

Public-Private Dialogue

Impact Assessment of the Public-Private Dialogue Initiatives in Cambodia, Lao PDR, Vietnam

Executive Summary

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One page summary

Organizational effectiveness

- Relatively consistent effectiveness between the three Forums, with Laos having lower scores on a couple of the key dimensions that might be impacted by its relatively short history (leadership and champions, participation, international role), Cambodia being more recognized for its sub-national reach, post-conflict importance and facilitation and Vietnam, the oldest of the dialogues, having achieved strong outputs and helped the development of leaders and champions among institutions and BMOs;
- It is strongly recommended to generalize the practice developing of position papers by the Private Sector across the three Forums through the provision of technical assistance when needed.
- Marketing and communications are deficient to some degree across the three Forums.
- The M&E functions are largely overlooked by the three Secretariats, with the exception of the progress matrices, probably playing more the function of a reporting and management tool than an M&E framework.

Reform process

- Significant reforms can be attributed, at least in part, to the PPDs.
- The dialogue process is seen *in and of itself* as a positive outcome for the reform process and for many respondents, as a significant achievement.
- The PPDs have opened communication and advocacy channels where before they did not exist, as well as expanding pre-existing channels to new groups, allowing reform issues to be considered, accelerated and successfully processed by governments. However, there remain some private sector groups in each country which lack either the opportunity or perceived need to participate.
- In each country Government uses the PPD to improve its own communication, coordination and internal accountability.
- PPDs represent a number of avenues for donor technical assistance, but which are often not capitalized on.

Economic impact

- The PPDIA demonstrates a strong, measurable economic impact of the three PPD studied.
- While large trends in investor confidence and growth cannot be attributed (positively or negatively) to the three PPDs under study, analyses suggest that sub-indicators of the business climate are positively influenced.
- Based on a valuation of the annual private sector's *pro bono* input into the PPD (\$950,000), private sector values the PPDs at levels exceeding the donor funding (US\$345,000).
- Over the past five years, the partnerships have important measurable economic impact in term of private sector savings: US\$237.9M in Vietnam; US\$69.2M in Cambodia; and US\$2.7M in Laos, for a total of US\$309.8M.
- Based on the direct impact evaluated, Return on Investment or the private sector gains for each dollar invested in the partnerships by the IFC/donors across the three countries is at least US\$291.

Recommendations

- Increase focus on strategic management aspects, with a better adapted management structure for the PPDs.
- Improve the coordination of donor PSD programs with the PPDs.
- Consider a phased approach to exit in the mid-term for Vietnam, in the long term for Cambodia and Laos through reinforcement of partnership capacity with transfer of competencies to local institutions.

Introduction

The objective of this impact assessment study is to evaluate and report on the impact of the work of the Private Sector Forums of Cambodia, Vietnam and Lao PDR. These mechanisms for Public Private Dialogue have been active in each country for 8, 10 and 1.5 years respectively. The Terms of Reference for this pilot¹ evaluation study required that the team assess the impact of the Private Sector Forums with respect to:

- 1- their **organizational effectiveness**
- 2- their **impact on the reform process** itself in each country, and
- 3- the **economic impacts** achieved by the dialogues.

It further asked the evaluators to identify lessons learned from each Private Sector Forum process, point to good practice that could be duplicated in other locations and provide guidance on how the IFC and donors should further support the Private Sector Forums.

The evaluation and impact assessment content of this report comprises three parts. Each may be viewed as a different method of evaluation, independent of the others. However, this report also seeks to present a logic running through Parts 1 to 3.

Part 1 examines the organization and processes of the Public Private Dialogue (PPD) in each country, in particular testing each for its alignment with the 12 points of the Charter on Public Private Dialogue developed by donors in February 2006².

Part 2 examines the impact of the PPD on the process of achieving reforms relevant to private sector development. This Part considers the steps that are actually or conceptually required to identify, advocate for, agree, implement and maintain a reform. It then assesses the degree to which the organization and process of PPD enables the private sector and other stakeholders to complete each of these steps, and weights the role of each initiative in furthering the reform process.

Part 3 assesses the economic results of PPD. Given the organization and processes of each PPD and the impact each of these is able to have on the private sector's ability to achieve reforms (as per Parts 1 and 2, respectively), what actual benefits has each PPD been able to bring to the private sector - in terms of regulatory and economic impact?

The report concludes with a section (Part 4) reviewing the lessons learned from the first three Parts of the study, including recommendations for each of the PPDs and for donor involvement in PPD more generally. The section also provides some feedback and proposals on the evaluation methodology that has been piloted through this study.

The study was built around three distinct research phases including:

- 1- extensive desk research based on the **indexation and review of 1034 documents**,
- 2- **survey of 246 private sector companies** in the three countries and
- 3- **interviews of 71 senior experts** from government, donor community, private sector and civil society.

Each of these research tools/phases has been used to support aspects of each of the three Parts of the evaluation.

