

## ABOUT THE AUTHOR

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recently joined IFC BICF as Program Manager, Economic Zones. He began his career in Latin America, where he spent 10 years managing and marketing free trade zones. He was the General Manager of El Progreso, the first private free zone in El Salvador, and subsequently became the first General Manager of American Park, a greenfield operation that had become one of the three largest free zones in El Salvador by the time he left in 2003.

## Support Emergence of Home-Grown Policies by Putting Local Partners in the Drafting Seat

In September 2007, the Government of Bangladesh (GoB) requested that the Board of Investment draft an economic zones policy (EZ Policy). The policy was to cover the entire zone regime of Bangladesh, including export processing zones, industrial estates, and special economic zones, both public and private. Export processing zones had long been a key tool in Bangladesh for creating jobs and increasing exports. In addition, there were 67 industrial estates – at least one in each of Bangladesh’s 64 districts –, which catered primarily to the domestic market. Both the eight export processing zones and the industrial estates had had mixed success.

### Arrangements for combining best international practices with local knowledge: A home-grown hybrid approach to policy development

When the GoB commissioned the EZ Policy, the IFC Bangladesh Investment Climate Fund (BICF) agreed to fund the drafting of the policy. In doing this, IFC BICF could have contracted an international consulting company with worldwide expertise in drafting EZ Policies in multiple countries to draft the ideal policy that would have incorporated the best international practices available, avoided common pitfalls in developing economic zones, and relied on the traditional wisdom of the best practitioners. This approach would have amounted to IFC BICF saying to the GoB, “Here’s the policy. It’s based on international best practices – now implement it!”

In discussing this approach, IFC BICF felt strongly that in Bangladesh, as in many other countries, the reaction of local stakeholders to receiving a policy drafted by a third-party consultant or donor organization for implementation would be one of resistance. Buy-in to a policy developed externally would be minimal, and implementation would be spotty at best.

We decided to take a different approach by sponsor-

ing a “home-grown” policy on economic zones—one developed by Bangladeshis for Bangladesh’s economic zones. The idea was that IFC BICF would hire a local consulting company with expertise in drafting legislation and with some technical experience in economic zones, provide the local company with extensive orientation on international best practices, and orchestrate a rigorous review process by stakeholders at all levels.

Once the local company had completed the draft policy, IFC BICF used both large consultative group sessions and smaller focus groups to get the input of stakeholders and incorporate the most relevant comments into the final policy statement. Finally, after the draft policy had been submitted to the GoB, IFC BICF arranged for key experts, both local and international, to intervene directly with the Chief Advisor’s (equivalent to the Prime Minister’s) Office during the final GoB review process. This ensured that best practices continued to be communicated to the decision-makers even after the formal consultative process had finished.

The entire process took approximately eight months: three for drafting the policy, three for the consultative process, and two for the final review by the Chief Advisor’s Office.

### Lessons Learned

Our approach and the steps taken proved to be extremely effective, but in retrospect the following lessons on what to do and what not to do were learned from both our advisory work helping the local consulting company draft the policy and our input into the consultative process.

#### 1) The local consulting company needs to be in the drafter’s seat both in truth and perception.

IFC BICF felt it important not to “strong-arm” the drafters into accepting IFC BICF’s position on the policy; rather, IFC BICF worked behind closed doors



Large consultative group sessions on EZ policies



Smaller focus groups to consult stakeholders input

to ensure that each point of the policy received lengthy discussion, hashing through ideas and brainstorming with the drafters. Hours were also spent to ensure that the drafters had a thorough understanding of international best practices, such as complying with WTO agreements and internationally accepted social and environmental standards, and working toward a multi-modal hybrid model for economic zone development. In addition, the following helped preserve both the perception and the reality of a home-grown policy:

- The EZ policy was always referred as the “home-grown policy,” as opposed to the “World Bank Policy” or “IFC Policy.” This messaging was managed by IFC BICF in such a way that the GoB, the local company, and all World Bank Group entities working in the country referred to it in this way;
- IFC BICF maintained a low profile. All media and other inquiries on specific points of the policy were directed to the local consulting company drafting the policy; and
- IFC BICF found creative ways of remaining pro-active while playing a behind-the-scenes role. While IFC BICF actively identified key stakeholder groups for consultation, it left the official invitations up to the local company and the government. It shared ideas with the local company as to how to organize consultative sessions, but all sessions were led by

the consultants and the government, which also compiled and distributed stakeholder comments.

**OUR ADVICE:** Resist the temptation to intervene! You should be in attendance for all the sessions in order to gauge the general feeling about the policy and understand which aspects of the policy are of most concern. However, for a home-grown policy it is extremely important that your interventions and those of any international experts be minimal. Staying quiet when opinions expressed are far from correct requires a degree of self-restraint, but demonstrating your expert knowledge will “blow your cover,” and the more you speak, the more the policy will be identified by the country as “The World Bank Policy” rather than “our policy.”

**2) The earlier stakeholders receive the policy for review before the consultative sessions, the better.**

In coordination with the local consulting company, the GoB convened the stakeholder consultation meetings, sent out the invitations, and distributed the policy. On several occasions, meetings were convened on very short notice (less than 48 hours in advance), and the policy was sometimes distributed less than a week before the consultative session. As a result, key stakeholders often arrived at the sessions unprepared (i.e., not having read the policy).

**OUR ADVICE:** The sooner the invitations and the draft policy can be sent out to stakeholders before the sessions – ideally at least a week beforehand – the better.

**3) Large consultative sessions should seek to explain concepts, leverage the knowledge of the participants, and allow sufficient time for Q&A.**

A total of five large stakeholder groups of 30-40 stakeholders each were assembled to obtain the collective opinion on the policy from all government organizations involved in the economic zone regime as well as from private sector chambers of commerce and industry associations, individual large companies, and civil society and donor groups.

