



# **PUBLIC PRIVATE DIALOGUE DIAGNOSTIC STUDY LESOTHO**

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## List of Acronyms

AfDB	African Development Bank
AGM	Annual General Meeting
BA	Business Associations
BCL	Business Council of Lesotho
BEDCO	Basotho Enterprise Development Corporation
CBL	Central Bank of Lesotho
DFID	Department for International Development
DP	Development Partners
DTIS	Diagnostic Trade Integration Study
EDSTAP	Economic Diversification Support Technical Assistance Project
ENCC	Emergency National Command Centre
EPPCF	Ethiopian Public Private Consultative Forum
EU	European Union
FAPA	Fund for African Private Sector Assistance
GIZ	Gesellschaft für Internationale Zusammenarbeit
GoL	Government of Lesotho
GoR	Government of Rwanda
HLCC	High-Level Consultative Council
KE	Key Expert
KPA	Key Priority Area
LCCI	Lesotho Chamber of Commerce and Industry
LCCT	Lesotho Coordinating Committee on Trade
LEAP	Lesotho Enterprise Assistance Program
LNDC	Lesotho National Development Corporation
LRA	Lesotho Revenue Authority
MRTO	Maseru Regional Taxi Operators
MoU	Memorandum of Understanding
MAFS	Ministry of Agriculture and Food Security
MSCM	Ministry of Small Business, Cooperatives and Marketing
MTI	Ministry of Trade and Industry
MSMEs	Micro, small and medium enterprises
MNSD	Multi-national stakeholder Dialogue
NDPS	National Development Plan of Somalia
NSDP	National Strategic Development Plan
NTFC	National Trade Facilitation Committee
OBFC	One Stop Business Facilitation Centre
OECD	Organization for Economic Co-operation and Development
PEMANDU	Performance Management and Delivery Unit
PMRT	Prime Ministerial Round Table
PPPP	Private-Private and Private-Public
PSCED	Private Sector Competitiveness and Economic Diversification
PSFL	Private Sector Foundation of Lesotho
PPA	Public Private Alliance
PPC	Public Private Collaboration
PPD	Public Private Dialogue
PPP	Public Private Partnerships

RPPD	Rwanda Public Private Dialogue
SADC	Southern African Development Community
SADP	Smallholder Agriculture Development Project
SMME	Small Micro and Medium Enterprises
SPPD	Somalia National Public Private Dialogue
SBR	State Business Relations
TWG	Technical Working Groups
ToR	Terms of Reference
UNDP	United Nations Development Programme
WBG	World Bank Group
WHO	World Health Organizations

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# 1. BACKGROUND

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On 1<sup>st</sup> February 2018, the African Development Bank Group (AfDB) and the Lesotho Chamber of Commerce and Industry (LCCI) signed a Fund for African Private Sector Assistance (FAPA) grant agreement to finance the Economic Diversification Support Technical Assistance Project (EDSTAP). The Client, LCCI, further appointed Eurecna S.p.A. to lead a consortium of economic and enterprise development consultants to execute a technical assistance engagement funded by the African Development Bank. The overall project objective is to build an inter-dependent ecosystem of SMME Associations that would contribute towards creating a diversified and competitive economy in Lesotho. The specific purpose is to improve the institutional capacities and effectiveness of Business Associations in Lesotho by improving partnerships, entrepreneurship, skills development and access to finance and markets.

## **Purpose of the Document**

The project consists of a number of interlinked phases that depend on an initial assessment of the overall status and needs of the business associations. This report, however, covers Component III of the project: Strengthening Private-Private and Private-Public (PP&PP) Dialogue. The Component focuses on the following elements: Report on Framework for PPPP dialogue; Training program in dialogue and advocacy; and training of 30 members of BAs.

The project, to be implemented over a period of two years, will contribute towards developing a conducive environment for private sector development by strengthening eight identified BAs and networks to meaningfully participate in national and sectoral dialogue, and foster cooperation among Basotho entrepreneurs and with government. Thus, this report represents a review of Public Private Dialogue (PPD) in relation to the Private Sector. It focuses on the following: An overview of the PPD process, its benefits and challenges; A brief of what is the current state of good practice in relation to PPD; A diagnostic analysis of what currently exists in Lesotho in relation to consultation and PPD for private sector development; and Recommendations for an effective development of a PPD process in Lesotho.



## Outline of the Report

The report is structured as follows:



The INTRODUCTION section provides an overview on PPDs. The key issues addressed include: Definition; Structure, Benefits and Significance of PPD; Prerequisites for a successful PPD; Risks and Challenges to successful PPDs; and Good Practices in Sub-Saharan Africa. This is followed by the DIAGNOSTICS section which provides a diagnosis of the status and potential of PPDs in Lesotho. This includes the analysis and findings from the PPD Diamond Approach and takes into consideration perceptions of civil society and Development Partners.

Based on the findings and drawing from the Consultant's overall experience in other contexts, RECOMMENDATIONS are made, derived from the valuable LESSONS LEARNED; followed by a discussion of their anticipated implications. The recommendations from this report will, therefore, be a base for the design of a PPD Framework. The Framework will list a proposal of actions to be taken in short- and long-term, responsible actors, and suggestions for implementation, with consideration to the following: Mandate and Institutional Alignment, Structure and Participation, Champions, Facilitator, Outputs, Outreach and Communication, Monitoring and Evaluation, Sub-National, Sector-Specific, International Role, Crisis Mitigation and Development partners.

## 2. OVERVIEW OF THE PUBLIC PRIVATE DIALOGUE

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### Defining Public Private Dialogues

A Public Private Dialogue (PPD) is defined in a broad sense to include all forms of interaction between the state and the private sector, relating to the design of public policy<sup>1</sup>. However, PPDs appear to have different definitions as per stakeholder. From private sector's perspective, a PPD refers to the structured interaction between the public and private sectors in promotion of the right conditions for private sector development, improvements to the business climate, and poverty reduction<sup>2</sup>. The process involves the coming together of stakeholders to define and analyze problems, discuss and agree on specific reforms, and working to ensure that all proposed ideas become a reality. However, Herzberg and Sisombat provide a much clearer picture of a PPD<sup>3</sup>. The duo defines a PPD as:

*A forum that brings together the government, private sector and relevant stakeholders in a formal or informal process to achieve shared objectives and plays a transformational role for a set of issues.*

However, there are a variety of synonyms used in the literature that mean broadly the same thing, often with a minor distinction that is not important for most purposes. These include:

- ✓ public-private strategic policy alliances (PPAs)
- ✓ public-private collaboration (PPC)
- ✓ public-private policy dialogue (PPPD)
- ✓ reform coalitions and growth coalitions
- ✓ state-business relations (SBRs).

Distinctively, such dialogues are different in definition and function from the Public Private Partnerships (PPP). Among other reforms, a PPD process can result in a series of long-term contractual arrangements between the public and private sectors for the delivery of public services, termed PPPs<sup>4</sup>. The arrangements include delivery of infrastructure services through the private sector as a means of providing essential services previously seen as an exclusive responsibility of governments, such as power, transport and water supply. The defining feature of PPPs, as against other forms of private participation in infrastructure, is that there is a significant degree of risk sharing between the two parties. Put simply, risk sharing means that both the government and the investors will suffer financially if the contract fails. On the contrary, the benefits largely depend on how well risks are allocated between the public and private sector and how strongly the incentives for both are built into the contract.

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<sup>1</sup> [https://read.oecd-ilibrary.org/development/public-private-dialogue-in-developing-countries\\_9789264028845-en#page14](https://read.oecd-ilibrary.org/development/public-private-dialogue-in-developing-countries_9789264028845-en#page14)

<sup>2</sup> Dr Ricardo R. Pinto. [https://www.researchgate.net/publication/282734187\\_Review\\_of\\_Public\\_Private\\_Dialogue\\_and\\_Recommendations](https://www.researchgate.net/publication/282734187_Review_of_Public_Private_Dialogue_and_Recommendations)

<sup>3</sup> Benjamin Herzberg & Lili Sisombat; The World Bank Group, Public-Private Dialogue Working Paper Series, 2016.

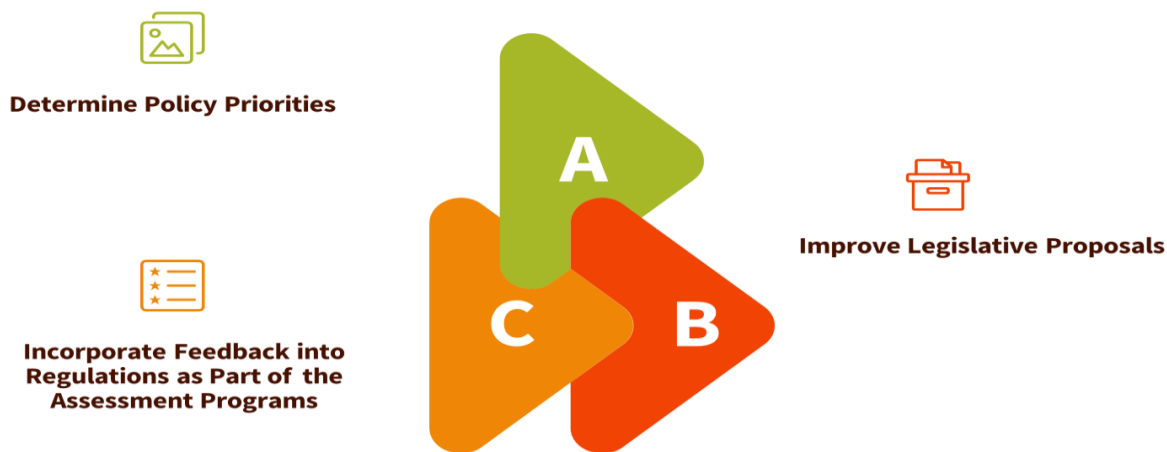
<sup>4</sup> Yong HK. 2010 - <https://www.oecd-ilibrary.org/content/publication/9781848590694-en>

The following sections, therefore, elaborate further on the distinction that identifies the PPDs from any other partnerships, as per their purpose, benefits, structure, risks and challenges.

### The Purpose and Benefits of PPDs

Although the overall objective of PPDs is to improve the business environment, thus enhancing competitiveness in a country, Figure 1 highlights general key purposes of PPDs:

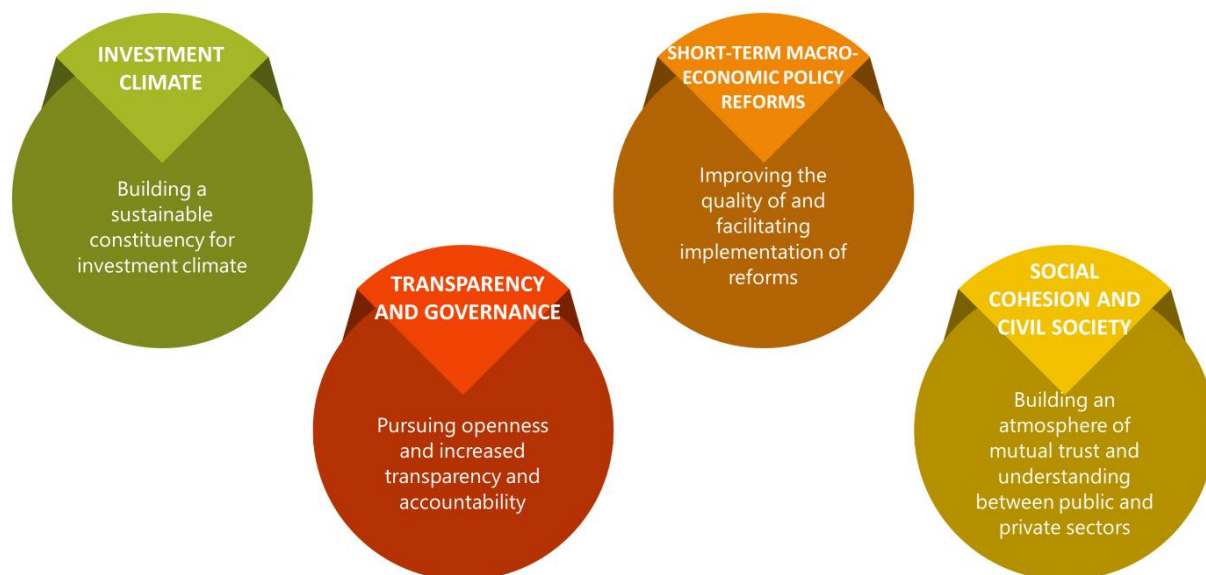
Figure 1: Key Purposes of Public Private Dialogues



The three core purposes of PPDs as illustrated above are to determine and develop the capacity of policy-makers and the private sector to identify, analyze and communicate future impact of key regulatory areas for business; Improve awareness on key regulatory areas; and to incorporate feedback into relations as part of the assessment programs. In the latter context, PPD as a precondition of effective efforts to reform the business environment has potential to establish a two-way flow of information relating to economic legislation and policies. The greatest significance of PPDs, thereof, is to help create and deepen the foundation for market-friendly policies that strengthen economic reforms and enhance national competitiveness through the private sector's and other forms of support.

In terms of benefits, the most tangible benefits of PPDs are the policy and investment climate reforms they can precipitate, and the transparency and social cohesion they pursue. These include new legislation, the amendment or scrapping of existing legislation, removal or simplification of regulations and controls, and establishment of new institutions. Figure 2, therefore, depicts PPD's potential to; promote better diagnosis of investment climate problems, make policy reforms easier to implement; promote transparency and good governance; and improving social cohesion and civil society.

Figure 2: Benefits of Public Private Dialogues



As illustrated above, the structured consultation of a PPD mechanism can have an immediate effect in improving the quality of particular reform efforts, with a deeper benefit of building a sustainable constituency for investment climate reform by:

- ❖ Promoting a better diagnosis of investment climate problems and design of policy reforms. A Government that listens to private sector challenges is more likely to formulate sensible prioritization plans and workable reforms.
- ❖ Making policy reforms easier to implement. When businesspeople understand what their government is trying to achieve with a reform package, they are more likely to accept and work with the reforms in practice.
- ❖ Promoting transparency, good governance, the taking of a broader view by setting an example of openness and rigorous cost-benefit analysis, and by creating pressure of public scrutiny.
- ❖ Building an atmosphere of mutual trust and understanding between public and private sectors, improving social cohesion and civil society.

Generally, sustained PPDs can improve levels of trust, understanding and cooperation, and save time and effort by establishing checks and balances for private sector demands, allowing for the ramifications of measures to be discussed before implementation.

