

## Iran's Public-Private Dialogue Council

by

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### 1. Background and Context

Public-private dialogue is concerned as a new mechanism to identify and resolve problems and constrains faced by the private sector manufacturers and businessmen. Being not an exception to this trend, Islamic Republic of Iran has identified the same need which has been accounted for in the article 75 of the Fifth Five-Year Development Plan Law in 2010, as proposed by Iran Chamber of Commerce, Industries, Mines and Agriculture (ICCIMA).

Following the announcement and enforcement of the Fifth Five-Year Development Plan Law, the country's public-private council was established in the beginning of 2011 in ICCIMA. The council ratified a "directive on holding and governing the council's meetings" on 16 May 2011. The council set out efforts to establish dialogue among public, cooperative and private sectors besides facilitating their economic efforts. Identifying and removing business barriers, making decisions to be effective in regard with the current laws and regulations, and proposing administrative recommendations and solutions to incumbent authorities.\

The public-private council is a formal institution providing an opportunity to improve interaction and collaborations between the state's branches, especially the executive (government) branch and the private sector. The interaction is aimed at achieving synergy and cooperation among the council's members to eliminate barriers of doing business and finally facilitating economic activities at one hand, and rationalizing the government's size and expanding the private sector's share in the economy at the other.



## 2. Partnership, Structure and Processes

### 2.1 Structure

#### 2.1.1 Council

In accordance with the Article 75 of the Fifth Five-Year Development Plan Law and relevant amendments, the council consists of the following members:

- Minister of Economic Affairs and Finance (Council's president)
- Chairman of the IRI's Central Bank
- President's Deputy of Strategic Planning and Control
- Minister for Industries, Mines and Business
- Minister of Cooperatives, Labor, and Social Welfare
- Minister of Agriculture Jihad
- Minister of Petroleum
- Minister of Energy
- Two deputies of the judicial branch(selected by the judicial chairman)
- Chairman of Majlis (Parliament of Islamic Republic of Iran) Economic Commission
- Chairman of Majlis Programming, Budgeting and Accounting Commission
- Chairman of Majlis Industries and Mines Commission
- Chairman of Majlis Agriculture, Water and Natural Resources Commission
- President of ICCIMA
- Secretary General of IRI's Chamber of Cooperatives
- Chairman of Chamber of Business Associations
- Tehran's Mayor
- Eight CEO's of superior private companies and cooperatives from various sectors and fields

#### 2.1.2 Provincial Council

Iran consists of 31 provinces. By the Law of "continuous Improvement of Business Environment" ratified in 2011, provincial governors are supposed to set up the public-private council in cooperation with the provinces' chambers presidents presided by each province's governor. This council is to organize the mechanism of accumulating requests of economic operators and business associations with the aim of improving business environment in the province. If the issue at hand is discerned as a general one encompassing all the nation, it will be submitted to the national public private dialogue council for further discussion.



The “directive on holding and governing the council’s meetings” was approved in 2012 by the council and was announced on 20 June 2012 to all councils across the board.

### **2.1.3 The Secretariat of the Public Private Dialogue Council**

The PPD council’s secretariat has been founded by ICCIMA. The secretariat seeks opinions of manufacturing and exporting associations which would be categorized for further expert reviews at the secretariat. Expert discussion sessions would be held where representatives from chamber of cooperatives, chamber of business associations and relevant executive bodies attend. Depending upon the exigencies of the case, appropriate solutions would be determined to be proposed to the council.

## **2.2 Role of Council**

The councils’ duties stipulated by law are as follow:

1. Proposing amendment or omission to existing regulations or commanding new ones in order to improve the country’s business environment in the form of reports prepared by the council’s secretariat. This would be applicable to any kind of regulations such as circulars, directives, bylaws and procedural practices.
2. Listening to the opinions and proposals of economic assemblies or business associations’ representatives proposed in the council’s meetings at which the chairman of chamber of business associations or the associations’ directors would attend. Propositions would be placed on the council’s secretariat agenda.
3. Suggesting propositions and giving admonitions by the associations’ representatives to administrative officials or vice versa, besides discussing the issues to reach a mutual understanding. This is carried out through discussing the issues at the council’s meetings.
4. Proposing recommendations to enhance the country’s economic culture, business ethics, and entrepreneurial and occupational skills.
5. Reviewing committee reports on article 76 of the Fifth Five-Year Development Plan Law while paving the path for decision making.
6. Following up the reports submitted by chambers on grants and privileges observed in laws and regulations for businesses owned by sectors other than private or cooperatives, while attempting at their removal.
7. Proposing recommendations on contracts concluded between administrative bodies and economic operators from private and cooperatives sectors in order to reach reconciliation and avoid the imposition of any undesirable and unfair terms and conditions.