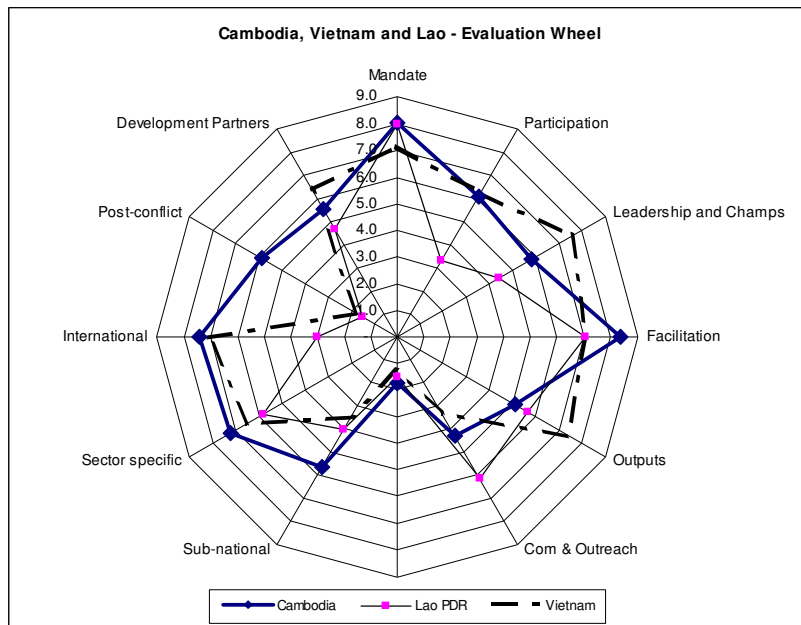
¹ The PPD M&E methodology set in the PPD Handbook (Herzberg & Wright, WBG, 2006) is being piloted.

² See PPD Handbook for Charter.

Part 1- Evaluation of Organizational Processes & Effectiveness

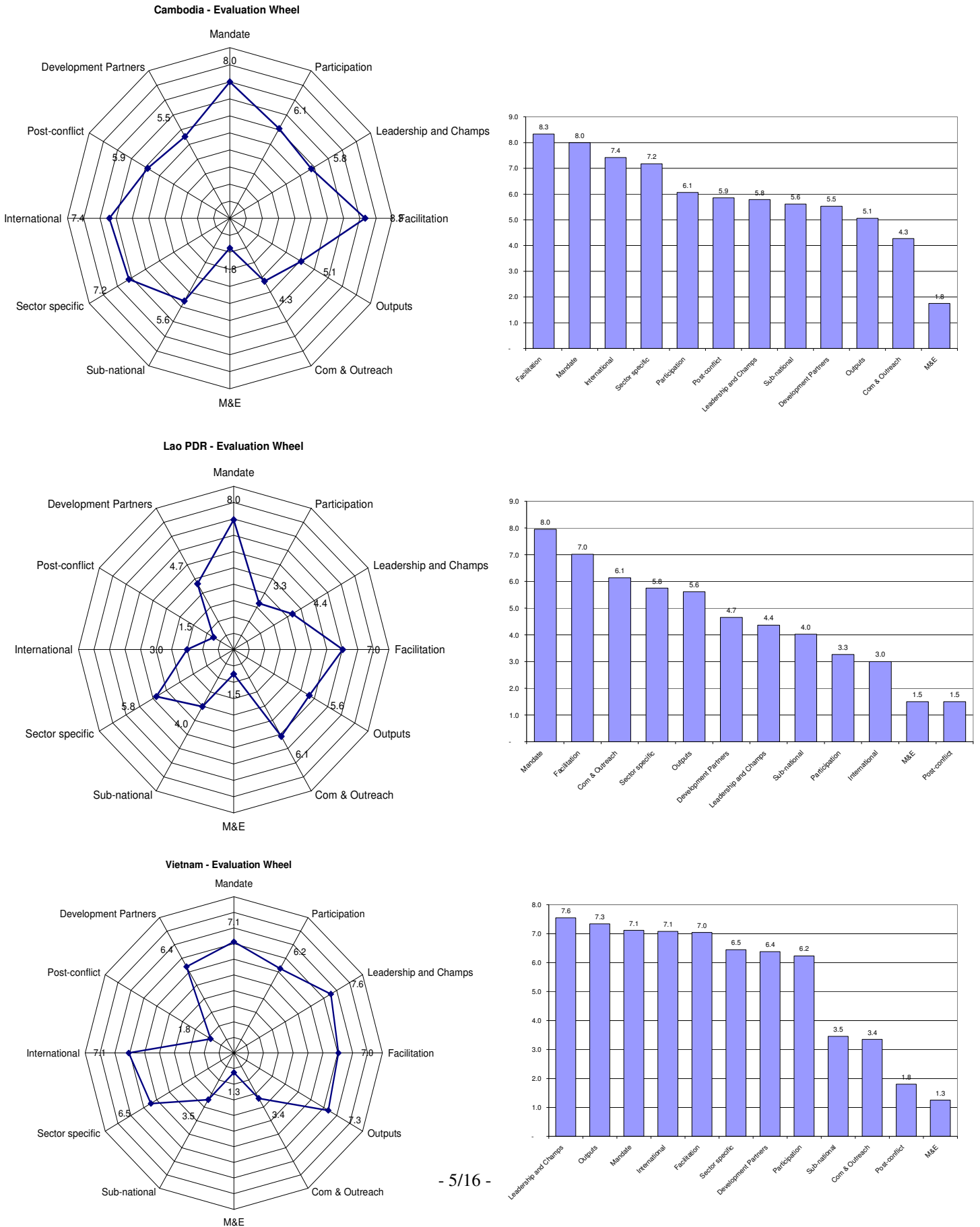
The analysis for Part 1 broadly follows that set out in the PPD Toolkit, in which an “evaluation wheel” enables ready comparison across different PPDs, or across different stakeholder perspectives, time periods etc. Two indicators are derived for each of the 12 elements of the Charter, with one or more indices defined - each scored from 0 to 10 - to be combined in the calculation of each indicator³. The evaluation wheel is intended to provide comparison and benchmarking, rather than an evaluation of aspects of performance of a PPD per se. It is important to note that higher scores for any given element need not reflect better performance but simply a different environment or approach to a given PPD. Nevertheless, the scores do provide an assessment of the degree to which each PPD matches the "ideal" of the Charter. The evaluation presents assessments of the 12 elements in order to provide a backdrop for further commentary on the most relevant elements for evaluation. The objective of this part of the assessment is therefore to understand the performance of the processes and structures put in place in support of PPD and to link this to the latter's effectiveness.

