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Literature Review of Best Practices in Designing and Conducting Public-Private Dialogues (PPDs) in Sub-Saharan Africa (with an emphasis on fertilizer PPDs)

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LIST OF ACRONYMS

ACT	Agricultural Council of Tanzania
AFAP	African Fertilizer and Agribusiness Partnership
AGRA	Alliance for a Green Revolution in Africa
AMOFERT	Mozambican Association for the Promotion of Fertilizers
BOCCIM	Botswana Confederation of Commerce Industry and Manpower
CEO	Chief Executive Officer
CIPE	Centre for International Private Enterprises
DfID	Department for International Development
DNSA	Mozambique National Directorate of Agrarian Services
ECCSA	Ethiopian Chamber of Commerce and Sectoral Associations
EPPCF	Ethiopian Public Private Consultative Forum
ETG	Export Trading Group
GDP	Gross Domestic Product
GiZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HLCC	High Level Consultative Council
IFDC	International Fertilizer Development Center
IIAM	Mozambique Institute of Agricultural Research
MCCCI	Malawi Confederation of Chambers of Commerce and Industry
MTI	Ministry of Trade and Industry
NAG	National Action Group
NBC	National Business Conference
NIE	New Institutional Economics
OECD	Organization for Economic Co-operation and Development
PDDs	Public Private Dialogues
PSF	Private Sector Federation
RPPD	Rwanda Public Private Dialog
SAPs	Structural Adjustment programs
SMEs	Small Medium Enterprises
TAHA	Tanzanian Horticultural Association
Uk	United Kingdom
UNACOIS	l'Union Nationale des Commerçants et Industriels du Senegal
USAID/SPEED	United States Agency for International Development/ Support Program for Economic and Enterprise Development
VAT	Value Added Tax

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1.0: INTRODUCTION

1.1 BACKGROUND

One of the key frontiers of development today is collaboration between the public and private sectors. Over the years the development community has oscillated between the primacy of government versus the primacy of markets and the private sector. The traditional approach of the development community has been to support and finance governments since governments play a significant role in setting the tone for and pace of economic development as well as providing key public services to the country. But it has become clear that while some governments in developing countries have achieved good outcomes others have not. Concurrently, development policy has also gone through periods where markets and the private sector were considered to be panaceas, particularly in the 1980s with the so-called Washington Consensus, the rationale being that the private sector plays a dominant role in providing investments and jobs in many developing countries. However, unrestrained reliance on the private sector also turned out not to be the “magic bullet” as it sometimes leads to predatory behaviour as manifested in negative impacts on the environment, labor standards and corruption. Consequently, the development community has come to have a more balanced and nuanced view of the complementary roles of the public and private sectors. It has come to view the public (the state) and private (the market) sectors as complementary not contradictory, recognizing that both are needed to effect the desired development outcomes. One notable consequence is that donors and their recipient governments are increasingly showing enthusiasm for dialogue between the public and private sectors and interest in public-private dialogue (PPD) has begun to grow. (Pinaud, 2007)

Interaction between government and the private sector was largely studied by economic and political scientists in the 1970s and 1980s in terms of rent-seeking, collusion and corruption. However, analysis in the early 1990s of the conditions and factors in the success of some Southeast Asian economies helped challenge this vision, by pointing to the role of the state in the economy and the scope for fruitful interaction between political elites, bureaucracy and the private sector. The growing influence of civil society stakeholders (consumers, private entrepreneurs, employees, citizens, community groups, etc.) in industrialized as well as developing countries has supported this trend. In this context, calls for consultation in drafting government policies have become more prevalent. It is now generally accepted that the participation of civil society in designing public policy is critical if the government is to improve the transparency, quality and effectiveness of their policies, thereby consolidating their legitimacy. In this context, public-private dialogue (PPD), that is, consultation between firms and government is increasingly advocated as a way of improving government policies in

developing countries hence creating a conducive business environment. In order to create the “level playing field” policymakers need to truly understand the potential impact of their actions on all types of businesses. By listening and negotiating compromises governments can learn about the local private sector’s problems and adjust their policies to ensure the sector’s growth and development. Similarly, private firms and the business community who are the backbone of the creation of wealth for the nation, obviously have an interest in being involved in economic policymaking. By engaging in dialogue with the government firms have an opportunity to become involved in the design and implementation of policies relating to economic strategy thus fostering a good business climate to help their operations.

Accordingly, OECD (2005) states that “the objectives of PPDs include building trust and bridging gaps and laying the foundation for joint problem analysis and identification of policies and institutional reforms that contribute to a more conducive environment for private sector development (Pinaud, 2007). Nevertheless, PPD is not a panacea. Its benefits have sometimes been overestimated and its risks downplayed. Efforts to use and promote it to address issues of governance and private sector development have sometimes led to misjudging the conditions needed for creating sound and fruitful PPDs that results in a genuine improvement in the business climate. PPD is a complex transaction that involves substantial transaction costs and asymmetries of information and if it is not handled well it can end up benefiting a few in government and/or the private sector rather than yielding the expected fruit of a successful PPD, namely, the production of public goods such as economic policies that increase national wealth (Pinaud, 2007).

This document presents the results of a review of the relevant literature on public private dialogue in various economic sectors in SSA with an emphasis on fertilizer PPDs. The review covers how PPDs in SSA are being structured and implemented, and the impact on the business environment. It then distills some good practices, particularly for fertilizer PPDs in SSA. This is the fully extent of this literature review; it does not cover Advocacy and Communication and monitoring and evaluation of PPDs is also beyond the purview of this review.

This paper is organized as follows: The next section provides a general overview of PPDs: what it is (definition); when to use it; the structure of PPDs; how to make it work (what are the prerequisites for a successful PPD?); the benefits of PPDs (why do stakeholders decide to do a PPD); and challenges in organizing and convening PPDs. Section 3 provides a review of PPDs in various sectors at the country level in SSA and it also provides examples of fertilizer specific PPDs in SSA. Section 4 presents the lessons learned from the literature on good practices in PPDs in SSA and Section 5 makes recommendations for good practices for PPDs in the fertilizer sub-sector in SSA.

2.0 PUBLIC-PRIVATE DIALOGUE-AN OVERVIEW

2.1 WHAT IS PUBLIC-PRIVATE DIALOGUE¹

The World Bank² defines PPDs as “structured mechanisms, anchored at the highest practical level, coordinated by a light secretariat, and aimed at facilitating the discovery process by involving a balanced range of public and private sector actors in identifying, filtering, accelerating, implementing and measuring actions and reforms that tend to improve issues of matter to the stakeholders”.

Pinaud (2007) defines PPDs to include all forms of interaction between the state and the private sector relating to the design of public policies: improving the business climate, short-term macroeconomic policy, medium- and long-term development strategy, sector regulation and so forth. This interaction can be institutionalized to various degrees, and includes: investment councils advising the government; formal discussion forums bringing together civil servants and business people; and informal social networks that include senior government officials, political decision-makers and leading business figures. Andersen *et al.* (2017) cite a simpler definition: PPD can be described as the act of public and private stakeholders coming together to define and analyse problems, discuss and agree on specific reforms and then working to ensure that these ideas become a reality.³

Other definitions are as follows: public-private dialogue is a form of collaborative governance where one or more public agencies directly engage non-state stakeholders in a collective decision-making process that is formal, consensus-oriented and deliberative and that aims to make or implement public policy or manage public programs or assets.⁴ It is a consultation between firms and governments as a way of improving government policies. PPD refers to the structured interaction between the public and private sectors in promoting the right conditions for private sector development, improvements in the business climate and poverty reduction

¹ PPD is linked to but is not public-private partnerships. The latter refers to public-private collaboration for the implementation of government policies whereby the financial (most foreign) investments of the private sector complement government investments. While this type of private sector involvement is often key to the successful implementation of government policies to develop, for example, the energy, water and transport sectors, they have only been partially successful in SSA. This is an indication that public-private contracts of this kind require prior in-depth dialogue between government and private operators that goes beyond purely legal aspects. (Pinaud, 2007)

² Benjamin Herzberg, World Bank Group, notes from his PowerPoint presentation on PPD Forum. “Good practices in PPD” www.youtube.com

³ Advocacy on the other hand refers to the act of influencing, or attempting to influence, the way that someone else thinks about, and acts on, an issue.

