COMPANION PAPER 7

PUBLIC-PRIVATE DIALOGUE FOR CITY COMPETITIVENESS

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Interest in studying city competitiveness has skyrocketed in the last few years, although the topic itself is far from new. Mayors and city leaders have long worried about the obstacles to job creation, competitiveness and economic growth that plague their cities.

This paper is part of a broader research initiative, the “Competitive Cities Knowledge Base” (CCKB) project, managed jointly by the Trade and Competitiveness Global Practice and the Social, Urban, Rural and Resilience Global Practice of the World Bank Group. Its objective is to create a knowledge base on competitive cities, to improve the understanding of job creation at the city level, and to serve as a foundation for a Community of Practice on this topic for World Bank Group staff, academia, donor partners and practitioners.

Our attempt in this initiative has been to focus our energies on bringing a robust body of knowledge to our clients — to address their questions on benchmarking their performance, on understanding what has worked elsewhere and what has not, and on how to organize for delivery in different contexts.

Our approach has focused on using different methodologies to tackle these questions, based on best practices, data availability, replicability and simplicity. In many cases, we have leveraged new and existing data sources to shed light on some unanswered questions; in others, we’ve conducted primary research, since the available data were inadequate. We have looked at global and regional trends, comparing different typologies of cities – by income, sector, region and so on. And we have buttressed these findings with econometric “deep dives” and case studies in selected countries and cities. We are now able to inform the continuing debates on what really matters for economic outcomes in cities with an analysis of over-arching trends and associations, supplemented with rigorous analyses to identify causal relationships. We also try to “stand on the shoulders of giants” where possible: We use and refer to existing resources (research, analysis, toolkits and experts).

The summary findings of the overall research are presented in the framework paper, “Competitive Cities for Jobs and Growth.”

The objective of this paper is to review and analyze existing literature on Public Private Dialogue (PPD) and the way it can be applied to address the issues of competitiveness at the city level. The paper aims to explain how traditional PPD approaches and techniques should be adjusted for application at the city level.

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EXECUTIVE SUMMARY

- **City competitiveness is defined largely by the competitiveness of local firms.** On the assumption that constraints to growth are best known by firms themselves, it can be inferred that effective competitiveness interventions are best identified and designed through collaboration between public and private actors in cities. Public-Private Dialogue (PPD) is a useful approach to facilitate this process.

- **The potential of PPD to drive reforms and improve business conditions at the city level has been recognized in the PPD literature.** The 16 examples of city PPD initiatives reviewed in this paper confirm that PPD can be a powerful driver of change and can lead to improved private-sector performance.
  - In **Barcelona**, PPD initiatives helped develop the cruise tourism segment of the economy and make Barcelona the second-most-visited cruise destination in the world.
  - In **Dhaka**, two separate initiatives helped limit the environmental damage from leather tanneries and garment makers, the main drivers of Bangladesh economy, while improving the competitive position of those industrial clusters.
  - In the small Catalan town of **La Bisbal**, PPD helped upgrade traditional ceramics producers by introducing them to new marketing practices and helping them reach markets as far away as New Zealand.
  - In the **Turkish city of Gaziantep**, a long-term PPD process underpinned the city’s rise to becoming the #1 global exporter of machine-made carpets.

- **City PPD approaches are still not widely used**, and there is a lack of codified knowledge on the specifics of designing and implementing PPD initiatives at the city level.

- **This paper looks at the available literature and examples of city-level PPD initiatives to understand whether the PPD process at the city level should be different from the national-level process.** It also develops a list of recommendations for practitioners designing and running a PPD process in cities.

- **The analysis is structured along the seven-point framework of PPD characteristics:** area coverage, scope, institutionalization, leadership, ownership, focus and participation. For each of the characteristics, a combination of theoretical and case-study evidence is used to figure out the adjustment that the city conditions require from the PPD practitioner.

- **The results of the analysis are summarized in a checklist for a city PPD practitioner.** The checklist offers guidance on how to approach designing and managing a PPD initiative. However it doesn’t provide all the answers.

- **This note aims to start the conversation about city-level PPD and the way it should be approached.** There is a need for more evidence collection and further research into the subject.
Introduction

Public-Private Dialogue (PPD) has been applied widely to design competitiveness reforms, build coalitions and overcome gridlock in policy implementation. This approach has been used frequently by the World Bank Group (WBG) and other development institutions, which have accumulated experience, knowledge and technical expertise about the PPD process.

More recently, PPD has been applied more frequently at the city level. The potential of local PPD at the subnational and city levels has also been widely recognized in PPD literature. But well-studied and codified examples of city-level PPD are few, and there exists a knowledge gap on the specifics of running a city-level PPD initiative.

As cities around the world are confronting the challenges of expanding their economies and creating jobs, the need for collaborative work between public and private stakeholders in cities has become more apparent. A World Bank Group study into competitiveness of cities shows that public-private coalitions were behind turnaround stories in a number of successful cities. PPD is one of the tools that can help build coalitions that may play an important role in defining a city’s growth trajectory. PPD can thus be a valuable addition to the toolbox of city competitiveness practitioners.

This note offers a review of the literature and selected project implementation experiences of WBG teams on organizing the PPD process at the city level. It makes the first step toward aggregating and codifying the knowledge accumulated on city-level PPD. We start from acknowledging the achievement of PPD processes at the national and sectoral levels, and we then refocus our spatial lens on cities in order to understand to what extent the specifics of a city environment should be reflected in running and organizing PPD initiatives.

The key question explored in this note is: “What is the main difference, if any, between running an effective PPD at the national level and running it at the city level?”

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Box 1: Twelve essential elements of PPD

- Assessing the optimal mandate and relationship with existing institutions
- Deciding who should participate and under what structure
- Identifying the right champions and helping them 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 specifics and potential of dialogue in post-conflict or crisis environments
- Finding the best role for development partners (aka donors)

What Do We Know About Public-Private Dialogue?

Public-Private Dialogue (PPD) refers to the structured interaction between public- and private-sector stakeholders to promote the right conditions for private sector development, improvements to the business climate, and economic development. It is about stakeholders coming together to define and analyze problems, to discuss and agree on specific reforms, and to work to ensure that the suggested solutions are implemented. This approach has gained traction in the last several years and is widely seen as an essential component of competitiveness interventions. The international community of PPD practitioners has made a major effort to collect and codify the experiences of initiating and supporting the PPD process. Today there are several key documents widely recognized as important references for those designing or implementing a PPD process. The key principles have been summarized in the PPD handbook (see Box 1).

