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## Making the Most of Public-Private Dialogue: An Advocacy Approach

*Kim Eric Bettcher, Ph.D.*

Public-private dialogue strengthens policymaking by incorporating valuable private input and creating momentum for reform. For dialogue to be most productive, the private sector must take initiative to advocate for its priorities in a participatory policy process. This toolkit aids business leaders who seek to improve their participation in dialogue for better policy results.

The toolkit explains:

- Role of advocacy strategy in dialogue
- Principles of high-quality dialogue
- Elements of effective communication: issues, participants, messages, and channels
- Steps to prepare for dialogue

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1155 Fifteenth Street NW · Suite 700 · Washington, DC 20005 · USA

ph: (202) 721-9200 · web: [www.cipe.org](http://www.cipe.org) · e-mail: [cipe@cipe.org](mailto:cipe@cipe.org)



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This toolkit was prepared by Kim Eric Bettcher, Ph.D.

## Introduction

Public-private dialogue has become widely recognized as an essential component of efforts to reform governance and the business climate. Dialogue improves the flow of information relating to economic policy and builds legitimacy into the policy process. To date, the private sector's role has received less attention than the public sector's role in facilitating dialogue. This toolkit therefore explores the value of private initiative in policymaking and the conditions for successful business participation. Through democratic policy advocacy, the private sector strengthens the dialogue process, improves the representation of economic interests, and creates space for civic engagement in governance.

This toolkit is written for business leaders who seek to improve their interaction with government for the sake of better, more effective economic policy. Although the government has the power to invite private participation in dialogue, the quality of participation depends on private action and capabilities. To get the most out of dialogue, private representatives must ensure that the substance of business concerns is addressed, that the process gives voice to a range of private stakeholders, and that government and business find a basis for ongoing communication on vital policy matters.

Public-private dialogue serves a number of broad objectives that are relevant to the private sector. Dialogue can set policy priorities, improve legislative proposals, and incorporate feedback into regulation. It creates a foundation for market-friendly policies that deepen economic reform and enhance national competitiveness. From a democratic point of view, a vibrant private contribution to dialogue expands participation in policymaking, improves the quality of business representation, and supplements the performance of democratic institutions.

## Aims of Dialogue

Done well, dialogue offers substantial improvements over closed or purely technocratic policy processes. It can generate insights, validate policy

proposals, build momentum for change, or secure buy-in. By supporting informed and participatory policymaking, dialogue improves governance.

Each side has distinctive reasons to participate in dialogue. The government may aim to acquire input on business conditions, bolster legitimacy, obtain support for government positions, or extend its control over the economy. The private sector may aim to draw attention to issues, obtain better representation, secure support for business development, or streamline regulations. In general, business seeks government's assistance in establishing a low-cost, predictable business environment.

Dialogue driven by government may take the form of consultation. In a consultative or top-down process, government decides whom it will consult on which issues. The process serves the government's need for information and opens a channel for the expression of private opinions. Although valuable, consultation can be a limited form of dialogue that does not always permit a fuller expression of private points of view.

The private sector also can take initiative in the policy process. By adopting an advocacy approach, it can define the issues, organize itself, and present its own policy proposals. Advocacy – a proactive effort to influence policy – makes business an effective contributor to dialogue. It gives the private sector a voice and ensures that its priority needs get heard.

Note that public-private partnership is not synonymous with public-private dialogue. Dialogue is designed to include private input into the creation of policy. It involves a mutual exchange of views, including bottom-up contributions to policymaking. Partnerships, on the other hand, can be designed to coordinate investment in public projects, outsource government services, or obtain private assistance in implementing public policy. Such partnerships, typically initiated by government, exclude a broader consideration of private sector concerns.

## Advocacy and Dialogue

Advocacy is an effort to influence public policy in an open, transparent manner. As a tool of civil society, it addresses issues of broad concern to the community or country, and makes the case for change by presenting evidence and support from civic constituencies. Advocacy supports decision-making while informing and empowering the public.

Through advocacy, the private sector shares essential practitioner information and perspectives with government on markets and the business operating environment. Government needs this micro-level input on the economy in order to understand the effects of its policy choices and to create incentives for investment and growth.

Private sector representatives should recommend and demand policies—not favors—that benefit a broad spectrum of firms and entrepreneurs. Advocacy can be distinguished from lobbying. Lobbying sometimes implies campaigning for the narrow interests of a small group of people or businesses. Advocacy generates open discussion of recommendations and facilitates better coordination of long-term interests.

Advocacy always involves dialogue. This is because advocacy is an attempt to persuade and offer solutions. It seeks areas of convergence, mutual understanding, and relationships with officials who are willing to listen. Yet, advocacy reaches beyond any particular dialogue. It builds pressure for reform throughout society and persists as the private sector presses its case from one conversation to the next.

