

Memo on SPI Albania's participation in the Public Private Dialogue (PPD) Workshop, Vienna 28-30 April 2009

By Ramona Bratu, Convergence Program, SPI Regional Operations Director

The fourth PPD Workshop was held on the 28th, 29th and 30th of April 2009, in Vienna, Austria, and was sponsored by the newly established Vienna Office of the World Bank Group's Investment Climate Department.

It gathered about 70 representatives of business forums, investors' councils, and competitiveness partnerships from both the public and private sectors, and from sponsoring donors (such as IFC, the World Bank, The European Bank for Reconstruction and Development, USAID, GTZ, DFID and others).

SPI Albania was the only public-private platform specialized in financial sector modernization and the only one from Central and Eastern Europe.

The three day workshop had a diversified agenda, combining presentations and case studies with interactive sections.

The presentations delivered during the workshop referred to:

- **the important role of PPD in reforming the investment climate** (Ms. Karin Millett, Head, FIS Investment Generation Vienna program). Ms. Millett stressed that PPDs proved to be a quite efficient instrument to produce reforms, including the ones directed to improvement of the investment climate. The PPDs have to respond to the current financial crisis and adjust their priorities. SPI Albania's representative had a comment on the latter issue, outlining that the 2009 activity program was built around the risk recognition and management topic emphasized in several policy speeches by the Governor of Bank of Albania;
- **the success and failure stories of the public-private dialogue in Austria and in EU** (Mr. Thomas Wieser, Director General for Economic Policy and Financial Markets, Austria Ministry of Finance). Mr. Wieser gave a historical perspective of the public and private dialogue in Austria and emphasized the success stories and the failure examples, as well as the importance of the social partner in the public-private dialogue;
- **lessons learnt the past 4 years on PPD's role in private sector development** (Mr. Benjamin Herzberg Sr. Private Sector Development Specialist, World Bank). Mr. Herzberg showed the importance of PPDs in bypassing inefficient institutions and some critical aspects that have to be addressed such as mandate and institutional alignment, structure and participation, champions, etc. The lessons learnt did not address important aspects from SPI Albania's perspective such as the interaction between PPDs

and World Bank Group activities, the coordination between World Bank Group and other donors in establishing and running PPDs, or how World Bank Group supported the implementation of measures proposed by PPDs. This might reflect ongoing discussions on how its activities relate to traditional World Bank Group activities. The participants could not benefit of any strategic directions on their work and on the future of PPDs;

- **the results of the independent evaluation of the 30 PPDs sponsored by the World Bank Group** (Mr. Malcolm Toland, Consultant, World Bank). SPI platforms in Romania and in Albania were quoted among the highest performers, the most appreciated features being the SPI Secretariat set-up (selection, training, work organization, and monitoring and evaluation procedures, productivity and guidance), the analytical methods applied (EU Better Regulation and RIA), the level of documentation, evidence of work, and soft outputs (in terms of partnership, involvement of stakeholders, etc). The evaluator believes that SPI Albania has to improve its public outreach and its biggest challenge is the transfer to local ownership. It must be reported that the evaluation did not refer to any example of fully successful transfer to local ownership of a PPD (a partially successful example of full operational and financial transfer being SPI Romania);
- **the lessons learnt from EBRD –sponsored presidential investors’ councils** (Mr. Djoomart Otorbaev, Senior Adviser, EBRD). Interesting from Convergence perspective were information on the area of EBRD –supported PPDs (former soviet republics in West and Central Asia, small economies such as Mongolia, Kyrgyz republic, Tajikistan, Armenia). EBRD intends also to establish a Presidential Investors’ Council in Moldova.

Representatives of the secretariats or of donors or of private and public stakeholders from Cambodia, Bangladesh, South Sudan, Uganda, Vietnam, Turkey, Sierra Leone, Tajikistan, Armenia, Laos, Liberia, Mongolia, Timor Leste, Aceh, Kyrgyz Republic, Vanuatu and Albania presented their PPDs experiences, with challenges, opportunities, and with their achievements.

SPI Albania experience in organizing the public – private partnership for financial sector modernization, its milestones, its methods and procedures, and its accomplishments were presented in 3 rounds of “speed dating” of 30 minutes each (see attached documents prepared for the workshop). A special interest for this example showed participants from Bangladesh, Nepal, Cambodia, Liberia, Timor Leste, Zambia, GTZ and Adam Smith International.

The comparison between SPI and other PPDs reveals the followings aspects:

- PPDs are higher level platforms (being chaired by Presidents or Prime Minister), covering a larger area, while SPI is a sector partnership, with top level representatives for the sector;
- PPDs operate with permanent Working Group by sector/area, while SPI works with Project Working Groups for handling different specific modernization issues;

- PPDs use only these Working Groups for proposing reforms, for solution identification and not for extensive ongoing analytically-based consultations with the industry as SPI does;
- The SPI structure, governance, methods and procedures could be the benchmark for organizing the PPDs at the sector level (not only for the financial sector).

The experiences presented by different countries and the above mentioned presentations enabled participants to practice on public-private dialogue and reach consensus on a reform to be undertaken in an interactive session on “PPD Challenge: One reform in 90 minutes”. This session showed the importance of the secretariat in building up the consensus between private and public institutions through analytics.

