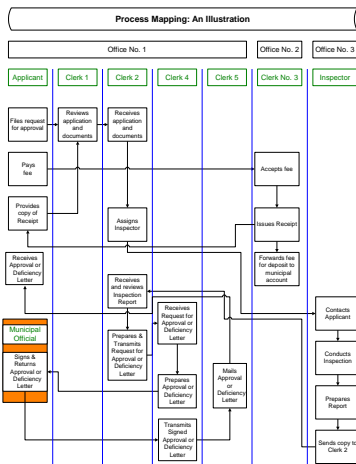


Value chain

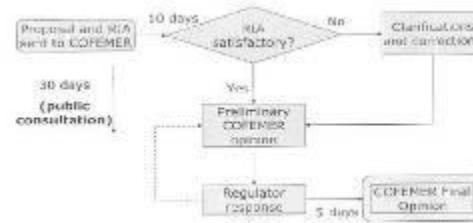


Reform Unit

Regulatory simplification



RIA and regulation review process



Thank you!

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