Figure 1: Combined Three-Country "Evaluation Wheels"



³ Each wheel is hence informed by about 48 data points.

Figure 2: Individual evaluation wheels and 12 Points Ranked by Decreasing Performance



Some key observations from this first part of the evaluation include:

- Although the PPD **mandates** are not very formally defined, participants identify clearly with their purpose and are largely satisfied with the mandate that they perceive. Few expert interview stakeholders strongly challenged the substance of the mission as they understood it, across all three countries, though a number felt that PPDs could take on a more sophisticated or "strategic" role and be more closely linked to the provision of technical assistance and to other donor activities;
- There was general satisfaction with the **institutional alignment** of the Forums, with some opportunity for better addressing potentially neglected groups (e.g. provincial, small or domestic business) by involving new stakeholders both in private sector and government. In Laos, the imminent renewal of the mandate requires decisiveness on the appropriate senior government chair of the process to ensure the full coordinating and accountability benefits of the Forum;
- **Participation** in the Forums is generally good and broad, though there are groups with more limited access in each country, such as informal, provincial or very small businesses, and at least in the early days of each Forum, under-representation of domestic (versus foreign) firms - for reasons of capacity, confidence, institutional alignment perceived need. Progress in this dimension can occur quickly, however - there was notably greater domestic participation in the recently held second Lao Business Forum, for example;
- The team found the involvement of "**champions**" to be an important part of the dialogue. For Cambodia and Laos it was possible to identify a number of such champions on the private sector side - though less than the team might have expected. There does appear to be a link between the existence of such champions and working group outputs. In Laos there was substantially less agreement on champions and the working groups appear a little more divided, though this might be expected of a younger dialogue;
- There is a high degree of satisfaction with the **facilitation** role played by IFC and its team in each country. Respondents were highly positive about the role of the individuals involved as well as the IFC, though it was noted that they could be more valuable given more administrative and technical support;
- The study looked at a number of types of **outputs** of the PPD. It is strongly recommended to generalize the practice developing of (branded) position papers by the Private Sector across the three Forums. Aside from better focusing and informing the discussions it is felt that this will increase traceability of suggested reforms and advocacy impact by presenting the proposals as consensual private sector recommendations;
- The PPDIA team found **marketing and communications** deficient to some degree across the three Forums. In Vietnam participants are not highly satisfied with internal communications and all three Forums could more actively market their activities and their impact to increase participation. In Vietnam and Cambodia the pre-requisites to active communication by the Secretariats have long materialized in the form of (i) reasonable level of trust, (ii) frequent interactions between all parties and (iii) strong PPD institutionalization that could mitigate the shocks that press exposure may cause to a more vulnerable partnership. It is advised to develop a structured communication strategy prioritizing key messages - PPD outputs and economic impact- to target audiences within the Private Sector and Government susceptible to increased participation and commitment to the partnerships;
- The **M&E** functions are largely overlooked by the three Secretariats, with the exception of the progress matrices, probably playing more the function of a reporting and management tool than an M&E framework. The lack of proper M&E systems surely stems from the absence of donors' requirements to set clear objectives. Setting up such systems would allow for increased accountability, hence quality of outputs. As importantly, it would create the opportunity to define

tangible objectives for the PPD by imposing the identification of measurable and quantifiable outputs, therefore forcing a more strategic prioritization of issues. Integrated M&E could contribute significantly to the proposed more strategic approach to PPD activities advocated in this paper;