## Characteristics of Good Quality Dialogue

Good quality dialogue, as judged by the criteria of democracy, effectiveness, and contributions to long-term growth, has the following attributes. Quality dialogue is:

- Legitimate
  - ◊ Transparent dialogue inhibits collusion, reinforces accountability, and empowers all

constituencies to make informed contributions.

◊ Inclusive dialogue promotes a broad range of interests and the public good instead of narrow, sectoral, or partisan interests.

◊ Freedom of association and freedom of speech ensure open dialogue.

- Focused – Effective dialogue addresses important issues, has clear objectives, and examines concrete options.
- Flexible – The substance of dialogue takes precedence over protocol, and the process accommodates evolving issue agendas.
- Rooted in civil society – Private sector participants are representative and qualified to speak for their organizations or constituencies.
- Policy-oriented – Constructive dialogue builds a policy framework that supports long-term growth and rule of law.

The following sections of this toolkit lay out the components of dialogue and areas where business leaders can strengthen advocacy. In planning dialogue, private sector leaders can make use of a simple model of communications. In this model, dialogue has the following components, which will be described below.

- Issues
- Participants
- Messages
- Channels

## Issue Selection – What is discussed?

A focused dialogue begins with the selection of issues for the agenda. Since whoever sets the agenda enjoys considerable power, the private sector should not leave the agenda entirely in the hands of government. It should bring business priorities to the table and share the lead in framing problems.

The private sector must have a process for determining and agreeing on its priorities in advance of dialogue. Preparation is essential for three reasons. First, in any negotiation, one must know what one wants in order to articulate a position and bargain for meaningful gains. Second, a unified business message

possesses greater credibility and keeps dialogue on track. Third, identifying issues ahead of time allows business to develop preferred solutions to the problems that it raises.

In selecting issues for advocacy, business leaders should consider the following factors:

- **Constituent interest** – Associations should consult with and listen to their members before establishing what they consider the most pressing issues.
- **Widest benefit** – Business should avoid issues that concern narrow interests and give priority to issues that affect multiple sectors of the economy.
- **Feasibility** – The private sector should concentrate its advocacy in areas where it has a good chance of achieving positive results or at least mitigating negative results.

The key to initiating productive dialogue is often to find a wedge issue—an issue of wide current interest that prompts action and opens the door for addressing related issues of strategic importance to business. When

it is widely recognized that something has to be done about an issue—say, reducing youth unemployment or boosting national competitiveness—business can step forward with a plan. It should start with simple measures that build confidence—for instance, establishing a one-stop shop for licensing—and then move toward fundamental policy reform, such as improving oversight of regulatory bodies.

In identifying issues, business also needs to know the government's priorities. An institutionalized policy process clarifies what will be decided and establishes channels for responding to those issues. Government should be transparent about its intentions, publish pending legislation, and disclose policy-relevant information.

## Private Sector Participants – Who speaks for business?

The selection of private sector representatives who engage in dialogue influences the interests that are advocated as well as the credibility of business

### Dialogue in Montenegro

#### *Private sector leaders:*

The Center for Entrepreneurship and Economic Development (CEED) is an independent, non-governmental organization dedicated to supporting economic reform, privatization, and entrepreneurship. The Montenegro Business Alliance (MBA) is a private, voluntary umbrella business association open to entrepreneurs, businesses, and other associations.

#### *Results from dialogue:*

From 2000 to 2005, CEED and the MBA achieved seven important legislative reforms, including an Enterprise Law and an Accounting Law. The reforms reduced high tax rates, eased new business registration and licensing requirements, raised accounting standards, and simplified bankruptcy procedures.

#### *Process:*

MBA members articulated their needs in the form of an annual National Business Agenda, through which they identified barriers to business development and advanced their case for legal reforms. CEED conducted research, published recommendations, organized high-level forums for private sector and government representatives, and supported the MBA's advocacy efforts.

#### *CIPE's role:*

CIPE aided CEED with its strategic plan, worked with CEED to establish the MBA as a sustainable association, and coached the MBA in advocacy techniques, including the National Business Agenda process. This project was supported by the U.S. Agency for International Development.

participation. In no country does business have uniform interests. Businesses vary in their size, sector, relationship to government, connection to the global economy, and so on. Thus, it matters who gets to speak for business.

Three criteria should govern the selection of private sector representatives:

1. Dialogue should be inclusive. Expanded participation amplifies legitimacy, builds momentum, and promotes respect for diverse interests.
2. Representatives should be effective: able to speak convincingly, rally business support, and reach agreement with government.
3. Business leaders should have integrity and be committed to reform guided by democratic, market-based approaches.

Business must have the power to nominate its own representatives, rather than passively accepting the government's choice of spokespersons. In order to enjoy autonomy in dialogue, it must organize itself and decide who can legitimately speak on its behalf. Freedom of association should be respected.