The same stories of various experiences with PPDs were the ground for brainstorming sessions by working groups with the objective of adding principles to the one stated in the PPD Handbook on four critical topics:

- most appropriate institutional arrangements for PPD secretariats, entry and exit strategies;
- PPDs’ relationship with clusters and competitiveness initiatives;
- PPDs and their role in addressing FDI-related regulatory issues;
- PPDs’ role in as aftercare mechanism in the FDI promotion toolbox;
- Integrating PPDs into the political process (political cycle, stakeholder management and communication).

The result of the brainstorming sessions will be introduced in an improved version of the PPD Handbook.

The third day of the workshop was dedicated to very technical issues regarding practical tools for PPD management, monitoring and evaluation:

- The basics of Monitoring and Evaluation, Cost-benefit analysis & exercise;
- The PPD M&E tool
 - Measuring a secretariat’s effectiveness
 - Measuring the impact of a PPD on the reform process
 - Measuring economic impact
 - Self-evaluation exercise
- The PPD Issue Tracking tool
 - Installing the software and running the tool
 - Presentation of features and functionalities
 - Exercise on mock report
 - Exercise on real cases
 - Customization exercise
- Elaboration of 12-month Action Plan based on the PPD M&E framework and tools.

It seems that, based on the findings of the independent evaluation, some tools have been designed in order to help PPDs and to introduce an uniform practice (at least for IFC supported PPDs the introduction of the monitoring, evaluation and reporting tools will become soon compulsory).

Mr. Herzberg brought some useful clarifications on the terms used: outputs (soft and hard-policy papers, other project documents), outcome (regulations) and impact (effect).

SPI Albania RIA methodology was given as example of best practice, although it was mentioned that it is easier to apply it in the financial sector (the most advanced usually) and that it is based on estimates. The participants outlined the lack of data for measuring the impact of the reforms they are promoting. Mr. Herzberg indicated data sources such as Doing Business, IFC and World Bank websites.

The IFC evaluation models are based on some indicators such as:

- for evaluating the organizational process and effectiveness: Mandate and Institutional alignment, Structure and participation, Champion(s) and leadership, Facilitation and Management, Outputs, Outreach and Communication, Monitoring and evaluation, Sub-national, Sector specific, International role, Post conflict –reconciliation, Development partners. These indicators are weighted differently and the result is an aggregated scoring and the “evaluation wheel”. The self-assessment performed on SPI Albania resulted in a score very close to the one of the independent evaluator (85 by the former versus 88 points by the latter) and the second highest amongst represented PPDs (after Cambodia, established 10 years ago). In order to fit better to the realities, the evaluation should include the time factor (although the initiators believe that it is enough to perform a periodical evaluation – a 6 month one) in order to ensure the comparability between different PPDs. SPI Albania could adopt this tool for future eventual comparisons with other platforms and for improving its governance. In order to be better fit to SPI features it would need some adjustments (for example, some of the indicators such as post conflict-reconciliation and sub-national are not so relevant and the weights of the indicators could be changed).
- For evaluating the PPD impact on the reform process: evaluation of the private sector’s capacity, confidence and access, and of the government’s capacity, willingness and opportunity, by reform step: Diagnostic, Solution design, Advocacy and handover to Public Sector, Legislative / Executive Process, Implementation, M&E and Follow-up. At the end, evaluations for all reforms are aggregated. The steps of the reform correspond largely to the ones used by SPI, and the tool could be adopted by SPI Albania in order to assess especially the “soft outputs”, but maybe with some adaptations. It would be more important that this assessment be performed by private sector and government representatives in the PWG, for each of the projects, than by the SPI Secretariat.
- Quantitative indicators for the impact of the PPD reforms.

Based on the results of the evaluations performed for the organizational process and effectiveness and for the PPD impact on the reform process, participants prepared a 12-month action plan with the objective of addressing the weak features. For example, SPI Albania planned some actions in order to improve its outreach (strategy for communication, sharing responsibilities with the local stakeholders, to be approved by SPI Committee).

The last instrument presented by Mr. Herzberg referred to a management tool for issues raised by working groups and for the follow-up of all issues in an efficient way. It is a very interesting process of creating a file for each issue raised, with information regarding the proposing party/person, the estimated impact, the type of issue, the interaction with World Bank Group activities, the background information, the proposed solution, the status of the issue, etc. It is based on a soft (File Maker) and can provide some reports and also offers the possibility to customize reports. Although SPI Albania managed to maintain accurate evidence of project proposals, of the program activity and to produce various reports, this could be a tool to be adopted, with some adaptations, as it can cover a future need of managing a large volume of projects.

Participating in the PPD Workshop was a benefit for SPI Albania as it got awareness on and recognition of its accomplishments within the PPDs world. The workshop was an opportunity to exchange experiences and to understand SPI positioning in the PPDs context, as well as to network with fellow practitioners. The workshop offered also references for further improvement of the SPI activities in respect of evaluation and monitoring, and of communication strategies.

At the same time, some of the SPI current concerns were not addressed by the workshop, such as: coordination between donors in PPDs establishing and supporting, coordination of PPDs activities with World Bank Group activities especially in technical assistance and implementation, regional network creation and modalities of disseminating best practice.

Except for the improvement in the PPD Handbook and a possible Facebook network to facilitate communication between PPDs practitioners, the workshop doesn't seem to have any structured and long lasting follow ups, no "position document" reflecting PPDs practitioners' needs and concerns to be further discussed and addressed by donors. Given the importance of PPDs to promote reforms, more resources should be dedicated to support PPD performance improvements worldwide.