

# **PUBLIC PRIVATE DIALOGUE A GTZ Comparative Survey in Asia**

## **On the Cases of Vietnam, Lao and the Philippines**

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on PPD in Laos and the Philippines.*




# gtz Vietnam, Laos and the Philippines – Country Profiles



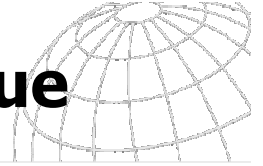
	VIETNAM 	LAO 	PHILIPPINES 
Legal System	Based on French civil law system and socialist practice	French legal norms and procedures, and socialist practice	Based on Spanish and Anglo-American law
Legislative Branch	Unicameral National Assembly	Unicameral National Assembly	Bicameral Congress consists of the Senate and the House of Representatives
GDP (PPP) (2008 est)	\$241.7 billion (ranked 46)	\$13.98 billion (ranked 135)	\$317.5 billion (ranked 38)
GDP (Official Exchange Rate)	\$89.83 billion	\$5.26 billion	\$168.6 billion
GDP Growth Rate	6.2% (2008 est.) (ranked 55) 8.5% (2007 est.)	7.5% (2008 est.) (ranked 25) 7.5% (2007 est.)	3.8% (2008 est.) (ranked 108) 7.1% (2007 est.)
GDP per capita (PPP)	\$2,800 (2008 est.) (ranked 169)	\$2,100 (2008 est.) (ranked 185)	\$3,300 (2008 est.) (ranked 163)
GDP Composition by Sector	agriculture: 22% industry: 39.9% services: 38.1%	agriculture: 39.2% industry: 34.3% services: 26.5%	agriculture: 14.7% industry: 31.6% services: 53.7%

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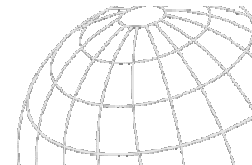
	VIETNAM 	LAO 	PHILIPPINES 
Population	86,9 million (ranked <u>14</u> )	6,8 million (ranked <u>103</u> )	97,9 million (Ranked <u>13</u> )
Poverty Rate	14.8% (2007 est.)	30.7% (2005 est.)	30% (2003 est.)
Unemployment Rate	4.7% (2008 est.)	2.4% (2005 est.)	7.4% (2008 est.)
Export (2008 est.)	\$61.6 billion (ranked <u>51</u> )	\$1.2 billion (ranked <u>148</u> )	\$48.2 billion (ranked <u>57</u> )
Import (2008 est.)	\$77.61 billion	\$1.384 billion	\$60.78 billion
Doing Business Ranking	93 (2010), 91 (2009)	167 (2010) 165 (2009)	144 (2010) 141 (2009)
Competitiveness Ranking	75 (2009-2010) 70 (2008-2009) 68 (2007-2008) 67 (2006-2007)	NA	87 (2009-2010) 71 (2008-2009) 71 (2007-2008) 71 (2006-2007)
Human Development Index	114	133	102

