

Public-Private Dialogue

PPD Short Notes

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The Public-Private Dialogue for Results (PPDR) Approach

Exploring the full complexity of PPD

By James P. Brew

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PPD Short Notes

The Public-Private Dialogue community of practice is releasing a series of short notes highlighting key research findings drawn from recent national and international research. Each note focuses on a particular dimension of PPD -- reviewing key research results and presenting the views of selected national and international experts about what has occurred and what can be done now. These notes can either provide practical guidance and concrete tools for PPD practitioners to integrate new ideas into programming – with a view to contribute to building sustainable PPD practices.

This issue

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“The Public-Private Dialogue for Results (PPDR) Approach”

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About the author of this PPD Short Note

James Brew is an economic development consultant. He is a global expert in the field of Public Private Dialogue having worked in South East Asia, Africa, Central Asia, Europe, the Caribbean, the Middle East and the Caucuses. Mr. Brew has extensive field experience in working on private sector development in developed, middle income and emerging markets including in fragile and conflict affected states. Mr. Brew has worked for leading international development agencies including multi-lateral and bi lateral donors including the World Bank Group, UNDP, USAID, UKAID, GIZ, OECD, DANIDA, AUSAID and other major development partner organizations. His work has cut across the wide range of sectors and has involved work with all levels of governments. He has worked extensively with Business Membership Organizations (BMOs) and with MNCs to sub national investors. Mr. Brew is credited with establishing a word best practice PPD in Cambodia in addition to establishing from scoping to implementation and advising management on PPD development in over thirty countries. In addition to a number of articles on PPD he is a credited contributor to the World Banks PPD Handbook. Mr. Brew is educated at the Royal Melbourne Institute of Technology, Kings College, London, and the University of New South Wales.

The Public-Private Dialogue for Results (PPDR) Approach

Exploring the full complexity of PPD

1 - INTRODUCTION

The objective of any Public Private Dialogue (PPD) activity is to achieve results. PPD can be basically defined as a dialogue between government and private sector stakeholders. That definition, however, does not reflect what PPD is in practice. Nor does it reflect the essential need for the existence of a PPD in any market economy. It is in the mutual interest of the public and private sector to have a transparent and accountable means to work together to support economic growth. The Group of Twenty (G20) has, for example, its own PPD. It is called the Business Twenty (B20). If a G20 economy didn't have a PPD then it would create one. Opportunities to develop efficient PPDs in emerging markets are too often forgone in favor of the short term victory or '*long hanging fruit*'. In these instances, the hard work of developing the framework for sustainable PPD is neglected in favor of achieving limited outcomes. The Public Private Dialogue for Results (PPDR) Approach recognizes that economies benefit not only from legislative or regulatory reforms. They also benefit from the stability of public and private sector institutions that support reform. Under the PPDR Approach there are two classifications of results. Firstly, the results required for the development of the institutional framework that supports public and private sector engagement. Second, results for dialogue outcomes. In the absence of the PPDR Approach, public and private sector meetings are not delivering on the promise of the PPD Concept. They are often facilitated workshops with no inherent social value beyond the limited objective that they may have delivered. Within the PPDR Approach each engagement is not viewed in isolation but is a part of a constant process to support economic development. PPDR seeks to institutionalize the engagement of two of the most relevant stakeholders for economic development i.e. the public and private sector. PPDR achieves this goal by focusing on both results from steps taken to improve institutional interactions and dialogue outcomes.

2 – THE PUBLIC-PRIVATE DIALOGUE FOR RESULTS (PPDR) APPROACH

An efficient PPD¹ will create tangible outcomes such as policies, legislation and revised business regulations. Results for PPD, however, need to be commensurate with the political and social capital required to develop a PPD. The milestones achieved to build a PPD are essential to delivering dialogue outcomes. There are benefits to a short-term focus on PPD. The emphasis on specific regulatory outcomes can, for example, result in a reform. There can be a broader, negative, consequence of short-term approaches. Short term PPD can obfuscate, rather than illuminates, the substantive issue. The substantive issue is that an economy without a structured PPDR is not competitive compared with those economies