Depending on the country, the organization of business interests tends toward either a corporatist or pluralist model of representation. Corporatism structures dialogue through defined channels that are recognized by the state. Under corporatism, nominally all firms receive representation, but in practice corporatist bodies tend not to advocate for member interests.

Pluralism favors open discussion and allows the independent expression of private business interests. Because pluralism is founded on voluntary association, coordinating and sustaining representation can be challenging in pluralist systems. Yet, voluntary representation generates greater dynamism and provides business an independent voice in dialogue. Independent business associations act as key vehicles for articulating business views and facilitating collective action on policy.

Apart from the voluntary character of associations, the objectives and orientation of associations are crucial to the quality of dialogue. Some associations attempt to capture the state, redistribute wealth to their members, and restrict market competition. Others promote market solutions and advocate for policies that enhance economic performance within rule of law. The latter offer a better basis for legitimate, broad-based dialogue.

Individuals, no matter how distinguished, cannot be relied upon as sufficient representation for business. If they are not linked to business constituencies, they cannot speak with full knowledge of business needs, nor with the forcefulness of organized associations. Individual business leaders may be valued advisors, but without broad-based input there cannot be genuine public-private dialogue.

## **Messages – What does the private sector say?**

The private sector must bring well-prepared messages to the table. Preparation involves determining the themes of dialogue, the positions that business will take, points of receptivity in the public sector, and desired outcomes.

Prioritizing themes helps to guide discussion. By articulating high-level themes – such as reducing barriers to business, increasing transparency, or improving infrastructure – business moves beyond a list of technical questions and invites a wide range of stakeholders to focus on issues. Themes shape participants' thinking about policy objectives, clarifying to all that dialogue has broader aims than satisfying particular interests.

In order to convert policy objectives into actions, business must present specific recommendations. Through its recommendations, business assists policymakers to take positive steps and demonstrates a willingness to work with government. Recommendations should be derived from member input and policy analysis, and feasible within the

## Dialogue in Egypt

### *Private sector leader:*

The Federation of Economic Development Associations (FEDA) is an umbrella organization that represents more than 30,000 small and medium-sized enterprises (SMEs) in Egypt.

### *Results from dialogue:*

In 2008, FEDA identified and advocated against 132 Ministry of Industry and Trade regulatory decrees, dating back to Egypt's old command economy. 84 of these decrees were removed. As a result, for example, manufacturing businesses were no longer prevented from importing less expensive scrap metal or machining tools.

### *Process:*

FEDA convened six regional-level policy roundtables to present a position paper and prioritize recommendations for the draft Unified Law on Industry. Participants included members of parliament, the Industrial Development Authority, the Egyptian Federation of Industry, chambers of commerce, FEDA member businesses, civil society, and media.

### *CIPE's role:*

CIPE worked with FEDA to design the advocacy strategy, assisted in facilitating the roundtables, and helped FEDA package the policy recommendations.

current environment. They should be backed by reputable research, possibly performed in conjunction with a think tank.

Business must frame its messages carefully, acknowledging that government's role is to serve the public interest. Framing means presenting an issue from an appropriate perspective that connects with the audience's existing values and understanding of the issue. Thus, business should demonstrate how its proposals will benefit public objectives such as job creation or economic growth.

For example, instead of arguing for lower tax rates for particular sectors, a business coalition might advocate for a simplified tax regime that will lower business costs, improve incentives to invest, and reduce economic distortions. Or, business might advocate deregulation on the grounds that a streamlined regulatory framework, one which recognizes business realities, will raise the level of compliance and therefore promote public objectives.

A good communicator tailors the message to the specific audience. He or she demonstrates empathy for

the other side's concerns and uses language familiar to the audience. A good communicator also takes time to listen, tries to understand the reasons for concerns, and asks questions to draw out further information. Although the private sector should definitely have a prepared platform, it should seek opportunities to develop recommendations jointly with government, thereby obtaining buy-in from officials.

## Channels – Where does dialogue occur?

Dialogue can occur through multiple channels. The private sector should assess openings and decide where to invest in advocacy.

- Business may have representation on existing commissions, task forces, regulatory boards, or at public hearings.
- The government may create special initiatives for consultation or dialogue.
- The private sector may take initiative by proposing dialogue or inviting public sector representatives to participate in its events.
- The private sector can pursue dialogue and advocacy in parallel activities for multiple stakeholders,

including officials, business members, media, and civil society.

- A neutral third party such as an international donor or non-profit institute may mediate dialogue. This can help start conversations and build trust, though ultimately domestic business leaders must build capacity and take ownership.