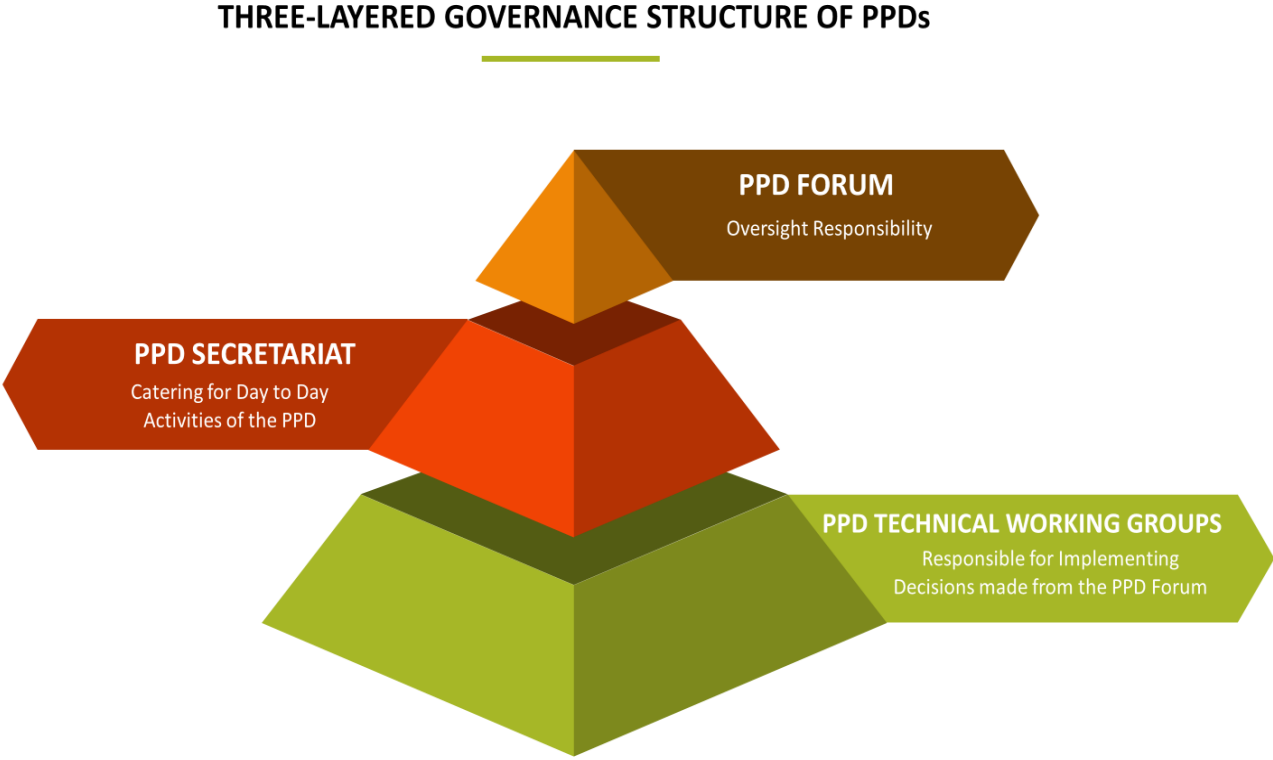
### **Structure of a PPD.**

There is no *one size fits all* structure to a successful PPD. However, a setting that seems to be prevalent in most productive PPDs is the traditional approach, associated with the IFC and World Bank. This approach emphasizes a structured process mediated by a neutral secretariat and incorporates the provision of

evidence-based research to focus dialogue and maximize returns<sup>5</sup>. It is characterized by a dedicated secretariat and working groups that meet often to devise recommendations for periodical plenary sessions, as illustrated in Figure 3.

Figure 3: A Three-Layered Governance Structure of Public Private Dialogues

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The overall control of the process lies with a large national forum that meets at least every six months. For instance, in Botswana, the main High-Level Consultative Council (HLCC) and the sector-level HLCCs meet twice and four times a year respectively<sup>6</sup>, while the Prime Ministerial Round Table (PMRT) in Kenya is held on a quarterly basis<sup>7</sup>. Reporting to the forum is a secretariat, which might be housed in a government ministry, a BA or could be established as an independent institution.

The main function of the secretariat is to organize meetings, coordinate research efforts and other logistics, set agendas, rally members, manage communication and outreach strategies and be a point of contact for others who want to join. The Ethiopian Public Private Consultative Forum (EPPCF) portrays the best practice in terms of structure. For instance, the structure of the EPPCF is as follows: The Ministry of Trade and Industry (MTI) is the lead public sector counterpart and the ECCSA is the private sector counterpart. The

<sup>5</sup> There is also a market systems approach developed by DFID, which focuses on the market for business environment reform, in which the private sector demands reforms from government.  
<sup>6</sup> [ppd.cipe.org/wp-content/uploads/2014/07/IP0708\\_BOCCIM.pdf](http://ppd.cipe.org/wp-content/uploads/2014/07/IP0708_BOCCIM.pdf)  
<sup>7</sup> [http://www.intracen.org/uploadedFiles/intracenorg/Content/Trade\\_Support\\_Institutions/Articles/Business%20Association%20Profiles%20East%20Africa%20Region%20Advocacy%20for%20Trade%20Policy.pdf](http://www.intracen.org/uploadedFiles/intracenorg/Content/Trade_Support_Institutions/Articles/Business%20Association%20Profiles%20East%20Africa%20Region%20Advocacy%20for%20Trade%20Policy.pdf)

MTI has an EPPCF unit while the ECCSA hosts the EPPCF Secretariat. 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.

The Technical Working Groups (TWGs) concentrate on more specific areas, with technical support from the secretariat. With maturity in progress, the TWGs may be added to divide work further. In some cases, distinct private sector working groups meet prior to joint technical committees, to enable the private sector to develop their own common positions in advance. This typically works well where there is historical evidence of private sector fragmentation<sup>8</sup>.

**Prerequisites for a successful PPD**

In order to have a successful PPD, the dialogue needs to be of good quality. Good quality dialogue is judged by criteria such as democracy, effectiveness and contributions to long term growth. The general characteristics of a good quality dialogue are well established as illustrated below in Figure 4:

Figure 4: Prerequisites for a Successful Public Private Dialogue



Transparent dialogue inhibits collusion, reinforces accountability and empowers all constituencies to make informed contributions, while inclusive dialogue promotes a broad range of interests instead of narrow, sectorial or partisan interests. Additionally, freedom of association and speech ensure open and honest dialogue. In the same manner, effective dialogue based on constructive and well researched facts rooted in

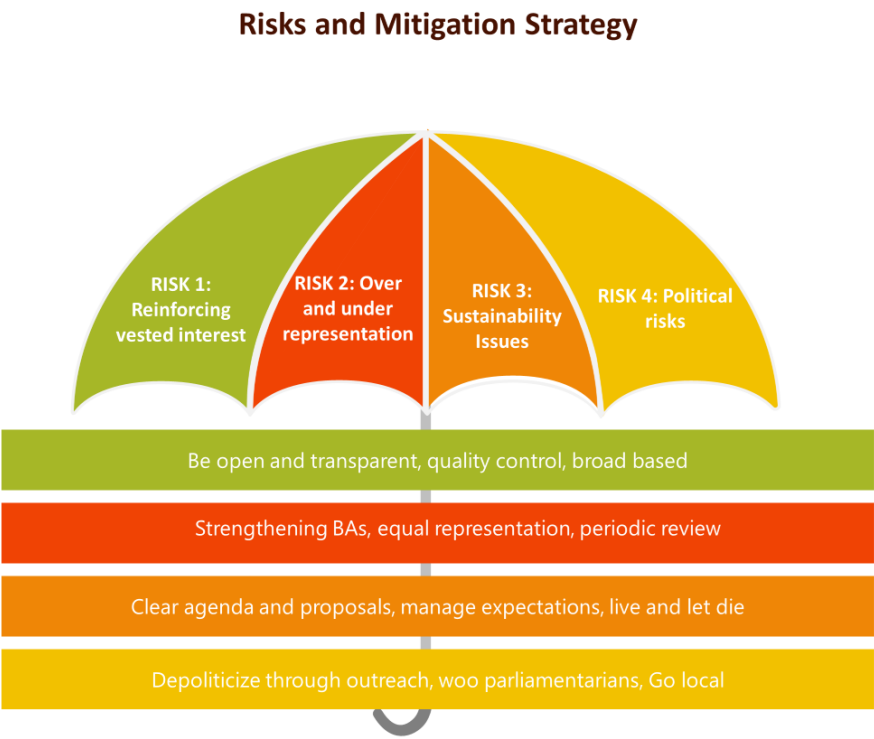
<sup>8</sup> As it will be illustrated in the Diagnostic section; the study found Lesotho’s private sector to be extremely polarized.

civil society helps to clarify objectives and to build a policy framework that supports long-term growth and rule of law.<sup>9</sup>

**The PPD Risks**

A PPD process, when ineffectively developed, it can waste the time. Depicted in Figure 5 are four principal risks that have been identified, as well as strategies that can be applied to mitigate them.

Figure 5: Public Private Dialogue Risks and Mitigation Strategies



If not sufficiently transparent and broad-based, PPD can reinforce vested interests and create opportunities for rent-seeking behavior. The PPD process creates both an opportunity and a risk when other lines of communication between government and businesspeople are weak. Done well, it can enable the voices of stakeholders to be heard by a government that would otherwise be deaf to their concerns, and can give governments a sounding board, which will improve the quality of their policymaking. But done badly, it can give unhealthy influence to an unrepresentative group of stakeholders, reinforce links between politicians and lobbyists, and provide a veneer of legitimacy for bad policies. Strategies for tackling this risk include an explicit commitment to transparency, numerous working groups to ensure a broad base, and the incorporation of monitoring and accountability mechanisms. Another way of tackling cronyism is to ensure that no topics are off-limits for discussion.

<sup>9</sup> <https://www.mingo.hr/public/Poduzetnistvo/52-eia-database-report--final.pdf>

## PPD Challenges

The identified challenges in Figure 6 have potential to sidetrack the discussions and make it a screen for self-interest.

Figure 6: Challenges for a Successful Public Private Dialogue



Partners in a PPD can often underestimate the impact of difficulties encountered when the dialogue is hosted without prior adequate preparation. As illustrated in Figure 6, hostile institutional conditions, weak local stakeholders, a lack of trust, experience and credibility, asymmetries of information, or the prominence of organized interests can sidetrack discussions and turn it into a show of self-interest. The highlighted challenges above have practically hindered effective running of PPDs in some Sub-Saharan African countries, as further elaborated with examples in the following section.

## Experience from Sub-Saharan African Countries

Below is a summary of experiences and lessons learned from other PPDs in Africa. Figure 7 maps five countries' PPD achievements against challenges faced, with more elaboration on what worked best in each country.



Figure 7: Public Private Dialogues in Some Sub-Saharan Countries



### Botswana

The establishment of the HLCC was a significant achievement in Botswana and had to date helped ensure the institutionalization of dialogue. According to its terms of reference (ToRs), the HLCC functions as a key institution for improving the performance of the economy through promoting effective partnership between the public and private sectors<sup>10</sup>. Its main objective is to serve as a forum for constructive dialogue between business and Government leaders on policy matters of mutual concern.

### The following are lessons to draw from Botswana's PPD:

1. A Long-Term Process - The development of a structured PPD should be treated as a long-term process. Perseverance and patience are the keys to success. Failures or rebukes encountered early in the process must be cast aside and investments made in building relationships based on trust.

<sup>10</sup> [ppd.cipe.org/wp-content/uploads/2014/07/IP0708\\_BOCCIM.pdf](http://ppd.cipe.org/wp-content/uploads/2014/07/IP0708_BOCCIM.pdf)

2. Seeking Win-Win Solutions - Successful PPDs must be built on the principle of 'smart' partnerships, where both public and private sectors recognize the value added by the input and perspectives that each side brings to the table. This is equally important in terms of assuring that the proposals and viewpoints of either side are treated seriously and acted upon.
3. Developing Appropriate Advocacy Skills – It is essential for the private sector to learn how to do business with the government and, in this respect, learn negotiating skills and recognize the virtues of diplomacy and the art of persuasion.
4. Creating an Enabling Environment for PPD - Having a policy framework in place that acknowledges the role of the private sector in the development process and as a partner of government obviously makes it much easier to set up structured mechanisms for dialogue.

## **Kenya**

The Prime Ministerial Round Table (PMRT) in Kenya was launched to facilitate the engagement of PPD in the country. This is a high-level consultative forum involving political leaders from the government and chief executives from both the private and public sectors. This system introduced a more focused approach to PPD in Kenya, where discussions are now better structured, include relevant decision makers and are aimed at producing targeted results.

## **Lessons**

The outstanding trait for the PMRT is that discussions are guided by the private sector. Although the PMRT engagements have yielded impressive results, they have also drawn out the need to sharpen focus and alignment to national development goals and priorities. In this regard, the PMRT has recently explored the adoption of a cluster approach as a new way of managing PPDs and accelerating economic growth towards the achievement of Vision 2030. This approach is informed by global best practice and has received critical acclaim from reputable Institutions like The World Bank Group<sup>11</sup>.

## **Rwanda**

The Rwanda Public Private Dialogue (RPPD) was established in 2012. The RPPD is designed to have a direct impact on economic development through business reforms that foster growth of the private sector. In terms of its structure, the RPPD Secretariat at national level is in the Rwanda Development Board, with champions at the sub-national level. The RPPD Secretariat coordinates and facilitates dialogue at national, regional and international level and is governed by the Joint Advisory Board who report to the High-level institutions.

## **Lessons**

The Government of Rwanda (GoR) has taken a leading role in shaping the partnership framework without being pushed by the private sector (which is respectively a weak sector). Demands, however, have become one-sided, as private sector requires much from the public sector without bringing much to the table. In

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<sup>11</sup>[http://www.intracen.org/uploadedFiles/intracenorg/Content/Trade\\_Support\\_Institutions/Articles/Business%20Association%20Profiles%20East%20Africa%20Region%20Advocacy%20for%20Trade%20Policy.pdf](http://www.intracen.org/uploadedFiles/intracenorg/Content/Trade_Support_Institutions/Articles/Business%20Association%20Profiles%20East%20Africa%20Region%20Advocacy%20for%20Trade%20Policy.pdf)

terms of a gender informed PPD, Women remain at the lowest pace of participation and stakeholder dialogue engagement within the RPPD and this has had a negative impact on its success<sup>12</sup>.

## Ethiopia

The Ethiopian Public Private Consultative Forum (EPPCF) was established in July 2010 as a formal mechanism for PPD through a Memorandum of Understanding (MoU) 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.

**Lesson** – A key strength of the EPPCF is its structure as earlier noted, and the mechanism of engagement on facts that are based on well researched studies<sup>13</sup>.

## Somalia

The desire to establish a PPD forum for Somalia emerged through the National Development Plan consultations in early 2016. During this process, key recommendations were agreed, including the establishment of a Somalia National Public Private Dialogue (SPPD) that would focus on key strategic economic sectors and the enabling environment. In May 2017, the public and private sector came together to agree on a set of priorities that would enable a vibrant, robust and competitive private sector to contribute to the country's sustainable economic development and poverty alleviation, founded on responsible macroeconomic management, infrastructure rehabilitation and equitable access to services. Notably, these were based on the National Development Plan of Somalia (NDP 2017 – 2019) which provides a common vision on development with prioritized action as well as a coherent framework for coordination<sup>14</sup>.