Large consultative sessions require careful planning. Often we found that comments were solicited from stakeholders in the consultative sessions before they understood all the concepts. The organizers of the sessions tried to get through all the points of the policy (more than 60) in too little time, and the sessions were too formal to foster dynamic discussion. Ideally, sessions should last about three hours and should be broken down more or less as follows:

- Explanation of concepts. The basic concepts should be presented in an initial session of from 15 to 30 minutes, depending on the complexity and nature of the policy area and the capacity of that particular group of stakeholders. In our case, as we noted with successive consultative sessions that participants lacked a basic understanding of the concepts, the local drafters of the policy began to dedicate the beginning of each session to a half-hour explanation of what an economic zone is and its importance to the economy;
- Review of policy statements. Organizers of the consultative sessions should go over the basic provisions of the policy for about 30 minutes, and should focus on those articles of most

interest for a particular stakeholder group. Much less effective in our case proved to be taking four or five policy statements at a time for comment, and thus working through the 60+ policy statements in about two hours. Rather, we found that only about 20 percent of the policy statements constituted 80 percent of the concerns of each individual stakeholder group. Focusing on the most important policy statements makes for a more dynamic discussion and allows stakeholders to concentrate only on those policy statements of greatest concern;

- Presentation and delivery of written comments. Some of the stakeholders will have prepared written comments before the consultative session. Approximately 30 minutes should be set aside for the representatives of these institutions to present their written comments. A deadline for all additional written comments prepared after the consultative session should be clearly announced during each session; and
- Open Discussion. By far the lion's share—approximately an hour or more as time permits—of the session should be dedicated to open discussion. This is what will get participants excited about the content of the policy, and passionate about the articles of the policy about which they have major concerns.

OUR ADVICE: Plan the large consultative sessions carefully, make sure at least the basic concepts are understood, but keep presentations short and discussions long.

#### 4) Small focus groups of key stakeholders before the larger stakeholder sessions are the key to the success of the consultative process.

Each of the large consultative sessions was preceded by a small focus group of six to eight of the most influential opinion leaders within each large group.

These smaller focus groups were the key to the success of the consultative process. They generally took place a day or two before the large consultative sessions, and allowed IFC BICF the opportunity to provide more direct inputs to participants in these groups and to take more of an active role in shaping opinion and imparting international best practices. Specifically, small focus groups provided IFC BICF with an opportunity to do the following:

- Encourage the key opinion leaders to read the policy. We were quite concerned to find out at the large consultative meetings that so few of the key opinion leaders had even read the policy. Meeting with them in a small group or individually a few days before the large consultative session, and encouraging them to read the policy before the large session, was key to a vibrant, participative consultative session;
- Point out key clauses and ask leading questions to stir up a passionate response to the policy. Much more effective than “preaching” about best practices and talking about our opinion was pointing out hot-button items that would be important to those stakeholders. This part was easy. All we had to do to get key opinion leaders passionate about the policy was to observe, “Do you realize that the policy will triple the work of everyone in your department?” or “I hope you realize that the price paid in private economic zones will be controlled by the government.”;

- Encourage private sector stakeholders to overcome defeatist attitudes toward advocacy. As private sector representatives became passionate about aspects of the policy, IFC BICF was able to give them a vision for what advocacy efforts can achieve when the private sector speaks with one voice. Then, we targeted the most passionate and influential of the stakeholders for additional one-on-one meetings for the purpose of converting them into long-term champions; and
- Encourage these key stakeholders to put their comments in writing. This will increase the likelihood that their comments will be read and considered for the final policy.

OUR ADVICE: Invite key stakeholders to attend small focus groups before the large consultative sessions, and target them for subsequent one-on-one discussions designed to make them long-term champions.

#### 5) Providing constant feedback to all stakeholders is of vital importance.

During the consultative process, the local consulting company that had drafted the policy was in charge of gathering and compiling all comments and recommendations obtained during the consultative sessions by the various stakeholder groups. These comments were presented in a matrix by stakeholder group, assembled in a single spiral-bound publication, and distributed to all representatives on all the stakeholder lists. This was done in a timely fashion (within two weeks after the consultative session itself) and was instrumental in enriching the dialog during the sessions.

OUR ADVICE: Compiling stakeholder comments and recommendations is tedious work, but don't let it fall behind! As the stakeholders see that their comments have not only been heard but documented in writing, they will feel that their voice has been heard. This is crucial for buy-in, especially from those who will subsequently be implementing the policy.

#### 6) Be proactive with media relations.

Consider the role of the press. In this case, the government decided that it was not desirable to have the press involved in every twist and turn of the process. This is understandable, but IFC BICF felt that the media would be curious about the process and would seek information where they could find it, even from individuals who were not wholly familiar with the policy. In keeping with the behind-the-scenes approach, the strategy we decided to pursue was to communicate targeted messages to key journalists on the policy and to explain the policy draft-consultation-approval process informally. Our existing relationships with the media allowed us to include these messages as part of our ongoing communications with them, and the informal nature of our contact presented no challenges to official government media relations.

In this way, as the media received reports on the policy from the various sources that were involved, they were already familiar with the concepts and were able to filter the information they were receiving from a more informed standpoint.

OUR ADVICE: Make sure your existing relationships with the media are good, and be pro-active behind the scenes to control the messages about the policy.

## Conclusion

If the above-mentioned guidelines are followed, the country will end up with a good policy that has a greater likelihood for implementation. And at the end of the day, a good home-grown policy that is implemented properly is better than the “perfect policy” that sits on a shelf.



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