Dialogue typically involves formal as well as informal conversations. Informal conversations can be a valuable means for building relationships, finding flexible solutions, and encouraging the continuous flow of information. They supplement formal dialogue, especially in between formal meetings. On the other hand, informal conversations may create a risk or perception of secret deals. Informal discussion does not replace the need for structured, inclusive, and transparent dialogue.

Formal structures permit an ordered discussion, add weight to proceedings, and may be open to the public. They serve to institutionalize dialogue and therefore make it potentially sustainable. Formality should not be allowed to stifle conversation, however, and protocol should not overshadow the substance of

discussions. After meetings, press conferences held to voice positions and monitor progress can help to assure the public of openness and accountability.

Participants must decide whether to hold a general discussion that cuts across issues or to hold focused discussions on particular issues. A general discussion can secure high-level commitment and a coordinated response to issues that affect multiple jurisdictions or sectors. Alternatively, a focused discussion may be better suited to addressing policy details and implementation. Nothing prevents the private sector from participating in a general forum while seeking lower-level action on specific issues. The private sector must have means, though, to coordinate its positions for credibility and consistency.

## Preparing the Private Sector for Dialogue

Preparation for serious dialogue takes months, during which business leaders assess policy challenges, mobilize stakeholders, and formulate positions.

Well-organized associations play an essential part in formulating business positions on issues, since

### Dialogue in Botswana

#### *Private sector leader:*

The Botswana Confederation of Commerce, Industry, and Manpower (BOCCIM) is a national business federation with membership from all sectors of Botswana's economy.

#### *Results from dialogue:*

Over two decades beginning in 1988, dialogue has resulted in implementation of numerous BOCCIM recommendations, including the formulation of the National Privatisation Policy, the abolition of exchange controls, the establishment of the Botswana Export Development and Investment Agency, and reductions in corporate and individual income tax rates.

#### *Process:*

The National Business Conference is a biennial event that brings together public and private sector leaders and other stakeholders to discuss Botswana's major economic and social challenges. The High-Level Consultative Council, chaired by the President of Botswana, meets twice a year for ministerial level dialogue with business leaders.

#### *CIPE's role:*

In 1989–1993, CIPE assisted BOCCIM's follow-up advocacy on recommendations made at the second national conference, supported the establishment of two BOCCIM regional field offices, and extended outreach in small towns and rural areas.



they can credibly claim to represent their respective constituencies. Capacity building thus equips associations to lead dialogue by promoting internal governance reforms, membership development, and acquisition of advocacy skills. Strong associations establish close ties to their members, are responsive to member interests, and include members in policy discussions.

Business leaders require methods to collect and process input from the business community on its needs and objectives. Input can be gathered in multiple ways, including surveys, focus groups, and outreach to association members. It is necessary to collect information on challenges facing business, the causes and effects of these challenges, and possible solutions. A professional secretariat can manage the process.

Forming consensus on policy positions can be challenging because businesspeople have diverse interests and opinions. Associations and federations that perform well in this respect have internal processes for balancing and prioritizing demands. They funnel issues upward, assessing the breadth of business demands as well as points of common interest. Leaders must report back to members on draft recommendations and secure their endorsement.

Advocacy requires technical skills in analysis and communications. Association leaders must develop these skills, create an advocacy plan, and allocate resources to advocacy. They might choose to partner with think tanks or media professionals for expertise. Before attempting a comprehensive dialogue, it is best to develop internal advocacy capabilities and acquire a little experience.

Business leaders should reach out to groups in the business community and civil society to acquire mutual understanding and allies. Coalitions, founded on a core of strong associations with a common interest, may incorporate different sets of supporters depending on the issue. Whether coalitions are temporary or permanent, all members must present a common message to credibly influence dialogue.

## Outcomes of Dialogue

Outcomes of dialogue can take many forms. For instance, business may receive new recognition as a legitimate stakeholder in policymaking. The private and public sectors may reach agreement on important principles or develop joint action plans. They may negotiate policy standards and costs. Sometimes, the best result business can achieve is to mitigate or block a harmful proposal. Each of these outcomes has value to business and may provide avenues for future advocacy.

Away from the negotiating table, private sector organizations see payoffs from dialogue in their ability to attract new members. Advocacy experience strengthens organizations' skills and reputation, and equips them to offer value to members. The experience also invigorates associations by mobilizing membership around issues of importance to business.

Whatever level of success is achieved, dialogue must be followed by implementation steps and policy monitoring. The private sector must maintain pressure for follow-through, and assess the consequences of policy change. Private sector leaders must also report to their constituencies on the outcomes of dialogue and educate them about new policies.

Reform requires ongoing effort that builds on earlier achievements. After each phase of dialogue, preparations begin for the next phase. Private sector leaders must assess the lessons and opportunities that emerge at each phase and refine their advocacy strategies accordingly. Over time, these investments in advocacy encourage a smoother and more productive dialogue process.

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