**Lesson** – The importance of aligning identified priorities with the National Strategic Development Plan with, focus on Key strategic Economic sectors or productive sectors.

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<sup>12</sup> [www.publicprivatedialogue.org/workshop%202014/Public%20Private%20Dialogue%20in%20Rwanda.pdf](http://www.publicprivatedialogue.org/workshop%202014/Public%20Private%20Dialogue%20in%20Rwanda.pdf)

<sup>13</sup> Mihretu, M. and Tolina, E.T. (2014). "Ethiopian Public Private Consultative Forum" Presented at the PPD 2014 Workshop, Frankfurt, March 3 – 6, 2014

<sup>14</sup> <https://www.somaliappd.org>

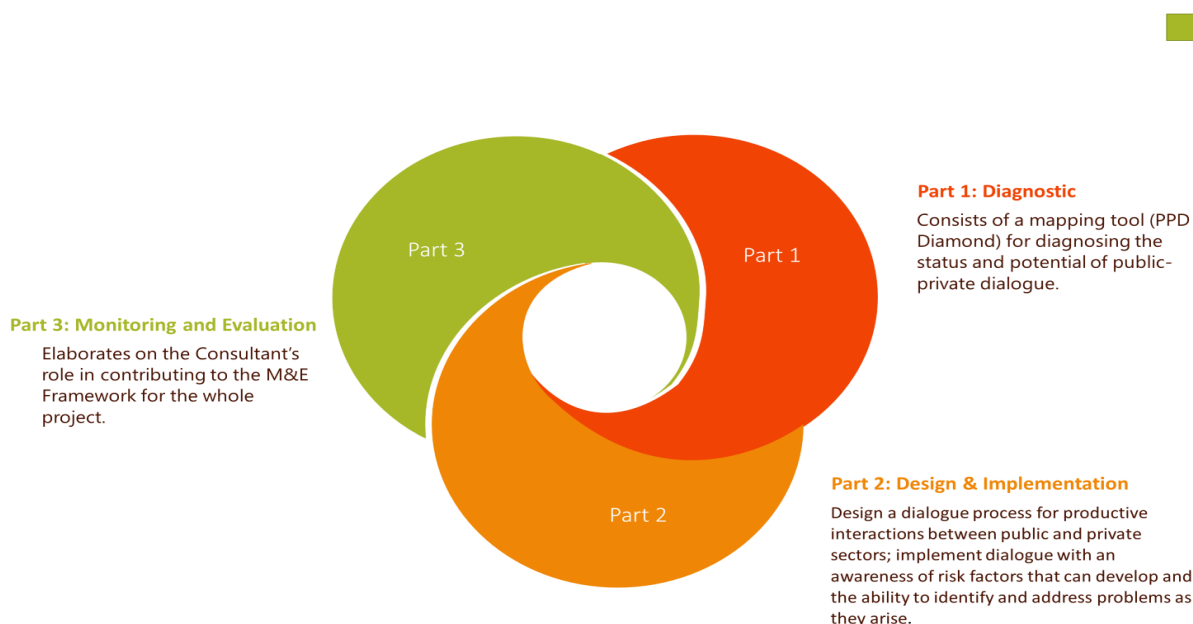
### 3. METHODOLOGY

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#### Approach

As per the Terms of Reference (ToRS), the approach taken by the Consultant is characterised by a systematic approach, which will draw on the guidelines provided by the World Bank Group (WBG), Department for International Development (DFID), and the Organization for Economic Co-operation and Development (OECD) for designing and developing a PPD. Based on the following activities for Component Three of the project: Review, consult and design dialogue framework for the BAs and, Design and deliver a capacity building program on advocacy and negotiations; the Consultant has adopted a three-fold approach to PPD Development, as illustrated in Figure 8.

Figure 8: The Three-Fold Methodology Approach



#### Part 1: Diagnosing the Status and Potential of a PPD in Lesotho.

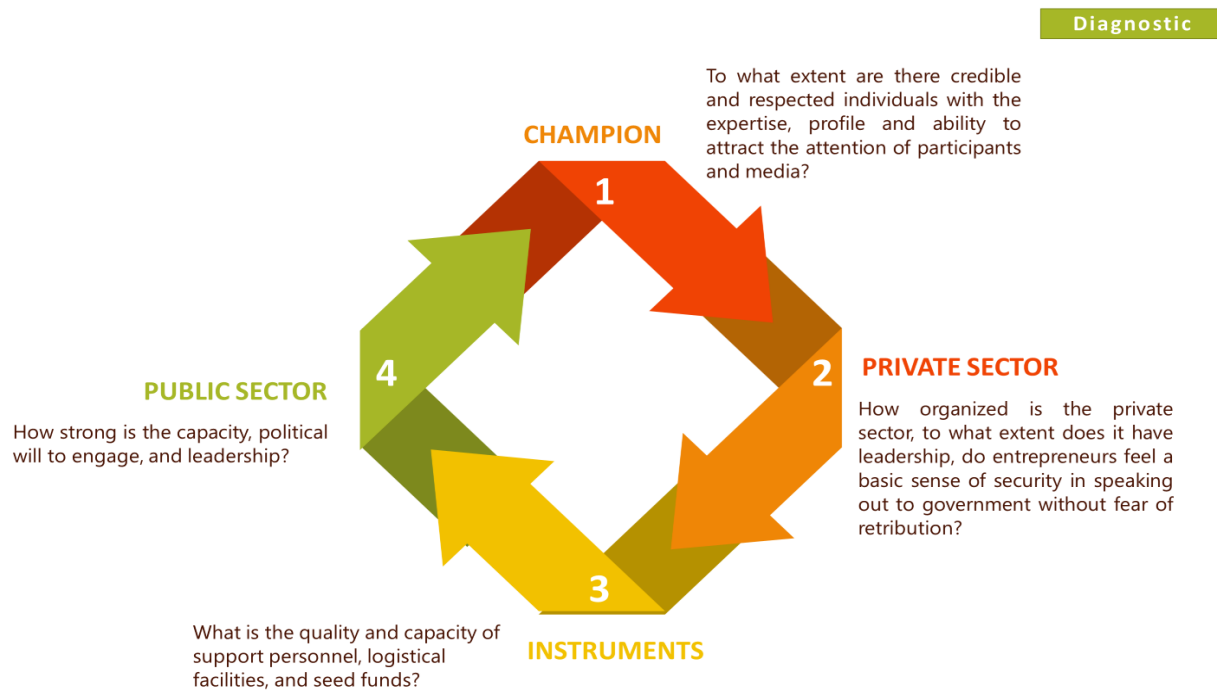
The first part involves a diagnosis of the current state of dialogue and the potential readiness for dialogue of relevant stakeholders in Lesotho. At this stage, emphasis is put on the status of existing PPDs (both vertically and horizontally within and between the private and public sectors respectively), to understand their challenges and successes, and to further assess if there will be need for new initiatives or existing ones could be harnessed.

The diagnosis is guided by a standardized mapping tool; the PPD Diamond tool. The tool involves desk research, field interviews, and focus groups. It assesses the willingness and capability of stakeholders to engage in dialogue aimed at promoting investment climate reforms and private sector development.

## The PPD Diamond Diagnostic Tool

The PPD diamond is a simple conceptual framework for aiding clarity of thought at the outset of the diagnostic process. As illustrated in Figure 9, the tool maps the strength of four essential elements of PPD on two vertical and two horizontal axes.

Figure 9: The Public Private Diamond Tool



As illustrated, the four dimensions are assessed as such:

- ❖ **Public Sector:** Assessing the strength of the capacity of the public sector, the political will to engage, and existing leadership.
- ❖ **Private Sector:** Assessing the organization of the private sector, quality of its leadership and the basic sense of security in speaking out to government without fear of retribution<sup>15</sup>.
- ❖ **Champions:** Assessing the availability of credible and respected individuals with the expertise, profile, and ability to attract the attention of participants and the media.
- ❖ **Instruments:** Assessing the availability, quality and capacity of support for private sector development.

## Part 2: Design and Implementation

The second part involves the design of a dialogue process, the PPD framework, that gives the best chance for productive interactions between public and private sectors to emerge; and plans out efficient steps to capacitate BAs on 'Advocacy and Interactive Communication Exchanges' through a Training Program.

<sup>15</sup> As further illustrated through the Public-Private relations/interactions

The design will make reference to the 12 principles of the Charter of Good Practice in using Public Private Dialogue for Private Sector Development<sup>16</sup>, which are as follows:

- ✓ Assessing the optimal Mandate and relationship with existing Institutions
- ✓ Deciding who should Participate and under what Structure
- ✓ Identifying the right Champions and helping them to push for reform
- ✓ Engaging the right Facilitator
- ✓ Choosing and reaching target Outputs
- ✓ Devising a Communications and Outreach Strategy
- ✓ Elaborating a Monitoring and Evaluation Framework
- ✓ Considering the potential for dialogue on a Sub-National level
- ✓ Making Sector Specific Dialogue work
- ✓ Identifying opportunities for dialogue to play an International Role
- ✓ Recognizing the specificities and potential of dialogue in Post-Conflict or Crisis Environments
- ✓ Finding the best role for Development Partners

### **Third part: Monitoring and Evaluation**

The third part elaborates on the Consultant's role in participation and contribution to the Monitoring and Evaluation framework of the whole project in assessing its impact and effectiveness.

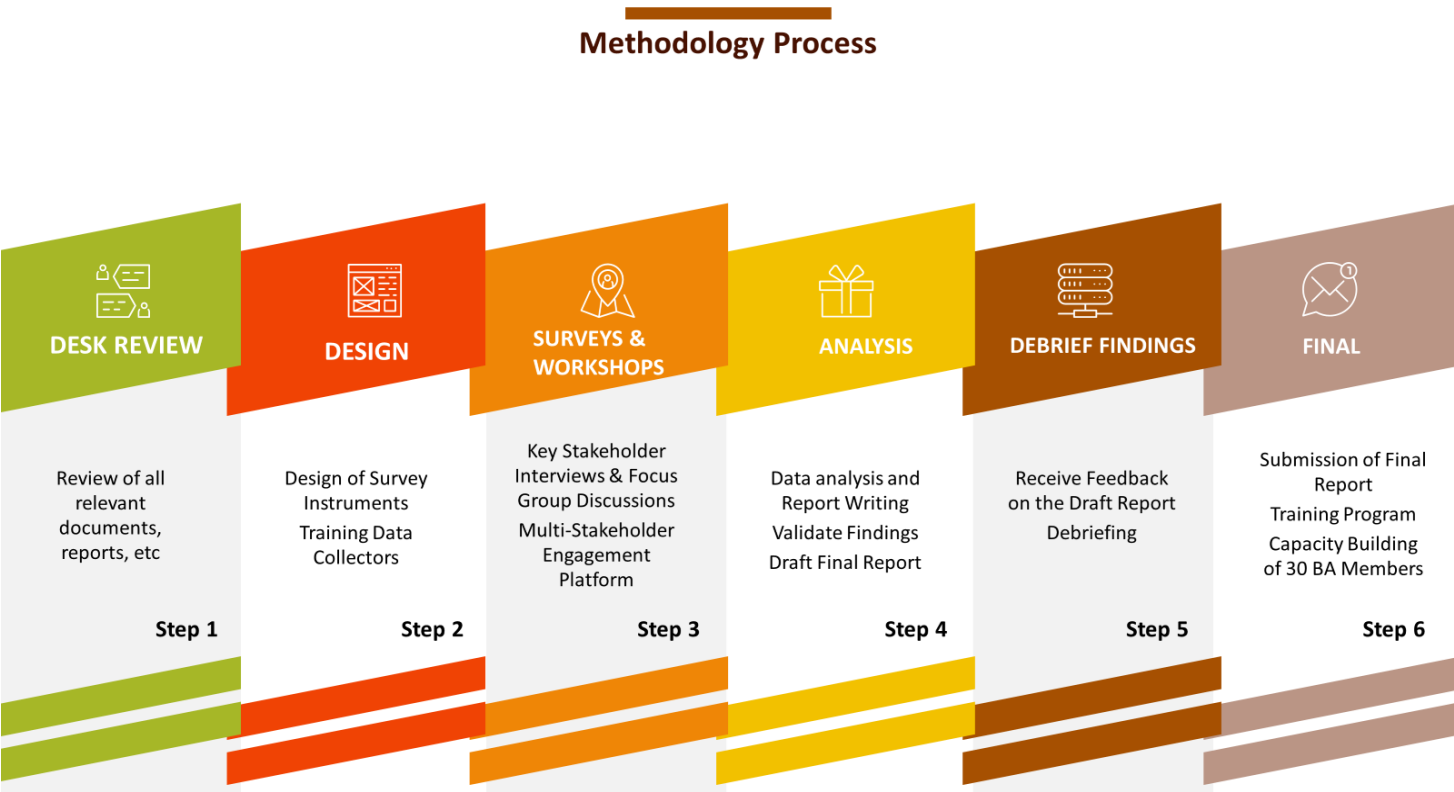
### **The Methodology Process**

The process will follow a sequence illustrated in figure 10.

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<sup>16</sup> The PPD Charter was drafted by participants at the first International Workshop on Public Private Dialogue in 2006 and subsequently revised (World Bank, DFID and OECD).

Figure 10: Summary of the Methodology Process



**Data Collection Methods**

The study employs a combination of qualitative and quantitative methods. Data and information are derived from both secondary and primary sources. The Consultant conducted a scan of grey and academic literature, manuals, related policies, project materials and documents, and other relevant documents. These documents formed the basis for defining the subsequent thematic scope of the diagnostic.

The review of Data and information from primary sources was obtained from key informants comprising the Public and Private sectors (Business Associations and big corporations), the Civil Society and Development Partners. Interactions with stakeholders and knowledge sharing during interviews were identified as distinguishing features of the proposed method. The study employed semi-structured, in-depth key-informant interviews and interview guides. In-depth interviews were optimal for collecting data on individuals’ perspectives and experiences.

As a means of ploughing back in the community and a way of speeding up the data-collection phase, the Consultant trained eight non key experts as data collectors. The identified data collectors underwent training on the following aspects of the assignment: objectives; identification of prospective respondents; distribution, completion and collection of questionnaires. Although on a short-term basis, the initiative to a

certain extent helped curb the high unemployment rate in Lesotho and provided the trainees with relevant research skills.

**Sampling Strategy: Design and Method**

The study used a 'purposeful sampling approach' for a selection of a maximum variation framework. A purposefully selected sample of 55 participants with wide-reaching information, as categorized throughout the methodology approach, is the core to provision of deeper understanding of the existing nature and potential of PPDs in Lesotho.

**Data Analysis**

The PPD diagnostic tool, the PPD Diamond, addresses questions that require subjective analysis and judgement. Through analysis of the efficient functioning of the four dimensions (Public and Private Sectors, and Champions and Instruments) required to start PPD, the tool aims to provide guidelines in terms of enabling an efficient PPD Framework design with solid reasoning and justification to support the decision thereof. Overall, this creates a baseline against which the hosting of a PPD process in Lesotho can be measured over time.