# gtz Country Contexts for Public and Private Dialogue



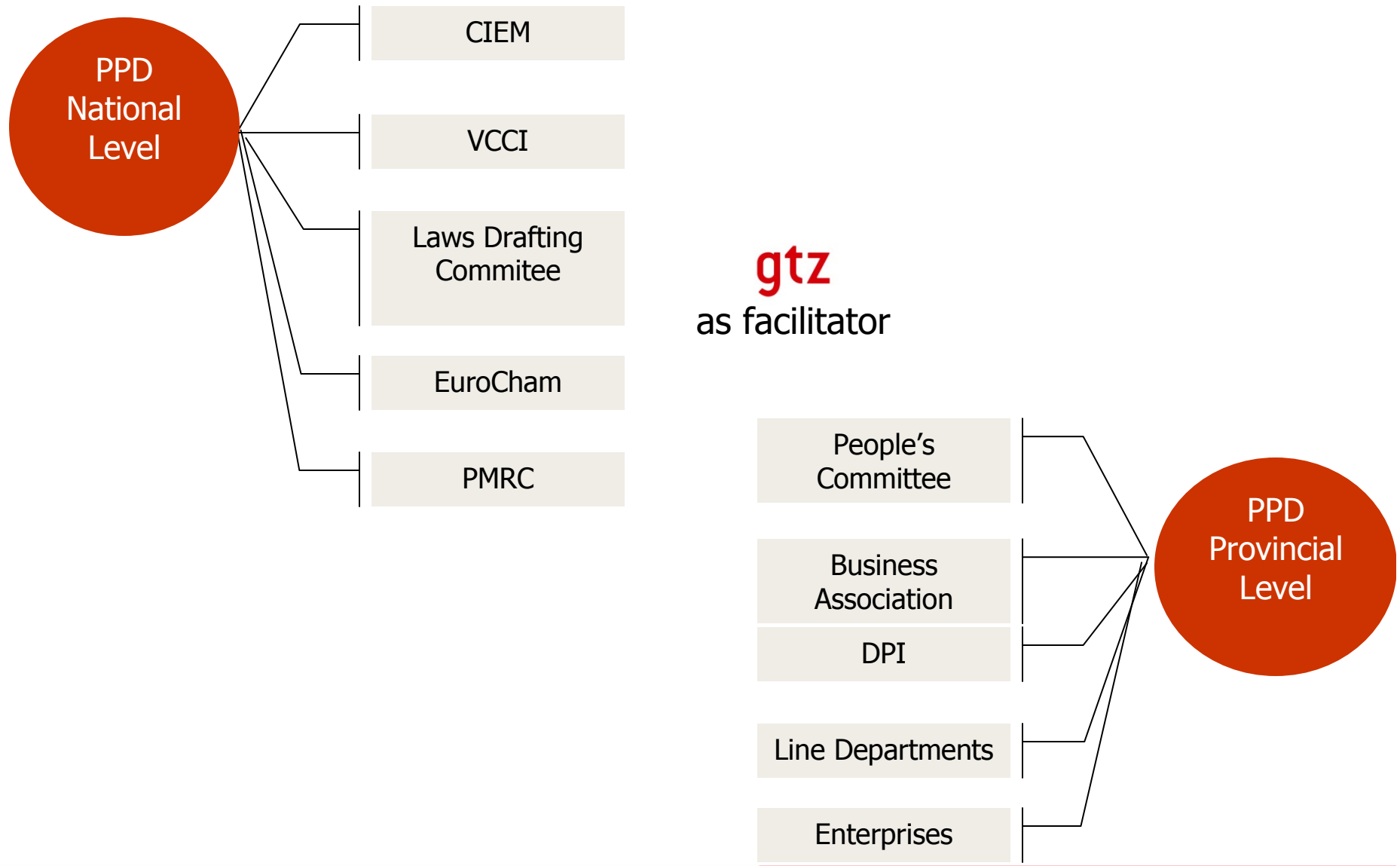
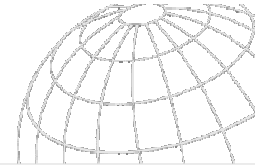
- A lot of similarities between Vietnam and Laos:
  - Transition from a planned economy to a market-based economy
  - Integration into regional (AFTA) and global economy (WTO),
  - The State played a significant role in every area of society and associations were effectively an extension of the State.
  - In recent years, The state is slowly reducing its influence while associations assume a new role in society.
  - The public sector regards private sector as the beneficiary or target of their development policy rather than a partner in developing and implementing policies and strategies
- As compared with Vietnam and Laos, Philippines has a more mature private sector.
- In all three countries, there is political will from the Government side to engage into constructive dialogue with the private sector. However,
  - The mistrust between the state and private sector remains.
  - Or if in some case, it is the cronyism between the Govt officials and the business
  - Lack of effective PPD instruments, platforms or structure.
- Public consultation in policy and law making has become mandatory in Vietnam, and the Philippines
- Business associations are weak, particularly in Vietnam and Laos.