Following the principles and guidelines should help mitigate the risks that can emerge from an improperly designed PPD process. The most commonly mentioned risks include reinforcing vested interests, over- and under-representing various actors, and becoming a talking shop that breeds conflict rather than consensus and that fails to deliver results.

PPD principles offer general guidelines on how to avoid the common pitfalls, but at the same time to allow for great flexibility. A good PPD process should reflect local conditions, which is why flexibility is its essential feature. It also ensures that PPD can be used at the city level, and adapted to different city-level conditions: different stages of development, different levels of administrative centralization in the country, different levels of capacity of public and private actors, and different local endowments and economic structures. The framework in Figure 1 shows 7 dimensions that define the characteristic of a specific PPD process. This note will use this framework to structure the analysis of how the specific city context might be reflected in the design of the PPD process.

The World Bank Group and other development partners have significant experience in delivering PPD projects, including knowledge relating to implementation and tools that can help inform and structure engagements. These include: frameworks for stakeholder mapping (Stakeholder matrix, PPD diamond etc.), tools for structured analysis of stakeholder networks (NetMap tool), sets of checklists for practitioners, and approaches for mitigating risks.

At the same time, PPD is an art as much as a science. The PPD principles, tools and guidelines offer a solid foundation for the design of new PPD initiatives and the adaptation of PPD to different contexts, including cities. They are not a guarantee of success, however. Most successful PPDs take place organically, driven by existing social cohesion, without following a guidebook. The guidelines can help structure dialogue; they have proven particularly useful where an underlying basis of trust is missing; and they can also help practitioners interested in starting the process.

Figure 1. 7 dimensions of adaptability of PPD.

<table>
<thead>
<tr>
<th>National</th>
<th>Local</th>
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<tbody>
<tr>
<td>Economy-wide</td>
<td>Sector-specific</td>
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<tr>
<td>Permanent institution</td>
<td>Temporary initiative</td>
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<tr>
<td>Public-driven</td>
<td>Private-driven</td>
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<tr>
<td>3rd party brokerage/support</td>
<td>Locally driven/sustained</td>
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<tr>
<td>General orientations/Many goals</td>
<td>Specific changes/Specific goal</td>
</tr>
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<td>Many actors</td>
<td>Few actors</td>
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Source. Herzberg B.; “A typology for Public-Private Dialogues”; World Bank; 2013
Why is Public-Private Dialogue Needed for City Competitiveness?

A “competitive city” is a city that successfully helps its firms and industries create jobs, raise productivity, and increase the incomes of citizens over time. While there are many dimensions to successful and attractive cities – including strong social and human development, environmental sustainability and political freedoms – the focus of this paper (and the Competitive Cities Knowledge Base project overall) is on economic outcomes of cities: output and employment growth; labor productivity; and household disposable income. (See Box 2 for the definition of “City” and “City PPD” used in this paper.)

City leaders are often grappling with difficult questions: What do I need to do to create more jobs for my citizens? What are the interventions I can make, and in which sequence, to obtain the highest return on economic growth and sustainable employment? How do I make this happen? City leaders realize that their task is no longer limited to providing services to their citizens: It also includes making sure that firms in their cities become competitive in the global market. Cities need to create and support jobs and opportunities for their citizens, which in turn generate tax revenues to fund service provision.

Fortunately, cities can be particularly well-suited to solving economic development challenges. The administrative scale of cities most closely matches the natural scale of economic development – with sub-national clusters of firms and industries. Policy implementation is also more manageable at the city level, with a range of policy levers and a pragmatic approach to problem-solving.

City governments play an important role in creating the conditions for economic growth driven by the private sector, and firms know the constraints they are facing better than anyone. This makes a natural case for the importance of the exchange of information between private and public actors in a city. In addition, city governments often struggle with fewer resources and lower capacity than national or regional authorities, and the private sector can often provide the resources and the capacities that are needed to implement competitiveness interventions. The case studies of successful cities in different regions of the world reveal a number of occasions when productive collaboration between local businesses and public-sector stakeholders was the main reason for a city’s economic success. Logical reasoning and case-study evidence suggests that the best way to design and implement competitiveness interventions is through collaboration between public and private actors. PPD offers a useful and pragmatic framework in which to pursue it.

PPD can be a powerful tool for city competitiveness because it helps cities create five conditions that are associated with successful competitiveness policies:

- **PPD helps build trust among local stakeholders.** Meeting on a regular basis builds trust and understanding between stakeholders. A failure to communicate is likely to lead to a failure to understand each other’s concerns, which in turn may breed mistrust and non-cooperation. Non-cooperation tends to lead to inefficiency and waste, inhibiting growth, investment and economic development.

Box 2: Defining a City and a City PPD

In economic terms, a City is a densely populated metropolitan area which is not restricted by administrative boundaries: It is rather defined by the limits of the business agglomeration (the area where businesses can interact face-to-face on a daily basis) and the travel to work area (the spatial definition of a local labor market within which people can commute to work daily). In some cases, this definition is equal to the local authority’s administrative boundaries, but in most cases it goes beyond municipalities’ borders and is closer to metropolitan regions and NUTS 3 regions in the EU.

This view of the city also means that city PPD is not defined by administrative boundaries, but rather by the nature of the business community involved and its needs. **City PPD is a process that engages business at the city level, and aims to target issues specific to businesses in a city.** In most cases, this would mean that city government will be the relevant counterpart, but, as shown further in this paper, depending on the type of the problem and local circumstances, national and regional authorities may be the proper counterparts. For this reason, this paper doesn’t limit the discussion of local PPD to the subject areas that are most usually within the remit of the city government. We acknowledge, however, that city-level PPD can be more effective in addressing some types of issues (particularly those traditionally within a city government’s remit: planning, infrastructure, business permits, housing, service provision etc.) than others.

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**PPD is a way to establish “growth coalitions.”** A city’s competitiveness is influenced by its ability to combine the capacity and leverage of private- and public-sector actors to improve the business environment and use help businesses use growth opportunities offered by the marketplace. PPD can help private- and public-sector actors work together, combining their resources and exploiting synergies in experience, knowledge and political power, thus making a city more capable of taking action, or asserting “the City Wedge.” PPD helps build the capacity of public- and private-sector to work jointly on making the city more competitive.

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**PPD can ensure that interventions are aligned with the needs of local businesses.** PPD offers businesses an avenue for communicating their needs to government and acts as a process of self-identification through which actors may capture the issues and the important aspects of local environment that are hard to discern through formalized analytical exercises.

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**PPD is a potential avenue to gain private-sector support for reforms.** Entrepreneurs and business owners who understand what government is trying to achieve are more likely to support reforms and take part in their implementation, thus increasing the chances of overall success.