Descriptive statistical analysis by means of frequency analysis was conducted after all completed questionnaires were captured into an excel spreadsheet. Findings from the qualitative methods were further triangulated based on the baseline situation of PPDs in Lesotho, policy reports and other relevant documents where available, with most quantitative data analyzed through Excel spreadsheets. For an additional analysis, the study presents findings on the four dimensions of the tool in a standard point of scale of five colours and categorizes results as depicted in figure 11.

Figure 11: The Public Private Diamond Scale





## 4. THE DIAGNOSIS

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The chapter presents a critical assessment of stakeholders, their commitment, needs and priorities; reviews past and current PPD initiatives in Lesotho; and provides recommendations on engagement for an enabling private sector development. The findings are analyzed according to the evidence derived from the information collected and organized into the different dimensions identified in the data collection Tool. The dimensions form part of the five sections of the Chapter: PPD awareness in Lesotho, Analyses of the Private and Public Sectors, Relations between the Private and Public Sectors, and Analysis on instruments.

Notably, the survey was faced with some minor challenges. The survey dates coincided with the global crisis of the COVID-19 pandemic. This brought about limitations in terms of face-to-face interviews. Some of the stakeholders were not confident to have the said mode of interview with data collectors.

However, out of the 55 questionnaires distributed, the survey achieved an 87 percent response rate, which was representative to have made inference to the population of interest. And irrespective of the identified limitation, the consultant was able to carry out the assignment with the best expertise for quality assurance.

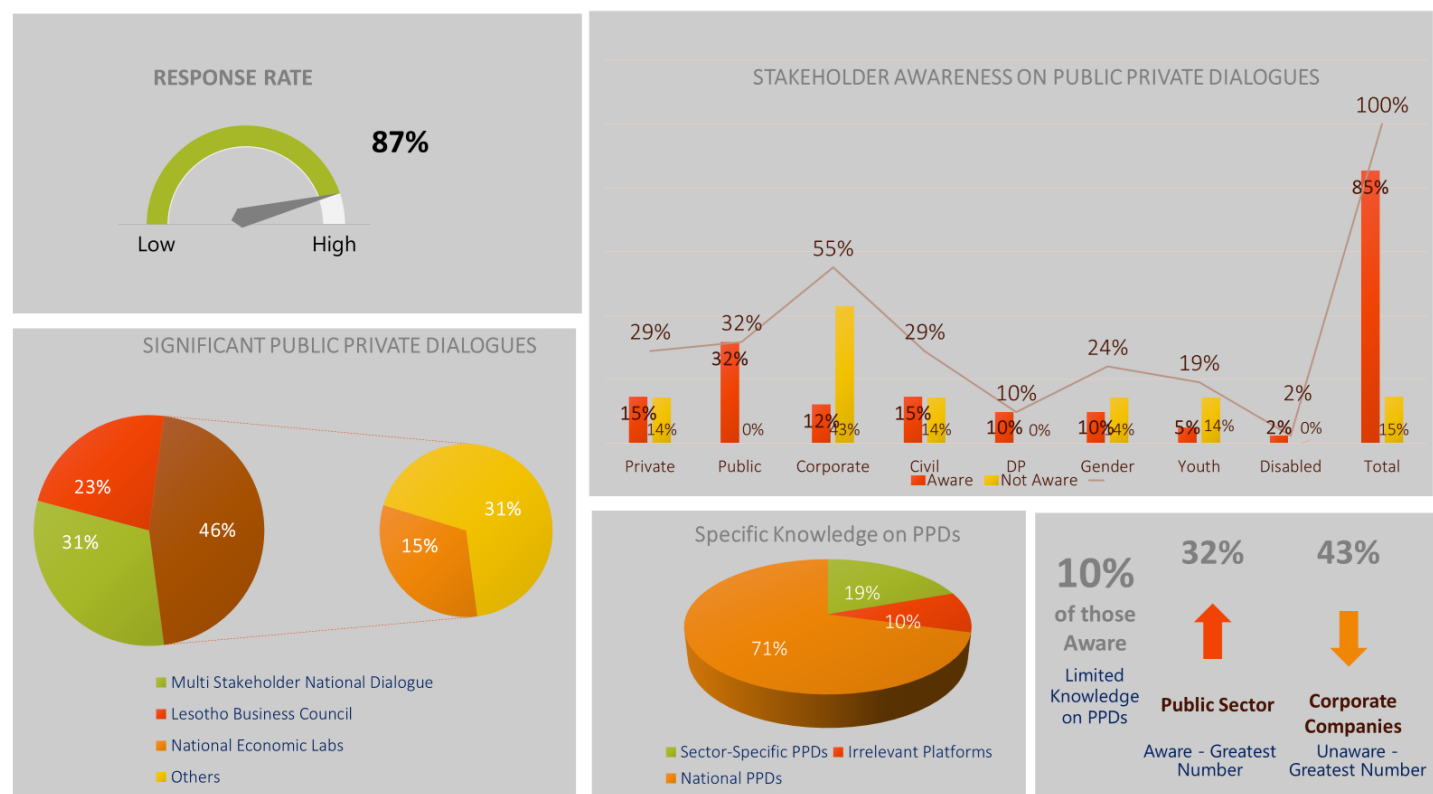
### **The Public Private Dialogue Awareness in Lesotho**



Before any design of a PPD framework, it is particularly important to understand the stakeholders' level of awareness on such dialogues. Although the assessment is important as baseline information, the survey further gets stakeholders acquainted with the idea of a PPD process prior to fully engaging them in the design and implementation of the initiative.

As it is illustrated throughout this chapter, the process further flagged potential obstacles that would need to be overcome to enable for better strategic management decisions related to implementation. An integrated summary, thereof, of the analysis on PPD awareness in Lesotho is depicted in Dashboard 1.

Dashboard 1: Stakeholder Awareness on Public Private Dialogue



In terms of PPD awareness, about 85 percent of all stakeholders interviewed seem to be aware of previous and current PPDs in Lesotho, while 15 percent had neither heard of the term 'PPD' nor known of any existing dialogues in Lesotho. The public sector and corporate companies stood out as outliers, with the former representing the highest number, about 32 percent, of those aware of PPDs, while the latter constitutes the highest number at 43 percent for those unaware<sup>17</sup>.

Of the 85 percent that claim to be aware of PPDs, 71 percent gave examples of a national PPD such as the Business Council of Lesotho (BCL), the recent Multi-national stakeholder Dialogue (MNSD) Plenary II and the National Economic Labs, while 19 percent gave examples of industry related, issue or sector-specific PPDs such as the Lesotho Coordinating Committee on Trade (LCCT), the Financial Inclusion Platform, Wool and Mohair dialogue and the Tax Expo.

This variance in knowledge is understandable as PPDs can take many shapes and forms in a country. For instance, dialogue can happen at a local or national level, be seasonal or permanent, and cover economy-wide issues or be sector specific. For instance, sector specific PPDs provide more focus as they tackle the risk of missing the big picture in the national PPD process and provide a greater incentive for partners to collaborate. However, these dialogues ought to be linked to a broader national dialogue process, which seemed to be the missing link for most identified sector specific dialogues in the survey.

<sup>17</sup> Most corporate companies in Lesotho, including major bank and network operators, are owned by international companies, and as such do not get affected by most reform-related decisions as locally owned corporate companies.

There was a trivial number of respondents who referred to enabling instruments such as specific projects and programs aimed at strengthening PPDs in selected sectors, such as the World Bank Group funded Lesotho Enterprise Assistance Program (LEAP) under the Private Sector Competitiveness and Economic Diversification (PSCED)<sup>18</sup>. Furthermore, about 10 percent of respondents claimed to be aware of PPDs, although, they provided examples of irrelevant platforms not representative of such. The study, therefore, classifies the latter group with those with limited knowledge.

The top three significant PPDs in Lesotho, as perceived by respondents with awareness are as follows:

- ❖ **The Multi stakeholder National Dialogue Plenary II** – About 31 percent of respondents are aware of a three-day national dialogue held in November 2019. The MSND involved consultations and negotiations within seven thematic reform areas which adeptly capture the significant interplay between the political, social, and economic factors that impact stability. The plenary sessions, facilitated by the South African Development Community (SADC) through appointment of the retired South African Deputy Chief Justice, afforded the government, private sector, and Civil Society an opportunity to engage and reach consensus on all identified areas of reform.
- ❖ **The Business Council of Lesotho** – About 23 percent of respondent are aware of the BCL, a supreme body established in 2009 to facilitate private sector development through smooth interactions between the government and the private sector. The Council worked conjointly with the Private Sector Foundation of Lesotho (PSFL), which represented unified efforts and initiatives of the private sector and advocated for its needs and aspirations.
- ❖ **The Lesotho Economic Labs** – About 15 percent know of the National Economic Labs that also involved rigorous consultations between the public and private sector, in effort to develop an implementation roadmap for the Second National Strategic Development Plan (NSDP II). The labs resulted in a comprehensive plan for the development of the country's economy from 2018/19 – 2022/23, identifying, projects, stakeholders, key milestones and timelines, as well as problem solving structures/institutional arrangements to deliver the initiatives in the identified productive sectors of NSDP II. The labs provided a mechanism for sustainable dialogue among the relevant parties to discuss sectoral challenges, in light of regional and global economic challenges.

All the three identified PPDs were established by government, formally structured with public-private representation, and wide-ranging in terms of covering cross-cutting economic issues. Two of the platforms, the BCL and the MSND were, however, initiated by third parties, being Development Partners (DP), and driven as per funds provided.

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<sup>18</sup> The Program provides financial aid and technical assistance to businesses and BAs for increased competitiveness and participation in the economy.

The BCL was initiated through the World Bank Group funding and survived for three years, while the temporary establishment of the MSND was initiated by SADC and funded by the United Nations Development Programme (UNDP) and European Union (EU). On the contrary, the National Economic Labs were initiated and funded by government in facilitation of an implementation framework for its National Plan (NSDP II). However, the BCL in nature was the only one that in its entirety included the government and businesspeople, while the other two included civil society groups and other group representations.

All three platforms had a statement of objective to help in terms of clarity. However, none were formed through a legal mandate for clarity in political and economic contexts, although they were aligned with existing institutions to minimize friction. In terms of structure and participation, all three had defined structures that were manageable, although not formally documented, leaving room for manipulation and thus affecting participation in terms of balance and effectiveness.

Furthermore, missing from the structures of the three dialogues were the champions to drive the initiatives, although all had facilitators. Participation of relevant representative stakeholders was agreed on in a transparent manner, with greater challenges faced in chairmanship nomination, as it will be further elaborated in the following chapter. Although all three had aligned specific participatory processes carried out in a series of working groups, none had an organizational design of operating under the umbrella of a secretariat. This implies that there was, therefore, limited coherent approach to PPD and the shaping of an overarching policy framework, especially for the BCL.

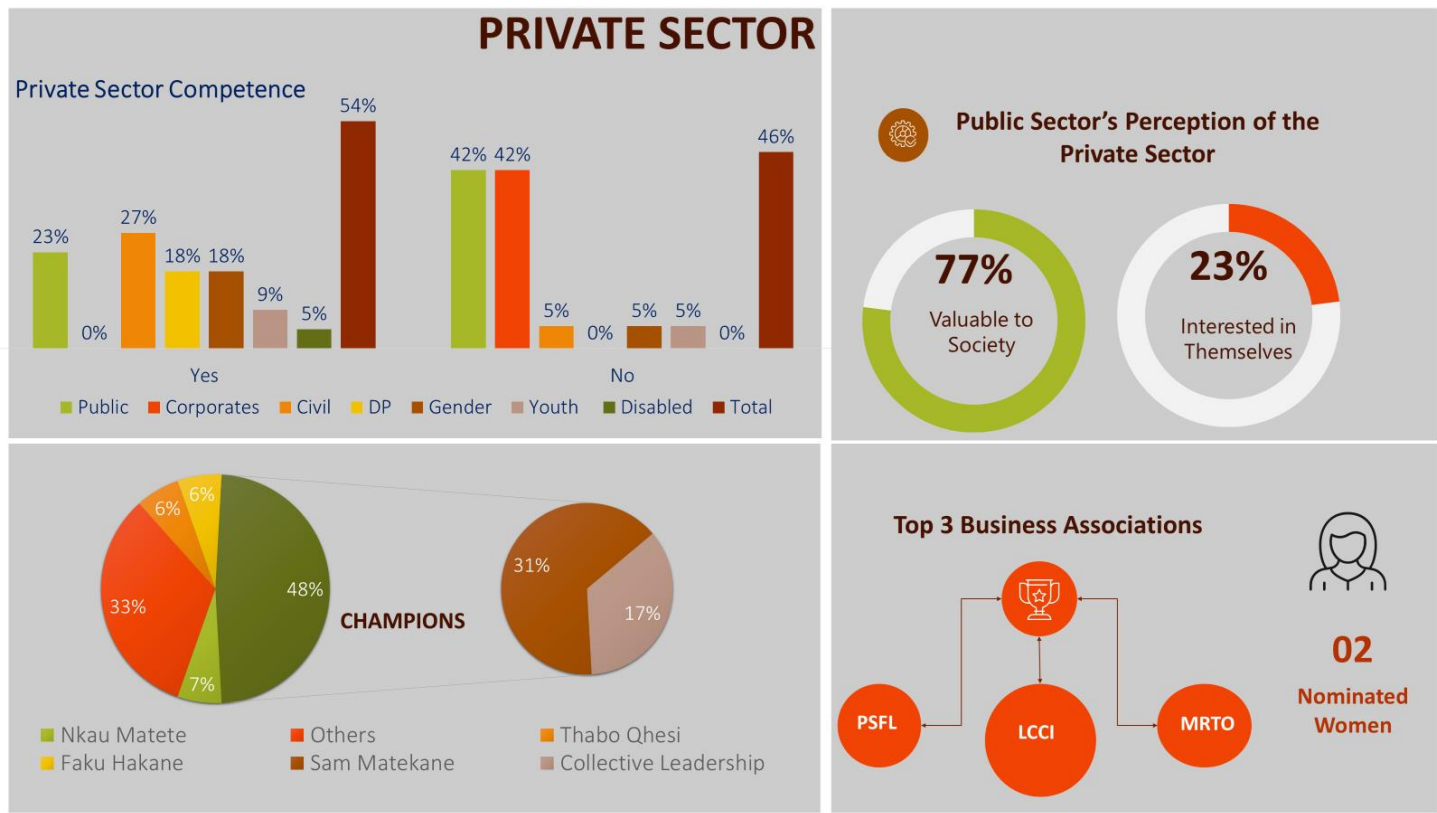
The study, therefore, rates the overall awareness of stakeholders on PPDs as **Good**.

