Public-Private Dialogue for Competitive Economies

Keynote address

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Content

1. Diagnostics. Why we need PPD?
   - Role of governments
2. Personal experience in one particular country
3. PPD and EBRD
4. Way forward
Role of government

- Most of government policies designed to help the private sector impede its development
- Why governments can’t do much?
  - Low level of ability or competence
  - High level of corruption
  - Influence of special-interest groups
- How governments can help business?
How governments can help business?

Just get out of the way!
PPD: How to protect investors?

- What are businesses saying during private conversations?
  - They need us (EBRD/IFC) mainly not for financial contribution
  - They need protection from corrupted officials (“roof”)
- Why to protect only on “case by case” basis?
- What to do with “scary” smaller businesses?
- To build official “protection” institutions
  - Advocacy and lobbying groups (“Pressure groups”)
How to make reforms? Pressure groups

- To support reformers in the Governments
- How to help reformers?
  - To motivate and to ‘train’ private sector players
  - To mobilize parliaments (including training)
  - To get donors interested
  - To support/enforce the ‘fair play’ rules
- Finally: to strengthen (to train) the pressure groups
How to make reforms? Politics

- To support reformers in the Governments
  - We need a political support
- How to get politicians interested?
  - Personal political benefits
  - Communication with electorate (civil society)
  - Benefits for the country (employment, taxes)
How to lobby? Consultative councils

- To bring stakeholders together in one room on regular basis (consultative council)
  - governments (chairmanship with the country leadership)/limited other government participation
  - business associations, including foreign investors
  - donors
  - parliaments

- 16 meetings in 4 years
- Monitoring and enforcement
  - Government’s meetings (more than 50 meetings)
  - Efficiency of implementation: 1st year – 60%, 4th year – 80%
- 60 direct instructions of the Consultative council were executed

- Improvement of legislation
  - Drafted: 90 laws
  - Adopted: 55 laws, 24 normative acts, 47 legal amendments

- Average number of adopted documents per year
  - 1996 – 2000 – 38,6
  - 2001 – 2004 – 52,3
  - Legislation: 102 (adopted by a Council), 209 (total number adopted in the economic area)
  - Legislation coverage: 49 %

- Liberal visa regime for citizens of 26 countries
- The laws of the KR:
  - new Customs Code, new Tax Code
- Abolishing of 33 licenses
- Presidential Decree on moratorium for drafting and adopting legal acts, creating administrative barrier

- The concept for deregulation of economy was adopted
- Work related to revealing acts contradicting legislation on business activity (as of 01.09.05 - 93 protests, 18 notations, 3 warnings, 2 criminal cases)
- Auditing authorities of ministries and agencies (110 notations on resolutions on administrative infringement cases, 10 notations on eliminating law abuse)
- External marketing strategy of KR and regional FDI promotion programs were approved

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<th>In which of the directions did your association work?</th>
<th>2000</th>
<th>2002</th>
<th>2004</th>
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<td>1. Assuring rights to economic freedom</td>
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<td>7</td>
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<td>2. Deregulation of economy</td>
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<td>3. Regulating and evaluating conformity between business activity and its outcomes</td>
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<td>4. Tax policy</td>
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<td>5. Customs policy</td>
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<td>6. Policy of sectors</td>
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<td>7. Development of small size businesses</td>
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<td>8. Assuring access to information</td>
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Results of surveying 30 public associations (UNDP)
Amount is not always 30, since public associations operate in several directions

- Communication (bottom line estimations*):
  - Articles – about 320
  - TV programs – about 22
  - Press conferences – about 16
  - Interviews – about 63
  - Presentations at roundtables – about 54

* Actually the number of communication was much higher, since many were not simply fixed; it does not include information prepared by journalists independently.
Where are the risks? Lessons learned

- Lack of commitment from local stakeholders
  - Political risk (inability, unwillingness)
  - That is why we are not in all countries as yet
- Local capacity to run the secretariats
  - Professional, communication skills, networking
- Councils meetings. How to get them interesting?
  - Agenda: broad or sharp?
  - Meetings: boring or interesting?
  - Presentations: lecturing or interaction?
  - Composition: large or small?
Consultative councils and EBRD

- Bank has good reputation/must use it
- Agenda
  - Medium term (legislation, regulation)
  - Short term (implementation)
- The key goal: building the partnership within the council (building the ‘team’)
- Resources are needed to support secretariats of consultative councils
EBRD initiative

- Political will - Kyrgyz Republic, Mongolia, Tajikistan, Armenia
- Support of secretariats (4 countries/4 years)
  - Head, two economists, one lawyer, secretary
- Councils are operational in 3 countries (potential is in Armenia, Georgia and Moldova)
- Cooperation with IFC (Tajikistan) and other donors
The role of Resident Offices

- Setting up the programmes
  - To develop the councils’ agendas
  - To organize the working groups (with other donors)
  - To work with other donors and private sectors
- To help to the secretariat
- Training and monitoring
The role of HQ

- Advisory Board on PPD (endorsed by ExCom)
  - Regional Managing Director (Chairman), Country Directors, OCE, LTT

- Agenda
  - Update on progress and issues arising
  - Staff assigned (HQ/ROs)
  - Inputs needed from OCE/OGC (LTT)
Building the team

- Our mission – let’s be practical (‘win-win’)
  - Better investment climate – more investments
  - Nobody will lose
- Why we have chances?
  - Overall economic climates are favourable
- Success factors. Sustainability
- We should do it fast. But only together
Thank you