



Fostering Public-Private Partnerships through Public-Private Dialogue Forum

Policy Paper Based on Case Study of Pokhara Metropolitan City, Gandaki Province



Background

Public-Private Partnerships (PPPs) represent a collaborative model where the public and private sectors combine resources and expertise to achieve common goals, often in the realm of infrastructure development, service delivery, and economic growth. In Nepal, the utilization of PPPs has been predominantly confined to infrastructural projects. However, there is a pressing need to expand the scope of these partnerships to address broader economic and social development objectives.

The performance evaluation of Metropolitan City in Nepal in 2023 conducted by the Natural Resource and Fiscal Commission (NRFC) showcased that Pokhara Metropolitan City's performance is low compared to five other major cities in Nepal. The assessment was conducted using 17 indicators to determine the financial equalization grant that the federal government will allocate to the province and local levels for the new fiscal year 2024/25. Nonetheless, Pokhara was declared the Tourism Capital City of Nepal in 2024. The lack of adequate infrastructure, insufficient tax collection, and inefficient public services highlight the urgent need for effective collaboration between the public and private sectors. The establishment of a Public-Private Dialogue Forum (PPDF) aims to foster this collaboration, addressing challenges and unlocking the city's potential for growth.

Herzberg and Sisombat (2016) state that PPDs can play a transformational role by bringing together the government, private sector, and relevant stakeholders in a formal or informal process to achieve shared objectives. These dialogues can cover a wide range of policy areas, including business climate reform, economic strategies, and sector-specific regulations. By enhancing the flow of information and involving more stakeholders in the policymaking process, PPDs expand the space for policy discovery and innovation (Bettcher, Herzberg, and Nadgrodkiewicz, 2015).

This paper highlights Pokhara Metropolitan City's commitment to strengthening Public-Private Partnerships by establishing the Public-Private Dialogue Forum (PPDF). This process can be a learning opportunity for other local and provincial governments. Similarly, this paper provides recommendations to the Metropolitan City to ensure PPDF effectiveness, based on continuous dialogues and engagement between the public and private sectors.

II. Rationale for PPD in Pokhara:

Pokhara Metropolitan City stands out as one of the pioneering local units to proactively establish the Business Promotion Center (BPC) under the Public-Private Partnership Policy, 2074 (revised in 2077) under section 33. The BPC is dedicated to economic development by supporting innovative, creative, and competitive new enterprises within the metropolitan area. It functions as a hub for business management, collaborating with both the government and the private sector to reduce operational costs through research, studies, education, and technology transfer, thereby boosting productivity, production, and efficiency. Additionally, the BPC facilitates public-private dialogues on various issues, fostering collaboration and addressing key challenges.

Despite the existing mechanisms and willingness from the government to support the private sector, the private sector representatives often find it challenging to work with public sector entities. They share that all the processes tend to be lengthy and time-consuming. For example, earlier, the Pokhara Chamber of Commerce and Industries (PCCI) acted as a mediator/supporter for tax collection from businesses, however, after the local-level elections this process came to a halt. Similarly, challenges arise in partnering with local governments, lack of coordination, cooperation, and communication. Nepotism and favoritism within local bodies further exacerbate these issues, leading to delays and late responses. Although the local government appears supportive of programs and policies, the facilitation with the private sector is missing. This causes frustration in the private sector, which is willing to work in coordination but faces conflicting expectations.