⁴ PPD can also be initiated by non-state stakeholders.

(Andersen *et al.*, 2017). It is essentially a “discovery mechanism” to discover the reforms that are required to improve the economy, that is, what decisions need to be taken by the public and private sector to improve that sector or that part of the value chain.⁵

Joint participation of the public and private sectors in policy making leads to better policies that are properly executed leading to successful outcomes. Governments that listen to the private sector are more likely to design credible reforms and win support for their policies. Reforms that are designed through PPD are better conceived and more effectively implemented because they arise from increased mutual understanding between government and the business community (Andersen *et al.*, 2017).

According to Pinaud (2007), dialogue between government and non-governmental (private) economic stakeholders must also be considered to be an institution, as understood by “New Institutional Economics” (NIE) as it defines some of the rules of the game governing the interaction between the private sector and the state. These rules are both formal (dialogue procedures) and substantive (agreements and commitments). From this point of view, PPD is a coordinating mechanism consisting of an exchange system based on the possibility of mutual gains, as opposed to means of co-ordination based on a threat system or an integrative system. It is also a platform for interaction between state and private sector and is hence an organization (which can be very informal or much institutionalized). Since PPD is both an institution and an organization, it can lead to transparency and trust between stakeholders enabling market failures usually identified by neo-institutional authors to be overcome and both parties then stand to gain.

2.2 WHEN TO USE PUBLIC-PRIVATE DIALOGUES

The will by governments to engage in dialogue with the private sector reflects a continuing global move towards democratization and the changing nature and level of most states’ intervention in private sector development. In order to create the “level playing field” increasingly called for by the private sector in developing countries and by development practitioners, policy makers need to truly understand the potential impact of their actions on all types of business.

Sectors are often ridden with governance issues. The following are prerequisites in order for a sector to develop correctly: strong correlation between actors; strong and fair regulation;

⁵ In the case of the fertilizer sub-sector this would involve decisions regarding: which fertilizers should be used and why? What type of extension support is required? What are the financial needs of market actors, how are they currently being met and what reforms are required to improve access to finance in the fertilizer value chain? What reforms are required to hasten registration of businesses?

transactions for which the public and private sector are accountable; good information flows between the different market actors and the regulators. These mirror a number of *governance issues* such as inclusiveness, transparency, fairness, accountability. These may not all be present in a particular sector due to distorted incentives, absence of open and effective channels of communication, and unlevelled playing field where some market players benefit from ties to public servants. Hence, it is important to put a process together that is fair, transparent and effective so that government and private companies have a reliable vehicle for two-way communication. In this context, PPDs function as a two-way street: i) they are a way to provide private sector input to government policies; ii) they are a way for the government to help focus private sector investment where it is most needed, or in other words, an opportunity to provide government input to private sector investment making decisions. Secondly, by prioritizing inclusivity PPDs ensure that the biggest companies do not have the biggest voice and most influence with the government when it comes to policy formulation and implementation⁶.

PPD then is one of the tools in the state's toolbox which it can use to change the private sector's perception of it, gain credibility and establish a reputation for favouring private sector development. This is important because, as is the case in many developing countries, African governments lack credibility with both the local and foreign private sector especially where commitments over time are concerned. This problem of inconsistency or instability in policy decisions results in high transaction costs in the interactions between the government and the private sector. The impact of government policies is reduced because the private sector is cautious or systematically adopts avoidance behaviour (tax evasion, lawbreaking, bribing government officials, capital flight) or at the very least protective measures to minimize any damage. Furthermore, business activity is negatively affected because government policy cannot be sufficiently predicted, a stable business climate is lacking, and time horizons are shortened. Studies by Borner *et al.* (1995) have found that government credibility with business is, more than any other political variable, a statistically strong measure of economic performance (based on growth) in developing countries. Establishing credibility and trust with a naturally sceptical private sector is a challenge for governments which must therefore send strong signals if they want the private sector to believe they are sincere (Pinaud, 2007).

Secondly, dialogue is also a way for the private sector to press a government not only into improving its own performance and record of reform, but also into creating a better and more transparent business climate and intervening in areas of serious market failures. Third, engaging in PPD represents a move towards a collective process which recognizes that policymakers and their professional advisers do not have a monopoly on perspective,

⁶ Source: Benjamin Herzberg, World Bank Group, notes from his PowerPoint presentation on PPD Forum. "Good practices in PPD" www.youtube.com

understanding, knowledge and wisdom. Having said this, it must be kept in mind that they still have to retain the responsibility for the resulting policy and its implementation, and they will still be judged by their electorate.

PPD is useful at all four main stages of policy reform: assessing and agreeing on problems; designing and legislating solutions; implementing reforms; and monitoring/evaluating the impact of reform. The earlier government brings private stakeholders into consultation, the better. However, the private sector also has a key role in the latter stages of reform. Private participation can speed changes, ensuring rapid uptake of new processes and promote greater efficiency in new administrative regimes. Neglect of private participation during implementation can derail promising initiatives. Conversely, involvement of the private sector in the policy reform process and assigning it a prominent role in implementation can yield outstanding results. For example, in 2004, the Entebbe Municipal Council in Uganda increased the effectiveness of its business licensing reforms by subcontracting a private enterprise to implement the new system. The combination of the simplified procedures (developed through PPD) and the performance-based contract enabled licensing times to be reduced from 2 days to 30 minutes. Firms responded to the new, business-friendly system, with licensing revenues increasing 40 percent, numbers increasing 43 percent and compliance costs reduced by an estimated 75 percent. In addition, the government reduced its own administrative costs by 25 percent through this out-sourcing. Streamlined business licensing in Entebbe won the Africa Investor 2004 award for “Smart Regulation”⁷.

2.3 STRUCTURE OF PUBLIC-PRIVATE DIALOGUES

When it comes to public-private policy dialogue no one size fits all. It can be: structured or ad hoc; conducted at national or sub-national level; public sector or private sector driven; third-party brokered or locally driven; focused on broad economy-wide issues, sector specific or topic specific; a permanent institution versus a temporary initiative; have multiple goals versus a specific goal; and many actors versus a few actors. But regardless of its particular form or focus a successful PPD must have the following characteristics: a) rely on common principles such as transparency, inclusiveness, and evidence-based discussion; b) rely on the commitment and capacity of the key stakeholders, namely, government and the business community.

As a process PPD typically takes an institutionalized form of interaction through business councils and other formal meetings and discussion forums. There is no strict formula but PPDs vary in area of coverage, scope, leadership, focus, timeframe, and participants. What they have in common is giving formal structure and expression to the common desire of business and

⁷ Ibid

governments to create conditions in which the private sector can flourish (Andersen *et al.*, 2017).

Leaders from government and the private sector are champions and the custodians of the PPD process. Markets and states, the public and private sector are complementary not contradictory and both are needed to accelerate development outcomes. Underpinning this are new complementary roles of the public and private sectors. The public sector needs to transform from provider to enabler, catalyst, facilitator and partner of the private sector and development. This requires a significant mind shift of public officials in many countries, particularly in sub-Saharan Africa. Equally important, the role of the private sector is also evolving. The traditional paradigm of capitalism envisaged companies as optimizing short-term profit in a bubble, while ignoring the most important societal problems that are vital for their long-term success. The new paradigm of capitalism is “shared value” whereby both the private sector and the community benefit. The private sector with all its entrepreneurship and resources cannot solve these development challenges alone hence the shared value approached which requires collective action across multiple stakeholders⁸.