# gtz Particularities of the PPD - Vietnam

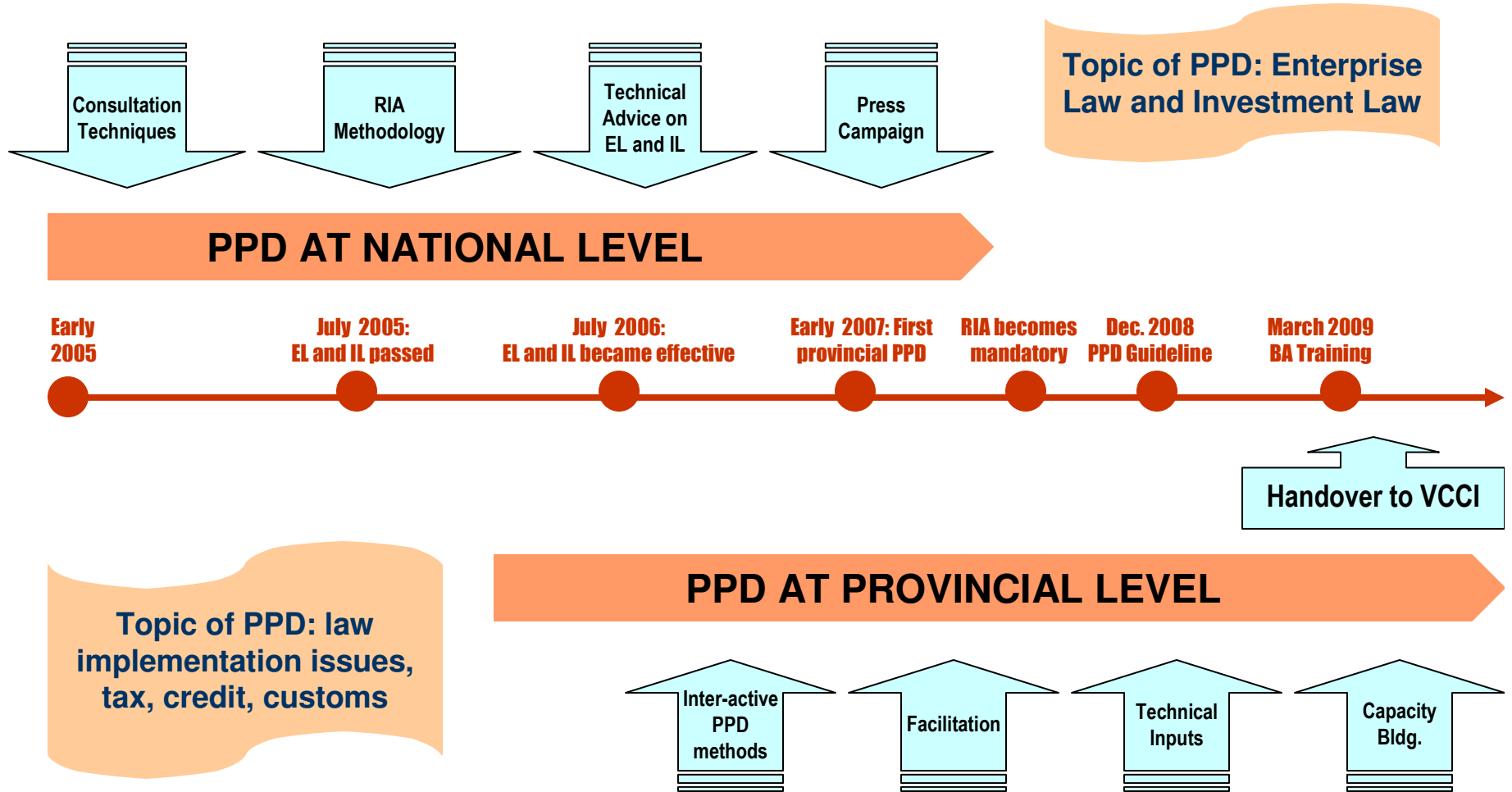
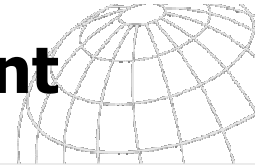


- Major national PPD structure available: well-organized, good quality but foreign investor dominated Vietnam Business Forum (facilitated by IFC), less effective but high profile Vietnamese business forums.
- In supplementing to these structures and working on its own comparative advantages, GTZ focused on theme issues for PPD (e.g. the reform of the Enterprise Law, Investment Law...), introduction of tools used for PPD, and sub-national PPD.
- Rather than introducing PPD as a stand-alone instrument, GTZ SMEDP adopted an integrated approach by using a “mix of instruments”:
  - PPD is integrated in the improving of local economic governance index (provincial competitiveness index), reforms of business laws, LED forum.
  - Introduction of Regulatory Impact Assessment in the making of laws (RIA has been eventually adopted in the Law and Law Making).
  - Public consultation
- The PPD process itself is accompanied by the **development of other tools** such as PPD guideline, **capacity building** for business association and public sector stakeholders.
- Strong participation of the mass media in the process (both at national and provincial level).