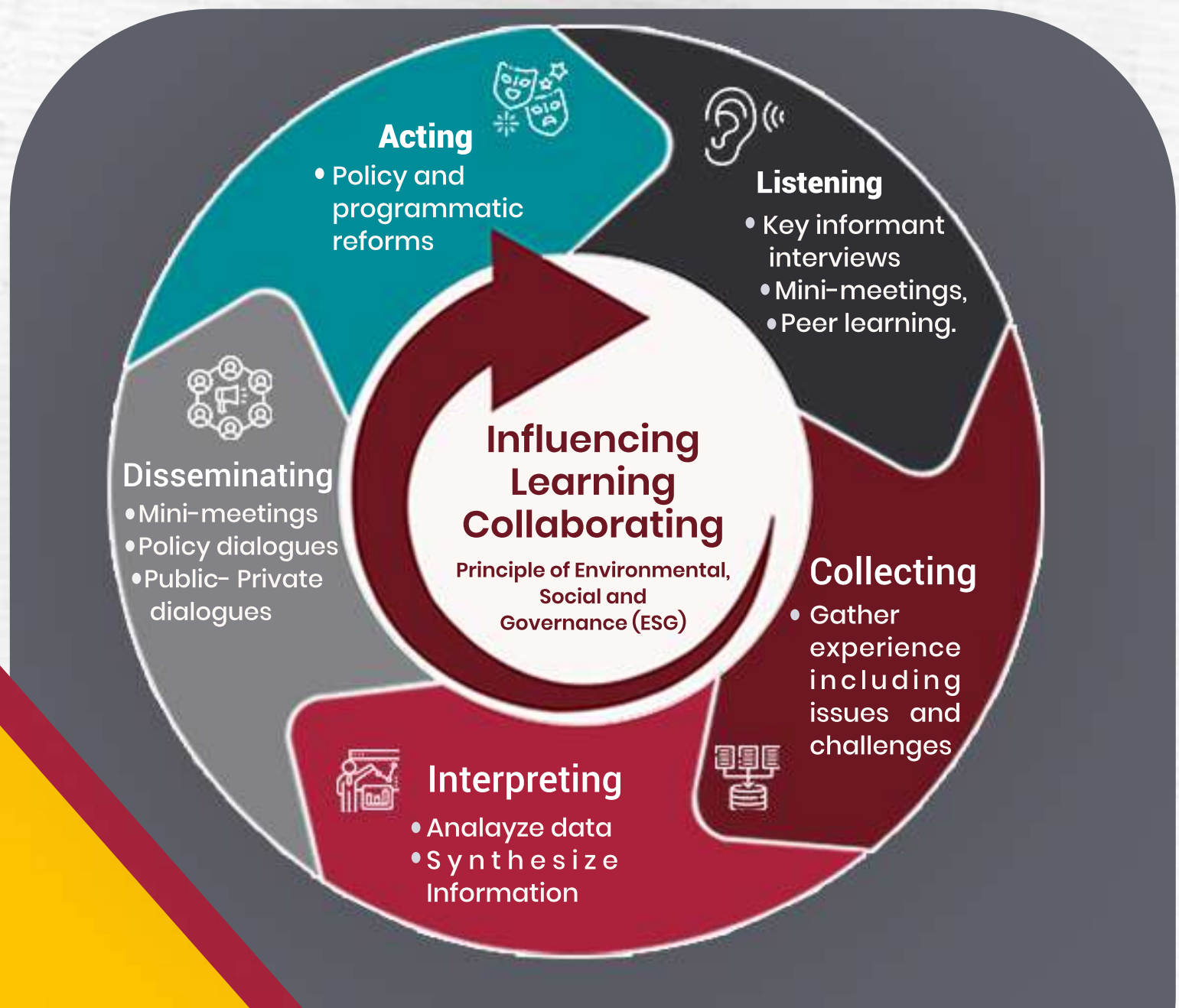
The Executive Committee of the Business Promotion Center of Pokhara Metropolitan City, formed under the chairmanship of the Mayor, includes members such as the Deputy Mayor, Chief Administrative Officer, and various key representatives from the business and tourism sectors. However, due to its large size and the busy schedules of its members, regular meetings, interactions, and dialogues are challenging to organize and often fail to meet deadlines.



Nonetheless, the willingness of the private and public sectors to collaborate for the city’s development was noteworthy. Accountability Lab Nepal tapped into this interest and supported Pokhara Metropolitan City and the business associations to find a pathway for effective collaboration.

III. Accountability Lab’s approach

Accountability Lab expanded its existing Civic Action Teams (CivActs) model for an open and responsible economy in Pokhara Metropolitan City. The CivActs are pioneering community feedback, dialogue, and voice platforms that work with the public and private sectors, CSOs, media, and citizens at the local government level to foster public-private collaboration. The core process was:



1. Listening: Our Provincial Coordinator (PC) acted as a two-way information collector and disseminator on issues related to public-private collaborations. The PC interacted with stakeholders and conducted key informant interviews, mini-meetings, and peer learning.

2. Collecting: Through these dialogues, the PC collected evidence on existing issues, tracking the needs and concerns of all relevant stakeholders.

3. Interpreting: PC then synthesized the data in presentable forms and coordinated with local and national power holders and key business leaders to ensure a mutual understanding of ways forward, building trust among the stakeholders.

4. Disseminating: PC validated information on these issues, and then shared it with the communities and business associations through mini-meetings, and policy dialogues. PC then facilitated conversations about key local concerns, working with relevant stakeholders.

5. Acting: PC then pushed for policy reforms during the public-private dialogues and followed up on commitments made to ensure accountability around public-private collaborations, effectively closing the feedback loop. In addition, PC supported the public and private sectors through strategic meetings and capacity-building trainings to take the commitments forward. This led to the formation of the Public-Private Dialogue Forum, described below.

IV. Formation of Public-Private Dialogue Forum

After extensive consultations and discussions, both Pokhara Metropolitan City (PMC) and the private sector recognized ongoing challenges hindering their relationship, which is crucial for the sustained economic growth of the city. Similarly, they agreed that they have always discussed challenges and identified immediate programmatic solutions, rather than addressing the root cause of the issue. To address this, they initiated a Public Private Dialogue Forum with joint ownership from the public and private sectors. All stakeholders agreed that despite the presence of the Business Promotion Centre (BPC) and its committee, busy schedules have hindered effective operations. PPDF, formulated under the Business Promotion Centre, aims to foster collaboration between the government and private sector by identifying and tackling policy and procedural barriers that slow business growth in the city. Through regular meetings, it seeks to promote transparency and accountability, providing practical recommendations for the BPC and the PMC to make informed decisions. This initiative reflects a shared commitment to creating a supportive environment for businesses to thrive, paving the way for sustainable economic development in PMC. The Public-Private Dialogue Forum was established with the following objectives:



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| <ul style="list-style-type: none">• To foster the business environment in PMC by identifying policy and procedural hindrances and providing recommendations for improvement. | <ul style="list-style-type: none">• To assist in formulating necessary policies, strategies, and action plans and to make entrepreneurship development programs, initiated by Pokhara Metropolitan City, systematic, scientific, and effective. | <ul style="list-style-type: none">• To address the ongoing issues and challenges concerning public and private sectors by engaging stakeholders, including public representatives, academic experts to recommend improvement measures. |
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V. Operational Mechanism of Public-Private Dialogue Forum

PPDF exists as an informal entity under the Business Promotion Centre. This section describes the nature of the forum, the stakeholders involved, and the modality of its operation.