¹ Brew, J.P; The PPD Spectrum, www.publicprivatedialogue.org

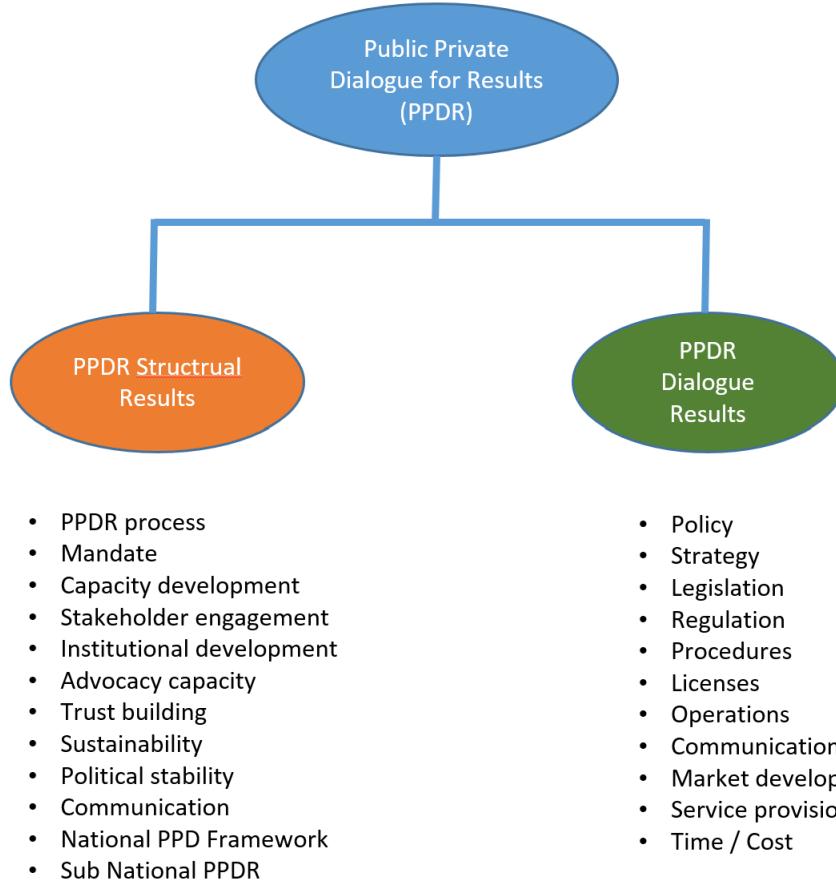
that have them. This can be ameliorated when the short-term objective and the process utilized to achieve a result is placed into a broader context. This context can be provided by PPDR Status² Analysis. The PPDR Status analysis will demonstrate that the lessons learned from achieving short term objectives can be institutionalized by the PPDR System. The responsibility for translating the lessons needs to be undertaken by public and private sector stakeholders.

Theoretically a clearly defined PPD process governs a series of interactions between public and private sector institutions that lead to tangible results. In practice, results are achieved as a consequence of brokered agreements that establish the protocols that eventually lead to public and private sector engagement. PPDR recognizes that public and private sector institutions do not meet randomly. PPD requires preparation. Stakeholder engagement takes place as a consequence of the often-sensitive steps taken to make it results oriented. The terms of engagement for the public and private sector to meet need to be clear. The participants require a prioritized agenda. The agenda needs to be evidence based. The private sector require capacity to discuss issues and government stakeholders need to have the political will to make decisions. The PPD process needs to incorporate a monitoring tool to ensure implementation takes place. With all of the work required to make PPD results oriented result indicator too often measure dialogue outcomes alone. This approach underestimates the value of the framework required to achieve a successful outcome. This is bad for implementers. Recognition for steps taken to invigorate a Nascent PPDR should not be measured against the most challenging levels of reform e.g. new legislation, land reform. Results should be measured against the changes made to change the PPDR Status. That is in addition to the outcome results achieved e.g. licensing or regulatory reform.

PPDR recognizes dialogue outcomes alone do not represent change. The results at the structural level are as essential as dialogue outcomes. Structural indicators reflect progress of building the framework for public and private sector dialogue. The dependency on the private sector to drive economic growth is a common refrain in emerging markets. It is one that is shared by governments and donors. Governments and donors interact on economic policy, legislative reform and business enabling environment agendas. It is essential that the private sector is involved in such consultations. Since the Asian Financial Crisis in 1997 the PPD concept has been successful in raising the issue of PPD. Unfortunately, the tendency is to use the PPD concept at its most simplistic state. The Government invites the private sector to attend a meeting. The private sector, as represented by the relevant Business Membership Organization (BMO) such as a Chamber of Commerce or sector association attends. The lack of structure, process or protocols for consultation leaves such meetings open to accusations of being ‘talking shops’. The PPD concept is, consequently, devalued in the eyes of the stakeholders that it has been designed to benefit i.e. the public and private sector. The private sector needs to be directly involved throughout the reform process. To achieve this level of interaction requires alignment across public and private sector institutions. The PPDR Approach is holistic. In the PPDR Approach public and private sector institutions are supported from the structural to the stakeholder engagement process. Results are measured accordingly.

² Brew, J.P; The PPD Status, www.publicprivatedialogue.org

Table 1. PPDR Framework with Indicative Structural and Dialogue Results.



PPDR recognizes that the public and private sector operate within a system.³ For the PPDR System to function then its various entities must be capable to interact. The aim of PPDR is, therefore, to make the PPD System work as a driver of economic development. This is achieved by addressing the underlying causes of the PPDR Systems failure. The objective of PPDR is to achieve efficiency within the PPDR System. This achievement will be recognized in the emergence of dependable, trusted, PPDR System that achieves sustainable dialogue outcomes.