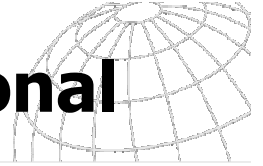
# gtz PPD structure: GTZ as Facilitator - Vietnam



# gtz Two PPD processes under GTZ SME Development Programme - Vietnam



# gtz The Process: Starting with PPD at the National Level

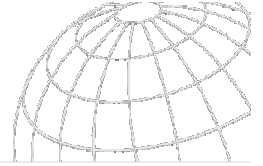


- Not really a top-down approach
- Rather, it aims at quick gains since expertise, preparedness for PPD... is higher at national level.
- PPD on hot topics: Enterprise Law, Investment Law.
- PPD process is backed by high quality researches and study on subject matters – this is key to the effectiveness of the process
- In combination with introduction of tools e.g. Regulatory Impact Assessment, public consultation, communication strategy for reforms.
- Strong participation of the mass media.





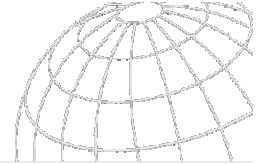
# gtz The Process: Encouraged by Quick Gains, the Process is Rolled Down to the Provinces



- Adopt an integrated approach in supporting public and private dialogue;
- Four steps: preparation, dialogue, follow-up, monitoring and evaluation.
- Facilitate the ownership of the PPD process from the public sector and private sector.
- Strengthening the capacity of business associations to become effective policy advocates.
- Development of tools and guidelines.