2.4 POTENTIAL BENEFITS OF PUBLIC-PRIVATE DIALOGUE: WHY DO STAKEHOLDERS DECIDE TO DO A PUBLIC-PRIVATE DIALOGUE?

Effective legal and regulatory reforms are key to improving governance and creating a business environment that is conducive to economic growth and shared prosperity. Yet in many countries in SSA passing and implementing new laws and regulations remains a top-down process that receives little input from stakeholders who are directly affected. Policy reforms often remain on paper since they lack broader ownership and support. In order to make the reform process more transparent, accountable and fruitful governments need to involve various segments of the society in the reform process. That involvement is particularly crucial when it comes to the private sector organizations given that they represent the broader business community – the backbone of economic growth. This is the key benefit of PPDs; it provides a platform for the regular and structured participation of public and private sectors in evidence-based policy making resulting in better policies, enhanced execution and successful outcomes⁹.

PPD can also be a way of defining (and hence *curbing*) the state’s role in the economy according to the principle of subsidiarity: that is, only allowing the government to do what the private

⁸ This term was coined by Harvard Professor Michael Porter

⁹ Source: Best practices in designing, conducting and evaluating PPDs with some examples of approaches of what works and why, some experiences and lessons learned. See 7th PPD Global Workshop Proceedings

sector cannot do effectively. Counter to the claims of welfare economics¹⁰, the state is not omniscient, necessarily benevolent, or better informed than individuals (especially about people's preferences), nor is it better at defining their property rights or more efficient at managing its administrative overheads than the private sector.

2.5 PREREQUISITES FOR A SUCCESSFUL PUBLIC-PRIVATE DIALOGUE

While the potential benefits of PPD are considerable the risks involved are just as great. Most PPDs have substantial transaction costs, conflicts of interest and asymmetry of information between or among actors. Many dialogue initiatives never deliver as intended due to lack of ownership and commitment by one side and dialogue being captured by narrow interest groups. The possibility that PPD can become a screen for corruption, collusion and seeking of self-interest by bureaucratic sectors, political circles and the private sector must not be ignored. Furthermore, engineering PPDs is not a straightforward or easy process. Local stakeholders and development partners have often underestimated the difficulties encountered when government and the private sector are brought together to talk let alone negotiate without adequate preparation and have overestimated their capacity to reach a meaningful consensus (Andersen *et al.*, 2017; Pinaud, 2007) Therefore, it is necessary to define clearly the conditions under which dialogue can be implemented. Certain institutional conditions must be satisfied before PPD begins especially minimum bureaucratic standards and a minimum of level maturity in the local private sector (Pinaud, 2007). The success factors for effective PPD initiatives as identified in the literature are as follows (Andersen *et al.*, 2017).

Hosted by the Government - PPD needs a host institution. This host generally should be a government body, as government makes policy. The host must create a forum where frank discussion and knowledge-sharing is encouraged, a "neutral space". Champions from both the public and the private sector must drive the dialogue, promoting the idea, investing time and effort in it, and giving PPD credibility, expertise and publicity (Bannock *et al*)

Investment of own resources - The best PPD participants take ownership of the process – institutions volunteering their own resources to support PPD are more likely to useful participants than institutions which join PPD only if compensated somehow (Bannock *et al*).

¹⁰ The state is far from infallible and omniscient, a notion contrasting sharply with the "welfare economics" paradigm that was prevalent for a long time in the 1950s-1970s regarding state intervention in the economy Welfare economics implied that in the case of market failures "the state has all relevant information for social-welfare-maximizing intervention and able to achieve what it sets out to do." However, the serious limits on the effectiveness of public intervention (government failures) with particular reference to the limited ability of governments to identify market failures and remedy them is now well recognized among scholars and development practitioners. Many governments in SSA are also realising the advantages of interaction with the private sector and the potential for mutual learning.

Availability of credible champions – champions with the interests of the country at heart must take ownership of the dialogue process and drive it forward. These champions must come from both the public and private sector otherwise it will be difficult to sustain PPD and achieve reforms. Champions from the public sector must have sufficient authority and be sufficiently engaged. Business champions must be independent and recognized by the broader business community as qualified to speak on its behalf. Above all there must be core leadership groups mobilizing and coordinating participation to avoid overdependence on individuals (Herzberg and Wright, 2006). Backing the right champions is the most important part of outside support to PPD. PPD can overcome other obstacles (government resistance to change, private sector lack of organization/capacity, resource shortages (logistical facilities, funds) – but it can be derailed by bad champions. Furthermore, a strong government champion might compensate for a weak private champion, but it is difficult to overcome the absence of a strong and effective government driver for change (Bannock *et al*)

Existence of a structured and representative private sector – existence of a private sector that is structured into representative professional associations and that sees dialogue with the government not mainly as a rent-seeking device but as a way of building a transparent and positive business environment is an essential prerequisite for dialogue. A private sector that has the capacity to successfully advocate for policy reforms is also important for the successful outcomes of PPDs. Governments are not interested in holding discussions with a private sector that is weak, fragmented, disorganized and lacking in analytical capacity.

Capacity of public and private sector to engage in constructive dialogue – To be able to have effective dialogue and reach agreement both the public and private sector need to understand what dialogues mean and the techniques necessary for undertaking dialogues. Dialogues are more successful and easier to undertake if participants have undergone training in dialogue and advocacy. There is need to build the capacity of public and private sectors concerning the prerequisites, techniques, tools and importance of dialogue and advocacy initiatives as tools for inclusive decision-making.

Good relationship built on trust, respect and transparency – if there is an existing good relationship players in the industry find it easier to work together with the common goal of sector development. Trust is strengthened when each side stops blaming and starts looking for solutions when problems arise.

Readiness of stakeholders to move from discussion to implementation – the readiness of both public and private stakeholders to implement what has been discussed and agreed on in the dialogues is an important motivation for sustaining the dialogue. This happens when government leaders, particularly at the level where the decision must be implemented e.g. at

the local level, are serious about implementing decisions made at the meetings, and are proactive in following up these decisions. To this end any agreement made in the previous dialogues should be implemented to increase trust and energize public and private sector players.

Availability of research funds - funds should be available to carry out research on issues that need a solution and the research findings and recommendations have to be credible so the public sector will take notice and take action. Research also increases the ability of the private sector to identify matters and back them up with scientific findings so that when these issues are presented in the dialogues they become more of a win-win situation rather than one party benefiting.

2.6 CHALLENGES TO SUCCESSFUL PUBLI-PRIVATE DIALOGUES

There are a number of challenges to the establishment of meaningful dialogue between the government and the private sector in SSA. These include financial and human capacity limitations, corruption and conflict of interest.

The duality of the private sector in many countries in SSA also poses a challenge for constructive PPD. On the one hand much of the economy is very fragmented, poorly organized, often informal and without influence on the government. On the other hand, the formal sector consists of a few powerful sub-sectors organized in very influential pressure groups which are able to keep their professional associations united opposite the government. They are able to organize themselves quickly for collective action on policy issues and the benefits of this collective action goes to this small number of firms, and hence they become selective benefits and not public goods. In such circumstances, PPD is at risk of being monopolized by an extremely small group of powerful lobbies that are often in control of key national resources and have crucial influence on government policy. Dialogue will then amount to little more than a means of extracting rents, blocking reforms, and maintaining the status quo. Then far from strengthening democratic decision-making, PPD is likely to increase the power of existing elites and of groups and individuals that already exercise a strong influence on government policy making.

Another challenge facing both public and private organizations is the shortage of funds to facilitate the dialogue platforms. The limited capacity of PSOs to engage with the state due to limited financial and human resources does not help the efforts to promote PPDs. Another challenge is the different cultures and differences in ideology and in how systems works between the public and private sector – both the private sector and government have their

norms and culture and they differ in ideology and the way their systems act. They both find it difficult to match their systems to each other.