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**PPD can be used to make tradeoffs explicit, and thus to prioritize policies according to local political-economy and technical merits.** PPD facilitates the search for mutual understanding and the prospects of a compromise among civic and economic actors and helps them develop a shared vision for the city economy and the actions needed to achieve it.

In summary, if used well, PPD can play a central role in the decision-making process at the city level. Analytical exercises and diagnostic tools are essential for providing information on the performance of the city’s economy, the opportunities for growth and the barriers to competitiveness. However, only open dialogue among various stakeholders can ground the analytics in the local context and define solutions that are aligned with local capabilities, political realities and institutional structures. PPD produces solutions that reflect local knowledge and conditions and that are owned by local actors.

While the value of “local” PPD has been recognized in the literature there still relatively few reported cases of city PPD available. Is there anything specific at the city level in terms of the political economy, the policy levers available, the nature of institutions and informal networks, or anything else that requires any tweaks to the methodology that is commonly used at the country level? Or can one simply apply the standard PPD framework?
What is Special About PPD for Cities?

The city context is different from the national context, and this should be reflected in the way PPD is carried out. There are several obvious differences: The level of authority and control over the business environment is usually lower; local public-sector resources are more restricted; local networks are usually more tightly bound and more informal, and thus interventions might be more sensitive; issues that matter are more nuanced. And, of course, cities can be wildly different from one another. All of this contributes to the need for applying “tweaks” or “caveats” to the PPD methodology that is commonly used at the national level. We use the seven dimensions of PPD to discuss the way specifics of the city context may change the various elements of the PPD process, and we illustrate it with available examples of PPD from cities around the world, drawing on World Bank resources, secondary literature and case studies of economically successful cities.

1. Area

The reach of a city economy doesn’t necessarily match its administrative boundaries. Indeed, city economies are often considered as “city regions” (the city plus its surrounding area of interlinked industries, firms and commuters). Similarly, the geographical scale of city PPD does not need to be restricted to city boundaries. The best scale of operation depends on the location of the problem that PPD is aiming to solve.

This means that effective PPD at the city level can involve one local government or can include many bordering jurisdictions. The selection of actors in a city-wide PPD process should reflect the actual geographic scale of the city economy. If the local economy extends beyond the boundaries of one city, it may be necessary to include other jurisdictions in the PPD process.

Box 3: Greater Manchester Local Enterprise Partnership (GMLEP)

GMLEP is a collaborative private sector-public sector body that is in charge of defining strategic development priorities for the metropolitan area that spans across 10 local authorities. Formation of such a structure was a result of 25 years of voluntary collaboration between local government in the Manchester region that led to the establishment of the Greater Manchester Combined Authority in 2011 and of the GMLEP soon after. The longstanding collaborative process helped the city develop the best “City Deal” offer, which led to the delegation of additional powers in 2013. Strong cross-boundary collaboration can also be seen as one of the core reason for Manchester’s revival over the last 25 years.

Source: http://www.gmlep.com/about/

Box 4: 22@ Barcelona

In 2004, after several years of unsuccessful public-sector-driven regeneration attempts, a series of sector-focused PPD processes (in ICT, education and medical technology) were used to encourage a critical mass of technological firms and research institutions to relocate to a derelict site near Barcelona’s Olympic Harbor. This became the foundation of 22@ tech cluster, which by 2009 included 603 companies and contributed to the more than doubling of the number of businesses located in the area.


Box 5: Cluster relocation in Dhaka

A PPD process facilitated by the Asia Foundation started to take shape in 2013 and brought together the Bangladesh national government and the representatives of the leather industry of Dhaka to address the issue of relocating the cluster from the Savar area of Dhaka to a new, environmentally compliant industrial zone. The move was discussed for more than a decade due to increasing concerns over environmental damage and poor working conditions, but it was stalled due to disagreements over ways to fund the cost of relocation. The issues became more urgent and the political economy remained complex. The engagement of senior national officials was vital in reaching a consensus on the conditions of the move, which addressed environmental concerns as well as opened new growth opportunities for the industry.


Box 6: Indonesia’s Private Sector Forum

Indonesia’s Private Sector Forum operated for seven years at the national level and was supervised by the World Bank. After a national devolution reforms took place, exploratory forums were organized at the local level. These local consultations helped identify major flaws in the way the devolution process was implemented. Local businesses strongly criticized local governments for using new regulatory powers to improve revenue generation, rather than to promote a favorable business environment.

2. Scope

Economy-wide Scope Sector-specific

A city PPD can work at both the sector- and the economy-wide level. The choice between industrial-sector and citywide PPD will dictate the range of issues, the number of actors involved, and the possible scope of agendas and opinions. Both sectoral and economy-wide dialogue is possible at the city level, and both have certain benefits and limitations. In a city, sectoral dialogue may offer the benefits of working with a smaller and more homogeneous group of businesses, targeting more specific issues and producing results faster. A citywide process can address broader strategic issues and can have a greater impact on city’s economy in the long run.

Sector-level initiatives usually target more specific issues, and thus may be faster and easier to organize. This is largely because businesses within a sector have more in common from the start. This is particularly true at the city level, where all business within an industrial sector are likely to operate in the same local market and in the same institutional context. Clusters can make up a significant proportion of local and regional economies, and thus using PPD to target specific barriers that a given cluster is facing can bring significant benefits.22

Sector-focused PPD in a city can pursue different agendas:

- **PPD can introduce a transformative change** to an existing industrial sector. Interventions can include individual skills upgrading, can promote knowledge-sharing and can introduce new practices that may change the development trajectory of an industrial cluster. This was the case with the ceramics cluster in La Bisbal – a small town in Catalonia. (Box 7).

City PPD is always more geographically restricted than national PPD, but it doesn’t have to be purely local, and it doesn’t have to match municipal boundaries. The geographical coverage and the selection of actors for a city PPD should be driven by the challenges that the PPD initiative is trying to address. Dialogue that targets a small cluster or specific infrastructure issue can be contained in a small geographic space and can include city officials, local business and communities. PPD aiming to define strategic priorities for a city-region would have to cover appropriate economic geography and would have to include several local authorities as well as businesses from across the metropolitan area. Finally, for issues that span beyond local governments’ remit, the involvement of national or regional authorities should be sought.

**Box 7: Ceramic cluster in La Bisbal**

In the Catalonian town of La Bisbal a PPD process begun in 1996 targeted a traditional ceramics cluster, encouraging artisans to break from the traditional view of their craft by helping them identify new market segments and making them less reliant on state support. Through training, mentorship and advice, the initiative helped turn a static cluster into a small industry with a global outlook reaching markets as far away as New Zealand. Unfortunately, after a change of government in 2004, the progress of the cluster was stalled due to a policy U-turn.

