

GLOBAL PARTNERSHIP FOR EFFECTIVE DEVELOPMENT CO-OPERATION

INDICATOR 3 - MEASURING THE QUALITY OF PUBLIC-PRIVATE DIALOGUE AT COUNTRY LEVEL

Origins of Indicator 3

The Busan High Level Forum (2011) saw a broad recognition of the **private sector as a central driver for development, and placed great emphasis on the importance of inclusive dialogue** with the private sector for building a policy environment conducive to growth and sustainable development.

The Post-Busan Interim Group (PBIG) proposal endorsed at the final meeting of the Working Party on Aid Effectiveness (2012) set out that the **indicator on private sector engagement (Indicator 3) would focus specifically on the Busan commitment to: “Enable the participation of the private sector in the design and implementation of development policies and strategies to foster sustainable growth and poverty reduction”** (paragraph 32.b).

What does Indicator 3 measure?

The **quality of public-private dialogue (PPD) was established as a relevant proxy to capture private sector engagement in public policies**. By measuring the quality of processes for PPD, Indicator 3 constitutes a useful first step in strengthening private sector engagement and contribution to development. Indeed, good public-private dialogue leads to better reforms for private sector development, reforms lead to better enabling environment for business, which in turn leads to a stronger impact of the private sector on sustainable growth. The indicator is **complementary to existing indexes** which focus on development impact of private sector operations (e.g. the Global Competitiveness Index) or the business environment (e.g. the Doing Business Index).

What will Indicator 3 achieve?

The indicator aims at providing a **global snapshot** of progress in private sector engagement and contribution to development. It also provides a useful tool to **spark dialogue at country level between governments and private sector actors, together with development co-operation providers**, to identify **strengths as well as room for improvement in PPD**, with the ultimate aim of maximising private sector's contribution to sustainable growth and poverty reduction.

Indicator methodology: the Public Private Dialogue Country Profile

Methodology: Rather than aiming for a single indicator, the methodology builds on a PPD Country Profile, which provides, for a given country, an overview of the context for PPD and the assessment of one chosen dialogue platform, using the three following tools:

(1) **The Legal and regulatory context for PPD.** This tool assesses to what extent laws and regulations enable effective public-private dialogue, through a series of existing governance-related indicators (Open Budget Survey and World Wide Governance Indicators).

(2) **Country's readiness to host, create or sustain a dialogue process (the “PPD Diamond”).** This tool draws from a qualitative questionnaire assessing the potential for dialogue at country level. It provides information on the readiness and willingness of the private sector and the government to engage and interact, the championing of the dialogue process, and the availability of logistical, financing and capacity building instruments.

(3) **Organizational effectiveness of a given platform (the “Short PPD evaluation wheel”)**. This tool – a shortened version of the World Bank’s existing PPD evaluation wheel – draws from a qualitative questionnaire which assesses the organisational effectiveness of a selected PPD platform. It provides information on the platform’s mandate, structure and participation; facilitation and management; outputs; outreach and communication; monitoring and evaluation systems and degree of autonomy.

Process: The Joint Support Team is currently exploring options for a relevant and feasible process to monitor indicator 3 at country level during the second monitoring round. The objective would be to encourage data collection and validation through a multi-stakeholder dialogue coordinated by the country government, while at the same time allowing for flexibility in the process according to country context. As for other indicators of the GPEDC monitoring framework, the Joint Support Team would then be responsible for analysing and aggregating the collected data, and presenting the results and findings in the second Progress Report, which will inform discussions at the 2016 High-Level Meeting of the GPEDC.

Main steps in developing the proposed indicator

The methodology was developed in **close collaboration with the World Bank (2013-14)**, and refined on the basis of feedback received through a **series of consultations and piloting in 3 countries in early 2015** (Philippines, Ethiopia and Columbia).

The proposed approach was endorsed during the last **Steering Committee meeting** of the Global Partnership in January 2015. The Joint Support Team has since then been finalising the approach in consultation with stakeholders to identify practical options to operationalise the indicator into a sustainable tool that is useful to support dialogue and improvements at the country level and political snapshots at global level. **Latest consultations include:**

- **8th Public-Private Dialogue Workshop**, (10-13 March 2015): participants highlighted the relevance and usefulness of the tool to spark reflection on the quality of PPD at country level.
- meeting with the **Business and Industry Advisory Committee (BIAC)** of the OECD: in view of supporting engagement and participation in the assessment of this indicator ahead of and during the second monitoring round, business stakeholders (in particular **CIPE**) shared keen interest to reach out to country level through existing networks. The Joint Support Team will build on this feedback to further explore options to operationalise the tool.
- The Joint Support Team is currently seeking **country-level feedback** on options for operationalisation.

Next steps:

1st semester 2015: finalising the indicator ahead of the next Steering Committee meeting (Sept. 2015)

2015-2016: monitoring indicator 3 in interested countries during the 2nd monitoring round of the GPEDC.