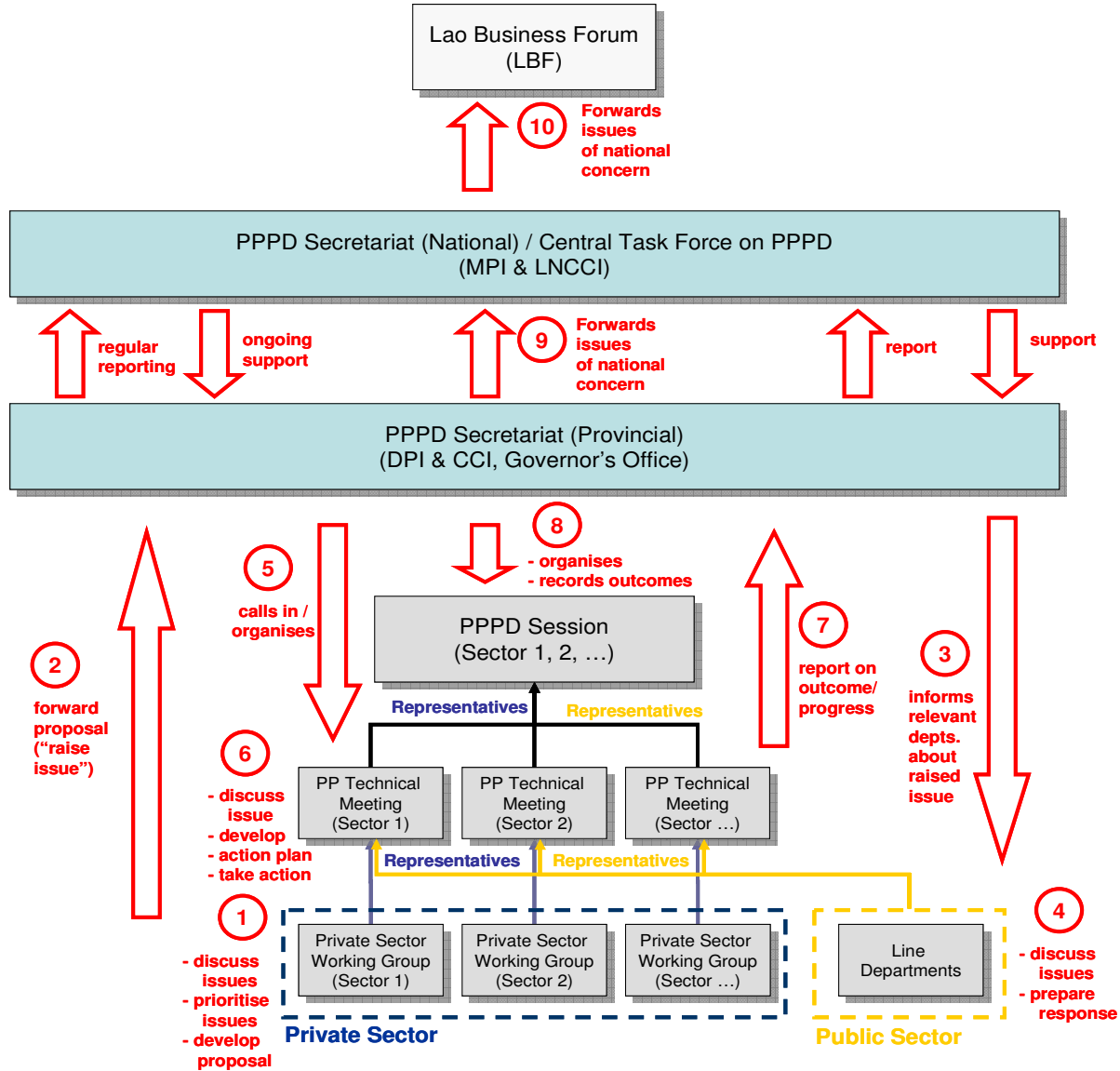
# gtz Public PPD Structure in Laos



national level

gtz as facilitator (support via stakeholders)

provincial level

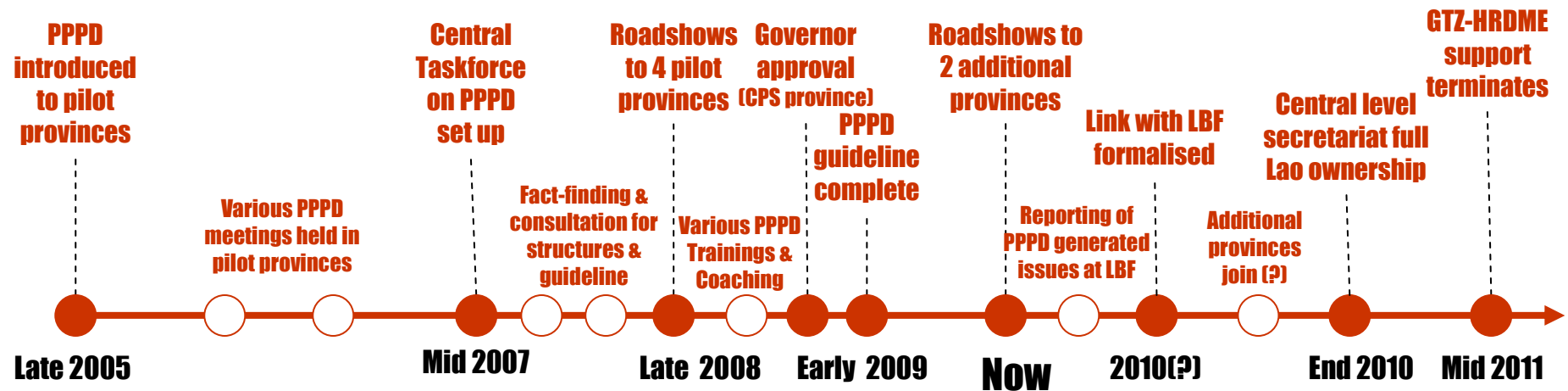
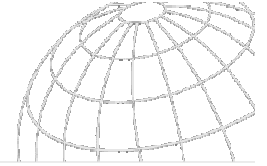


# gtz Particularities of Laos' PPPD



- Provincial-level PPD (PPPD) and national level PPD (Lao Business Forum – LBF, supported by IFC/MPDF) coexist, roughly started at the same time
- PPPD initiative forms part of wider GTZ Human Resource Development for a Market Economy Programme (HRDME), which seeks to tackle the key bottlenecks for sustainable private sector development in a concerted effort of public and private sector:
  - private {
    - LNCCI: strategy development, incl. expansion of network and membership
  - public {
    - MPI / DPI: investment promotion, streamlining, market economy principles
    - SMEPDO: SME strategy, action plan implementation and monitoring
    - Ministry of Education: integrated vocational education (public-private)
- Strong, participatory, public-private co-leadership approach:
  - Central Taskforce on PPPD (LNCCI, MPI, SMEPDO, MoE) as key steering and support institution for the provincial dialogue
  - Additional support to private sector working groups via LNCCI
  - Drafting of guidelines, structures through consultative processes
- Institutionalisation of PPPD
  - Blue-print for structure & processes, PPPD Guideline
  - Governor's nomination of secretariat, approval of roles & responsibilities