Incompetent personnel and negative perceptions on the value of dialogue among the public sector are additional challenges. Lack of competence in the sectoral matters by the personnel in some public offices hinders development plans and activities. Often public representatives in the dialogue have little knowledge of the subjects being discussed, they do not know what specific matters to present in the dialogues, how to present them and whom to address. There is a general feeling among actors in the private sector that some senior officials do not prioritize PPD, making it ineffective. Most high-profile government officials avoid PPD forums and send junior officials to represent them instead, who often lack the confidence to handle the matters addressed in the platform and who are not decision-makers and so cannot respond to any matters addressed thus causing the PPD to be fruitless. Sometimes when the government calls a meeting with the private sector they end up discussing an agenda that is different from the one in the invitation letter. Sometimes in many stakeholders' meetings the government does not come with facts but uses mere words to force an agreement between the two sides. Another challenge is lack of continuity in the dialogue; often there are no minutes of previous meetings between government representatives and the private sector to refer to therefore issues are discussed blindly all the time as if they have never been mentioned or agreed to at any previous meeting.

Frequent change of leadership within the Ministries and/or relevant public sector offices is another barrier emanating from the public sector to most of the strategies and matters raised in the dialogues. Frequent changes result in slow or no implementation at all of some decisions, as the new leaders need time to become familiar with on-going matters in the sector and those that have been decided on. In some dialogues, the public sector may reach decisions that cannot be changed or "no discussion" decisions. Frequent changes in decision makers (such as directors or permanent secretaries) leads to having people who do not value dialogue or understand dialogues or how they are conducted and so they feel uncomfortable engaging in them or they adopt a defensive strategy.

Then there are also challenges that are peculiar to the private sector. It is difficult to bring the private sector into policy dialogue in countries where the private sector is immature, subsistence, struggling SMEs, and may have trade association but they are struggling, barely existent, and with a weak membership base that cannot pay dues. However, a key reason the private sector has difficulty organizing itself in order to provide input to policy design and implementation is because of the "free rider" problem: this refers to the difficulty of persuading people to join and contribute to a particular interest group when the benefits accrue to members and non-members alike. That is, individual participation in professional

associations while logical is unlikely because each person would be tempted to become a free rider, thus benefiting from any collective action taken towards policy reform without taking part in it and without helping to pay for it. Hence attempts to organize the private sector to take collective action on policy reform may run into the indifference of the private sector stakeholders if the stakes involved and the benefits produced are too great and are seen as public goods. If no serious political or social emergency demands dialogue and cooperation between state and the private sector then it may be difficult to organize the private sector to rally. However, if there is a crisis the private benefits to a policy reform may motivate individual firms to participate in dialogue with the government even if their work brings substantial benefit to others. But otherwise, in the absence of crisis, “free rider” problems may limit participation or sustainability (Pinaud, 2007).

3.0 EXAMPLES OF PUBLIC-PRIVATE DIALOGUES IN SUB-SAHARAN AFRICA

In many countries in sub-Saharan Africa public-private dialogue or PPD is a relatively recent phenomenon. The majority of these countries come from a past where policy, including agriculture policy, was driven purely by the public sector. With the liberalization and privatization of economies in SSA in the 1990s, governments slowly began to recognize the private sector as the engine of economic growth and hence government dialogue with the private sector began to develop gradually.

Several PPD initiatives ranging from the national, sub-national, sub-sectoral and local levels exist in SSA. There are many multi-stakeholder platforms where the private sector interacts with the public sector at these various levels on matters relating to the business environment in various sectors: agriculture, tourism, financial services, energy, etc. Through these mechanisms the government engages with private companies in their respective economic sectors to create and sustain an enabling environment and level playing field. This section will present and discuss some of these PPDs in SSA, both in general and then it will narrow in and focus on fertilizer PPDs in order to distil some key lessons for PPD in the fertilizer sector in SSA.

3.1 GENERAL PUBLIC-PRIVATE DIALOGUES IN SUB-SAHARAN AFRICA

3.1.1 Example 1: Public-Private Dialogue in Botswana¹¹

Since its independence in 1966 Botswana has adhered to democratic principles and a culture of consultation. The private sector began to emerge in earnest in the early 1970s and due to the deliberate government policy of involving citizens in economic development processes many

¹¹ Elias M. Dewah (2007). “The Practice of Public Policy Dialog in Botswana, 1988 – 2007,” Reform Case Study No. 0708 November 2 20017, Center for International Private Enterprise.

small-scale, citizen-owned companies were established particularly in the manufacturing and service sectors many with financial assistance from the government. Concurrently and in a parallel manner, many of the large and medium-sized firms, which were mainly foreign-owned and multinational, formed a private sector business organization, which is today known as the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM). The objective was to build an organization that could become an influential private sector voice in public policy formation. Eventually small businesses joined BOCCIM and today, 80% of BOCCIM's members are small businesses.

There was a division of opinion among BOCCIM members and society in general regarding the role government should play in supporting business. Small businesses in particular blamed their business struggles and challenges on lack of clear government policy on citizen economic empowerment. Some policymakers supported this idea that government should be accountable and responsible for the success of small businesses while others were of the view that the success of small businesses should be based on the strength of their business management skills, their productivity and their competitiveness. Amidst all of this, the general view of the private sector was that in order to build bridges between these various opinions there was a need for closer cooperation and policy dialogue between government and the private sector.

PPD between the government and private sector in Botswana started in 1988 when BOCCIM organized the first National Business Conference (NBC). The objective was to ensure that the interests of the business sector were catered for in economic policy formulation so that businesses could grow and prosper and create wealth for the country. The conference made over 50 recommendations to the government aimed at reducing bottlenecks to doing business. A key outcome of the conference was the call by the private sector for the establishment of a formal High-Level Consultative Council (HLCC): a forum which would be chaired by the President of Botswana and through which the government and private sector would sit face-to-face to discuss and resolve economic issues and policies that constrained the growth and development of the economy. The government bureaucrats viewed this idea as an infringement on the privileged position of civil servants to "speak wisdom" to the head of state and it was also seen as a scheme by the private sector to weaken the power of government officials and endanger their job security. Nevertheless, BOCCIM persisted and at every successive biennial NBC the call was repeated. In 1994, after six years, the government finally agreed to the establishment of the HLCC.

The NBC is a biennial event organized by the private sector and co-financed by the private sector (80%) and the government (20%). Each conference lasts three days and participants compile a number of implementable resolutions. The resolutions are presented to the

President and after intensive review those found to be acceptable and implementable are distributed to relevant government ministries and departments for follow-up and implementation. The HLCC monitors the progress of implementation and at every NBC the BOCCIM gives an implementation report.

The implementation of conference resolutions since 1988 has been impressive, at a rate of 80% effectiveness. This high implementation rate is a reflection of the seriousness with which government and the private sector take the NBC. Most NBCs have been officially opened by the President. Keynote speakers are typically global experts.

In terms of results, the NBC has addressed and resolved an impressive series of issues raised by the private sector since its inception in 1988 including: abolishment of price and exchange rates controls; reduction of sales, individual and corporate taxes; codes of conduct were produced to combat corruption; and the establishment of a privatization agency which is fully operational.

A good practice from Botswana that the first step in preparing the private sector for effective participation in PPD is to ensure acceptance by the government, i.e. satisfy the following criteria: it must be representative of members of the sector; its leaders must be knowledgeable about key issues affecting the economy and have integrity; the organization must be non-partisan; issues put forward for discussion with government must be well-researched and constructively articulated by those most qualified to do so; and the issues put forward must show some form of national patriotism; that is, the private sector must show that it has the good of the government and by extension the country at heart, not just its own interests.

3.1.2 Example 2: Malawi Private Sector Association – Public-Private Dialogue in Malawi¹²

Malawi became independent in 1964 from Britain and was a one-party state until 1994 when a multiparty political system was established. Therefore, conducting a meaningful structured PPD only became possible after 1994. In the late 1990s the private sector via the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) mooted the idea of a Business Council based on models practiced in other developing countries, most notably Botswana and Malaysia. The proposed set up was as follows: a) the Business Council was to be a high-level platform where issues related to the economy and business were to be discussed and decisions taken; b) meetings were to be held twice a year and attended by the President, cabinet ministers, chairpersons of Parliamentary committees, and senior members of the private sector. However, the proposal was turned down by government because of proposed co-chairmanship between the President and a senior private sector executive. Instead the

¹² Karl Chokotho, Hope Chavula, Esther Mwimba. (2017). "Malawi/Private Sector Association: Public Private Dialog in Malawi." Presented at the Public-Private Dialog 2017 Workshop, Tunis, May 9 – 11, 2017.