In a G20 economy (i.e. the world's nineteen largest industrialized economies and the European Union) the absence of BMO involvement in deliberations pertaining to economic development would be anomalous. In G20 economies BMOs have strong advocacy capabilities. Familiar with the importance of private sector voice in policy considerations the G20 has initiated the B20. *'The B20 acts as a platform for*

³ Brew, J.P; The PPD System, October 2022, publicprivatedialogue.org

*dialogue among policymakers, the civil society and businesses at international level. Every year the B20 and G20 forums are hosted by a different member state. The B20 currently consists of 706 members from 39 countries.*⁴ The B20 has a Secretariat, Working Guidelines and a clear and trusted pathway to dialogue with the G20. In emerging markets indicators are skewed at the level of dialogue outcomes. The benefits that strong structural development brings are missed due to short time frames and an emphasis on dialogue results. BMOs in emerging markets need to have been institutionally strengthened. For example, developing the Advocacy Department ultimately underpins results for stakeholder dialogue.

In fragile and conflict affected states it is not unusual to be confronted by dated licensing regulations, weak judicial enforcement and minimal BMO capacity. These are challenging conditions for international development agencies seeking to engage the private sector. For successful economic development there is an inherent need for public and private sector engagement. Closing the trust deficit between the public and private sector can contribute to peace and stability.⁵ Where lack of trust is impeding the private sectors from being engaged then trust building needs to be addressed systematically. At the working level this is exemplified by focusing on dialogue outcomes. These are achieved by a combination of harnessing the political will from a government and facilitating private sector professionalism. Development partners can provide technical support to make this happen. The PPDR Approach provides support to advocacy, process development and formalizing institutional alignment between public and private sector institutions. Dialogue outcomes are required to build confidence and trust. Structural support is required to build durability and sustainability.

An important first step in working on PPDR is to assess its current status. An indication that there is functional stakeholder engagement is the strength of existing BMOs. Their ability to advocate and the quality of their interventions will influence the type of support required. Consultation with public and private sector stakeholders will indicate any bottlenecks to public and private sector engagement. The more efficient and trusted the institutions then the greater likelihood of achieving results. The next challenge is assessing the transparency and accountability of the PPDR process. An assessment of the PPDR Status will influence the allocation of resources. This is particularly relevant for PPDRs that are assessed as 'nascent' or 'emerging' (as below).

Within the PPDR Approach there are four levels of PPDR Status; 1. Nascent. 2. Emerging. 3. Mature. 4. Institutionalized.⁶

1. **Nascent:** PPDR that are not functioning, have no discernible process and have no clear methodology for measuring and monitoring outputs and outcomes.

⁴ International Cooperative Alliance: <https://www.ica.coop/en/media/news/what-b20-and-how-alliance-involved>

⁵ World Bank Group: Impact Assessment of the Public Private Dialogue Initiatives in Cambodia, Lao PDR & Vietnam.

⁶ Brew, J.P; Public Private Dialogue for Results (PPDR) Status, Feb., 2023, Publicprivatedialogue.org

2. **Emerging:** PPDR that has discernible elements of a PPDR that includes an identifiable process, capacity within BMOs, platforms for PPDR and a consistent public sector champion or champions.
3. **Mature:** A PPDR that has broad engagement from relevant public and private sector stakeholders, a process that produces outcomes, a monitoring system that communicates events and results with stakeholders.
4. **Institutionalized:** Fully integrated PPDR process that is outcome driven with public and private sector stakeholders with ownership of the tools, activities and functions that make the PPDR outcome oriented.

PPDR Status will inform stakeholders regarding the correct indicators to use for Structure and Dialogue outcomes. Once the PPDR Status assessment is agreed between stakeholders then development partners can begin to coordinate their support. Within the context of PPDR, coordination of resources and capacity is a shared objective amongst interested stakeholders. Coordination amongst stakeholders can provide tangible benefits for the structure, process and dialogue platforms within PPDR. Improving or enhancing the PPDR Status framework from which relevant results indicators can be assigned.

3 - CONCLUSION

Wherever market economies exist there needs to be public and private sector engagement. This is recognized by the G20 that incorporates private sector engagement into its annual forums. The G20 economies can rely on a well-resourced, high capacity, structure of influential BMOs. In many emerging markets, with long histories of international development support, many peak private sector institutions have barely functioning advocacy departments. In these environments the private sector relies on a few high capacity individuals. The low institutional capacity, the lack of formal alignment with government and other historical grievances means that they function with low levels of trust from the government stakeholder. The PPDR Approach deliberatively addresses this negative dynamic. It recognizes the reality that trust will come when the dynamic between stakeholders is based on respect. That is the respect of public and private sector institutions and the transparent process of PPDR that they have mutually endorsed. The PPDR Approach recognizes that interactions between stakeholders is complex. To achieve results from the development of a clearly defined process to legislative reform requires trust. Achieving trust between stakeholders is an achievement. Within PPDR trust building steps are evaluated. The process that leads to stakeholder engagement and the results of that dialogue are also measured under PPDR. PPDR reflects the level of complexity that exists within societies where the cooperation between stakeholders has all but collapsed. The PPDR Approach is designed to provide a pathway to improve the status of public and private sector engagement. Ultimately the results should be qualitative in terms of improved system relationships. They should also be quantitative in terms of direct economic impact.