# gtz The PPPD Timeline & Key Milestones



## Introduction

- Introducing PPPD idea ✓
- Familiarisation with dialogue concept ✓
- Testing capacity & ownership ✓
- Building trust ✓
- Ensuring top-level support ✓

## Institutionalisation

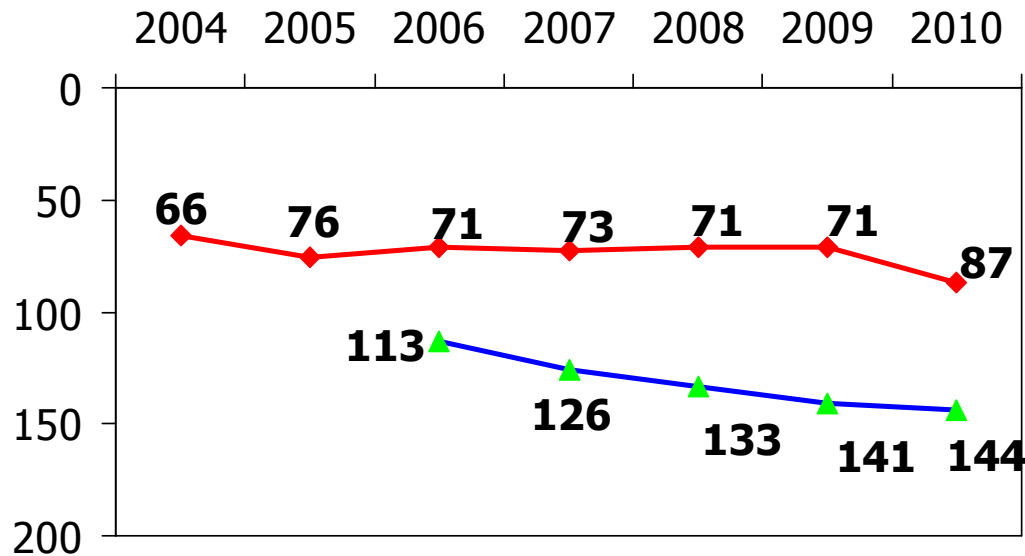
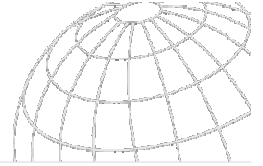
- Developing PPPD blue print: structures & processes ✓
- Approval by governors ✓/▶
- PPPD brand-building ▶
- Quick wins ▶
- Establish secretariats ✓/▶
- Strengthen working groups ▶
- Link with LBF ▶

## Full Ownership & Roll-out

- Lao ownership of central-level secretariat & support structures ▶
- Further strengthening of 'model' provinces ▶
- Expansion to other provinces ✓/▶



# gtz PPP in the Philippines: Driven by Dramatic Fall in Key Global Rankings



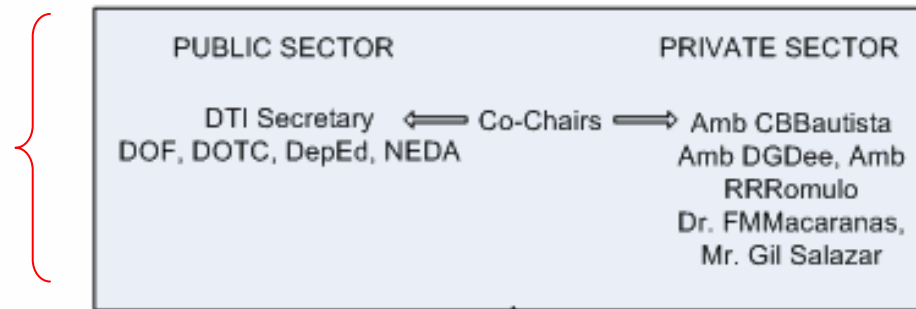
◆ Global Competitiveness Ranking  
▲ Doing Business Ranking

- Concerned about the fall in global competitiveness ranking, the President of the Philippines issued an Executive Order establishing the National Competitiveness Council in 2006 which has been tasked to...
  - Improve the rankings of the Philippines
  - From the bottom third to the top third in international competitiveness ranking reports