Government set up three alternatives which were not accepted by stakeholders as they failed to serve the objectives for which they were set. Overall, the general view of the private sector was the consultation did not adequately influence decision-making because ultimately the government still proceeded with what it felt was right despite proven evidence to the contrary.

Consequently, a new body – the National Action Group or NAG – was established in 2000 comprised of senior private sector executives, representatives of the donor community, and heads of government agencies that serve the business community, and it later included some Ministers. NAG succeeded in bringing a number of critical issues up for discussion with decision-makers which had not been done before and therefore it had a number of achievements, as follows: it influenced change in a number of business related laws; it brought to the government's attention to issues related to poor governance and its consequences for the economy and the private sector; it managed to influence the content of the national budget; it brought together a number of business associations and professional bodies to the same table; and it managed to ensure the presence of cabinet ministers at all meetings. Nevertheless, NAG faced a number of challenges. First, it was not membership based so the choice of who was to attend meetings was seen as arbitrary which affected its credibility. Second, it was funded by DfID for a limited period only which brought its sustainability into question. As a result the government and the private sector agreed to continue with the dialogue process but under a different structure with capacity to sustain the dialogue, namely the Public Private Dialog (PPD) Forum. The Malawi Confederation of Chambers of Commerce and Industry was chosen as the Secretariat because of its membership structure and therefore credibility.

The goal of the PPD Forum is to establish a vibrant and responsible private sector in Malawi. Hence, it focuses on strategic issues and those issues that impact large numbers of businesses rather than issues that impact one or two businesses. Issues relating to a particular sector or sub-sector (such as fertilizer) need to be taken up by sector associations or representative bodies with support from the PPD Secretariat in dialogue with the necessary public sector bodies up to and including Ministers. PPD inputs for the forum are mobilized from sector associations through MCCCCI as an apex private sector association as well as the Secretariat while the government also raises issues on which it wants action from the private sector. The Ministry of Trade coordinates input from the government side and disseminates decisions of the PPD Forum back to the government. It works closely with the MCCCCI. The dialogue takes place at a high level between the key stakeholders in the public and private sectors supported by relevant development partners. To ensure the dialogue achieves its objectives those who participate are able to make decisions and commit their respective organizations: the participating bodies/organizations are represented by a senior decision-maker (e.g. CEO,

Managing Director from private sector) and Ministers and Permanent Secretaries from the government side.

The PPD meetings are held every quarter and co-convened by a senior private sector official elected by the private sector and the Minister of Industry and Trade. The agenda is developed based on consensus championed by the two co-conveners of the forum and the forums agree on action points on each issue and implementation is monitored by the Secretariat in conjunction with the Ministry. Progress on actions is shared to members well before the next forum. The World Bank funds the forum venues and any other necessary requirements for the PPD to take place and each participating institution funds itself to attend the meetings.

The PPD forum has had some notable results. First, there is growing interest by policymakers to participate in the forum and several policy makers have now recognized the need to develop a vibrant private sector owing to poor performance of the economy. Second, several laws have been passed and a number of policies have been approved by Government due to the recommendations from the PPD Forum. The general consensus among stakeholders in Malawi is that the formation of the NAG Forum has been highly successful in creating a 'neutral space' for the government, donor and private sector representatives to meet and discuss how to improve the business environment. Since its formation in 2001 it has grown into a respected tripartite forum that has brought structure and consistency to PPD in Malawi. Although NAG has maintained its neutrality by not becoming an organisation with a specific agenda, it does have a secretariat which helps deliver the actions agreed and facilitates any dialogue initiatives of the three partners.

Nevertheless there are significant challenges. These include: slow implementation of agreed reforms and hence private sector fatigue and disinterest due to lack of results; difficulty of convening around issues where government already has a position it refuses to change; and frequent change of Ministers which has meant that every Minister has to start from scratch and sometimes new Ministers do not appreciate the PPD process as much as their predecessor.

3.1.3 Example 3: Tanzanian Horticultural Association in Tanzania¹³

Agriculture accounts for 25% of GDP in Tanzania, 75% of employment and 50% of exports. Given its important contribution to the economy as is to be expected the government listens to its representatives. There are a number of agricultural business associations in Tanzania including the Agricultural Council of Tanzania (ACT) which is the apex body. An important player is the Tanzanian Horticultural Association (TAHA). TAHA was founded in 2004. It represents

¹³ BEST – AC LIA: 5th Annual Report 2015

about 65% of the horticultural sector and is growing rapidly; it has 26 staff, up from six in 2013 and has grown from one office in Arusha to having offices in six regions.

Although TAHA provides a number of services to its members such as logistics and transport support and market information, according to the CEO advocacy and lobbying is the number one reason for TAHA's existence. TAHA advocates both on its own, and in partnership with ACT and other associations depending on the issue.

TAHA mainly works with the Ministry of Agriculture and while there is no formal dialogue mechanism there is regular interaction and communication with the Minister himself to the desk officers. TAHA has worked hard to identify people that they now regard as champions within the Ministry and in the Prime Minister's office. TAHA keeps them informed by sending them monthly newsletters, letting them know when they are seeking to achieve particular objectives, and through occasional face-to-face meetings, and keeps them involved by inviting them to events. They also ask early for advice from government officials when doing research or formulating their stance on a particular policy. For its part the staff in the Ministry appreciate the evidence that TAHA is able to provide as they understand that TAHA is working on behalf of the whole sector not just the "big guys", and the Director of Policy and Planning at the Ministry of Agriculture regularly asks TAHA for ideas on what can be done to grow the sector. TAHA always tries to convey a sense of urgency to the government and the likely loss to members (and by implication government) if it delays. Hence whenever they go to government they always have two proposals: first, to review an Act and secondly, to adopt short term measures to ameliorate the worst problems while the Act is being reviewed.

As a result of TAHA's intensive and strategic approach to public-private dialogue, the government is always willing to listen to its ideas in relation to "political issues" namely, horticulture policy. However, it is generally less willing to listen on more "technical issues such as tax and cess." Nevertheless, TAHA has had some impressive results vis-a-vis agriculture policy as a result of its interactions with government and even has a specific success story regarding fertilizer. Here are some examples:

- In 2010 the government suddenly and unexpectedly imposed value added tax (VAT) on air freight making all goods sent by air immediately less competitive. TAHA and ACT worked together and in less than three months had persuaded the government to waive VAT on air freight.
- In 2011 the UK stopped import of flowers from Tanzania but farmers did not understand the reason. TAHA telephoned the UK Department for Environment, Food and Rural Affairs to understand the specific problem. The reason was Tanzania's phytosanitary certification did not comply with international requirements. TAHA worked with the Ministry of Agriculture

to revise the certificate to meet international standards, it was adopted by government and flow exports to the UK resumed.

- Foreign buyers of cut flowers specify the packaging that is required to be used. However, this packaging does not meet the Government of Tanzania's standards so the Government said the packaging had to be changed. TAHA secured exemption from Government packaging requirements for all cut flowers destined for exports. If they had not been able to do so, foreign buyers would have stopped buying flowers from Tanzania and exports of \$80 million per annum would have been lost.
- Farmers in Tanzania need to use specialized fertilizer as specified by European buyers under threat of loss of contract if they do not comply. However, the Fertilizer Act of 2009 made it difficult for farmers to use these specialized fertilizers: the 2009 Act required that all fertilizers are registered and there was a requirement for three seasons of trials for each fertilizer at a cost of \$10,000 per season. Consequently it was simply too expensive for input suppliers to register the specialized fertilizers particularly as demand for each of these fertilizers is low. TAHA lobbied the Government and they agreed on a fast track registration without further trials for fertilizers approved and in use elsewhere, and the Government agreed to review the legislation.