• **PPD initiatives at the city level can support developing new types of economic activity**, through helping existing businesses overcome major barriers that stop them from substantially scaling up their operation, or through initiating diversification into new subsectors. Development of cruise tourism activity in Barcelona offers a good example (Box 8).

**An economy-wide PPD may be more difficult to run, but it has the potential to address bigger challenges.** It can evolve as a citywide process targeting large-scale issues that the city economy is facing, including the development of a vision for the city’s future, the definition of strategic priorities for the city and the identification of key projects that the city should focus on. Most of the methodologies for Local Economic Development strategies have very strong PPD components, and can be interpreted as specialized forms of city level PPD (Box 9).

**Sectoral and citywide approaches can be combined** in a city PPD process that has a longer planning horizon. Sector-level PPD is a better entry point that allows for quick wins and trust-building between businesses and authorities. Later, individual-sector-focused PPD can be integrated in a joint citywide dialogue that reconciles the sector priorities and builds a consensus for a shared vision of city development in the long run.

Both focused and economy-wide PPDs are possible at the city level, just as they are at the national level. However, sector-specific PPD might have higher potential, particularly in cities with limited actor capacity and a limited tradition of public-private collaboration. Within one sector in a given city, businesses involved are likely to have a similar agenda and thus they are more likely to reach consensus and deliver results. Citywide dialogue can be a powerful tool for strategic planning and prioritization, but it requires a mature business community and a great deal of organizational effort. Sector-specific dialogues can be seen as a preparation for citywide engagement.

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**Box 8: Cruise tourism in Barcelona**

Following the 1992 Barcelona Olympics, a coalition that included the Barcelona Port Authority (a public body) and Tourisme de Barcelona (a body jointly run by the city council and the chamber of commerce) and Carnival Corporation was formed to develop cruise tourism in Barcelona. The coalition developed a shared vision for sector development, raised substantial funding to upgrade the port, and improved the city’s entertainment offer (for example, by establishing hop-on/hop-off bus routes). Today Barcelona is the #2 cruise port in the world.


**Box 9: LED primer by WBG**

The LED methodology developed by the World Bank Group suggests that, “by its nature, local economic development is a partnership between the business sector, community interests and municipal government. . . LED is usually strategically planned by local government in conjunction with public- and private-sector partners. Implementation is carried out by the public, private and non-governmental sectors according to their abilities and strengths.” Essentially, this means that LED can be interpreted as a city-level PPD exercise.

*Source: Local Economic Development: The Primer, World Bank (2006)*
3. Institutionalization

The institutional design of PPD should be tailored to circumstances and should account for the issues PPD is aiming to target, the nature of local stakeholders and the relationships between them, and the resources and capacity available to run PPD. Choice between designing a permanent institution and a temporary activity for a city dialogue should depend on a long list of factors that define local conditions and PPD objectives. Arguments can be made both for a rigidly structured temporary activity targeting specific results, and for a permanent process that may move slowly but that can become integrated into local institutional structures and that can deliver great benefits over time.

One viewpoint suggests that, in cities, preference should be given to a permanent PPD process and to structures that are embedded in the existing institutional context and that rely substantially on developing informal networks and leaders who act as nodes within them. There are several arguments to support this point:

- **The capacity of stakeholders at the city level is usually restricted.** With the exception of major cities or national capitals, city-level civil servants generally are not as technically qualified as their peers at the national level. Local budgets are often restricted and city governments rely on national transfers and grants, which may come with limits on how they can be spent. SMEs are likely to play a greater role in city PPD than they do at the national level, but SME managers are usually more directly engaged in operational activities, and thus they have little time to devote to dialogue with the civic administration.

- **The restricted capacity of actors at the city level often means that there is no benefit to creating a new institutional structure,** such as a steering board that are often established to facilitate national PPD process. This suggest that city PPD, while it should still have structure and clear leadership, should rely more on building networks and establishing informal mechanisms of collaboration within existing institutional arrangements. The PPD literature suggests that strong informal networks can create conditions for permanent PPD process. The example of Bucaramanga shows the power of informal networks (Box 10). The example of Gaziantep (Box 11) shows that, in some cases, local conditions may support permanent institutional structures for city PPD, yet informal contacts still remain important.

- **For the practitioner, this means that priority should be given to identifying existing capacities and rerouting them toward the PPD process.** This approach requires a thorough understanding of the institutional environment, as well as of the individual actors within the private and public sectors and of the relationships between them.

### Implementation of this approach starts with the identification of champions who are able to drive the PPD agenda based on their standing and recognition.

This requires a high level of personal engagement by these individuals, because they are expected to become the face of PPD in the city. It’s the PPD’s success will largely depend on their leadership, legitimacy and organizational skills.

### Box 10: Bucaramanga’s private-sector-driven coalition

In the Colombian city of Bucaramanga, a private-sector-driven coalition led the broad effort for revitalizing the economy of the city region. The dialogue among private and public actors was initiated by the Chamber of Commerce and, overall, relied on the fact that, in a relatively small city, key actors were well acquainted with one another and there was no need to create a formal institutional structure in order to sustain dialogue. The Chamber made sure that the PPD process was politically neutral: For instance, before a mayoral election, Chamber representatives met with each of the candidates. The growth coalition managed to achieve significant results by improving infrastructure, opening industrial zones, and helping the local economy diversify into service industries, making Bucaramanga one of the most rapidly developing cities in Columbia.

**Source:** Kulenovich Z., Cech A. (2014) Competitive City Case Study: Bucaramanga, Colombia: World Bank

### Box 11: Gaziantep City Council

Gaziantep, a city in southern Turkey, offers an example of a city where efficient collaboration between the public and private sectors was one of the key drivers of extraordinary export-led growth. Since the mid 1980s, local businesses had the ear of the government. Although informal relationships remain important, the institutional framework for PPD is provided by the City Council. It is a sort of metropolitan parliament, in which government and businesses and other local stakeholders come together to discuss issues and to formulate recommendations, including ideas on economic development. The partnership was particularly efficient at reaching out to the national government and at securing national infrastructure investment, Industrial Zone allocation and other forms of support.

Champions can be either from the private or the public sector. However, in practice a third-party PPD broker (like someone from the World Bank Group or another development partner) would find it easier to identify such champions within the city administration. Private-sector champions are more likely to emerge through a gradual organic process, which was the case in Bucaramanga and in several cases of national-level dialogue in Latin America. That fact suggests that practitioners shouldn’t disregard the opportunity to identify private-sector leaders, despite the fact that finding individuals with the necessary visibility, reputation and commitment within the private sector might be harder.

