

Transitioning from donor support to local ownership The case of Cambodia and Laos

*PPD Global Workshop
Vienna – 13-17 June 2011
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IN PARTNERSHIP WITH 

Background

Cambodia

Lao PDR

Since 1999	Since 2005
15 Forums held	6th Forum
Status as cabinet level meeting	Gradually becoming linked to Donor Roundtable process
Chaired by Prime Minister	Usually Deputy Prime Minister
\$72.2 mil in savings	\$2.7 mil in savings
Sectoral/Cross-cutting Working Groups	Sectoral Working Groups

17 combined years of IFC support

IFC as an honest broker facilitating PPD in the two countries

World Bank review of 30 PPDs worldwide in April 2009

- In terms of organizational effectiveness, Cambodia, Vietnam and Lao PDR ranked 1st, 2nd and 4th
- 250 out of 400 total reforms achieved in Vietnam and Cambodia

Donor Transition Strategy

- Sustainability refers to:
 - **Operational sustainability**, i.e. reliance on the PPD internal capacities and/or services purchased at market costs;
 - **Financial sustainability**, i.e. generation of sufficient cash from services to cover cost of operations;
 - **Sustained mandate and effectiveness**, i.e. continued provision of a channel for dialogue between the private and public sector to fulfill the PPD mandate.

Transition strategy options

1. Transfer to **existing institutions** (e.g. institution the PPD was aligned with)
2. A **new and independent** institution
3. PPD functions are decentralized and business associations do separate advocacy
4. **Partnership initiative ends** but political culture dialogue

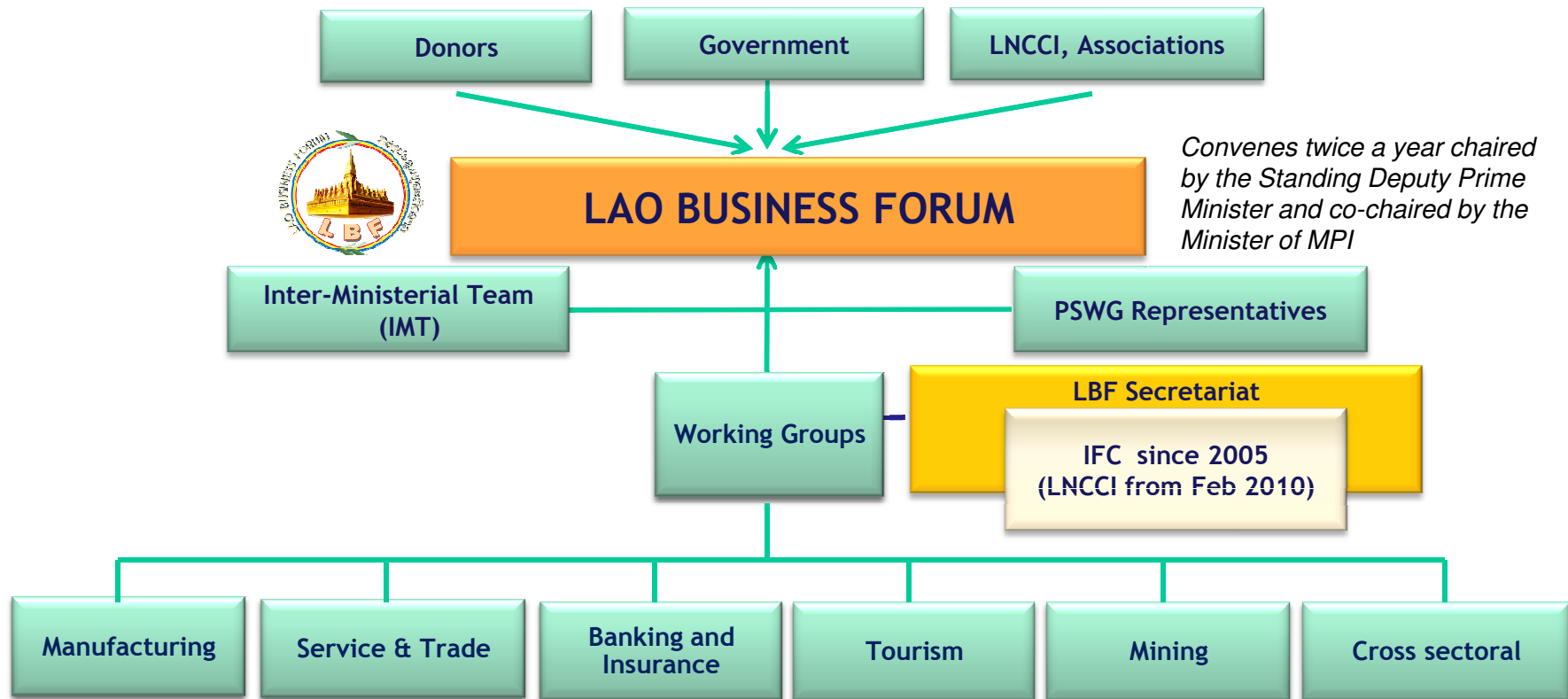
Transition strategy process

- A successful transition strategy is a change management exercise that requires careful planning:
 - Exit strategy should be planned in the project design
 - Wide consultation to collect stakeholders' view, while recognition the local political sensitivities and vested interests
 - Clarification of who does what - Secretariat, Governing body/Steering committee, WGs (often the ideal primary actor) , etc.
 - Clear timeline, including deadlines for stakeholders' inputs
 - Clear Communication/Message to stake holders
 - Ensuring technical and financial capacities
 - Consensus building among stakeholders