3.1.4 Example 4: Formalizing Public-Private Dialogue with the Small and Medium Enterprise Sector in Senegal¹⁴

Senegal has one of the largest informal sectors in Sub-Saharan Africa, comprised of thousands of small and medium businesses the majority of whom are members of l'Union Nationale des Commerçants et Industriels du Senegal (UNACOIS), Senegal's largest and most representative business association. UNACOIS has 70,000 members and the overwhelming majority are small and medium-sized enterprises (SMEs) operating in the informal sector. In 2011 the Center for International Private Enterprise (CIPE) partnered with UNACOIS to empower SMEs to engage in public-private dialogue and to better serve the needs of its members. The association's first step was to use regional dialogue sessions and business agenda forums to identify and prioritize the issues confronting its members and on the basis of the outcomes make policy recommendations to address member needs. The primary issues arising from these dialogue sessions and forums were: the need to address the complex tax code (there were different tax rates for SME operators in different provinces and districts of Senegal) and high tax rates, both of which were major explanatory factors for the informality in the SME sector. Next, CIPE provided assistance to UNACOIS to develop and publish an evidence-based white paper with

¹⁴ T. Mihaylova and E. Poff (2014) "Formalizing Public-Private Dialog with The Small and Medium Enterprise Sector in Senegal" <https://www.cipe.org/resources/formalizing-public-private-dialogue-small-medium-enterprise-sector-senegal/>

recommendations on tax reforms for the SME sector. The paper analysed the prices of core goods and services used by UNACOIS members, examined the relative costs for the provision of these goods and services, and projected the relative profit margins of UNACOIS members based on the prices and costs. UNACOIS ensured the inclusion of the views of all its members in the document by soliciting their input through the elected regional leadership. Following the publication of the white paper, it distributed hard copies to all regional offices and expanded the association's website to include a new section on policy advocacy that included regular updates. Third, UNACOIS participated in high-level meetings with public officials from the Ministry of Commerce and Industry, and the Ministry of the Informal Sector. The main PPD event was a roundtable whose main objective was to raise awareness and understanding among government officials of the country's SME policy concerns and recommendations. It was attended by 93 officials from the Ministry of Finance, Employment, Taxes and Customs; members of the Parliamentary Committee on Tax and Customs; members of UNACOIS's national and regional leadership teams; the Senegal national Employers' Associations; and media representatives. In parallel with the roundtable, UNACOIS conducted three national-level meetings with the Ministry of Tax and Customs, and two with the Ministry of Finance and the Economy, to advocate for their recommended tax reforms.

Two key achievements:

- *Reform of the tax code:* The Senegalese government adopted the association's recommendations to reform the national tax code which established a more uniform, equitable and proportional tax code for the small and medium enterprise (SME) sector. The Ministry of Tax and Customs submitted UNACOIS's recommendations to Parliament as part of the Parliament's comprehensive review of the Senegal Tax Code. In December 2012 Parliament passed legislation to reform the Senegal Tax Code which included all UNACOIS's recommendations. This resulted in a more streamlined tax code for SME's in Senegal with tax rates that are more proportional to their profit margins. This has had two direct benefits:
 - A more uniform and proportional tax code for the SME sector has helped formalize Senegal's informal sector which in turn has expanded the government's tax base and promoted accessibility and transparency
 - As a direct result of the new tax regulations, SMEs in the informal have reported a decreasing number of disputes with local authorities because they now have an avenue for complying local business regulations such as payment of taxes. Before the changes in tax legislation, one of UNACOIS's main services was to intervene in court on behalf of the SMEs in the informal sector whose businesses were shut down or goods were confiscated by the police due to their informal

status and non-payment of taxes. On average, UNACOIS dealt with over 200 cases per year. Within a year of the passing of the new legislation UNACOIS had only dealt with two cases. SMEs are now able to operate more freely without fear of interference by local authorities. Furthermore, in April 2011, UNACOIS members from the Central region organized a meeting with the Tax and Customs Bureau of the Mbour district to discuss how multiple and random taxation is a major burden for their enterprises. The meeting led to the suspension of tax payments in the district until the tax code had been effectively streamlined and the mode of payment clarified.

- *Establishment of a mechanism for regular PPD:* The association worked with the Ministers of Tax and Customs, Commerce and Industry and the Prime Minister to establish a mechanism for regular public-private dialogue on issues related to the SME sector, economic development and food security challenges. The extent of UNACOIS's national scope and grassroots reach was clearly demonstrated by the quality of the tax code recommendations and the process that led to the recommendations established its credibility as a valued private sector partner to senior government officials including the Minister of Tax and Customs, the Minister of Commerce and Industry, and the Prime Minister of Senegal.

3.1.5. Example 5: Ethiopian Public Private Consultative Forum (EPPCF)¹⁵

The Ethiopian Public Private Consultative Forum (EPPCF) was established in July 2010 as a formal mechanism for Public-Private Dialog through a Memorandum of Understanding between the then Ministry of Trade and Industry (MTI) and the Ethiopian Chamber of Commerce and Sectoral Associations (ECCSA). It began operating in 2011 with financial and technical support from the International Finance Corporation of the World Bank. Previously, relations between the government and private sector were marked by mistrust and were strained due to what the government perceived as the inability of the private sector to present issues for consultation in an objective manner and take positions that were based on verifiable and well-research data and analysis. A key strength of the EPPCF which is appreciated by government is that it engages the government based on facts that are based on well-researched studies.

The structure of the EPPCF is as follows: the MTI is the lead public sector counterpart and the ECCSA is the private sector counterpart. The MTI has an EPPCF unit while the ECCSA hosts the

¹⁵ Mihretu, M. and Tolina, E.T. (2014). "Ethiopian Public Private Consultative Forum" Presented at the PPD 2014 Workshop, Frankfurt, March 3 – 6, 2014.

EPPCF Secretariat. The Secretariat and the unit work in close consultation leading the dialogue effort. The EPPCF has a broad-based dialogue structure that is designed to ensure the views and outcomes are representative: dialogue takes place at the federal level three times a year: two Federal Public-Private Consultative Forums are held at least twice a year and one high level National Business Forum chaired by the Prime Minister is held once a year. In addition, dialogue forums are held at the regional and sub-regional levels during the year.

The EPPCF follows a research driven process in developing the agenda for the dialogues. The Secretariat engages the private sector continuously to identify pressing issues that warrant a dialogue with the government. Rigorous analysis of the potential issues agenda is undertaken through studies undertaken by Secretariat staff or outsources. The issues developed will then be validated by the private sector through validation workshops. These issues then form the basis of the PPD sessions.

Dialogue forums are always co-chaired by the private sector and public sector, with the selection of each being determined by the specific agenda under consideration. The government receives the agenda prior to the meeting and hence during the meeting it responds to the set of recommendations put forward by the private sector. The agreements reached at the forum then form the basis for the reform exercise, follow-up and implementation. In most cases, a joint public-private Technical Working Group will be established to work on the implementation of issues agreed upon at the Forum.

Achievements:

- The EPPCF has conducted federal dialogues on the following themes: Tax, Trade Logistics, Public Procurement, Commercial Registration, Business Licensing, Tourism, and Company Formation and Administration.
- These forums have led to a number of reforms that resulted in significant savings to the private sector and improved business environment.
 - In 2013 the Council of Ministers rejected a draft customs procedures law primarily due to insufficient private sector consultation. In a country where mutual suspicion between the public and private sector was a norm, this was a powerful development. Since then there has been an overhaul of the customs procedures with substantive private sector input.
 - Efforts are underway to revise the decades old commercial code
 - There has been an improvement in business licensing and registration process

In 2013 A National Business Conference with the Prime Minister resulted in clearing out longstanding confusion on dividend tax payment in the country. The country's revenue authority used to collect dividend tax on retained earnings and a successful dialogue session led

to the discontinuation of this practice resulting in significant savings to the private sector (approximately \$ 25,384,677).