An alternative approach suggests that the scarcity of resources at the city level means that city PPD should be arranged as a temporary, formally structured activity that allows for a more organized and more targeted process where costs are easier to control and results are more predictable. The development of permanent informal networks can be viewed as a welcome side-effect.

If the capacity of an actor is restricted, it is hard to expect them to commit to a long-term process. A much more pragmatic way to engage them is through a structured PPD initiative that targets specifically defined issues and that offers participants clear benefits. This is clearly seen in the examples of the leather clusters in Dhaka, Bangladesh, and Iguadala, Spain, discussed in this paper. They offer good examples of efficiently targeted PPD initiatives.

Formal structures should be prioritized in order to speed up the organization process and to guarantee the visibility of PPD. The activity of a formal steering committee can be covered in the local news media, which will make PPD politically attractive for city leaders. Clearly defined targets mean that success can be registered, reported and converted into political capital.

It is also much easier to attract funding to support a formal PPD structure that targets a specific agenda. International donors are often willing to support such initiatives, as was the case in the Asia Foundation’s support for the initiative in Bangladesh.

Transparency and inclusiveness are core components of success in the PPD process, and thus they are essential for its legacy. A formal PPD structure makes it easier to ensure transparency and to guarantee that PPD delivers the desired change, rather than simply reproducing the established status quo (which is highly probable when PPD relies on local champions and their informal connections). This has been shown to be particularly true in the developing-country context, where institutions are less developed and where the level of trust is lower, which makes any informal coordination mechanism look suspicious.

Establishing a formal structure does not replace building informal networks to support the city economy in the long run. However, it suggests that getting the actors together to address a specific issue and to gain the experience of successful collaboration will contribute to the development of informal networks. Leaving a legacy of positive interaction is always an ambition for PPD. More evidence is needed, however, to understand the ability of targeted PPD initiative to facilitate development of networks of local actors.

Box 12: Coimbatore’s private-sector coalitions driven by industry associations

Coimbatore is one of most dynamically growing cities in southern India, and it has achieved success without a significant public-sector contribution. The city has no economic-development strategy for the city and, with the government’s limited role in economic development more generally, the private sector plays the leading role in Coimbatore’s economic development. Yet there is no structured forum or channel for dialogue among public- and private-sector actors. Coimbatore’s for-profit firms pool their (limited) financial and in-kind resources to help market and promote the city as a business and tourism destination. Industry associations play a prominent role in the process as the most organized and stable elements of the private-sector networks. While mostly focusing on issues within their industries, they also come together to address issues of city-wide importance.

4. Leadership

The division of leadership in the PPD process between public- and private-sector actors should be based on their relative capacity.

The variation in the power of local government is, perhaps, the most significant difference between the city context and the national context for PPD. At the country level, national government hold ultimate control over legislation, regulations, macro-economic policy and other parameters that are pivotal for the private sector. In most cases, the public sector thus leads PPD at the national level. City governments can also be very powerful: However, there are plenty of cases when local authorities have limited leverage to influence the conditions that matter for local businesses, and they often don’t have enough capacity to engage with the private sector efficiently. Issues that may become stumbling blocks for the private sector at the local level in-clude small-scale infrastructure investments or specific skill shortages. Such issues can often be addressed with limited participation of public authorities, or they can require only the approval of the administration. When the capacity of the local government is limited, private-sector-led coalitions can be extremely efficient at leading the dialogue process and pushing for needed local reforms. That was the case in Coimbatore, where well-organized industry associations drove the PPD process while the local government played a peripheral role (Box 12).

Public-sector leadership in a city PPD can emerge from higher levels of government. In our discussion of the scope of city dialogue, we highlighted the fact that dialogue may include regional and national public authorities. The cases of Dhaka’s tanneries and La Bisbal’s pottery cluster show that both national and regional authorities can lead a city-focused PPD process.

Evidence suggests that PPD leadership is not static throughout the lifecycle of the dialogue. As dialogue evolves, the capacities and the engagement of stakeholders change, which can lead to the exploitation of the dialogue by one of the parties. Usually the PPD lifecycle can be broken down into four phases. It starts with the initiation by one or several stakeholders at the “Birth” phase. Then the support structure for PPD and the capacity of the actors is gradually built up through the “Develop” phase, after which “Maturity”

Box 13: The decline of the electronics cluster in Catalonia

In the early 90s the electronics assembly industry concentrated in the Valles region of Catalonia, was struggling due to growing competition from lower cost countries in Eastern Europe. Realizing this the managers of multinational companies already located in the region teamed up to convince their HQs to locate more higher value R&D activities in Catalonia, as it was clear that the assembly plants will not survive for long. Over time government funded institutions including a new technology center got behind the emerging private sector initiated dialogue process. They attempted to work closely with businesses in the cluster to help them step up the value chain. Unfortunately most of the early attempts to retain the industry failed and its presence in Catalonia declined substantially. However, even after most of assembly facilities were gone the institutions that were built to support their development have remained, and showed strong resilience and veering towards other areas where they can find funding.

The PPD diamond framework (in the cart above) is used to assess capacity and maturity of four elements of the PPD process: Private Sector, the Champions, Public Sector and Instruments (infrastructure and institutional framework). On the diamond chart along each of the four axes the capacity and maturity of the component increases as we move away from the center of the diamond. The chart above uses PPD diamond, to show the evolution of Valles region electronics cluster PPD.

Legend: PrS –Private sector, C- Champions, PuS – Public Sector, I - Instruments

– the most productive phase of the PPD life cycle – is reached. Unfortunately, this state cannot be maintained forever. As key people change and as the external environment shifts, PPD needs to be reinvented and refreshed with a new agenda, new champions and new ambition. If that doesn't happen in a timely way, the balance of the dialogue can deteriorate, potentially leading to its exploitation by interested parties. As was the case with the Catalan electronics industry, that was initiated by private-sector leaders but, as the sector declined, public-sector institutions started to dominate (Box 13).

When it comes to defining the leader, city PPD offers a greater variety of options than does national dialogue. On the one hand, there is the potential to shift the weight almost entirely toward the private sector, which is less feasible at a national leve. On the other hand, public-sector leadership can be driven by the city administration if the PPD agenda is within its remit, or by regional or national authorities if the scale and the subject of PPD are beyond the city government’s capacity and jurisdiction. It is important to keep in mind that PPD evolves over time and that leadership might shift. Reinvention and reassessment of the PPD process should be performed in order to avoid exploitation scenarios.

5. Ownership

One of the elements of a city PPD is in the ability to identify and target specific obstacles that influence the performance of local businesses. This implies that the process should have significant local grounding, which can only work when local stakeholders own the process and are invested in it. However, breaking local gridlock may require an external voice as an “honest broker,” either in the form of inviting external facilitators or letting a third party structure and guide the PPD process.