### Analysis of the Private Sector



A core set of questions guided the overall assessment of the private sector in Lesotho. The questions probed on the organizational structure and arrangement of the private sector, the nature and competence of its leadership, and the sector's overall competence and readiness to host a PPD process. The analysis of results, thereof, is stipulated in dashboard 2.

Dashboard 2: Private Sector's Competence and Readiness



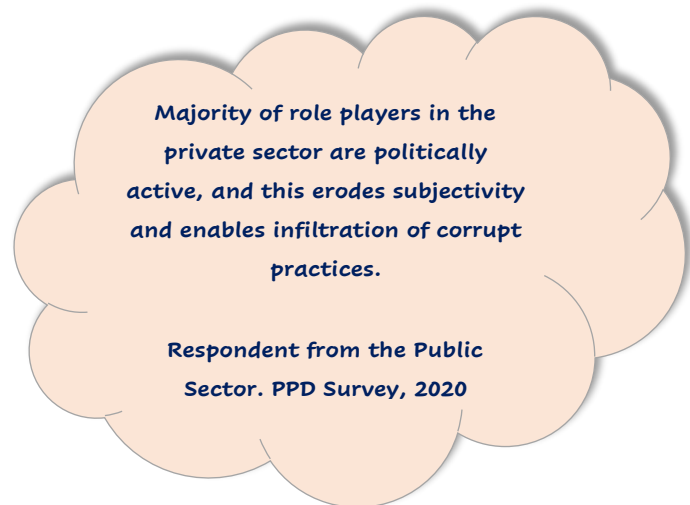
Of all the respondents, 54 percent considered private sector to be competent and capable to drive the economy of Lesotho, while 46 perceived the sector otherwise. The latter group stated the polarized private sector and an unfavorable socio-economic environment for sector development as some of the factors that hinder its competence. They claimed that the sector is largely divided and fragmented, and not well coordinated to drive the economy.

The respondents paid scrutiny to the sector's poor structure, organization and coordination, and its members' political affiliation to depict the depth of its fragmentation. Although respondents acknowledged existence of different BAs, they however, explained the limited joint and collective participation and commentary of the BAs in dialogues addressing changes in legislation and regulatory developments or other economic and development issues. The implication as respondents discussed, was an adverse impact on the sector's growth and effectiveness, which further influences and shapes government's perception of and support, therefore, to the sector.

The respondents further discussed the sector's heavy reliance on government for business opportunities, and how it has given rise to political manipulation. They stated that part of the reason the sector could not hold government accountable in terms of service delivery, was because all it advocates for weighs heavily

against the favors it gets from government. As such, a cut in government's expenditure results in a ripple effect across all sectors with private sector participation.

Of the 54 percent that perceive the private sector equipped, competent and ready to drive PPD process, the highest number comes from the civil society at 24 percent, while the public sector and corporate companies dominate the number of those who said otherwise. Interestingly, although the public sector is skeptical of the private sector's competence, about 77 percent of respondents from the sector do however believe that businesspeople are valuable contributors to society, while only 23 percent perceive them to be selfishly interested in themselves.



The Lesotho Chamber of Commerce and Industry (LCCI), followed by the PSFL and the Maseru Regional Taxi Operators (MRTO) came as top three BAs well known to perform well by respondents. Additional assessment was on identifying credible and respected individuals with the expertise, profile and ability to attract the attention of participants and media as PPD Champions/Ambassadors. Notably, the role of 'champions' in driving PPD and business environment reform is one of the four principal ingredients incorporated in the PPD diamond tool.

About 31 percent of respondents identified a renowned Lesotho businessman who is also an ambassador to the African Business Community, as a dynamic individual leader who commands widespread respect and who could act as a figurehead and champion in the PPD process, and could appeal publicly for businesspeople and government to work together for the good of the country. This figure was followed by 17 percent who believe collective leadership could be the way out, as sole championing would make the process a 'one-man show' that risked being hijacked by elite groups. Three other public figures identified by respondents were two BA leaders and a corporate leader as depicted in dashboard 2. Of all nominees, who were approximately 20, only two were women, with only one member represented from the public sector.

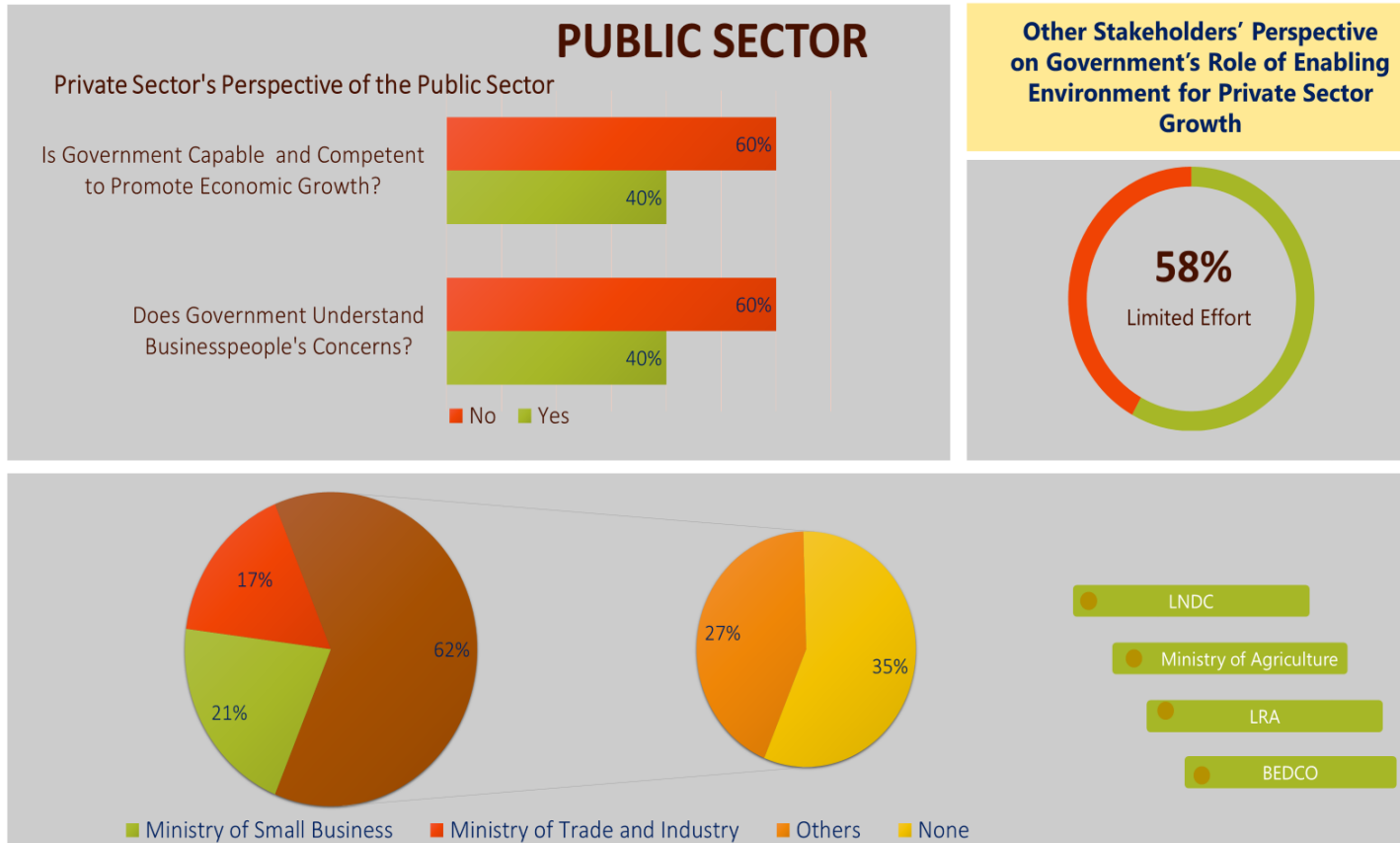
Through overall assessment, the study rates stakeholders' perception on Private Sector competency and readiness as **satisfactory**.

## Analysis of the Public Sector



To determine the readiness and competence of the Public Sector, the study puts emphasis on the strength of government's capability, leadership, and political will to engage with the private sector, as depicted in dashboard 3 analysis.

Dashboard 3: Public Sector's Competence and Readiness



About 60 percent of members of the private sector, selected BAs and corporate companies, perceive government as incompetent and incapable of promoting economic growth through private sector development. The same percentage further believe that government does not understand the concerns of businesspeople. Majority highlighted the lack of consistency and cohesiveness by and within line ministries in doing business. About 58 percent of the other stakeholders as well, perceive government incapable of enabling the environment for private sector development, while 42 percent think otherwise. The former stated challenges related to governance issues, stating the incompetence of government Boards of Directors and the negative impact on doing business environment.

About 21 percent of respondents perceive the Ministry of Small Business as the top performing government ministry, followed by the Ministry of Trade and Industry (MTI), in particular the One Stop Business Facilitation Centre (OBFC) department, at 17 percent. Several other government agencies and departments, including the Lesotho National Development Corporation (LNDC), Lesotho Revenue Authority (LRA), the

Basotho Enterprise Development Cooperation (BEDCO) and the Ministry of Agriculture and Food Security (MAFS), shared the 'others' portion which accounted for 27 percent.

Interestingly, a whopping 35 percent claimed that none of the Government Ministries, agencies and departments perform well. Reasons put were related to the doing business challenges faced by businesspeople, and the failure of government ministries, agencies and departments to solve them. One issue raised was government's reluctance to regulate and ensure compliance of the hijacking of small business by Chinese businesspeople, who are perceived not to contribute significantly to the country's economy.

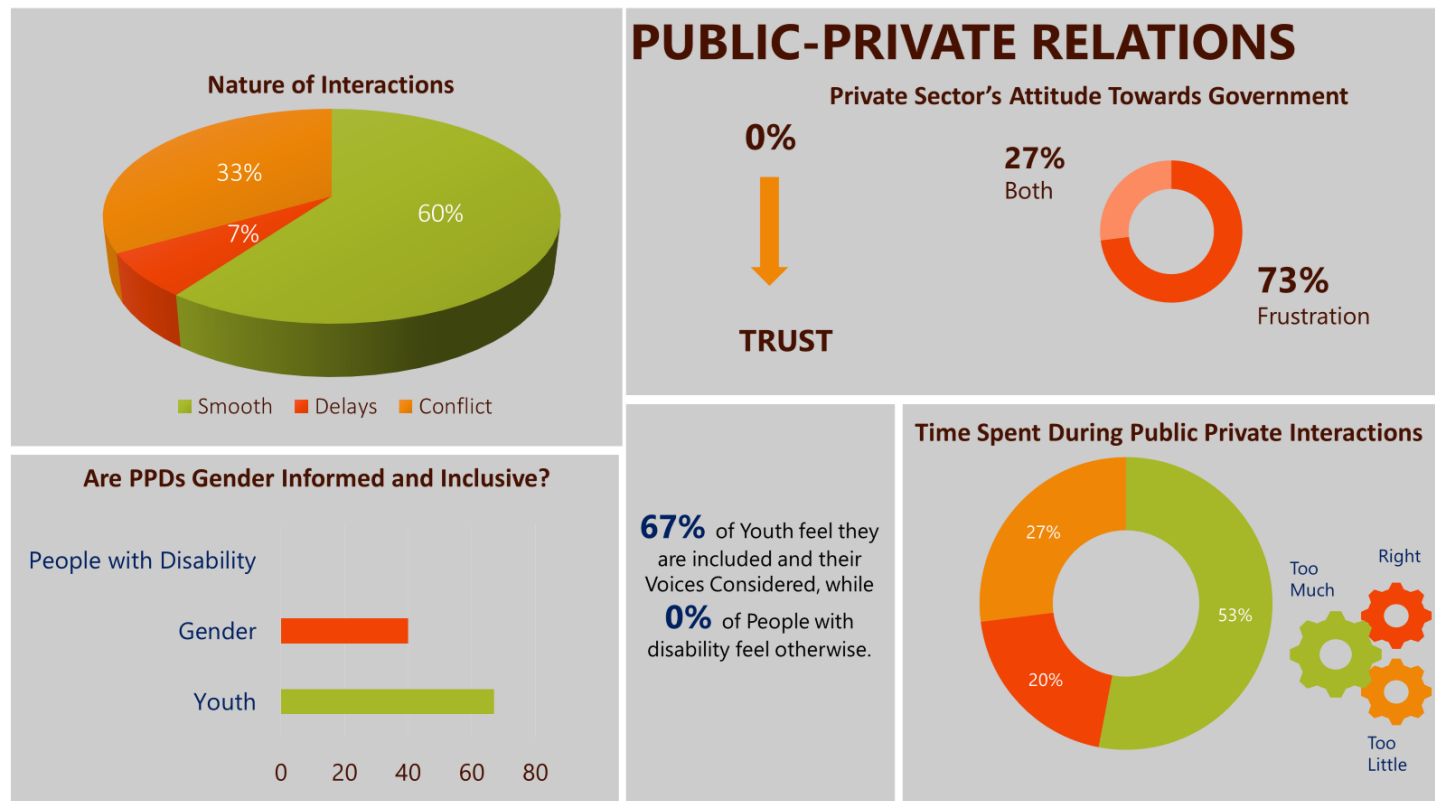
The final analysis, thereof, on stakeholders' perception on government's competence and readiness to host a PPD process is rated as *deficient*.

Analysis of Public-Private Relations



Relations between government and the private sector are often crucial in facilitation of PPDs. Questions related to this section probed more on the nature of public-private interactions, and private sector's attitude towards government as an assessment on its basic sense of security in speaking out to without fear of retribution. The results, thereof, are depicted in dashboard 4.

Dashboard 4: Public Private Relations



In assessing the nature of interactions between the public and private sectors, about 60 percent of respondents claimed that the interactions are always smooth, and this they attributed to the fact that both



parties already know what is required by each to fulfil its part to efficiently contribute to the economy. A third, about 33 percent, of the respondents stated that interactions always end in conflict, especially if such involve discussions on government’s inefficiencies that impact on private sector’s competitiveness, such as deliberations related to delay of payments and tax collection mechanisms. Only 7 percent of respondents claimed interactions are always delayed due to red tape processes in government ministries.

In terms of the general attitude of businesspeople towards government, 73 percent cried frustration, while 27 percent indicated that the attitude is two way; on one side depicting trust, while on the other frustration. None of the businesspeople interviewed solely claimed to trust government. This interestingly brought about the lack of trust that exists between the two sectors, which potentially poses a threat to an effective PPD process.

To assess time spent during interactions, 53 percent claimed that too much time is spent planning and strategizing with technocrats and government officials, while 27 percent said too little time is spent with high-level officials who make decision for implementation of economic reforms. The findings were complemented by 40 percent from the private sector who claimed to meet mostly high-level decision-makers and 60% who meet both high-level and low-level bureaucrats. About 20 percent claimed that time spent during interactions is just about right. This group explained that even if more time were afforded during interactions, they could not think of what else would be discussed, as all they required now is action and implementation beyond roundtables.

