

Public-Private Dialogue

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Improving the Business Environment Through Constructive Dialogue

Timor-Leste Better Business Initiative

AN INITIATIVE FACILITATED BY THE INTERNATIONAL
FINANCE CORPORATION (IFC) IN COLLABORATION WITH
THE MINISTRY OF ECONOMY AND DEVELOPMENT (MED)
OF THE GOVERNMENT OF TIMOR-LESTE

OVERVIEW

Background: The Timor-Leste *Better Business Initiative* was established in January 2008 between the International Finance Corporation and the Ministry of Economy and Development to improve the business enabling environment by providing a platform for effective and constructive dialogue between the business community and the government of Timor-Leste. It is also intended to facilitate information-sharing with potential investors.

The *Better Business Initiative* (BBI) draws on IFC's successes with similar efforts in other countries, notably the Vietnam Business Forum, the Cambodia Government-Private Sector Forum and the Lao PDR Business Forum.

IFC serves as the Secretariat for the dialogue, assisting the public-private BBI in Timor-Leste. In this role, IFC collaborates with the Ministry of Economy and Development, which is the Government's coordinator for the BBI, as well as the various associations representing the business community and individual business representatives.

Objectives: The objectives of the Better Business Initiative are to:

- Facilitate dialogue between the government of Timor-Leste and the private sector, which includes the broadest private sector participation possible, including the districts;
- Assist the Timor-Leste government in developing the private sector;
- Remove the barriers that businesses face with regard to entry and exit;
- Promote consistent enforcement and non-discretionary interpretation of laws and regulations;
- Provide feedback on various government policies affecting the private sector;
- Provide feedback on draft government laws and regulations that could affect the private sector.

Operations: The Better Business Initiative is a formal dialogue mechanism between the government and the private sector, both foreign and domestic. The BBI also helps strengthen the role and voice of the private sector in Timor-Leste. The dialogue's effectiveness stems fundamentally from a solid partnership and direct linkage between four main parties: the

domestic and foreign private sector, the Timor-Leste government, donor partners, and multilateral institutions.

Role of the Better Business Initiative: The BBI promotes policy dialogue among these four key stakeholders in order to develop a successful environment for private enterprise. All issues raised in the BBI are of interest to a significant number of private sector enterprises operating in Timor-Leste, rather than just a few individual companies.

BBI structure and processes: The BBI works through two primary structures: working groups and a bi-annual Forum. IFC acts as the Secretariat for the BBI and is responsible for overall coordination and facilitation.

Bi-annual Forum: The Timor-Leste *Better Business Initiative Forum* is held twice a year, and is chaired by the Prime Minister and the Minister of Economy and Development. The BBI Forum is an opportunity for the Working Groups listed below to inform top-level government officials about what they have achieved in their regular meetings and to identify issues that remain unresolved. Development partners will also be invited as observers to the BBI Forum.

Working Groups: One Working Group has been established under the BBI to date:

1. Administrative Barriers Working Group
2. It is envisaged that additional Working Groups will be formed as per the interests and needs of the business community, on: Financial services; Land and Property, Tourism and potential subgroups to address very specific issues.

It is planned that meetings of the respective Working Groups take place as often as necessary during the six-month period between each bi-annual BBI Forum, and generally at two levels. The first meeting, called the Private Sector Working Group (PSWG) meeting, is a meeting for private sector members of the WG and representatives of the companies that are interested in participating. These meetings serve to reach agreement on which issues will be forwarded to the Working Groups (WGs), which will be under participation of the public side.

These meetings are held before the public-private WG meetings that take place between an interministerial government team selected by the Coordinating Unit in the Ministry of Economy and Development and representatives selected by the PSWGs.

Composition and role of the Private Sector Working Groups: The PSWGs include representatives from the private sector, representatives of business associations, and all persons working in legally operating private enterprises in Timor-Leste that wish to attend.

Each PSWG selects approximately five to ten people to represent its interests in the respective WG, as well as one representative to co-chair the WG. PSWG members meet prior to the formal WG meeting to review the progress of the previous BBI Forum and WG meetings, produce position papers on issues of concern, discuss new issues, and recommend an agenda for the formal WG meeting. The BBI Secretariat then forwards the agenda to the Coordinating Unit in the Ministry of Economy and Development for consideration and circulation to respective government parties. The Coordinating Unit will also facilitate participation of other ministries in the WGs.

Composition, leadership and role of the Working Groups: The WGs are the 'engine' of the BBI. Each WG is co-chaired by a senior government official and a designated leader chosen by members of its respective PSWG. Participants in each WG are comprised of members from relevant ministries as well as private sector representatives from the PSWGs.

During the WG meetings, representatives discuss and agree on an agenda of high priority issues that generally relate to restrictions on business. They may also decide to set up subgroups to investigate specific issues. Because many line ministries send a representative to the WG meeting, the meetings perform the extra function of informing the respective government ministries about private sector issues.

Role of the BBI Secretariat: IFC acts as the Secretariat for the BBI. Its purpose is to facilitate the constructive dialogue between the government and the business community, both foreign and domestic.

The BBI Secretariat will ensure that initiatives and issues emanating from the private sector are appropriately identified, are broadly representative, are adequately researched and are presented to the Government through the WGs in a focused, solutions-oriented manner. The Secretariat will further coordinate its overall activities with the Coordinating Unit in the Ministry of Economy and Development, and other relevant institutions and arranges meetings between the Government and the WGs, the bi-annual BBI Forum. It also: maintains a database of active participants in the Forum; facilitates the discussions of PSWGs and the WGs; liaises with the Timor-Leste Government when requested; assists in the compilation and distribution of issues matrices and other documents; solicits comments from WGs on draft laws and regulations; arranges technical assistance on a selective basis, where required to resolve or shed light on particular issues, through the IFC managed Research Fund; and generally enhances BBI activities by facilitating the participation of the domestic and foreign business communities.

The BBI Secretariat also arranges meetings between the Government and the WGs. Where appropriate, the Secretariat assists both the Government and the private sector to analyze issues constraining growth and to make recommendations based on best practices in the region and elsewhere. Finally, the Secretariat will monitor discussion of issues raised, implementation of potential solutions and disseminate information to the WGs and the broader community of businesses, multilateral institutions and donors.

Donor Participation: Bilateral and multilateral donor agencies that are members of the Development Partners Meeting are invited to attend the bi-annual BBI Forum and observe other BBI activities in order to promote an effective link between policy recommendations for private sector development and the donors whose projects support private sector development. The BBI Secretariat channels specific issues that may require technical assistance, from the WGs to specific donors, on a formal or informal basis.

For further information, please contact:

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The International Finance Corporation (IFC) is a member of the World Bank Group, fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing capital in the international financial markets, and providing advisory services to businesses and governments. IFC's vision is that poor people have the opportunity to escape poverty and improve their lives. IFC Advisory Services Pacific is a multi-donor funded program set up by the IFC in 1990 to reduce poverty through sustainable private sector development. Its donors are Australia, New Zealand, Japan and IFC. The Timor-Leste office opened its doors in August 2006.