City PPD should make the most of local knowledge to develop actionable solutions and to design implementable policies. This means that there is intrinsic value in maintaining local ownership and control over the PPD. Examples from Bucaramanga, Gaziantep and Coimbatore show that self-sustained, locally owned process can lead to significant results, can last for a long time, and can motivate stakeholders to contribute to the city agenda.

The reality of cities, however, is often such that key actors have a long history of interaction, more so than at the national level. While that may be a great benefit that simplifies the dialogue, it can also be a significant risk. At the city level, proximity encourages more frequent interaction among key actors than at national levels.

### Box 14: Low-Carbon Zones in Chittagong

In the industrial city of Chittagong, Bangladesh, the World Bank Group has led the process of reducing the environmental impact of export processing zones. The textiles firms in the zones have been overusing non-renewable energy and ground water sources, which led to the area’s level of industrial pollution becoming a major cause for concern. Industry was resistant to switching to more sustainable production practices. The engagement of the World Bank was crucial for striking a deal between businesses and the zones authorities. The projects generated nearly $3 million of private investment toward energy efficiency within a short time period, and they led to the development of the first co-generation facility in Bangladesh along with wide adoption of low-carbon zone guidelines. PPD played a central role in the process and helped promote and identify low-cost solutions that most firms could implement internally, including improving boiler efficiency and introducing steam condensate recovery. The zones offered a natural environment for conducting PPD, as it could easily be arranged within existing zone infrastructure.

*Source: Interviews with World Bank Group staff*

### Box 15: Introducing business-friendly regulations in Kabul

In Afghanistan, the WBG is supporting a city-level and issue-specific PPD to increase the efficiency and capacity of the Kabul municipality to issue construction permits. A PPD mechanism has been put in place that brings together the Association of Afghan Builders, architects and the Kabul municipality. Given that Afghanistan is a fragile and conflict-affected state, limiting the scope of PPD to the city level and to a specific issue allows the dialogue to solve the issues of lower capacity and the lack of trust by limiting the number of parties involved. The role of the WBG as an honest broker has been essential for re-establishing a sense of trust between business and local authorities. Once lessons have been learned and one success has been achieved in relatively safe Kabul, the PPD mechanism will be rolled out to four other major cities across Afghanistan.

*Source: Interviews with World Bank Group staff*
level. In addition, at the national level, the changes in political and business elites can be more frequent. The implication of this reality for city-level PPD can be different. On the one hand, this may mean that local actors are on the same page on the key issues, and it is easier to have a nuanced discussion to reach consensus. On the other hand, there might be various risks associated with a well-established stakeholder network, including the risk of developing a “groupthink” mentality resistant to new ideas; rent-seeking and exclusionary behavior of established elites; and bad blood between the parties that may limit their desire to sit at the same table. These negative scenarios may lead to gridlock, which will make dialogue unproductive. On average, however, the political economy of city PPD tends to be less complicated than in national schemes, since there are usually fewer interests to account for and since it is easier to find common ground among local actors.

**Inviting an external facilitator or broker can help mitigate the risks associated with the prevailing ownership structure.** The presence of a neutral party should encourage the key stakeholders to enter the dialogue and to leave the past behind, or, on the contrary, to shake up the established dynamic through the introduction of new participants and the search for new ways to look at existing issues. The facilitator should combine substantial knowledge and understanding of the local conditions, along with having no extensive history of interaction with any of the key stakeholders.28

**Development partners can efficiently play the role of brokers,** and they help overcome cases of gridlock. In Chittagong, the World Bank Group-led project helped address a continuous issue of water overuse by firms in textile and garment sector (Box 14).

In some cases, the role of an external broker may be in initiating dialogue where it hasn’t been happening before, or where it has been particularly complicated due to conflicts, disasters and political instability.29 Continuing World Bank Group work in Kabul offers a good illustration of that (Box 15).

Compared to national-level PPD, city dialogue allows participants to zoom in and identify specifically local issues and find the most efficient ways to address them. City-level PPD relies on local actors’ buy-in and on local ownership of the dialogue. Engagement of external brokers and facilitators may offer a good way to plant the seed of dialogue, particularly in fragile environments, and to mitigate the risks of groupthink, rent-seeking or confrontation.

### 6. Participation

**Many actors**

**Striking a balance between fair representation and a manageable number of actors is a crucial challenge of PPD design.** PPD with a smaller number of participants is usually easier to organize and produces results faster. Limiting the number of participants is advisable for creating a more personal and informal dialogue, which also makes it more sustainable.30 However, being overly selective in identifying PPD participants shouldn’t get in the way of achieving a fair representation of viewpoints.

**At the city level, the choice between inclusiveness and keeping the dialogue at a manageable size can be even trickier.** On the one hand, local scale offers a great opportunity to reach high levels of inclusion by engaging a large number of local SMEs and community organization that are difficult to reach at the national level. On the other hand, that also means that local dialogue can sometimes involve a large number of participants and can thus be hard to manage.

- **SMEs tend to have a greater presence at the city level than at the national level.** Small businesses tend to have a relatively larger role to play because their contribution to employment and output is significant, because on a city scale their voices resonate louder, and because they are often more concerned about conditions that can be changed locally than are large firms, which often care more deeply about the macroeconomic environment and national-level policy. A continuing WBG initiative in Ivory Coast offers a good illustration of the prominence of SMEs in a city-level dialogue (Box 16).

- **In cases of very concentrated economies, where several firms contribute disproportionately to employment and output, the engagement of small firms is required to balance the dialogue.** Otherwise, large players can exploit the PPD process to further their own interests, representing their own views as a widely shared consensus.

- **Civil society organization and groups often play a more prominent role at the city level.** This is due to the greater engagement of individuals with their local context and to lower requirements for achieving visibility locally for an organization. Sustainable and effective city PPD should include civil society groups and should make sure that they share the ownership of the decisions made within the PPD process, thus helping develop public support for reforms. However, the introduction of such organization should be exercised with caution. They should be pre-screened carefully during stakeholder-mapping exercises to avoid the inclusion of radical groups or groups backed by big donors, which can shift the focus of the debate and make it less productive.
Restricting the participation of small business and community organizations will significantly diminish the value of the local dialogue. PPD planning and design strategies should simultaneously promote greater inclusion and mitigate the challenges associated with larger number of participants:

- **Use surveys, focus groups and online-participation tools to inform the PPD process.** These tools help increase the reach and the inclusiveness of the process, without a dramatic increase of actively engaged participants.