3.1.6 Example 6: Rwanda Public –Private Dialog (RPPD) Mechanism Status and Progress¹⁶

The Rwanda Public Private Dialog (RPPD) is designed to have a direct impact on economic development through business reforms that foster growth of the private sector. It was established in 2012 with financial and technical support from GIZ, Germany.

The structure of the RPPD is as follows: the main government sponsor is the Rwanda Development Board and the main private sector sponsor is the Rwanda Private Sector Federation. The Rwanda Public Private Dialog Secretariat is located in the Rwanda Development Board which is directly aligned to the Office of the President. The President provides his direct support to the PPD activities and this has been important in ensuring senior government participation in the PPD. This leadership has an influence throughout the country where sub-national dialogues take place. The Private Sector Federation (PSF) is an active supporter of the PPD and provides its own Secretariat support to the PPD activities. The PSF is the umbrella organization of the private sector. It organizes its members into the activities of the PPD. The PSF actively works with its members on agenda development, research and participation in the PPD activities throughout the country.

The RPPD is mandated to facilitate PPD activities. As such, it provides a mechanism for the private sector and the Government to jointly discuss key business issues and private sector constraints in an effort to make decisions leading to resolution. The Secretariat solicits business issues in preparation for the dialogue. It furnishes research and analysis on issues prior to the discussion in order to have research-driven issues for evidence based reports and facilitates dialogues on the outcomes of the issues papers. Decisions are consensus bases so that there is a win-win for stakeholders on the issues under discussion.

RPPD reports directly to the Joint Advisory Board which in turn channels business issues emanating from the high-level dialogues between the public and private sector to Parliamentary level. Parliamentarian PPD is where the legislators review the business laws and engage the business community to streamline procedures and regulations in order to boost and facilitate a more enabling business environment. The Presidential Summit is the highest level of dialogue between the President and the business community where outstanding issues where consensus has not been reached are agreed on

¹⁶ Nkubito, D. (2012). "Rwanda Public Private Dialog (RPPD) Mechanism Status and Progress."

Achievements:

- Inclusion of the President of the Private Sector Federation at District level in the District Councillors Committee;
- Regulatory reforms that directly impact the private sector.

At the sub-national level: 172 business issues collected during nation-wide road shows and 101 were resolved

3.1.7 Example 7: Government Private Sector Meeting in Burkina Faso

The Government Private Sector Meeting in Burkina Faso was established as a cure to some of the problems associated with Structural Adjustment Programs (SAPs) implemented by most African governments in the 1990s. In particular, the SAPs programs called for a limited role of the government in the productive sectors, liberalization of business, limited public expenditures and privatisation of state run enterprises. In 1992 the State/Private Sector Commission was established to participate in this restructuring exercise which provided the springboard for the formation of the Government Private Sector Meeting. The first Government Private Sector meeting was carried out in 2001 with the sole aim of establishing the framework for the meetings going forward and also fostering the establishment of a sustainable partnership climate. Partners are drawn from the public and private sectors, as well as the technical and financial sectors and civil society.

In order to coordinate the partners, an Organisational Committee was formed which is linked directly to the Prime Minister's office. It is comprised of the Minister of Industry and Commerce, the Minister of Economy and Finance, the Chamber of Commerce and Industry and the Maison de l'Enterprise. The purpose of the Organisational Committee is to: i) propose the discussion topics; ii) preparation of sectoral meetings; iii) identification of potential participants; iv) preparation of the annual meetings; and v) write-up of reports of these meetings.

Sectoral meetings are carried out by interested ministries, professional groups in the sector and support institutions. To date, these sectoral meetings are carried out in 11 sectors including agriculture, animal resources and the environment. Sectoral meetings enable sectoral players to identify the most pertinent issues affecting business and prioritize issues for further study and later discussion at the annual meetings which are presided over by the Prime Minister. The Government Private Sector Meeting has established organs to monitor and report back on progress in implementation of the decisions reached.

Achievements:

- The simplification of procedures for payment of taxes

- The reform of public markets
- The creation and devolution of the Business Start-up Centres
- The creation of Business Courts
- The creation of a centre of Arbitration Mediation and Conciliation
- Revision of the Mining Code
- Revision of the Labour Code
- Improvement of the business climate (Doing business better in Burkina Faso)
- Editing the Code of Investment

Nonetheless there still unresolved issues which includes;

- The reduction of cost of factors of production
- The fight against fraud and counterfeiting
- Access to financing by the Small Medium Enterprises (SMEs)
- Reforming the conditions for creating new businesses- minimum capital required

3.2 FERTILIZER-SPECIFIC PUBLIC-PRIVATE DIALOGUES IN SUB SAHARAN AFRICA

3.2.1 Example 1: AMOFERT in in Mozambique

Started as a national dialogue platform for the promotion of fertilizer use in 2014 with 107 members, the platform's main purposes was find agreed solutions to address some of the supply and demands constraints in the fertilizer value chain in Mozambique. Initially the platform lacked concrete footing, hence the need for institutionalization paving way for the formation of AMOFERT, AMOFERT is a mechanism established to function as a vehicle to facilitate and stimulate the development of the fertilizer value chain in Mozambique through the congregation of the various stakeholders, operating directly or indirectly in the sector, for the implementation of common objectives through dialogue and cooperation. It is comprised of the following organisations, African Fertilizer and Agribusiness Partnership (AFAP), Alliance for a Green Revolution in Africa (AGRA) for institutional support, International Fertilizer Development Center (IFDC), the Mozambique Institute of Agricultural Research (IIAM) for research related to the fertilizer sector, USAID/SPEED project for socio-economic studies, and private sector companies such as YARA, MOZFERT, OMNIA & ETG fertilizers – BLT, AFC, Bollore, Manica Freight and Hub agro-dealers.

AMOFERT has the following broad objectives: i) to promote fertilizer policies and regulations; ii) to promote an increase in demand for and access to fertilizers; iii) to promote an increase in availability and use of fertilizers; iv) to promote the establishment and development of fertilizer distribution networks; and v) to promote the access to finance for fertilizer companies. To date, AMOFERT has set the following specific objectives: s i) to increase the level

of fertilizer use from the current average (5 kg/ha) to at least 50 kg/ha by 2019; ii) to carry out studies to reduce costs of fertilizers, through the harmonization of policies and regulations; iii) to review the tax structure and the impact on the fertilizer market; and iv) to promote domestic production of fertilizers and market to enjoy benefits of economies of scale in partnership with the public and private sector.

Key achievements

Policy and regulations-AMOFERT has managed to popularize the disclosure of the national fertilizer regulation. Today AMOFERT is spearheading the development of the fertilizer bill and three successful consultative meetings which were attended by stakeholders from the public and private sector have been held in Nacala, Chimoio and Maputo. It is expected that the resultant Fertilizer Act will be favourable to all parties and result in increased and sustainable fertilizers use in the country. In addition, AMOFERT was key role player in the successful advocacy efforts which resulted in the removal of 2.5% tax on fertilizer imports in December 2016.

Demand and access- AMOFERT has been a key player in the promotion and use of balanced fertilizers, integration of research and development in the marketing of agricultural products and development and dissemination of appropriate technology packages for farmers. In addition it plays a key role in the design and implementation of the fertilizer subsidy program and other supplementary inputs. Partially as a result of AMOFERT's efforts, Mozambique's fertilizer consumption has increased from 51,400mt in 2010 to 189,000mt in 2017.

Promote the increase of availability and use of fertilizers-AMOFERT plays a crucial role in advocating for local production of fertilizers as the country is endowed with natural gas (127.4 billion cu/m), rock phosphate (155 million mt), coal deposits (about 6.7 billion mt). Studies carried out by Chemonics and IFDC (2007), AGRA/DNSA: (2014), AGRA/DNSA/USAID (2015), found that local production of fertilizers will significantly reduce the farm gate price of fertilizer in Mozambique.

Establishment and development of agrodealers network-AMOFERT with its partners have managed to map fertilizer demand zones and engaged in capacity building of agrodealers.