In effort to collect data for development of an inclusive and gender informed PPD, some questions were directed to BAs that are gender-based, and those that deal with the youth and disabled people. In response, about 67 percent of represented youth claimed to be involved in PPDs and felt that their voices were heard, with about 40 percent of gender-based Associations in agreement, while none of the representatives from the disabled community felt their voices are heard during dialogues. The example provided by the latter group was the time taken by government to address the concerns of people with disability. For instance, the Disability law has been pending since 2013 to date, and the said members highlighted this inefficiency as clear proof that their concerns were not acted upon.

The study, therefore, rates the overall assessment of stakeholders’ perceptions on public-private relations as **deficient**.

### Analysis of Instruments



The analysis of instruments involves a desktop study complemented by a survey which addressed the following key factors: private sector’s strategic needs and availability of responding industry specific instruments, the country’s laws and regulations, the existing reforms related to doing business, capacity building programs, funds and facilities that enable effective PPD in Lesotho, the level of bureaucracy hindering access to such instruments and complementarities of available instruments to support different aspects of private sector strategy.

## **Related National Policies and Reforms**

In 2007 the Government of Lesotho (GoL) approved the National Public-Private Partnership (PPP) Policy, in recognition of the importance of the such partnerships between the public and private sectors, and as a need to efficiently utilize the mechanism<sup>19</sup>. As part of the process and to allow for rapid implementation, the Government further designed and established a PPP Unit in the Ministry of Finance.

The PPP Unit is the focal point for PPP policy implementation and oversees the overall PPP and Public Financial Management process of utilizing private sector investment to assist government deliver public services and infrastructure. The Government understands that this requires a sound investment climate that will attract private investment, and clear and understandable rules to govern the process of establishing and implementing partnerships with the private sector. As such, the PPP Policy is to date the closest regulatory framework in support of the PPD process in Lesotho.

With job creation and private sector growth at the heart of Lesotho's development agenda, specific reforms are in place with reference to such. The economy is guided by the second National Strategic Development Plan (NSDP II), which has well designed policy targets to transform the economy from a consumer driven to a producer-based one, as led by the private sector. The full implementation of the Plan is guided by an Economic Roadmap (2018/2019 – 2022/23) initiated through the Labs facilitated by the Malaysia's Performance Management and Delivery Unit (PEMANDU) Associates.

The PEMANDU approach reinforced the principles of shared accountability and transparency. Stakeholders from both the public and private sectors participated intensively during the planning of NSDP II and were equally instrumental in the intensive decision-making process of the related economic labs. As earlier noted, the Labs focused on NSDP II's four productive sectors perceived to promote inclusive and sustainable economic growth, and private sector led job creation. The Labs held periodic meetings and sessions attended by all stakeholders, and all were able to provide input to support the decision-making process and solved problems together. The NSDP II and the implementation Roadmap (2018/19 - 2022/23), together with the earlier discussed MSND Plenary II provide high-level strategies for unlocking the potential of private sector in Lesotho, and the instruments further advocate for the establishment and institutionalization of PPD<sup>20</sup>.

The Government Ministries and Agencies have, therefore, aligned their strategic frameworks to the documents in discussion. The DPs through the national Aid Coordination Forum have also discussed the need to direct funding to identified strategic interventions in line with private sector development. Therefore, several programs and projects currently being implemented in Lesotho are in facilitation of the set requirements. Donors such as the African Development Bank (AfDB), the WBG, the European Union (EU), the UNDP, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and others have followed suit to oblige as per recommendations of the NSDP II and its implementation Roadmap.

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<sup>19</sup> <http://www.finance.gov.ls/documents>

<sup>20</sup> MSND Plenary II Report, Bullet 12, Page 103

## Private Sector Development Programs

The AfDB Fund for African Private Sector Assistance, the World Bank Doing Business project and the Lesotho Enterprise Assistance Program, together with other sector specific government programs such as the Lesotho Smallholder Agriculture Development Project (SADP) focus on developing a conducive environment for promotion of private sector development, entrepreneurial skills, access to finance and markets, and strengthening of BAs and networks to meaningfully participate in national and sectoral dialogue.

## Lesotho Doing Business Environment

In 2019, Lesotho ranked 122<sup>nd</sup> globally in the World Bank's Ease of Doing Business Report, with a distance to the frontier score of 59.42 on a 0–100 scale<sup>21</sup>. Notably, several positive developments were recorded in recent years, and the country realized major improvements in its business environment in terms of licensing, getting passports, identification cards, water and electricity connections, and the rollout of the one-stop shop pilot project. Although the 2020 Doing Business report claims that the country has made progress in areas such as corruption, regulatory quality and accountability, factors such as government effectiveness and political stability require more work.

When asked of the things that make it most difficult to do business in the country, majority of businesspeople highlighted political instability, deficient laws and regulations, limited access to finance and cumbersome company registration process. Furthermore, majority of respondents complained that although there were mechanisms put in place for administration, current business laws were outdated and did not consider the contemporary business environment. More emphasis further made on the cumbersome administration processes which involve a lot of red tape, blatant nepotism, and corruption.

The greatest concern from the respondents was the lack of action from government in terms of implementation of initiatives. Majority of respondents, therefore, suggested there should be from government an intentional need for development and aggressive implementation of policies aimed at diversifying the economy. Majority emphasized the need to be intentional in implementing fully the deliberations made by existing instruments, be it reforms or programs. Proper organization and coordination within government Ministries, agencies and departments, and unity of the private sector were further suggestions raised by respondents. In addition, respondents suggested that businesses ought to be independent of government and renew the art of innovation and creativity, that is, initiating activities that do not involve government, except in cases of assistance to enable environment and for compliance.

Overall, there exists relevant and efficient instruments to help strengthen private sector development, with a little push and effort needed for implementation. As such, the study rates availability of instruments as **satisfactory**.

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<sup>21</sup> World Bank Doing Business 2020: <https://www.doingbusiness.org/content/dam/doingBusiness/country/l/lesotho/LSO.pdf>

## The PPD Diamond Analysis of the Four Dimensions

As illustrated in the methodology section, the PPD diamond is a simple conceptual framework for aiding clarity of thought at the outset of the diagnostic process. The Tables below complement the results of the four dimensions as analyzed in the preceding sections, by indicating the scores on the spectrum of the proposed colour scale tool. The Tables below provide a scoring from weak (0) to strong (5) for the four key contextual factors necessary to consider when appraising PPD potential.

Table 1: Private and Public Sectors Dimensions

Private sector dimension	Ranking: From 0 (Weak) to 5 (Strong)	Public sector dimension	Ranking: From 0 (Weak) to 5 (Strong)
Sophistication level of the organization and legitimacy amongst private stakeholders (organization)	2.5	Generalized trust and understanding of the Private sector	2
Capacity to Coordinate and align different groups (Coordination)	2.5	Political will to engage with the private sector	2
Level of power and leverage with respect from public stakeholders (Leadership)	3	Capacity to understand the private sector	2
Willingness to invest time and money in conjunction with public partners	2	Dedicated public sector leadership assigned to dialogue process	1
Compliance to engage in more attractive business models	3	Willingness to adapt institutions and public programs to the evolving needs of the private sector (reforms)	2
Quality of business leaders (understanding of private sector's needs and strategic challenges)	3	Quality of sector driven policies	3
Motivation and leadership to conduct public private partnerships	3	Coordination at different public levels regarding specific private sector needs	2
<b>Average Score</b>	<b>2.7</b>	<b>Average Score</b>	<b>2</b>

Table 2: Champions and Instruments Dimensions

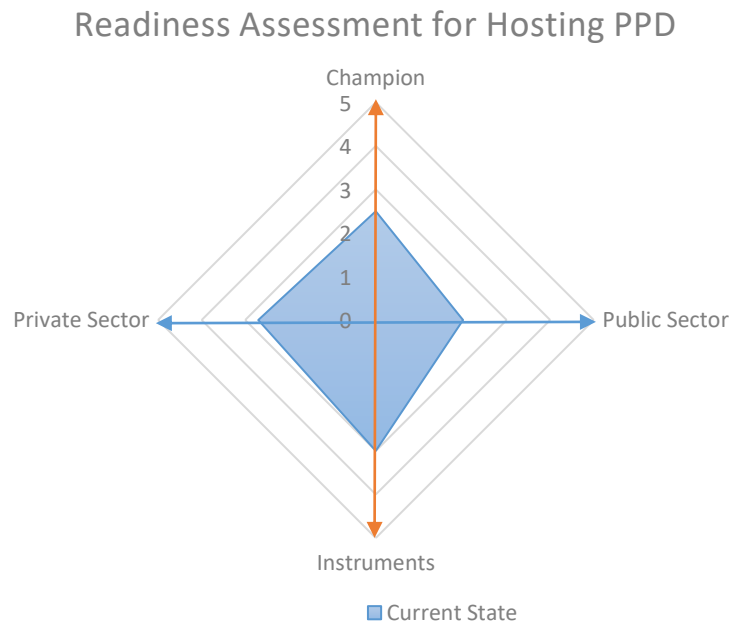
Champion dimension	Ranking: From 0 (Weak) to 5 (Strong)	Instruments dimension	Ranking: From 0 (Weak) to 5 (Strong)
Capacity and Legitimacy to break conventional wisdom	3	Quality of programs and mechanisms to help private sector development	3.5
Understanding of Private Sector Challenges and strategies to overstep them	3	Sector Specific instruments responding to private sector strategic needs	3.5
Emergence of new champions	3	Level of Bureaucracy to have access to instruments	2
Complementarities and coordination of different champions	1	Complementarities of available instruments to support different aspects of private sector strategy.	3
<b>Average Score</b>	<b>2.5</b>	<b>Average Score</b>	<b>3</b>

### Readiness to host a PPD Process

Further analysis on the average scores of the four dimensions and pre-requisites provides the state of Lesotho's readiness to establish a sustainable PPD. The average score for the public's ability to provide sufficient capacity, political will and effective leaders to engage the private sector is 2, while private sector's score on its organization, capability, readiness and willingness to engage and interact with the government is 2.7. The country's presence of a potential champion who can facilitate the dialogue process, activate political will and reduce the trust gap between public and private sector stakeholders is scored at 2.5, while the availability of reforms programs, financing, and capacity building instruments which can help implement and monitor the dialogue process is scored at 3.

The four average scores, illustrating the strength of identified essential elements of PPD, are mapped on two vertical and two horizontal axes for a simple conceptual framework, to clarify thoughts at the outset of the diagnostic process, as depicted in Figure 12.

Figure 12: Lesotho's Readiness Assessment to Host a Public Private Dialogue Process



The results of Lesotho's readiness to host a PPD process are depicted in Figure 12. The Diamond is imbalanced as there is an evident pull from the private sector and existing instruments dimensions. However, without efficient implementation of policy tools, which requires the public's political will and capacity, and adequate trust between the two parties, then the weakness affects the imbalance. The section below, therefore, suggests ways in which the PPD process in Lesotho could be hosted to address the identified imbalance. However, it is important to note that dialogue can still succeed even in this case where the diamond is as imbalanced as the one depicted in the diagram, although it would be challenging for it to survive if Lesotho had a weakness in more than two dimensions.

## 5. LESSONS LEARNED AND RECOMMENDATIONS

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Although Lesotho has seen several platforms and mechanisms for policy dialogue created between the public and private sectors, and within the private sector itself, the scope has been limited. The study identified pre-existing consultative platforms for the government and private sector in Lesotho, although seasonal in nature. The current consultation mechanisms, likewise, are sporadic and industry related, with a national platform representative of coordinated efforts of both sectors as the missing link.

The pre-existing BCL consultative platform is the one case study in Lesotho with close resemblance to PPD, as it brought together the government and private sector in a formal process to achieve clearly defined objectives agreed upon by both parties. The BCL's lifespan was from its launch in 2009 to its natural death in 2012. The Council was launched concurrently with the PSFL. The former's objective was to enhance co-operation between the government and the private sector, through provision of a platform for dialogue on the country's strategic plan, while the latter's mandate was to function as an apex body of the private sector. The idea was to develop a mechanism of ensuring dialogue within the private sector, an attribute that is still highly required, and between them and government by enhancing their participation through formal organization, capacity building and advocacy.

For more in-depth knowledge on the BCL, the study had to design an additional set of questions for identified ex-members of the BCL. It is through their responses and guidance that a baseline was created. Therefore, it is befitting to comparatively use the BCL case study to; identify the baseline of key factors that make PPD effective in Lesotho; understand pre-existing conditions that led to the dialogue's failure; and accordingly make recommendations to guide the design of a PPD framework for effective impact. As the diamond tool approach has clearly illustrated, it takes four dimensions to start a dialogue. However, it takes 12 dimensions to implement a PPD process, and these are discussed below in relation to the BCL<sup>22</sup>.

### **Mandate and Institutional Alignment**

**Baseline:** Although the BCL was initiated as one of the key components of recommendations from the Diagnostic Trade Integration Study (DTIS) in 2003, the final set up by the then Prime Minister was in 2009<sup>23</sup>. The BCL establishment was funded by the WBG, with its mandate and functions driven as per funds provided. Although the Council had an agreed operational protocol with guidance on mandate, functions, composition and management of meetings, the adoption was neither formalized nor legislated. The mandate was further not sufficiently well coordinated within existing institutions or dialogue mechanisms, thus affecting organizational effectiveness of the platform due to duplication of efforts.

**Recommendation:** The starting point should be a collaborative development of rules and regulations for the partnership, including identification of formal mechanisms to be put in place for power balance. There should be in existence standardized documents addressing all PPD logistical aspects. Although a legal

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<sup>22</sup> 12 principles of the Charter of Good Practice in using Public Private Dialogue. Refer: [www.publicprivatedialogue.org](http://www.publicprivatedialogue.org)

<sup>23</sup> Refer to: <https://www.enhancedif.org/en/document/diagnostic-trade-integration-study-dtis-1>

mandate is recommended, this may consume more time, whereas formal adoption may be a quicker solution. Nonetheless, a mandate with legal backing is a signal that can establish credibility, make continuity more probable, and enable dialogue to be better integrated into an existing institutional framework. Caution should further be practiced ensuring the mandate is not too detailed to restrict flexibility and restrain initiatives from adapting to changing circumstances. It is important also to remember that dialogue depends on the capacity and mindset of participants, and a formal or legal mandate is insufficient to create this.

### Structure and Participation

**Baseline:** The BCL had a three-layered governance structure with elaborative roles for participation. The overall oversight responsibility fell with the Council as the overseer, chaired by the then Prime Minister. The Council had directive authority on the Executive Committee, co-chaired by the Government Secretary and the President of PSFL. The Executive Committee, on the other hand, had authority over the Technical Working Committees mandated to execute decisions reached by BCL.

The elaborate composition of the BCL was as follows:

- i. All Cabinet Ministers – Ministers became members of BCL by virtue of their position in order to speak for their respective ministries.
- ii. The Private Sector – Represented by 21 members, with each seven elected from the Corporates, Affiliates, and Associates.
- iii. Observers - Represented mainly by the Governor of the Central Bank of Lesotho (CBL) and Chief Executive Officers from the parastatals. These members attended by virtue of their positions, and their organizations had significant roles to play in the economic activities of the country.