- **Prioritizing sector-focused or spatially-focused dialogue** would naturally limit the scope and the focus of PPD and would thus limit the number of participants.

- **Empowering business associations and Chambers of Commerce.** These institutions represent the collective views of business. Engaging them thus reduces the number of participants without a reduction in the level of representation.

In cities, the voices of smaller firms and civil society groups are often more prominent than at the national level. It is thus important that they be given a prominent role in PPD. This may lead to an increase in the number of participants and may make PPD harder to manage. Solutions may include prioritizing focused PPDs and engaging business associations and Chambers of Commerce, using surveys and online participation tools.

### 7. Focus

**General orientations/Many goals**

**Focus**

**Specific changes/Specific goal**

The thematic focus of PPD tends to be significantly more detailed at the city level than at the national level. In a city, major obstacles for business in a PPD process often include specific infrastructure, individual roads, bridges or power lines, or daily service issues like waste collection. Those concerns are far different from major macroeconomic policies, regulatory reforms or industrial policies that tend to be the subject of the national-level dialogue. (Table 1 offers examples of specific issues and interventions that can be subjects of local and national PPD.) This may be explained by two main factors:

- The nature of the leverage that the city government has over service provision, small-scale infrastructure and local regulations sets the scene for niche demands from businesses. Higher-level, more general problems often need to be addressed by regional or national authorities.

- SMEs tend to have a greater presence in city-level PPD, and SMEs tend to have a narrower view of the world and shorter planning horizons than do large businesses. Their demands might often include issuing specific licenses or fixing particular piece of infrastructure.

On the one hand, granularity and a relatively small scale and a high level of engagement makes local PPD initiatives more implementable than national. City PPD offers an opportunity to identify specific challenges and interventions, to address them and to track actual outcomes. The experience of World Bank Group practitioners suggests that the implementation of national-level PPD recommendations is often difficult due to their overall generic and

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### Box 16: SME-focused dialogue in San Pedro, Ivory Coast

In Ivory Coast, a project is being designed by the WBG to develop growth poles in which cities will have key roles. San Pedro and its port, west of Abidjan, is at the heart of a mining ecosystem where SMEs will have a crucial role to play in the local mining supply chain. The WBG is looking at developing a city-level PPD platform that will focus on different sectors (mining and tourism). SMEs will be integral participants to the PPD mechanism, as will civil society, given the impact that such sectors will have on communities and the local supply chain. Sector-specific PPD at the city level will allow for more tailored solutions to local constraints.

*Source: Interviews with World Bank staff*

### Box 17: Leather Tanneries in Igualada

In 2005, after the adoption of strict EU-wide environmental regulations, the leather tanneries cluster in the Catalan town of Igualada was facing extinction. The industry came together and approached the regional government, seeking subsidies. The government, in response, initiated a PPD process that combined a search for a solution to the immediate threat with the search for a way to upgrade industry practices. In the end, a new water-cleaning facility was jointly funded by the tanneries, even as some of them graduated from traditional leather-sole producers to supplying global luxury brands. A PPD process that was initiated to address a specific issue thus helped the industry improve its long-term growth potential.

<table>
<thead>
<tr>
<th>Main levers</th>
<th>National PPD</th>
<th>City PPD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Institutions and regulations</strong></td>
<td>• National tax regime.</td>
<td>• Land and property tax regimes.</td>
</tr>
<tr>
<td></td>
<td>• Trade regimes, customs regulations.</td>
<td>• Local business regulations: taxi, trade, alcohol licenses and permits etc.</td>
</tr>
<tr>
<td></td>
<td>• National level regulations: labor market regulations, immigration regimes.</td>
<td>• Specific TIF and infrastructure levies.</td>
</tr>
<tr>
<td></td>
<td>• Sector specific regulations: taxation licensing for specific products and types of activities.</td>
<td>• Business Improvement Districts.</td>
</tr>
<tr>
<td></td>
<td>• Safety standards for food, construction and other.</td>
<td>• Control of safety standards implementation.</td>
</tr>
<tr>
<td><strong>Infrastructure and land (and services)</strong></td>
<td>• Major infrastructure investments: highways, ports, airports.</td>
<td>• Specific local infrastructure issues: road repairs, water supply, sewage, etc.</td>
</tr>
<tr>
<td></td>
<td>• Special economic zones and parks, and other special regimes.</td>
<td>• Quality of public transport including accessibility of specific areas.</td>
</tr>
<tr>
<td></td>
<td>• Sustainability agenda, meeting emission reduction targets, incentives for renewable energy investment etc.</td>
<td>• Other local services: garbage collection, street cleaning, parking, signage etc.</td>
</tr>
<tr>
<td></td>
<td>• Livability and quality of public spaces.</td>
<td>• Access to specific land plots and linking them to infrastructure.</td>
</tr>
<tr>
<td></td>
<td>• Safety and policing.</td>
<td>• Zoning and other planning and land use restrictions.</td>
</tr>
<tr>
<td></td>
<td>• Facilitating contacts between businesses and local education and research institutions to adjust and improve curriculums and improve knowledge sharing.</td>
<td>• Livability and quality of public spaces.</td>
</tr>
<tr>
<td></td>
<td>• Building local business networks and associations. Forums and events to support local inter-trading and strengthen supply chains.</td>
<td>• Safety and policing.</td>
</tr>
<tr>
<td></td>
<td>• Training schemes targeting specific skills gaps.</td>
<td>• Establishing contacts between local companies and national/global leaders in the sector.</td>
</tr>
<tr>
<td><strong>Skills and innovation</strong></td>
<td>• National funding programs for vocational training institutions.</td>
<td>• SME and entrepreneur training and support centers.</td>
</tr>
<tr>
<td></td>
<td>• Grants for R&amp;D and R&amp;D spending tax exemptions.</td>
<td>• Small matching grants.</td>
</tr>
<tr>
<td></td>
<td>• Large scale innovation centers.</td>
<td>• Access to finance advice.</td>
</tr>
<tr>
<td></td>
<td>• Patents and intellectual property policy.</td>
<td>• Targeted investment promotion and investor retention programs.</td>
</tr>
</tbody>
</table>

This table only offers examples of interventions. It is not a complete list.

high-level nature, as well as due to the difficulty of fitting them to varied local conditions.

On the other hand, granularity presents organizational challenges for citywide PPD. If a dialogue attempts to cover too many issues, it may be difficult to structure, and it may mean that reaching a consensus and defining priority actions may be a severe challenge. All of this may result in PPD becoming a talking shop that leads to few interventions or results – a fact that will also undermine the process in the eyes of local stakeholders and that may lead to their disengagement. These challenges can be mitigated through a well-developed structure of the PPD process – a structure that breaks down thematic working groups and offers a mechanism for the consolidation of results that individual groups achieve.