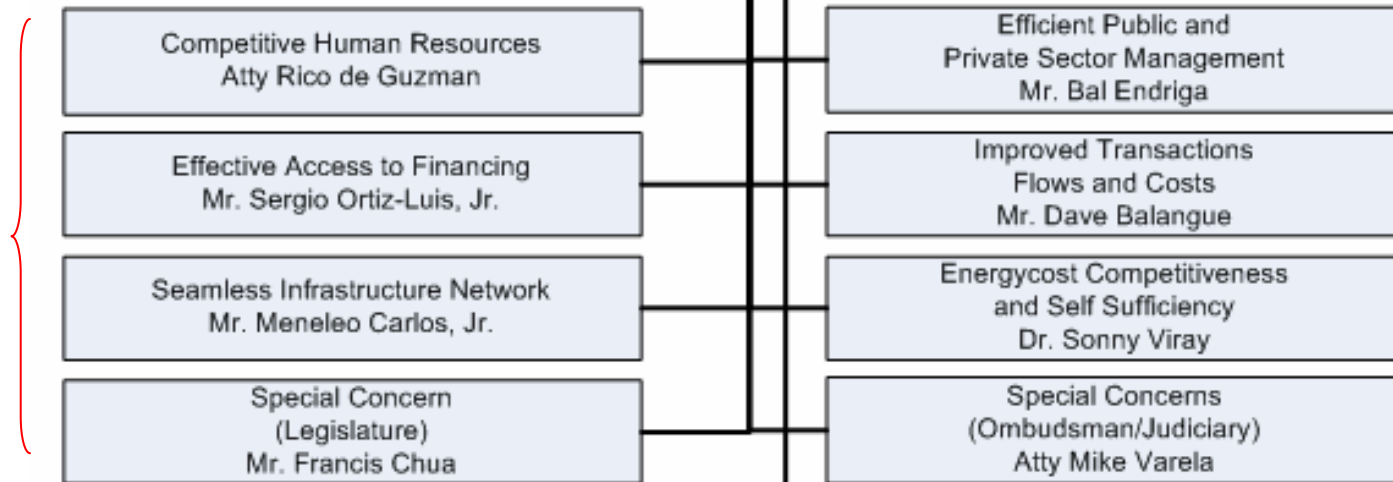
# gtz National Competitiveness Council – Structure for PPD



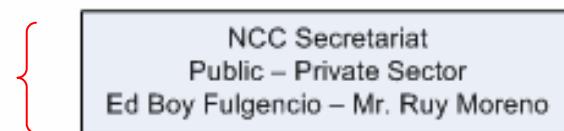
## Council Level

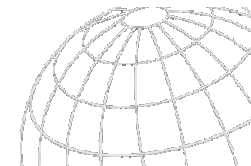


## Working Group level



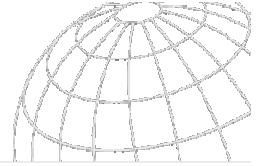
## Secretariat





The Action Agenda lists priority projects that need to be fast-tracked in order to achieve an improvement in ranking by 2010

Human Resources	(e.g. Skills mismatch in priority sectors)
Management	(e.g. World Class Cities)
Access to Finance	(e.g. Increase lending to MSMEs)
Transaction Costs and Flows	(e.g. Regulatory Reforms (immigration, customs, business registration))
Infrastructure	(e.g. Reducing the cost of exporting a container)
Energy	(e.g. Achieve "Real" Open Access to the Distribution Sector of the electricity industry)



## Consultation for the Action Plan

- Competitiveness summit and put the Department of Trade and Industry (DTI) at the helm of organizing the summit (300 delegates and organized in 2006).
- The DTI organized several pre-summit consultation workshops (bringing together 1000 people from various public and private sector stakeholders) which led to the drafting of the action agenda.
- The action agenda is a compilation of priority projects which the newly formed National Competitiveness Council was charged to oversee in its implementation

## PPD in the Working Group

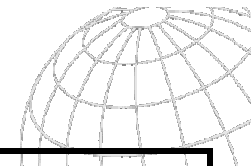
- Within the Working Groups, technical solutions, policy proposals, reforms and progress on implementation are discussed on these priority projects
- Working Groups vary in size, frequency of meetings, quality of the dialogue and their outputs
- Each Working Group has a champion who is instrumental in the dialogue process