- All three dialogues have identifiable gaps in serving "non-central" (including HCMC-based, in Vietnam) businesses. There are some **regional** PPD activities happening in each country, yet each is lacking with respect to how it feeds into the central dialogue or, alternatively, provides rural mechanisms for addressing issues. This shortcoming is not for want of some efforts being made by facilitators and other donor partners to engage in dialogue away from the main centers - e.g. provincial field trips and data gathering in Cambodia, provincial forums in Cambodia and Laos being developed by The Asia Foundation and GTZ, respectively;
- Cambodia pursues a "mixed model" with respect to arranging its working groups along **sectoral** or cross-cutting lines. This model, accompanied by the Executive Co-Chair structure for sharing key issues between working groups prior to the Forum events, seems a positive one. Already, a number of participants in the young Lao Business Forum bemoan the lack of cross-cutting working groups where they feel there are issues hard to find agreement on at a sectoral level - e.g. tax or SMEs. The Vietnam forum has had some success in approaching the cross-sectoral issues through the development of task forces within the working groups, which have looked into issues such as land and property, labor, tax, intellectual property rights and technology transfer and numerous others;
- The Forums take different approaches on **international** matters. The Cambodia facilitator has been active in sharing knowledge and lessons learned with other, newer PPDs around the globe as well as playing an appreciated advisory role in Laos. The Cambodian PPD is not seen as having played such a significant role as Vietnam in supporting Government in preparation of international negotiations, however - the second aspect of the international element of the Charter;
- The Forums may be providing a platform for peacefully solving **conflicts**. In particular, the PPDs' capacity to put nascent controversies on the agenda may allow proactively solving conflicts that would otherwise escalate in post-conflict societies. In Cambodia, the post-conflict role may be more apparent than the other countries. Analyses of the Private Sector Survey indicate that the Private Sector acknowledge the conflict resolution role, as 63% of respondents stated that they believed *the G-PSF contributed to peacefully resolving conflicts in the country* and 54% *that the G-PSF contributed to reinforce peace and stability in the country*. To the same questions Lao and Vietnamese entrepreneurs offered marginal positive answers (in all cases smaller than 22%);
- The Mekong PPDs are a missed opportunity for **donors**. Donors, particularly the private sector development programs, may benefit from and support the private sector by contributing technical assistance upon request and utilizing the private sector's diagnostics and recommendations to design their own PSD programs. However, despite structural mechanisms for donor PSD coordination and input to the forum, there has been a limited amount of direct TA injected to the PPD when required. Also, with the possible exception of Vietnam, the PPDs have had limited impact on driving donors' PSD strategies. Part 4 of this report, Recommendations and Lessons Learned, addresses ways to increase synergies between Development Partners and the partnerships.

Part 2 - Reform Process

In Part 2, we consider the impact that each PPD has had on the *process of reform* in each country. That is, we seek to evaluate what effect the PPD has had on the ability of the private sector to perceive/identify issues affecting it, articulate them, advocate for them, achieve change both in principle and practice, actually derive value from the reforms and, finally, see any reforms maintained over time.