The BCL was, however, not institutionalized. Although the Council fell under the Government Secretary's office, it had no secretariat. This limitation did not go unnoticed by members. On its sixth sitting, BCL members recommended that there should be an established office of the Secretariat<sup>24</sup>. However, this never came to fruition as the process was stalled by the change of regime in 2012.

The nomination of chairmanship was contentious between the private and public sector. Evidence from the sixth sitting minutes of the BCL indicates that the Chairperson addressed a concern raised by other private sector representatives, who contested his chairmanship and the sole role he played in the Council's establishment. The Prime Minister then made a statement to invite the concerned stakeholders to undertake research before making such conclusions. He claimed that in every country that had the Business Council, as the highest-level consultative meeting between the private and public sectors, the Head of Government was its Chairperson. This controversy and struggle of power on the chairmanship issue in Lesotho PPDs further flows through to some industry specific dialogues, as is the case with the current National Trade

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<sup>24</sup> The Sixth Sitting of the Business Council of Lesotho, date missing but presumed to be 2011.

Facilitation Committee (NTFC), where the private sector to date still advocates for co-chairing with government<sup>25</sup>.

Experience, however, shows that when built too closely around an individual, a PPD can risk becoming a one-man show, and can easily collapse if the key person loses interest or moves on. This was the case with the BCL, as it collapsed in 2012 when the Prime Minister left office, and the new Coalition Government came into power. Furthermore, if not accompanied by recognizable efforts to build a broad base of support, PPDs can become politicized by being strongly associated with a particular political party or individual.

Sadly, the limited buy-in of some members affects their entitlement and ownership, as was the case with some members of the private sector represented in the BCL. As claimed by respondents, that coupled with the new government's hesitance to continue the legacy of the previous government on the approach of PPD, led to the death of BCL.

**Recommendation:** If poorly structured and focused, a PPD can degenerate into a talking shop, which leads to disillusionment, disengagement, and loss of credibility, creating opponents and slowing down the reform process. The country should consider re-establishing a high-level National Business Council in close replication with the BCL in terms of composition and participation. However, the issue of co-chairing and respective participative arrangements should be extensively discussed and agreed upon by both parties.

In addition to the elaborative structure that existed, the Council should be institutionalised and have a Secretariat with a Director and professional staff to look after day to day activities. The recommendation is to have a secretariat politically independent of government and the private sector, but rather governed transparently by representatives of both. The Ethiopian Public Private Consultative Forum (EPPCF) portrays the best practice in terms of this structure. The Ministry of Trade and Industry (MTI) is the lead public sector counterpart and the Ethiopian Chamber of Commerce & Sectoral Associations (ECCSA) is the private sector counterpart. The MTI has an EPPCF unit while the ECCSA hosts the EPPCF Secretariat.

Lesotho already has a formally established PPP Unit at the Ministry of Finance, which could pass as the public sector counterpart, while the LCCI, PSFL or any joint private sector representation could lead the private sector counterpart<sup>26</sup>. For organizational effectiveness, it implies that the mandate would be aligned to the identified institutions. The permanency of the secretariat could later be determined with ongoing assessment of the secretariat's neutrality.

The private sector, on other hand, should concurrently assess the possibility of utilising the existing BA platforms to identify a strong and relevant one to unify its efforts and initiatives. Two such organized bodies, mandated to facilitate sustained dialogue between the GoL and organized businesses, and to promote the productivity and competitiveness of the business sector, are the LCCI and the PSFL. However, the Institutional analysis of BAs by the FAPA project claims that although the mandates of both the LCCI and

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<sup>25</sup> The NTFC is currently co-chaired by officials from MTI and LRA

<sup>26</sup> The Private Sector should agree on best institutions to represent them during the planned PPD framework design multi stakeholder consultations.



PSFL as focal bodies in policy development and advocacy in Lesotho are huge, their capacity is inadequate to flex muscle on behalf of the private sector<sup>27</sup>. Notably, with interventions implemented from the ongoing FAPA from AfDB, expectation is that identified BAs' institutional capacity and effectiveness will be improved, including that of LCCI and PSFL. This implies, therefore, that BAs would have to agree on a way forward for a joint and collective representation within themselves, review the mandates to accommodate the new role and align to the identified institution, and agree on structure and participation.

### Champions and Facilitators

**Baseline:** It is important to identify the right Champions and engage right facilitators to help push the mandate of PPDs. Although the BCL was facilitated through the eyes of the DP, it did not have a Champion to act as its ambassador. Without a champion to drive the process through with invested effort, it was difficult to sustain the BCL in a manner fair to all parties.

**Recommendation:** The respondents identified top 4 champions from the private sector, with an overwhelming majority recommending collective leadership. However, only one nomination came through for public sector representation. It is easier for dialogue to survive weakness of champions in the private sector than the public sector, as is the case per the study's findings. Champions ought to be perceived as neutral by all participants, and backing the right champions is the most important part of outside support to PPD. Additionally, if champions are too strong, the agenda can become too narrowly focused and the dialogue can depend heavily on individuals/elite groups. The recommendation, therefore, is to opt for collective leadership and identify a champion from both sectors and one regionally (from the diaspora) or as agreed upon by stakeholders. For instance, local champions can globally work in collaboration with identified champions in the diaspora community for effective ways of engagement and impact nationally and regionally. To further improve the quality and coordination of work, thereof, Terms of Reference (ToRs) for the Council, facilitators, champions, and the Secretariat should be developed.

### Target Outputs

**Baseline:** As noted in a section on PPD benefits, such a dialogue can yield; soft benefits such as trust, cohesion and social capital, and hard quantifiable outputs such as policy reforms, position papers and conferences. The BCL had identified the latter to the last detail, with little emphasis on the former that could have helped sustain the dialogue. Furthermore, due to limited research expertise to make ex ante analysis for informed decisions, the actions/interventions/reform outputs were not backed by evidence-based analytical analysis.

**Recommendation:** The core value of targeted and measurable outputs is two-fold: a government that listens to the private sector with well designed, credible and workable reforms, and constructive and supportive businesspeople who acknowledge what government is trying to achieve with a reform program. The recommendation, therefore, is to strive for a dialogue that is output-based, which will help create a sense of ownership of reform programs among both parties. Provision of evidence-based research will help

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<sup>27</sup> Refer to the Lesotho BAs Needs Assessment and Institutional Analysis Reports by AfDB (FAPA), 2020

focus the dialogue and counteract the dangers of an accusatory atmosphere or an unwillingness of participants to be frank about their concerns. The output indicators can be local, national or regional, structured along industry lines or organized according to cross-cutting topics. However, what they will all have in common will be the desire and expression of both parties to create flourishing conditions that enable private sector development and growth.

### **Outreach and Communications**

**Baseline:** It is crucial to devise an Outreach and Communications Strategy to guide the dialogue. This was lacking from the BCL, and as evidenced by meeting minutes, it was the plea of the Chairperson to make known the Council's achievements and planned activities to the public, through several media channels.

**Recommendation:** Implementing PPD involves huge coordination and mediation efforts. A lot of time and work needs to be invested in consultations and reaching out to people. Open communication about the process is also essential for creating trust and inclusion. For instance, consistent measures to enhance transparency in the process will further help build trust beyond direct participants, such as publishing meeting minutes and decisions. It is recommended, therefore, that extensive targeted outreach and communication activities, within and between the approved structural arrangements should be accordingly guided by a developed Outreach and Communications Strategy. Of importance also will be the advocacy program within the private sector, which is already catered for by the AfDB's FAPA.

### **Monitoring and Evaluation.**

**Baseline:** In the two-year life of the BCL, there was no set elaborative framework and system in place to help monitor and evaluate the Council's progress.

**Recommendation:** There should be in existence internal monitoring tools, that is, application of tracking tools to keep abreast of all stages of each reform/action proposal. The degree to which monitoring results brought measurable change in planned targets should be accordingly reported and documented. Of utmost importance, public tracking of all actions agreed upon by both parties will help establish government's credibility to follow through on its promises and demonstrate private sector's commitment to equally participate as partners to the country's economy.

### **Sector Specificity and Sub-National Relevance**

**Baseline:** There should be defined and clear linkages between the cross cutting nationwide dialogue and sector specific and district level dialogues. The BCL had technical committees working on industry related reforms, reporting regularly to the Executive Committee on achievements, challenges, and a way forward. However, there were neither defined structures nor available operational protocol mechanisms employed in respective districts. Although efforts were in place to improve dialogue in the central, the *modus operandi* of smaller businesses in the districts remained vulnerable to domination from businesses based in the capital city.

**Recommendation:** For sector specific and district level dialogues, the study recommends alignment to the proposed governance arrangements of implementation of the NSDP II, the Central and District Delivery Units, as proposed by the Lesotho Economic Roadmap (2018/19 – 2022/23)<sup>28</sup>. The proposed arrangements are guided by the objective of NSDP II's first Key Priority Area (KPA), which aims to promote inclusive and sustainable economic growth, and private sector-led job creation through four identified productive sectors: Agriculture, Manufacturing, Tourism and Creative Industries, and Technology and Innovation. Furthermore, the private sector will have to also be organized in districts and unified in objectives. This can assist with expected collaboration with the District Authority's office in terms of identifying hindrances to business and proposing solutions relevant to the district's existing socio-economic and political conditions.

### **Identifying opportunities for dialogue to play an International Role**

**Baseline:** During its lifetime, the BCL recorded among its achievements a South African Customs Union (SACU) Business Forum initiative, which was a Lesotho idea<sup>29</sup>.

**Recommendation:** It is recommended that the dialogue aligns to regional and global initiatives for much felt presence. Examples could be drawn from the role played by other countries' national dialogues and their alignment thereof in regional and global initiatives. Of more importance, if the recommendation on inclusion of diaspora champions is implemented, it implies that their role will further include sourcing opportunities regionally and globally.

### **Role of Development Partners**

**Baseline:** It is important to understand the degree to which the PPD is dependent on financial support from third parties, as that can affect the autonomy of its agenda, champions, facilitators, and instrument providers. As noted earlier, the BCL was funded by the WBG through the Lesotho Enterprise Assistance Programme. Although the issue of the Council's sustainability was discussed in meetings, with contemplation of getting a subvention from government in future, complemented by a share of 20 percent from collected License fees to the PSFL<sup>30</sup>, this never saw light of day.

**Recommendation:** Indeed, PPD initiatives can benefit from the input and support of DPs. The DPs can encourage conditions for dialogue, and initiate, promote, support, fund, and facilitate the dialogue. Overall, capacity building and disseminating international best practice are two areas where DPs play a specific role. However, this happens in cases where their role is determined by the local context, demand driven, and based on partnership, coordination, and additionality. In some cases, donor financing can often lead to rushed reforms, with imposed agenda and priorities to ensure that dialogue processes are completed according to a timescale set by a donor's commitment to demonstrate results.

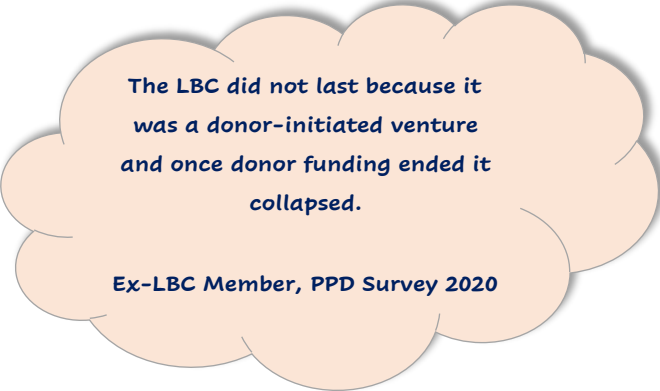
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<sup>28</sup> The Lesotho Economic Roadmap (2018/19 – 2022/23), PEMANDU

<sup>29</sup> The Consultant could not find any supporting evidence to this claim.

<sup>30</sup> Private Sector Foundation of Lesotho, Minutes of 3<sup>rd</sup> Annual Meeting, November 2011, Berea Lesotho.

It is, therefore, recommended that role of DP be as neutral as possible, maximizing local ownership and capacity, building trust, and maintaining a conducive and transparent environment. The engaged DPs should consider the social, economic, and political context of the PPD environment, as well as exit strategies and sustainability issues agreed upon by involved parties. There should be coordination among DPs, through formal agreement from the Lesotho Aid Coordination Forum, to avoid duplication of efforts and to maximize the availability of funds in initiatives worthy of support.



*The LBC did not last because it was a donor-initiated venture and once donor funding ended it collapsed.*

**Ex-LBC Member, PPD Survey 2020**

### **Post-Conflict or Crisis Environments**

Recognizing the specificities and potential of dialogue in Post-Conflict or Crisis Environments is essential. Since PPDs focus on the specific and tangible issues of entrepreneurship, economic reconstruction and investment climate improvement leading to job creation and poverty reduction, the initiatives are effective at building trust and reconciling members of society. A dialogue is particularly valuable during and post-crisis environments including post-natural disaster, to rebuild the economy through private sector development. Structures and instruments for dialogue need to be adapted to each post- crisis context.

For instance, on January 2020, COVID-19 pandemic was declared a Public Health Emergency of International Concern by the World Health Organization (WHO)<sup>31</sup>. Having assessed the global impact of the pandemic and the vulnerability of the country and its citizens, and in line with the WHO protocols and guidelines, the GoL on March 2020 declared COVID-19 pandemic as a national emergency. This, therefore, called forth an activation of a national response. The government undertook a risk assessment of possible impacts of the pandemic on citizens and employed coordination mechanism to drive the response for the prevention of the spread of the virus and protection of the people.

In response, the Prime Minister established the Emergency National Command Centre (ENCC) as the central coordination mechanism on national response, guided by the Disaster Management Act of 1997. The ENCC is formed of the public and private sectors and members of the civil society. As illustrated by this unity, as priority in crisis environments, PPDs can be especially invaluable in enabling the sharing of resources and building capacity. Majority of businesspeople in Lesotho have contributed and shared resources with government to address the impact of the crisis. It is recommended, therefore, that the PPD process designs its strategic initiatives in line with existing possibilities of crises, considering related response and budget thereof.

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<sup>31</sup> Refer to: <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/events-as-they-happen>

## 6. CONCLUSION

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The current institutional arrangement of existing PPDs in Lesotho falls short of effectively addressing complex policy issues affecting private sector development. The system is characterized by poor structured and organized dialogues, as a result of extreme polarization within both core sectors: the public and private sectors. Indeed, a plethora of private sector BAs exist but their unified voice in policy formulation is limited. There is no mechanism in place within the private sector for internal dialogue and assessment of government policies. This implies that no single private sector forum effectively represents the sector's interests or speaks to the Government with one voice. The same exists for the public sector, where the government is faced with a challenge of ministries, agencies and departments working in silos without organized coordination and alignment of sector strategic plans. Although PPD platforms are not a panacea, if both sectors work on the internal fragmentation, this will potentially increase effective implementation of reforms in all stages of the policy cycle: Formulation and Strategy, Negotiations, Implementation, and Monitoring and Evaluation.

