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

<table>
<thead>
<tr>
<th>Cambodia</th>
<th>Lao PDR</th>
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<td>Since 1999</td>
<td>Since 2005</td>
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<tr>
<td>15 Forums held</td>
<td>6th Forum</td>
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<td>Status as cabinet level meeting</td>
<td>Gradually becoming linked to Donor Roundtable process</td>
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<td>Chaired by Prime Minister</td>
<td>Usually Deputy Prime Minister</td>
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<td>$72.2 mil in savings</td>
<td>$2.7 mil in savings</td>
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<td>Sectoral/Cross-cutting Working Groups</td>
<td>Sectoral Working Groups</td>
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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 1\textsuperscript{st}, 2\textsuperscript{nd} and 4\textsuperscript{th}
- 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 recognizing 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 stakeholders
  - Ensuring technical and financial capacities
  - Consensus building among stakeholders

Levy, 2010
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