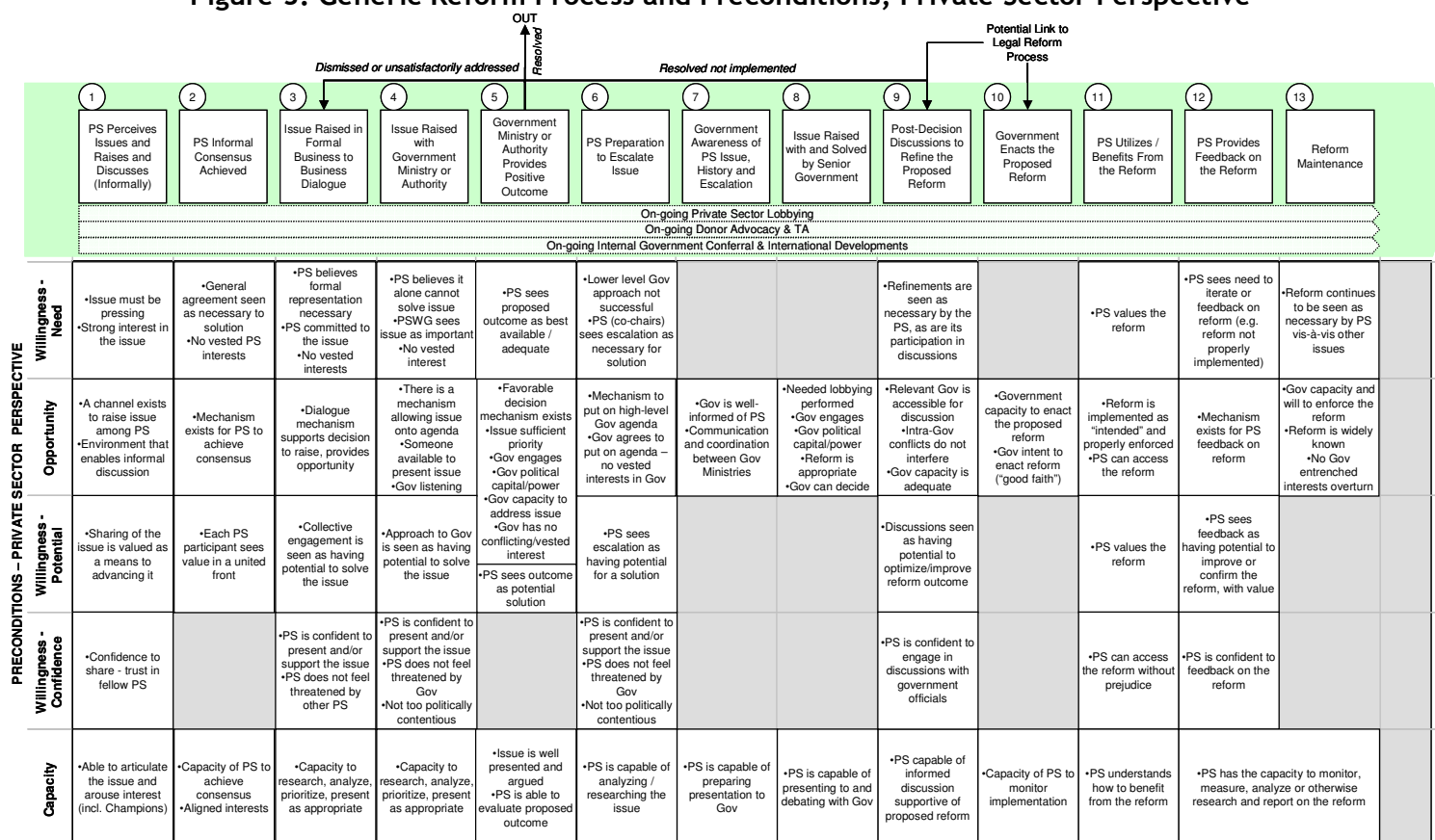
A generic process of reform has been developed, with a limited degree of customization for each country. In practice, the Cambodia process was more completely mapped out and it was felt that the detail of this combined with the more generic framework would be sufficient for much of the analysis for the other countries. The process is characterized by both informal and formal steps, the latter including the stages some types of reforms must go through in the legislative and executive processes. Just as important are informal and conceptual steps, such as achievement of consensus on an issue by the private sector or the absence of vested interests on the part of government or the private sector.

At each step, preconditions were identified – i.e. conditions which must be met before a given reform in the process could achieve that step and thus be ready to move to the next. For example, the private sector must have the ability to achieve any necessary degree of consensus on the issues to present to any given Government audience and must have the capacity to analyze, present and argue its issues at various stages. It must not feel intimidated in presenting issues and must have the opportunity of an audience with relevant, capable and engaged Government officials lacking overpowering vested interests.

Figure 3 shows the generic reform process and preconditions used for the analysis. The preconditions can be grouped under several headings:

- **Willingness.** The private sector must be willing to conduct each step. This in turn is seen as comprising three conditions;
 - **Need.** The private sector must feel a need to carry out each step, or that a step is necessary to reach a subsequent step;
 - **Potential.** The private sector must feel that there is potential in remaining in the reform process, such that each step has the potential either to provide – at reasonable cost – a solution, or is a positive means to reach subsequent solution-providing steps.
 - **Confidence.** The private sector must have confidence to carry out each step. That is, having perceived a need for the step and recognizing that it may efficiently contribute to a solution, the private sector must not feel intimidated or threatened by taking each step;
- **Opportunity.** There must be an opportunity for the private sector to take each step.

Figure 3: Generic Reform Process and Preconditions, Private Sector Perspective



A similar process is built from the government point of view and a framework for assessment of how the PPD has impacted the process of reform is derived from these understandings of the reform processes in each country. Questions in the Private Sector Survey as well as question modules for some respondents to the Expert Interviews sought to test the impact of PPD on addressing the range of preconditions required to move through the reform process. Further, circumstances where the PPD “short circuited” steps in the process or perhaps provided new and improved steps or sub-processes that avoided some preconditions were looked for. In essence, the evaluation took the approach of assessing the PPD as a “process improvement exercise.”

For each reform and step, a score is allocated with the following interpretation, as provided for in the PPD Handbook:

- 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.

Whilst some of the assessment is derived from respondents’ experiences on a chosen set of example reforms, use is also made of feedback and research which provides information directly about a step in the reform process independent of a particular reform. Reforms tracked through the process may in some instances be seen as providing supporting evidence or examples for assessments which are made based on desk research and interviewees’ comments directly on the reform process steps. The approach to evaluating impact on the reform process detailed in the PPD

Handbook is thus supplemented with the more general feedback - in part to ensure that findings were not biased by only considering *successful* reforms and to generalize away from their small number. Whilst the pure “process against sample reform” analysis is useful, it misses broader potential impacts of the PPD. A number of the preconditions and steps in the process may be impacted by the dialogue yet not clearly arise in the context of any given reform⁴. Evidence from Desk Research, Expert Interviews and the Private Sector Survey can thus be used to fill these gaps.