In addition, the nature of interactions between the two parties is characterized by lack of trust. The recommendations as highlighted above, therefore, provide guidance on how to build trust between the two parties by effectively establishing a PPD process in a 'neutral space'. This neutrality covers elements recommended by the study, such as: Establishing a secretariat; Nominating independent and neutral champions; Providing evidence-based research; and Tracking of actions and clear and defined communication.

It is through these recommendations that a PPD framework can be designed. The framework will consider the recommendations made by the study, and develop key activities/interventions which will fall within the following clusters:

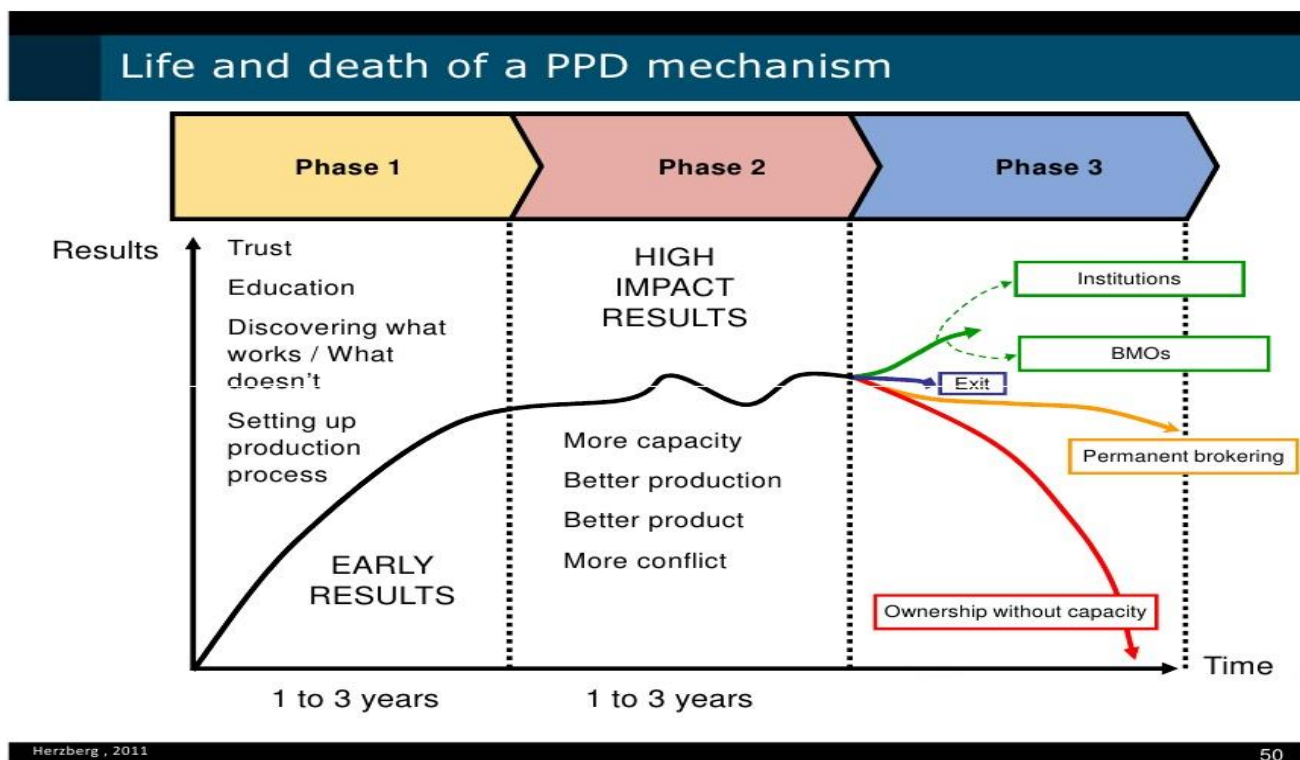
- I. **Quick wins:** Interventions that can be realized in short-term with low to medium effort, yielding moderate impact.
- II. **Leverage:** Interventions that can be realized in medium-term with considerable impact, with medium to high effort required.
- III. **Strategic:** Interventions that can be realized in the long-term with greater effort, yielding the highest impact on performance indicators.

The proposed interventions will be implemented within the three phases of the natural life of a PPD process. Figure 13 illustrates the World Bank Group's conception of the life cycle of a traditional PPD mechanism, from setup and maturity to a transition phase with various possible outcomes<sup>32</sup>.

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<sup>32</sup> Benjamin Herzberg & Lili Sisombat; The World Bank Group, Public-Private Dialogue Working Paper Series, 2016.

Figure 13: Lifespan of a Public Private Dialogue



Source: Herzberg and Sisombat, 2016b,

**Phase 1 is the discovery phase and the realization of Quick wins.** The discovery phase may last from six months to three years. It is recommended that Lesotho spends more time in this phase as a foundation building. More effort will be on building trust between the public and the private sector, educating members on how to behave during planned interactions, and discovering what works and does not in terms of reform proposals.

It is during this initial time that the dialogue process will be set up, and that a reform production process will be put in place, with options being tested in terms of mandates, working groups, secretariats and logistics, credibility of champions and facilitators, scope of the proposed reforms, and political sensitiveness of the agenda being put forward.

Ideally the partnership should not expect to yield any groundbreaking returns in terms of economic impact during this phase. Early results and easier quick wins will more likely be on the agenda during this time, as they represent less contentious issues. Therefore, it will be ideal for the partnership to deal with smaller issues with minimum risk, to yield moderate impact or success. To bring on board bigger contentious items on the agenda during this phase would carry a high risk of failure for the PPD, and derail members' moral. Additionally, caution should be practiced during this face, ensuring members do not build a large backlog of problems which could not be addressed in the previous dialogue setup.

**Phase 2 is the high impact phase and the realization of both leverage and strategic initiatives.**

This Phase may last from a year to three years and is a more productive phase than Phase 1. During this phase, the assumption is that partners will be more capacitated and further motivated by early results achieved from Phase 1. Additionally, members should by now be more experienced at designing reform proposals that get successfully processed, accepted, and implemented. At this time, the organizational process will most probably function well enough that issues and proposals would benefit from more focused technical input and assistance, especially from DPs.

Notably, issues are likely to be of higher stake than in Phase 1. Although certain limits would have been broken with Phase 1 reforms, government could still feel pressured to agree to private sector demands than in the early days of the dialogue. As such, while economic impacts of the partnership are at their maximum during Phase 2, this phase is also a phase of potential conflicts and crises. Some contentious issues may fail to be processed through the PPD towards successful implementation. It is recommended that measures be put in place to address the said possibility. However, such conflicts in Phase 2 will gradually subside, dependent on the efforts placed in Phase 1.

**Phase 3 is the sustainability/transfer/exit phase.** All the proposed PPD initiatives often come to birth to ultimately fill an institutional gap between the private and public sectors. If confidence and dialogue are established and private sector concerns are now considered by government, then both partners should agree on what to come next. This phase is, in a sense, the hardest to predict, with four possible scenarios as illustrated below:

**Option 1 - Ensuring sustainability through transfer to institutions and business associations**

This option assumes that the first two phases of the PPD have been sufficiently successful, and the country now has enough capacity in its administration and the business community to dissolve or roll over the maintained level and intensity of the dialogue.

**Option 2 - Transferring the initiative early on to existing institutions**

This option involves transferring of initiatives and institutional arrangements to existing private and/or public institutions. While the prospect of early ownership is enticing, it is important to remember that it takes a while for a PPD to bridge a gap it is meant for. If for instance, a PPD secretariat is transferred too soon to an institution which is not ready to handle the load of work and effectively address technical and political issues arising from the initiative, it is likely that outputs will suffer.

**Option 3 - Entrust the PPD to fulfill a function of a permanent broker, through institutionalization**

It may be a good option for a PPD initiative to remain in existence as a permanent institution. If the PPD is not duplicating other existing institutions, it may become the mechanism of choice for re-routing private sector issues into the government and vice-versa. Although the idea is attractive, it is difficult to implement because a neutral broker is supposed to remain neutral and institutionalizing a PPD within a public or private

structure would remove that core benefit. It is also likely that if this option is chosen, results may stabilize over the mid-term, with many routine events taking place, such as conferences, forums, and the like. Unless a path to option 1 is chosen along the way, the result curve is likely to go descending with time.

#### **Option 4 - Termination and clean exit.**

It may be unproductive to throw energy into prolonging the active life of a specific partnership mechanism that achieved initial successes but seems to be losing momentum. Often, consultative mechanisms accompany a specific reform agenda, and consequently have limited lifetimes. The important thing may be the principle of partnership, not the specifics of a mechanism of interaction. Successful but short-lived initiatives which can die a natural death can gain an iconic value, enabling businesses and government officials to look back on them with pride and as a positive reference point to be cited as an example.

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In closing, all the recommended initiatives will, therefore, be implemented within the proposed phases, with timelines, responsible actors and budgets agreed upon during a multi-stakeholder Engagement Platform (development of PPD Strategy, Action Plan and Roadmap). This will form a basis for a PPD Framework in Lesotho, which will take into consideration all recommended actions/interventions as per the following 12 Principles of the Charter of Good Practice in using PPD for Private Sector Development: Mandate and Institutional Alignment, Structure and Participation, Champions and Facilitators, Outputs, Outreach and Communication, Monitoring and Evaluation, Relevance to Sub-National, Sector-Specificity, International Role, Crisis Mitigation and Development partners.



# ANNEXURE A – DATA COLLECTION TOOLS

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Private Sector  
Questionnaire.docx



Public Sector  
Questionnaire.docx



Corporates  
Questionnaire.docx



Civil Society  
Questionnaire.docx



Development Partner  
Questionnaire.docx



Disabled  
Questionnaire.docx



Women BAs  
Questionnaire.docx



Youth  
Questionnaire.docx

## ANNEXURE B – PUBLIC PRIVATE DIALOGUE SUSTAINABILITY

The World Bank Group incorporated the concept of Public-Private Dialogue Sustainability into the revised Charter of Good Practice as Principle XIII in 2015. The Charter stipulates that achieving sustainability is a challenge for a PPD and requires the commitment of all PPD actors.

Sustainability means that the needs of the present are met without compromising the needs of the future. Sustainability plans are sometimes referred to as 'transfer phases' or 'transition plans' because they are essentially about how a PPD becomes more self-sustaining, especially in the context of externally sponsored PPDs<sup>33</sup>. This is true for those that are more formal or institutionalized and are meant to be more long-term.

The transfer phase is the third stage of a PPD lifecycle; after discovery and maturity, before transformation. The phase refers to the gradual transfer of operations, management or financing of a PPD by sponsors to local institutions. Self-sustainability or local ownership is crucial because dialogue needs to be sustained, whether as an institution, a culture or a practice.

The World Bank Group recommends that the sustainability/transfer/exit plan should have a clear timeline and be communicated upfront to the stakeholders to make them aware of the PPD timeline and sustainability chances at end of sponsor support<sup>34</sup>. The principle that transfer should begin at entry might be difficult to adopt in the early stages of the PPD lifecycle but is an important consideration in the overall design and mandate of the PPD.

### The sustainability of a PPD is built upon three pillars:



<sup>33</sup> Herzberg, Benjamin, and Lili Sisombat. 2016. "Sustainability of Public-Private Dialogue Initiatives: Practical Note to Ensure the Sustainability of Dialogue Partnerships." World Bank, Washington, DC.

<sup>34</sup> The PPD Handbook: A Toolkit for Business Environment Reformers, <http://www.publicprivatedialogue.org/tools/PPDhandbook.pdf>

Sustainability requires the commitment of all sectors involved, so each one must acknowledge its place in the process and honour it. The private sector's most important contribution to PPD sustainability is its ability to scope, analyze, prioritize and present issues to government. This implies that the sector needs to be equipped with solid technical, analytical and communications skills. On the other hand, the public sector's most important contribution to PPD is its capacity and willingness to respond to its private sector counterparts, which is in addition to its analytic and policy expertise.

At the third stage of the PPD lifecycle (transfer/exit/sustainability), there are a few options that stakeholders can adopt in their sustainability strategy:

### **Strategy 1—Integrating the PPD into Existing Institutions**

The PPD is housed within an existing institution, such as a government body or business membership organization (e.g., Chamber of Commerce or other Business Associations), which also becomes the new home of the PPD Secretariat unit.

This strategy has several advantages: it builds upon experience and expertise of the PPD actors; diminishes uncertainties around the transition and helps to obtain stakeholder consensus and prioritizes reforms over a resource-intense institutionalization process.

### **Strategy 2—Setting Up the PPD as a New and Independent Institution**

When none of the current PPD partners are in a position to develop adequate capabilities, or when no stakeholder consensus can be reached on an existing institution, the partnership may need to be moved under the umbrella of a new and independent institution so that it retains its neutral, permanent business representative and advocate role. In this case, the PPD could be run jointly by several Business Associations which contribute staff and financial resources.

Common challenges in establishing a new institution include constrained time and resources to build a new institution, retaining confidence in the partnership as a transparent and neutral process and the struggle to make the new organization as resource efficient as possible.

### **Strategy 3—Decentralization of the PPD Functions**

The functions of the PPD can be decentralized so that issue-specific working groups and the PPD Governing Board can take on a life of their own, within existing institutions such as line ministries and Business Associations that carry on their own separate advocacy.

The main advantage of this strategy is that a decentralized PPD may be more resilient to political changes because the dialogue is less dependent on prominent political figures and further allows for greater risk diversification, ensuring that some working group dialogues become sustainable.

The main challenge, however, is that decentralized PPDs are likely to have lesser capacity to attract non-core working group constituents, such as agencies that have a role in reform implementation but no institutional link to the working group subject. Finally, a working group-level PPD loses the opportunity to create virtuous spillovers from one working group to the next in terms of capabilities and results. In this way, the PPD process is sustainable for only the most powerful economic stakeholders and interests.

#### **Strategy 4—Internalization of the Stakeholder Dialogue Concept**

In this case, the PPD mechanism itself ends, but the concept of stakeholder dialogue is internalized and integrated into the political culture and practice. The strategy implies that Business Association advocacy capacity is improved, government Regulatory Impact Assessments (RIAs) are adopted as well as formal requirements for consultation.

This strategy is most effective when:

- ❖ The culture of dialogue exists with the government and there is a clear channel of communication between the government and the private sector.
- ❖ The private sector and government have the capacity to engage in evidence-based advocacy.
- ❖ Business Associations are meeting standards in terms of operational and financial sustainability.

#### **Strategy 5—Ending the Partnership Initiative**

In this strategy, the PPD is shut down with no follow-on because the objectives were achieved and there is no rationale to continue the process—or stakeholders failed to reach an agreement on a way forward. This is especially true for consultative mechanisms that accompany a specific reform agenda, and consequently have limited lifetimes.