1. Nature of the Forum

PPDF is an informal forum that will run under the Business Promotion Centre (BPC). The discussion topics are selected by mutual agreement between the public and private sectors. The outcomes of discussions do not result in final decisions, but they can lead to proposed regulations or recommendations for improvement. Nonetheless, this forum will have an important role in promoting evidence-based decisions in the BPC and PMC.

2. Structure of the PPDF Forum



Public Private Dialogue Forum

Coordinator

Representative from Local Government in Vital Position

Member

Representative from Pokhara
Chamber of Commerce and Industries

Representative from Leknath
Chamber of Commerce and Industries

Representative from Pokhara
Tourism Council

Representative from the Academic Sector

Representative from Civil Society

Secretariat Member: Coordinator, BPC

3. Modality of PPDF Operation in Pokhara

The role of PPDF includes problem identification, evidence generation, finding a mutually agreed upon solution, and providing recommendations to the government. The steps of the PPDF are highlighted in the figure below. The PPDF can also function with various subcommittees like i) Economic Development ii) Infrastructure & Urban Development iii) Social Development iv) Environment and Disaster Management, and v) Issues and Areas Related to Good Governance. PPDF can also work in areas that are not mentioned above by coordinating with concerned stakeholders in government & their concerned department/authority, civil society, private sectors, and experts.

The problem identification process begins with gathering evidence and feedback from various stakeholders, including government entities, the private sector, civil society, citizens, and the media. This initial step ensures a comprehensive understanding of the issue at hand. Following this, the Public-Private Dialogue Forum (PPDF) committee members convene to develop a common understanding of the problem and form sub-committees for more focused discussions. These sub-committees then engage in dialogues with government entities (including the Municipal Council), private sector representatives, civil society, and citizens to gather diverse perspectives and ideas. The insights gained from these dialogues lead to the formulation of recommendations, which are then presented to relevant bodies and government entities by the PPDF. These entities are responsible for following up on the recommendations to ensure they are considered and acted upon. The final phase involves reflection, where the Municipal Council and the PPDF Committee review the entire process, assess the outcomes, and evaluate the effectiveness of the recommendations, identifying areas for improvement in future problem-solving efforts.



4. Limitations of PPDF

This is an informal forum under the directive committee of BPC. Decisions made within PPDF are not final and are only recommended to the municipal council as potential solutions. The issues to be discussed in the forum will be based on the understanding of the public and private sectors.

VI. Recommendation

- 1. Establishment of an annual calendar through a common understanding of stakeholders:** It is important to develop an annual calendar to enhance the effectiveness of the PPDF. The timeline should be aligned with the fiscal year to ensure that the recommendation of PPDF is provided to the government during program and budget formulation. This calendar should be co-designed and developed by all the stakeholders in the Forum to hold meetings and actions regularly.
- 2. Increased outreach and stakeholder engagement:** One of the keys to the effective functioning of the Forum is its ownership by the community. There should be enough outreach of the Forum among the small-scale enterprises and locals especially affected by the businesses. To do so, there is a need to implement a comprehensive stakeholder engagement strategy to ensure active participation from both public and private sectors
- 3. Continuous improvement and adaptation:** The PPDF might have to tackle diverse issues from communities. It is important to maintain flexibility within the PPDF structure to adapt to emerging learnings, challenges, and opportunities in Pokhara's economic and social landscape. Encourage continuous improvement through regular feedback and adaptation of strategies.
- 4. Remembering it is a continuous process:** As private sector representatives are elected for limited terms and bureaucratic positions are influenced by political changes, continuous engagement is necessary. This involves organizing timely reviews, refresher courses, and new training sessions for incoming representatives and bureaucrats. Regular training and orientation programs ensure all members, regardless of their tenure, are well-prepared to contribute effectively.
- 5. Ensuring inclusion in the process:** It is important to ensure inclusion in the process. This involves fostering diverse representation from various sectors and communities within PPDF and ensuring that all voices are heard. Women, small enterprises, and citizens must be actively incorporated into the dialogue. This can be achieved by implementing specific outreach programs to engage these groups, providing platforms for them to voice their concerns, and ensuring their participation in decision-making processes. By prioritizing the inclusion of underrepresented groups, the PPDF can create a more equitable and effective forum that reflects the diverse needs and perspectives of Pokhara Metropolitan City.



Accountability Lab is a global translocal network that makes governance work for people by supporting active citizens, responsible leaders, and accountable institutions.

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For more details

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