The above analysis can be summarized as in the tables below, to give an indication as to where the PPD has had the most impact across these considered reforms.

Table 1: Summary PPD Impact Scores for Cambodia

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	-	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

Table 2: Summary PPD Impact Scores for Lao PDR

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	1.0	-	2.0	-	2.0	-	-	-	-	-	0.5
2.0	-	-	1.0	1.0	-	2.0	1.0	1.0	-	2.0	-	-	-	0.6
3.0	-	-	1.0	1.0	-	1.0	1.0	2.0	2.0	-	-	-	-	0.6
4.0	-	-	1.0	1.0	1.0	2.0	2.0	2.0	-	-	-	-	-	0.7
Average	-	-	1.0	1.0	0.3	1.8	1.0	1.8	0.5	0.5	-	-	-	0.6

Table 3: Summary PPD Impact Scores for Vietnam

Issue	1	2	3	4	5	6	7	8	9	10	11	12	13	Average
Circular 100	-	-	-	2	2	2	2	2	1	1	1	-	-	1.0
CIL	-	-	-	1	1	1	1	1	1	1	-	-	-	0.5
Dual	-	-	-	2	2	2	2	2	-	-	-	-	-	0.8
PIT	1	1	1	1.5	1.5	1.5	1.5	1.5	-	-	-	-	-	0.8
UEL	-	-	-	1.5	1.5	1.5	1.5	1.5	1	1	1	1	1	1.0
Average	0.2	0.2	0.2	1.6	1.6	1.6	1.6	1.6	0.6	0.6	0.5	0.3	0.2	0.8

The report provides detailed feedback on per reform and per step analysis and presents a number of findings for each country. A further section presents a number of general findings, arranged according to the groups of pre-conditions defined above. These general findings can typically be observed in at least two of the three PPDs, although some entries point out country-specific observations.

⁴ E.g. in Cambodia it is evident that discussion of corruption (including use of the word itself rather than euphemisms) has become much more acceptable and commonplace, particularly since the pivotal 6th G-PSF. The “politically contentious” preconditions are clearly all eased by such a development, though it may not be apparent for a particular issue.

Private Sector Willingness to Participate:

- Private sector firms are growing in confidence to raise issues through PPD-led exposure to Government and never-before topics are now being discussed. Government has also gained in confidence;
- The increased transparency provided by the forum helps deal with vested interests;
- It is likely that PPD has helped to develop private sector consensus.

Opportunity to Participate:

- Firms cite the dialogue process as a tangible end-result;
- The PPDs have opened communication and advocacy channels, thus improving the reform and democratic processes;
- The PPDs have opened the few pre-existing channels from local and/or large firms to foreign firms and SMEs;
- In Cambodia the G-PSF provides a sole channel for the private sector to liaise with Government in a transparent and direct manner;
- The VBF is just one of several channels to Government in Vietnam;
- Even with PPD, improved access is not yet universal – or at least, universally taken up;
- Governments use PPDs to build in-house capacity, providing better opportunity for the private sector to have issues addressed;
- Internal government coordination is also enhanced through the LBF;
- The Cambodian G-PSF can be “instrumentalized” by the Prime Minister, creating opportunity for the private sector;
- Along similar lines, more reformist members of the Lao Government also make constructive use of this new dialogue;
- Private sector-Government interactions are also more accountable when made through PPD because of its public nature;
- The PPD process powers the economic debate – The Forum event is the only time the RGC confers at the highest levels, specifically on PSD.

Capacity to Participate:

- Business’ failure to analyze and articulate issues, prioritize and present them to Government is seen to hinder movement of issues through the process to a solution;
- PPD has impact through delivery of TA, but could do more;
- The G-PSF has filled a BMO gap. With or without BMOs, the private sector in Laos is not yet well organized or capable to make the most of PPD;
- The PPDs are foreign-dominated, though with reason and there is positive spill-over to domestic businesses;

Non Precondition Related:

- “Small issues” reflect private sector demands but bigger picture reforms are also raised. The progress matrices suggest time is spent considering a number of less well-developed or considered reforms.
- PPD is a missed opportunity for donors;
- The VBF provides a chance for donors to become better informed of the private sector’s issues.

