

Building capacity
Strengthening advocacy
Fostering governance

Public-Private Dialogue

Public-Private Dialogue for Good Governance

PPD MANUAL FOR TRAINERS

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A. Introduction to the Training Manual

1. AIM AND SCOPE

Ineffective service provisions is often the result of poor governance, lack of transparency, lack of access to public information, weak accountability relationships and low level of citizens participation. Over time, the World Bank Group (WBG) has put good governance at the core of its agenda and has been supporting a wide array of programs aimed at empowering civil society organizations, including private-sector led organizations to promote demand-led governance reforms.

Because the private sector is a crucial partner in public service delivery, economic growth and overall national development, balanced private sector representation in policy dialogues is essential to mitigate the diversion of assets from benefiting the many; to strengthen transparency, inclusion and accountability, so as to reduce corruption and capture; and to break down the barriers to information asymmetries, better ensuring that the voice of constituencies impacted by policies are actually heard.

Sector development and sustainability are dependent on a set of imperatives which all relate to the governance imperatives:

- Strong *coordination* between sector stakeholders to coordinate sector initiatives and policies means increasing *inclusiveness*.
- Streamlined and effective *regulations* establish a level-playing field, where clear rules and procedures create a *fair* sector environment.
- *Transactions* between the private sector and government need to be *transparent* to ensure against the risk of capture and to ensure delivery of services through increased accountability.
- *Information* needs to be accessible within and across stakeholder groups to both ensure that decision-making is based on facts and to guarantee decision makers are held *accountable* for their actions.

On the basis of this assessment, the World Bank Knowledge Learning and Innovation' Private Sector Engagement for Good Governance (PSGG) Program seeks to overcome impediments to transparency, access to information and greater inclusion of all stakeholders in the policy-making debate, while helping solve key sector constraints related to lack of coordination, unfair regulations, unaccountable transaction and non-transparent information.

This is achieved through the establishment of a multi-stakeholder engagement process, the Public Private Dialogue Platform (PPD), which ensures that the fundamental conditions for sector development and sustainability through open governance practices are put in place. The establishment of these fundamental conditions will ultimately lead to inclusive and sustainable growth, which is itself an essential condition necessary to alleviate poverty.

PPD mechanisms - defined as structured dialogues between the government and private sector aimed at addressing issues faced by the private sector, either to improve the investment climate, health services or manage scarce resources - are a widely recognized way in which to support a process of continuous improvement in the areas identified and to build trust between the parties. The concept itself is not

new: PPD is embedded in the cultures of all many countries through guilds, Chambers of Commerce and structured lobbying and advocacy groups. A PPD initiative is only giving a formal structure and expression to the common desire of businesses and governments to identify and solve issues impeding economic growth and establish the conditions in which the private sector can flourish. Dialogue helps to reveal to governments the likely micro-economic foundations for growth, but it also creates a sense of ownership of reform programs among the business community which makes policies more likely to succeed in practice.

The diversity of stakeholders needs to be considered. The term “private sector” can be misleading as it conveys the idea of a homogeneous group with converging ideas. In most cases, there isn’t one private sector but a multitude of interest groups which do not speak with one voice and have their representative bodies captured by large members. Indeed, they are likely to have different goals, incentives, methods and value which are sometimes complementary, contradictory or conflictive. The state of development of the “private sector” varies also from one country to another, with almost non existing private sector in FCS, or a private sector composed mainly of informal and micro businesses.

The approach in this manual defines the PPD stakeholders groups as comprised of both large-small-medium and micro enterprises, which are formally registered or not; domestic and foreign owned; global and local players; represented by either large business membership organizations (BMOs such as chamber of commerce, industry associations) or community / production groups. This manual’s approach aims to promote coalition building of all these various groups towards improving the governance of a sector that will lead to increasing its competitiveness.

A process of PPD is all the more necessary in fragile states to bring back trust. PPD processes have been emerging in Timor-Leste, Liberia, Sierra Leone, South Sudan: bringing different groups in conflict of the private sector at the same table, PPDs are building a sustainable constituency for stability and reform (investment climate, delivery of public services, natural resources) and an atmosphere of mutual trust and understanding between public and private sectors, improving predictability and in turn enabling economic growth. The reason why PPDs can be increasingly constructive is a consequence of the trust and relationships built up over time through meetings and the focus on achieving tangible outcomes on issues that may, initially, have been difficult to talk about at all.

Nevertheless, in their early years at least, PPD processes are not easily sustainable without external support, as they benefit greatly from specialist skills and capacity building initiatives for both the private and public sector participants. Trust building itself is an important - though less quantifiable - aspect of a PPD process. It will materialize with a focus on overcoming development issues that are shared through a carefully managed dialogue process. In countries where relationship issues are particularly strained within the private sector, or between the public and private sectors, the development partners have acted as an ‘honest broker’ in the dialogue to provide a neutral venue to bring all participants together.