**gtz**

*supported to  
some working  
group*

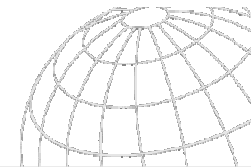


# gtz Major Results for the PPD Process



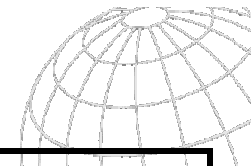
VIETNAM	LAOS	PHILIPPINES
<ul style="list-style-type: none"> <li>▪ Improved awareness about the benefits of PPD improved and has been institutionalized in some cases.</li> <li>▪ Private sector takes bolder and more professional initiatives in policy dialogues with the Government.</li> <li>▪ PPD have really improved the quality of regulations and its compliance</li> <li>▪ PPD is becoming less and less like a “monologue”</li> <li>▪ Ownership process was successfully transferred to the private sector in some cases.</li> <li>▪ Tools and methodology have been developed and disseminated.</li> <li>▪ On-line PPD is getting more and more popular.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strong central-level support for PPPD initiative based on increased mutual trust and understanding of benefits of PPPD</li> <li>▪ Demand for nationwide expansion by MPI: evidence of ownership</li> <li>▪ PPPD guideline disseminated</li> <li>▪ Trust-building between public and private sector through joint-activities, incl. planning, budgeting, implementation</li> <li>▪ Comprehensive PPPD branding/marketing strategy: high name recognition and support for PPPD initiative</li> <li>▪ Private sector consultation website in connection with economic crisis</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fast tracking of the implementation of the Visa upon Arrival for businessmen</li> <li>▪ Streamlining of Business Permits and Licensing Systems in Local Government Units (LGUs)</li> <li>▪ Easier entry and exit of immigrants with ACR i-card</li> <li>▪ Wide consultation with the private sector and the business community improved the awareness on the importance and benefit of talk.</li> </ul>

# gtz Key Challenges for the PPD Process



VIETNAM	LAOS	PHILIPPINES
<ul style="list-style-type: none"> <li>▪ Broad-based improvement in the quality of PPD remains a challenge.</li> <li>▪ The link between PPD at provincial and national levels is missing or weak</li> <li>▪ Business associations are weak and lack of capacity as policy advocate.</li> <li>▪ Though much improved, the mistrust between public and private sector remains.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lao ownership of central level secretariat</li> <li>▪ Linkage of national-level PPD (LBF) and provincial level PPPD</li> <li>▪ Degree of self-organization of private sector working groups and capacity of support structure of chamber of commerce (albeit improving)</li> <li>▪ Quality of issue papers by private sector</li> <li>▪ Sustainable financial support</li> <li>▪ Differing levels of reform-mindedness of public sector by province</li> </ul>	<ul style="list-style-type: none"> <li>▪ Few very influential individuals</li> <li>▪ Insufficient communication</li> <li>▪ Not enough links to sub-national PPDs or other national PPD initiatives</li> <li>▪ Greater commitment/ownership needed</li> <li>▪ Limited capacity of secretariat</li> <li>▪ Initiating and sustaining the consultation process at all levels also after 2010</li> <li>▪ PPD itself is not sufficient to improved national competitiveness ranking.</li> </ul>

# gtz Lessons Learnt for the PPD Process



VIETNAM	LAOS	PHILIPPINES
<ul style="list-style-type: none"> <li>▪ PPD a tool to build consensus</li> <li>▪ Emphasis on national ownership.</li> <li>▪ Stakeholders should be aware of the benefits from PPD.</li> <li>▪ Keep the stakeholders informed about the results of the process – make sure that local authorities to take actions after each PPD event.</li> <li>▪ Collective voices are important.</li> <li>▪ Methodology should be an important area of support (not only in terms of substance and content).</li> <li>▪ Identify the right dialogue partners..</li> <li>▪ Use the mass media.</li> <li>▪ Build trust between the private and public sector.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Despite importance of an overall blue print for PPPD, flexibility for different preferences proved important to get initial support</li> <li>▪ Political support by provincial authorities (governor) crucial</li> <li>▪ Sound problem analysis and action planning of private sector crucial</li> <li>▪ Locally recruited external support important, especially at provincial level</li> <li>▪ Pushy approach not fruitful in Lao context, a gradual approach with strong emphasis on mutual trust and cooperation yielded better results</li> </ul>	<ul style="list-style-type: none"> <li>▪ Start with technical solutions (setting up an M&amp;E system, funding a study)</li> <li>▪ Vertical approach --- focus on just one or two projects/issues and ensure linking with activities on the sub-national level</li> <li>▪ Dynamic working groups as success stories</li> <li>▪ Promote a culture of dialogue</li> <li>▪ Strengthen private sector organizations</li> <li>▪ Capitalize on champions for change</li> </ul>