In summary, key high-level findings of the Part 2 analysis include:

- Significant reforms can be attributed, at least in part, to the PPDs.
- More importantly for the long run, the very existence of platforms for dialogue between the private sector and the governments is of high value in itself, as such platforms did not previously exist in Cambodia and Lao PDR and existed only partially in Vietnam.
- There is strong support for PPD among private sector, Government and donor stakeholders. The dialogue process is seen *in and of itself* as a positive outcome for the reform process and for many respondents, as a significant achievement;
- The PPDs have opened communication and advocacy channels where before they did not exist, as well as expanding pre-existing channels to new groups, allowing reform issues to be considered and successfully processed by governments. However, there remain some private sector groups in each country which lack either the opportunity or perceived need to participate;
- The private sector's capacity, including that of most Business Membership Organizations involved in PPD, is one of the key hindrances to realizing greater achievements from the dialogue and reform process. However, both the private sector and Government benefit from TA provided via the PPD approach, as well as from spill-over effects of involving sophisticated and/or foreign businesses in the dialogue;
- PPDs do not just help the private sector achieve consensus and present a unified approach. In each country Government uses the PPD to improve its own communication, coordination and internal accountability;
- PPDs represent a number of avenues for donor technical assistance, but which are often not capitalized on. PPDs thus represent a missed opportunity for donors, who could enhance their activities by more deliberately drawing from the PPD.

Part 3 - Economic Impact

The PPDIA demonstrates a strong, measurable economic impact of the three PPD studied.

While large trends in investor confidence and growth cannot be attributed (positively or negatively) to the three PPDs under study, analyses suggest that sub-indicators of the business climate are positively influenced.

The following summarizes key findings from Part 3 of the evaluation:

Alignment with investment climate constraints

- The three countries have only marginally improved (159rd position from 163th for Lao PDR) or even declined on the Doing Business Indicators ranking between the years 2004-2006 (143 from 142 for Cambodia, 104 from 98 for Vietnam). Rather than being responsible for an overall improvement, the 3 PPDs have been effective as a means to improve several sub-indicators such as the Time for Export and Import in Cambodia⁵ or Employing Workers in Vietnam⁶. Notably, these are reforms the private sector promoted within the PPDs and for which it had a strong demand;
- While we do not link increased confidence to specific reforms of the three PPD, private sector actors have nominated *increased Government understanding of private sector needs*, *improved information flow* and the *existence of a dialogue platform* as key elements for observed confidence improvements. A large majority of stakeholders interviewed from the private sector, development partners and Government have highlighted improvements to the business climate attributable to PPDs' activities, through mechanisms detailed in the reform process section of this document;
- In Cambodia, (for which both ICA and Doing Business baseline data is available) analyses of the taxonomy of reforms addressed by the G-PSF show that the private sector utilizes the partnership to tackle the main constraints identified in these WBG studies. Above 41% of all reform requests are specifically captured by the ICA top 10 constraints or by DB indicators, as summarized in Table 4.

Table 1: Breakdown of PS Reform Requests across ICA and DB Indicators, G-PSF

ICA or DBI Match: 41%		DBI		
ICA		Match	No match	Total
	Match	8%	31%	39%
	No match	2%	59%	61%
	Total	10%	90%	100%

Quantification of economic impact

- The analyses of Part 3 quantified the private sector forums' economic impact by (i) accepting that the participants' voluntary contributions to the forums reflect at a minimum the private sector perception of the PPDs' value to them and (ii) by quantifying specific and observable economic impacts of specific reforms in the three countries. We conclude that the PPD reforms have had direct, measurable impact that exceeds the private sector's and IFC/donors' inputs by an order of magnitude;

⁵ Time for export decreased from 43 to 36 days and time for import from 55 to 45 days between 2004 and 2006, Doing Business Indicators 2006, World Bank.

⁶ The ranking for Employing Workers improved from 137 to 104 in 2006

- Based on a valuation of the annual private sector's *pro bono* input into the PPD (\$950,000), private sector values the PPDs at levels exceeding the donor funding (US\$345,000);
- An ideal economic analysis would seek to quantify the PPDs' impact as the difference between the national economic products *with* and *without* PPDs. This approach was deemed unrealistic for resource constraint and methodological reasons. We selected an "accounting" approach which quantifies the realization of objective economic impact for a small sample of specific reforms tackled by the respective PPDs and attributable to them (as per Part 2);
- Over the past five years, we found that the partnerships have important measurable economic impact in term of private sector savings: US\$237.9M in Vietnam; US\$69.2M in Cambodia; and US\$2.7M in Laos, for a total of US\$309.8M.
- Based on the direct impact evaluated, Return on Investment or the private sector gains for each dollar invested in the partnerships by the IFC/donors across the three countries is at least US\$291⁷;
- Due to the conservative methodology used for calculating impact on private sector savings, the team considered only the following reforms while calculating the numbers above:

Cambodia:

- Reduction of Sihanoukville port entry fees
- Toll fee on RN4
- Garment sector tax holiday
- Removal of scanners at Sihanoukville port
- Phone taxes
- Postponement of tax on accommodation
- Reduction of the Export Management Fees (EMF) by the Ministry of Commerce
- Delivery of permanent licenses to banks and microfinance institutions
- Reduction of solvency ratio from 20 to 15% for commercial and specialized banks

Vietnam:

- Removal of dual pricing for electricity
- Personal income tax
- Raising foreign investors' limit from 30% to 49% of listed companies' capital
- Unified Enterprise Law

Lao PDR:

- Increase of trucking weight limit
- Fixed entry fee of US\$1 per tourist

This small set of reforms *excludes* the vast majority of reforms enacted via the dialogues⁸ but provides both a solid indicator that the Forums represent a high value investment by the IFC/other donors as well as the example for a more thorough evaluation in the future, based more on the economic impact section of this methodology and perhaps – as per our recommendations – more embedded in the PSF processes.