Addressing reform process pre-conditions

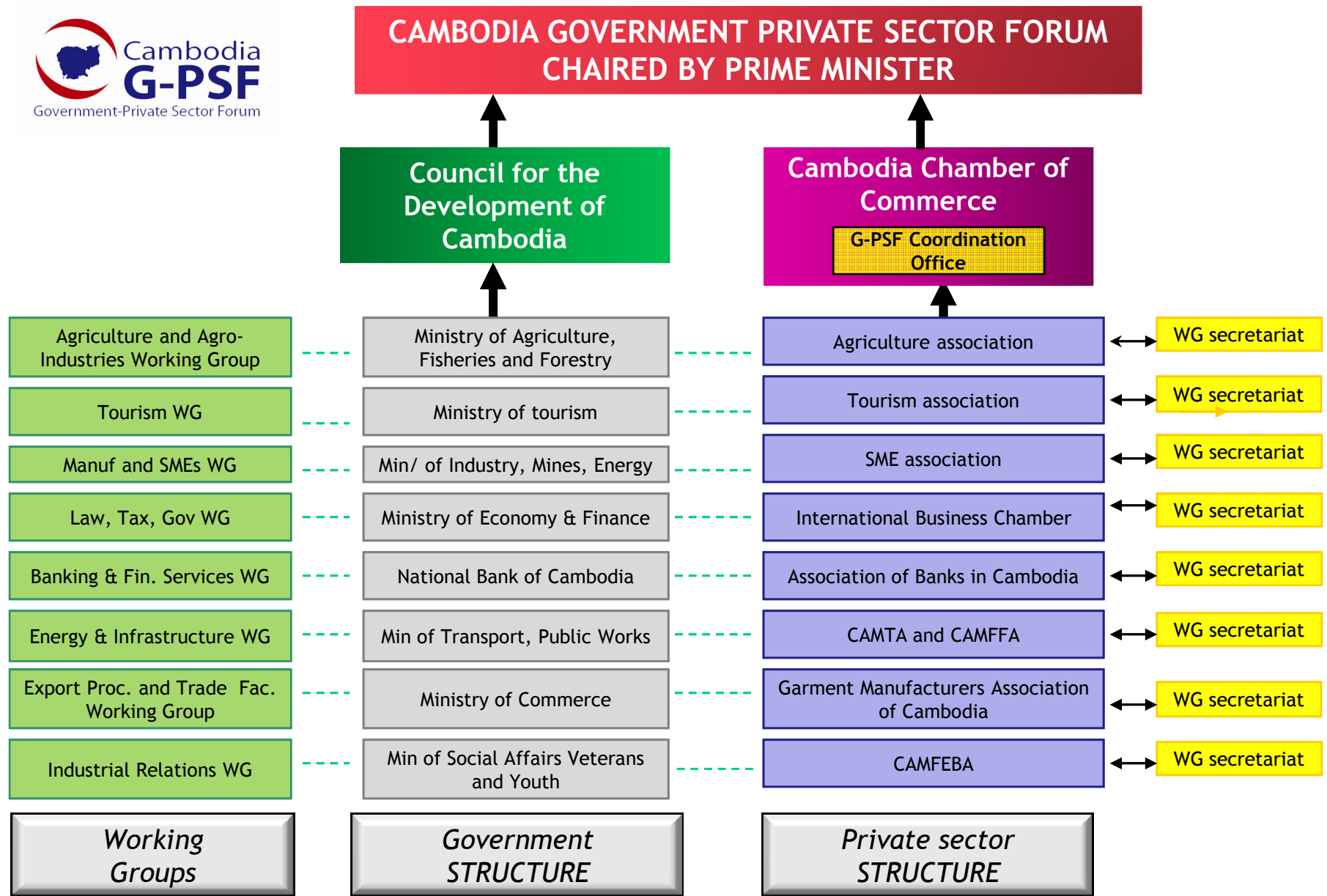
- Capacity to move the reform to the next step
 - Technical capacity: transitioning from implementer to enabler;
 - WG / BMO / Gov capacity building; rotating secretariat function, ...
 - Financial capacities: Resource mobilization plan; Contributions by donors as client of the PPD; Contribution to a research fund with clear and transparent access guidelines
- PS Confidence to move reforms to the next step
 - Extending IFC “umbrella” beyond the exit, sponsoring the main event, vetting research and position papers, raising PPD profile with Government
- PS and Government Opportunity
 - PS “internal” access through adequate structures and organizations

Current LBF Structure under LNCCI Management



At the operational level, the dialogue is conducted through six Working Groups including:

- 1) **Tourism WG**
- 2) **Services and Trade WG** (*several sub-working groups under this WG including Import-Export and Customs, Intellectual Property Rights and Education*)
- 3) **Manufacturing WG**
- 4) **Mining WG**
- 5) **Banking and Insurance WG**
- 6) **Cross Sectoral WG**



Common Challenges once transferred

PPD operation

- Maintenance of participation and commitment from stakeholders
- Limited capacity of government or private sector organizations
- Balancing different interests and achieving consensus within private sector and several government agencies
- Lack of champions
- Building sustainability when IFC stops its support

PPD Transition

- Capacity of the new Secretariat team at business associations/chambers
- Capacity to carry important reforms agenda (identification, research, advocacy)
- Maintenance of credibility and effectiveness of the dialogue process under the transition phase
- Strengthening trust and respect in the PPD process; and
- Long term financial sustainability of the dialogue process, interest and involvement of other donors

Supporting reforms through the PPD - A role for IFC?

Symbolic role (Chairing bi-annual forum) / ad-hoc intervention

- Co-chair the bi-annual big Forum together with government and PS
- Backstop/Support PS in negotiation of Forum agenda with the government
- Facilitating so that other donors lead the support to WGs

Leveraging existing projects

- Integrate support to PPD in existing projects

PPD Global team to play a role

- Maintain contact; ad-hoc projects; M&E