8. Laying the grounds for identifying the manufacturing units subjected to paying tax in order to broaden the tax base.
9. Issuing statistics necessary for operating economic activities while updating them on the state's statistics database. The required statistics database is under construction by ICCIMA's Center for Economic Studies and Surveys.
10. Determining examples of privileges allocated to the cooperatives and private sectors.

### 2.3 Processes

In order to eliminate economic problems faced by economic operators, the council embarks on identifying and tracking economic barriers and problems being put forward by businessmen, through its legal and economic experts at the secretariat. Going under initial reviews and being reflected in relevant reports, issues would be taken at expert discussion sessions where both sides' attendants are present. The decisions made at the council would be followed up by the secretariat through relevant organizations or administrative bodies such as Social Security Organization and State Tax Collection Agency. The issues which are to be discussed at the council should meet the following prerequisites:

- Being a widespread and all-inclusive issue (a large number of individuals or parties would be affected either directly or indirectly by its outcome).
- Being a preliminary step toward resolving other issues and problems.
- Being absolutely a verifiable issue upon which a consensus can be reached.
- Preferably being applicable without the need to amend the existing laws and regulations.
- Having an impact on reducing the time and cost of performing processes in executive agencies.
- Being impossible to be resolved by other bodies and authorities in terms of speed and the expected comprehensiveness.

## 3. Achieved results so far

From its very foundation up to now, the PPD council has held 45 main meeting sessions plus other expert discussion sessions to discuss and resolve the barriers and problems faced by economic operators in areas such as social security, taxation, banking, etc. Since the adopted decisions are merely consultative in nature, they lack the required legal guarantee for enforcement. The council only proposes strategies and solutions to promote the business environment which has been to some extent successful so far, despite lacking enforcement power.

This is to be mentioned that, often expert discussion sessions are held prior to the council's meeting session at which relative executive authorities attend. A good deal of issues may be resolved at these meetings and the result would only be announced to the council.



## 4. Expected Results

Taking the council's duties stipulated by law into consideration, the following results would be expected:

- Proposing amendment or omission to existing regulations or commanding new ones (including all circulars, directives, bylaws and procedural practices) in order to improve the country's business environment and reduce economic barriers to trade, besides facilitating economic activities.
- Enhance the country's economic culture, business ethics, and entrepreneurial and occupational skills which impact doing business at another level.
- Eliminating the grants and privileges observed in laws and regulations for businesses owned by sectors other than private or cooperatives, or generalizing the grants to other sectors as well in order to lay the grounds for an equal competition among these sectors.
- Removing the imposition of any undesirable and unfair terms and conditions in contracts between administrative bodies and economic operators from private and cooperatives sectors which are imposed unilaterally by executive bodies.
- Broadening the tax base by receiving tax from all eligible taxpayers in order to gradually to break dependence from an oil-based economy and its ensuing problems.

As it was mentioned earlier, the adopted decisions in the aforementioned council are merely consultative in nature, without having the enforcement power. Thus, ICCIMA has set out to ensure the enforcement of the adopted decisions by way of binding their implementation through the president or his first deputy while designating a short term deadline. This is to be included in the Six Five-Year Development Plan Law which is under drawing up at the moment.

Furthermore, since less than half of the 26 chairs of the council belong to the council, ICCIMA looks for increasing chairs of the private sector.



## Biographies of Author:

### **Morteza Allahdad**

#### Education:

PhD in Economics, University of New Mexico, NM, USA

MBA in Finance, University of New Mexico.

#### Experience:

#### Current:

- Deputy of Economic Affairs, ICCIMA

#### Previous:

- Advisor to the chairman of the Central Bank of Iran
- Advisor to the Minister of Economy and Finance (Iran)
- Assistant Professor of Economics and Finance
- Head of Iran Banking Institute, affiliate to the Central Bank of Iran
- Advisor to the managing director of Export Development Bank of Iran
- Advisor to the managing director of Pasargad Bank
- Advisor to the managing director of Saderat Bank