⁷ The Return on Investment is calculated as the IFC/donor funding to the Forums for the past 4 years divided by the net proven direct savings to the private sector during the same period (net of private sector in-kind contributions)

⁸ the report lists a high number of reforms that were processed through the PPDs but for which impact numbers were too hard to derive in the current assessment or for which attribution was not significantly determined through the analysis in Part 2

Recommendations and Lessons Learned

Part 4 draws on the collective experience of the PPDs under review, through the three dimensions of the evaluation (organizational effectiveness, reform process and economic impact), to provide conclusions and overall recommendations to development partners. In particular we suggest:

- 1- increasing focus on strategic management aspects, with a better adapted management structure for the PPDs;
- 2- improving the coordination of donor PSD programs with the PPDs and;
- 3- some lessons learned from the PPDIA pilot in the Mekong region (i.e. this study).⁹

Recommendations of the report are summarized below:

- The new LBF MoU should address the institutional realignment of the LBF with an appropriate Deputy PM.. It is suggested that this will foster greater intra-governmental coordination as a benefit of the Forum;
- It is strongly recommended to generalize the practice of position papers by the Private Sector across the three Forums. We also suggest systematic branding of the concept papers by the PPD itself rather than the particular BMO the paper originates from;
- It is advised to develop a structured communication strategy prioritizing key messages - PPD outputs and economic impact- to target audiences within the Private Sector and Government susceptible to increased participation and commitment to the partnerships.
- M&E systems should be setup to allow for increased accountability, hence quality of outputs, and to create the opportunity to define tangible objectives for the PPD by imposing the identification of measurable and quantifiable outputs. Integrated M&E could contribute significantly to the proposed more strategic approach to PPD activities advocated in this paper;
- In order to increase 'sub-national' participation, the VBF should consider introducing a greater level of rotation between Hanoi and HCMC for the main event organization and a WG specifically dedicated to serving the needs of SMEs;
- In Laos, separate negotiations with provincial Governors will be necessary in the future to ensure outreach to the sub-national level;

The success of the PPDs should largely be attributed to the remarkable work of the facilitators. The brokerage is universally valued as honest and of high quality. A large portion of the forums' participants, however, regret that the facilitators lack the time, the resources and the institutional support to provide additional technical inputs and analyses to the WG process, whilst these dimensions are frequently understood as being part of the IFC mandate (in the case of Lao it is explicitly referred to in the MOU, "[LBF will] assist Working Groups to analyze issues constraining growth and make suggestions based on best practices in the region and elsewhere¹⁰").

Indeed, the facilitators spend most of their time and efforts in managing daily operations and performing secretarial tasks. Combined with the absence of a referral structure to inject flexible TA into the partnership when appropriate, the facilitators are resource constrained to provide operational and strategic management. The WGs suffer from the same lack of a strategic framework.

⁹ Recommendations specific to the IFC internal management of the PPD portfolio have been proposed in a separate internal note. The recommendations presented here address the broader context of PPD management with the aim of being informative to the development partners engaging with PPD activities.

¹⁰ IFC-CPI MoU

Several recommendations of the report are made to address this situation:

- Coordination and exploitation of synergies between the three forums and between each forum and IFC/donor TA, need to be increased. Resources should be pooled to serve the three forums;
- We suggest creating a new position for a Regional PPD Coordinator (RPPDC) to manage quality, staff and budget (see main text for definition of this role and further detail on the proposed management structure and resourcing);
- To increase quality, we recommend assigning each partnership a co-facilitator to manage some operational and most secretarial functions of the work;
- The PPD management should liaise with donor agencies and play a coordinating role in encouraging alignment – both in program strategy development and TA design - around the priorities identified through the PPD. Monitoring of private sector initiatives could also be performed through PSWG mechanisms;
- We recommend adding dedicated technical and advisory expertise to help the Working Groups define priorities, select, consolidate and process reforms. This will create a virtuous cycle impacting the quality of proposals, the quality of participation, and the quality and quantity of impact. It is recommended to deliver TA aimed at (i) the capacity building of the PPD stakeholders and (ii) advancing specific reforms. To maintain their status of honest broker, development partners ought to provide responsive and neutral TA;
- Our recommendation is not to exit any of the three initiatives at this point. Consideration should be given to phased approach to exit with a reinforcement of the projects in the mid-term for Vietnam, in the long term for Cambodia and Laos, so as to ensure better functioning and better capacity building with transfer of competencies.