Although AMOFERT has managed to score a number of notable achievements it remains poorly funded.

3.2.2 Example 2: FEPSAN in Nigeria¹⁷

FEPSAN is a national trade association established in 2004 to represent the needs and interests of fertilizer manufacturers, blending plants, major distributors, dealers and farmers in Nigeria. Its mission is to provide a platform for stakeholders in the public and private sectors of the fertilizer industry in Nigeria to develop effective public-private partnerships to ensure timely supply of quality fertilizer and to promote professional practices in the industry.

Reform of Fertilizer Supply and Distribution: In 2011 the Federal Ministry of Agricultural and Rural Development commenced the implementation of the Agricultural Transformation Agenda (ATA) to unlock the country's huge agricultural potential through value chain development and institutional strengthening. The Growth Enhancement Scheme (GES), a component of the ATA, was introduced to facilitate the withdrawal of government from the direct purchase and distribution of fertilizer, and introduce an alternative system of distribution driven by the private sector. While the GES was commendable it lacked a meaningful policy instrument for effective fertilizer quality regulation and control. This created room for product faking, adulteration, false labelling practices and other quality control issues/problems. Consequently, the fertilizer industry felt the need to interrogate the policy and regulatory issues plaguing the fertilizer sector in order to articulate a common position and address these issues.

To this end, a Public-Private Dialog on Strengthening Fertilizer Value Chain in Nigeria was held in 2015 by FEPSAN with the support of the Enhancing Nigerian Advocacy for a Better Business Environment (ENABLE), a DfID project. After the workshop a position paper with policy recommendations to move the industry forward was produced by FEPSAN and presented to the Federal Government. The recommendations included the following: a) The Federal Government should put in place policies to encourage local production; b) the FGN should withdraw from direct fertilizer subsidy administration and states that can afford subsidies can continue; c) The FGN should speed up the process of enacting the fertilizer law and set up a regulatory and quality control system. FEPSAN then embarked on an advocacy drive/effort towards the consideration and implementation of these policy recommendations. These efforts eventually bore fruit in 2015, when the President of Nigeria reached a bilateral agreement with the King of Morocco to develop the Nigerian fertilizer industry. This was further solidified in 2016 by a bilateral agreement between FEPSAN and OCP SA (a state owned enterprise in Morocco) to secure the supply of phosphate fertilizer raw material from OCP SA at a concessionary price for Nigeria and the strengthening of local fertilizer blending capacities in Nigeria. President Buhari

¹⁷ Kwa, Ahmed Rabiou and Faizah Absulsalam. (2017). "Presidential Fertilizer Initiative: Revolutionizing Fertilizer Production and Supply in Nigeria." FEPSAN.

of Nigeria consequently set up the Presidential Fertilizer Initiative (PFI) to drive the process in Nigeria. The goal of the PFI is to achieve self-sufficiency in local NPK fertilizer production by 2019 starting with one million metric tons for the 2017 season. The project is designed to stimulate local fertilizer production of NPK by reviving local blending plants and in so doing result in foreign reserve savings of over USD 200 million among other benefits.

*PPD for Budgetary Allocation to Fertilizer Quality Control and Monitoring in Nigeria*¹⁸ – Nigeria has serious challenges of poor quality fertilizers which account for some extent to the poor growth and development of the fertilizer industry in Nigeria. To this end the FGN collaborated with the IFDC/DAMINA project to draft the Nigeria Fertilizer Quality Regulations to provide a legal framework for quality control and monitoring of fertilizers. In support of this initiative, FEPSAN in collaboration with the National Fertilizer Technical Committee and Federal Ministry of Agricultural and Rural Development with the support of AGRA’s MIRA project organized a workshop in July 2017 to advocate for continued allocation of the national budget to the implementation of fertilizer quality control and monitoring. Participants from the public sector, private sector, research institutions, the media, civil society organizations, development partners and donors. The key issues discussed included the status of the draft Fertilizer Bill at the National Assembly; the ability of the FMARD to implement the quality control systems once the Bill has been passed; the need to allocate budget for sustainable implementation of the Bill; capacity building. Five papers were presented and discussed during the workshop including one which presented the results of a regulatory impact assessment of the Fertilizer Quality Control Bill. The results showed positive returns that will accrue to all fertilizer stakeholders due to the implementation of the Bill. A key recommendation was for the FGN to show commitment to the provision of all relevant infrastructure/facilities necessary for the effective implementation of the Bill: fertilizer testing facilities, training to build the capacity of fertilizer inspectors, sensitization of the public on the law and regulations, etc.

4.0 GOOD PRACTICES IN PPD IN SSA: LESSONS LEARNED FROM THE LITERATURE

- PPDs should be convened frequently at predictable intervals, at least twice a year, to build trust in the process
- PPDs should be co-financed by the private sector and the government
- PPDs should identify high-level champions within the government, preferably within the relevant Ministry and in the Prime Minister’s office.
- PPDs should be endorsed at the highest levels possible. They should be officially opened by a high-level public servant from the relevant economic sector; should include a

¹⁸ Communique issued at the end of the one-day Advocacy/Policy Dialog for Budgetary Allocation to Fertilizer Quality Control and Monitoring in Nigeria, Nikon Luxury Hotel, Abuja, July 28th 2017.

comprehensive, evidence-based white paper with clear and actionable policy reform recommendations to guide the discussion and this paper should be presented by a recognized/respected national or global expert.

- Each PPD should generate a number of implementable resolutions which are submitted to government for consideration. Those that are found to be acceptable and implementable should be distributed to relevant government ministries and departments for follow-up and implementation and the PPD Secretariat should monitor and report on progress at the next PPD
- The initial PPDs should choose themes and topics of importance to government and private sector which if addressed will benefit both, and where results can easily be realized. This increases the probability of continued dialogue.
- The private sector should take it upon itself to establish a healthy two-way flow of communication with its identified champion(s). The designated private sector representative should keep them up to date and informed on a regular basis about emerging issues of importance to the industry through monthly newsletters, face-to-face meetings, and inviting them to events. In return, it should ask for advice regarding any research being undertaken to generate evidence or in formulating its stance on a particular policy.
- The private sector should approach the government in a results-oriented manner: when it goes to government it should always have two proposals: first, to review an Act and secondly, to adopt short term measures to ameliorate the worst problems while the Act is being reviewed.
- The private sector should setup structures (regional dialogue sessions and business agenda forums) that will enable it to identify and prioritize the issues confronting its members and on the basis of the outcomes make policy recommendations to address member needs.
- The “free rider” challenge should be addressed by supporting trade/business associations to develop strategies that are not solely focused on the advocacy objectives but also provide material and universal benefits. For example, when an association carries out research, this can be used for both feeding advocacy activities (which benefits all members of the association whether they paid their membership fees or not) as well as providing fee-paying members with useful market information.

5.0 CONCLUSIONS AND RECOMMENDATIONS FOR PPDS IN FERTILIZER SUB-SECTOR IN SSA

This paper has provided examples of PPDs in SSA in various economic sectors and in the fertilizer sub-sector. These PPDs have been established with the express purpose of enabling

the private sector to influence the design and implementation of public policy. The examples cited reveal a high level of implementation of agreed resolutions and impressive results in terms of policy and regulatory reforms particularly tax reforms for both the general PPDs and the fertilizer PPDs. A key element of success is the high levels of representation on the PPDs from the government and the private sector so that participants have the authority to make decisions on behalf of their respective organizations. Second, the anchoring of the deliberations in solid research which was then well-articulated during the PPD thus facilitating sound decision-making. An important drawback of the PPDs cited is they are fully or partially donor funded which immediately raises the issue of autonomy of their agenda and sustainability. However, while there are numerous examples of PPDs in a variety of sectors, this research only identified two examples of fertilizer PPDs in SSA, one in Nigeria and one in Mozambique. In light of the rapidly changing fertilizer systems in SSA from government dominated to private sector led importation and distribution of fertilizers, this is a gap that needs to be filled.

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