The two main approaches to addressing fragmentation are:

- **Strictly defining the thematic limits of the PPD process, either through a sectoral or a spatial lens.** This ensures that actors are more homogeneous and that the process is less “noisy,” with participants finding it easier to agree on key issues and interventions. The example of PPD in the Catalan town of Igualada shows how sectoral PPD can be targeted at a specific issue yet can achieve significant competitiveness gains for the industry (See Box 17).

- **Developing advanced coordination mechanisms and revisiting them throughout the lifecycle of PPD.** The wider the focus of PPD, the more complicated the coordination process will be, and the more rigid it will have to be in order to produce results. It will always be difficult to arrive at the perfect process on the first attempt, so it is important to be open to changing the structure of the dialogue along the way, responding to the shifting roles and capacities of stakeholders.

The nature of the leverage of the local government and the diversity of issues that concern businesses at the local level often lead to much greater fragmentation of city PPD than at a national level. This should be mitigated by prioritizing industry or spatially focused PPDs, or by regularly reconsidering the PPD coordination structures.

**Conclusion**

This paper shows that the key characteristics of cities need to be reflected in the design of the PPD process. The context of a city differs from the national context. In cities, the spatial dimension matters much more, and it should be considered when designing a dialogue. Proximity makes stakeholder networks much more dense and often more informal, which changes the nature of interaction and which can make dialogue easier – but which can also lead to additional risks related to the retention of status quo, unbalanced representation or to a sense of hostility among established groups of actors. The restricted capacity and administrative remits of municipal governments often mean that either private-sector or regional and national authorities can step in as drivers of change. The greater visibility of SMEs and civil society groups at the city level creates an opportunity for a truly inclusive process, but that may lead to thematic fragmentation and greater difficulty in managing the dialogue. The way these and other factors should be reflected in the design of PPD in a given city will depend on the specifics of the local context.

The important secondary ambition of this paper is to start a debate about the nature of city-level dialogue and the approaches needed to make it an effective tool for practitioners. The evidence available to us today is fragmented: Thus, the analysis presented in this paper should be seen as preliminary rather than conclusive. There is a great need to collect more evidence from PPD initiatives in cities. When more evidence is accumulated through the client projects of the World Bank Group’s Competitive Sectors team, and through the work of other development partners, the findings within this paper should be revisited.

The following list of questions should be further investigated amid continuing discussions among practitioners:

- What are the institutional structures that work best for city-level PPDs, and what local conditions should be taken into account when identifying the optimal design?
- What are some examples of interventions that can most efficiently be delivered through a city PPD process to deliver quick results and strengthen the dialogue?
- How should PPD practitioners maintain the balance between maintaining a strong local grounding of the dialogue and breaking the status quo?
- What solutions can help city PPD practitioners maximize inclusiveness without making the dialogue too fragmented and unmanageable?
- How should a PPD lifecycle be managed to avoid a degradation and exploitation of the dialogue? What institutional safeguards can be put in place?
- What are specific examples of interventions and policies that can be successfully implemented through a city-level PPD process?
Checklist for City PPD

This Checklist offers principles and approaches to consider in developing a city-level PPD initiative.

Cities are complex and, while they may share certain characteristics, they are notable for their diversity. If we compare conditions in (for example) New York City and Mekele in northern Ethiopia – or Shanghai and Karaganda in Kazakhstan – it’s clear that there are more differences than commonalities between them. Cities differ in size, in their authorities’ political and administrative remit, in the capacity of local actors, in their economic structure and assets, in their position in the national hierarchy of cities, in their histories and in their cultures. The guidelines in the checklist are structured according to the seven defining dimensions of PPD:

**Area**

- Define the optimal geographical scale for the PPD process and select stakeholders accordingly. A narrow cluster-specific issue may be addressed at a limited scale with relatively few stakeholders involved; a city-region economic strategy PPD would have to include businesses and local authorities from across the greater metropolitan area.
- If dialogue aims to address issues that are beyond the city government’s direct remit, include regional or national authorities.
- Avoid contradictions and exploit synergies between local-level and national-level PPD. Consensus-building locally may be used to lobby for national policies, and local implementation of national policies can be implemented via city PPD.

**Scope**

- Where possible, start with sectoral dialogue. In most cases, it is more focused and less fragmented, it is easier to manage, and it delivers results faster. Sectoral dialogue can lay the foundation for citywide PPD.
- In places with mature business networks and a capable government, consider using citywide dialogue to identify long-term priorities and to inform strategic decision-making for the city.

**Institutionalization**

- Anticipate that the capacity of city actors to engage in PPD will be limited.
- Consider short-term PPD organized around formal institutional structures, which may draw in participants thanks to the clarity of its goals and which may offer visibility, and which thus may be politically appealing.
- Consider a more informal PPD embedded in existing institutional structures, which will not require new institutions and thus can be integrated organically.

- Choose institutional design based on the ambition of the dialogue and on the thorough study of local stakeholders and the institutional environment.

**Leadership**

- Be flexible in considering private- and public-sector leadership of the PPD process; make sure that the leadership burden is shared between private and public stakeholders according to their capacity.
- Consider that the private sector can accomplish a great deal at the city level with minimal public-sector engagement, and that regional and national authorities can step in if there is a shortage of capacity locally, or if the issues discussed are beyond the city’s administrative powers.
- Be aware that stakeholders’ capacity and engagements change throughout the PPD lifecycle, which has an effect on leadership dynamics and which may lead to the exploitation of the dialogue if it is mismanaged. Aim to re-evaluate and redesign the institutional design of PPD every few years.

**Ownership**

- By default, prioritize strong local ownership of the PPD process, which is important to get to the bottom of local growth constraints and to design implementable policies.
- In any case of gridlock, or amid any need to challenge the status quo, consider bringing in external facilitators as honest brokers.
- Development partners with experience in implementing PPD have proven to be effective at breaking cases of gridlock and at initiating the dialogue process in challenging conditions.

**Participation**

- Use surveys, focus groups and online-participation tools as a means to increase participation and inclusiveness.
- Engage SMEs and civil society organizations, since they are important for achieving fair representation at the city level.
- Limit the number of actors by using sectoral- or spatially-focused PPDs and by engaging business associations.
- It is important to screen participants carefully to avoid the inclusion of radical groups or groups that will lobby for their narrow interests, thus reducing the chances of a productive dialogue.

**Focus**

- Expect a fragmented agenda, and manage it by limiting the scope of PPD or by developing and constantly reassessing coordination mechanisms.
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