



STATES & LOCAL FINANCE

The IGR Initiative

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DESPITE THE ENORMOUS investments of many subnational governments in their IGR expansion, they still mostly end up with less-than-desirable outcomes. Most subnational (state) governments have an average IGR-to-GDP ratio of 0.01 (1.1%), which is remarkably lower than the conventional or expected threshold of around 10 percent. Some of the reasons driving this poor level of IGR optimisation lie in the nature and the depths of the collaborative relationships among concerned stakeholders.

First is the low credibility and trust between subnational governments and the revenue-contributing citizens and organisations. Historical trends of mismanagement, poor utilization of previously generated revenue, and apparent lack of accountability considerably erode the citizens' trust. Authentic ownership of the governance process, which should prioritize transparency, accountability and the prudent utilization of mobilized revenue resources while delivering maximum well-being, is noticeably lacking. This questionable ownership of the governance process is the third factor. Fourthly, government-led stakeholder coordination and communication hardly exist. A reasonable expectation is that the government, as the IGR policy maker, should take the lead in rallying other stakeholders for inclusiveness and democratic-level decisions. In the rare instances where they happen, power imbalances sadly make the processes and outcomes less effective. Fifth, power imbalances and poor coordination and communication demonstrate meagre stakeholder understanding of the challenges, opportunities, and threats they face in IGR expansion bids. Subnational public-private dialogues (PPD) on IGR expansion have increasingly become the mechanism for managing these potential landmines.

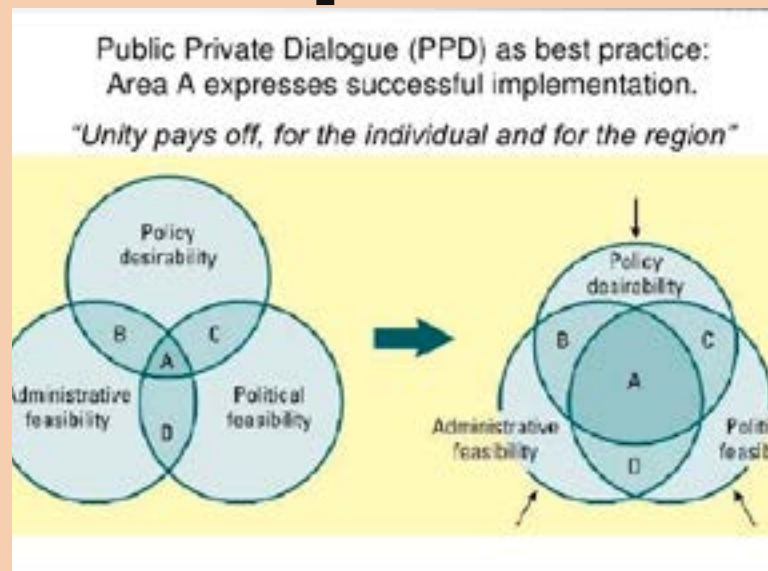
The beauty of IGR PPDs is that they are neither a one-directional engagement nor a request from stakeholders for views and comments that would enrich the IGR expansion process. They are also not stakeholder partnerships for subnational IGR improvement, although depending on the quality of engagements, it might lead to that. PPD is a mutually beneficial exchange of ideas and opinions between the government and the private sector. Its delivery mechanisms result in solid stakeholder sensitization, knowledge and fact sharing, increased programme ownership and a broad-based decision-making process. Being mutually helpful, the more regular it is, the better because it provides

a veritable vehicle for inclusive IGR expansion policy and strategy design and orchestrating changes in stakeholder perceptions of the process. Ad-hoc and one-off conversations on IGR concerns are unlikely to provide sustained mutual benefits.

Broadly, most subnational IGR PPDs enable pragmatic IGR growth problem-identification and assessment, policy, and legislative perspectives to manage identified problems, strategy implementation, and monitoring and evaluation. The meshing of the best views from private sector constituencies and other critical stakeholders in the policy and strategy design is richly democratic. No one side has a monopoly on the best perspectives. To better elicit the buy-in of the private sector, subnational governments must listen and incorporate some of their views into their IGR policy designs. Overall, PPDs rev up participatory IGR policy design by aggregating balanced evidence across critical stakeholder groups. This inclusiveness minimizes misalignment and lack of trust while making it easier to receive robust feedback.

Achieving a productive PPD depends on about five essential factors. The first is deciding on a thematic focus of mutually beneficial interests or concerns. Although the subnational IGR expansion space has many sub-thematic areas demanding attention, only one or two may require stakeholder dialogue at a time. The PPD convener, such as a development institution, must prioritize a dialogue theme based on this symbiotic relevance consideration. Second, stakeholder groups must only elect participants who can constructively engage on the subject matter to represent them at the dialogue sessions. Often, the leaders (or top functionaries) of various stakeholder groups accept representative roles at such sessions when they may not possess the required competencies to engage effectively on the subject. The third ingredient for PPD success is a focus on a collaborative mission driven by trust, respect, and transparency. Stakeholder groups must be prepared to work together to achieve mutually beneficial successes on the chosen dialogue theme. One way to accomplish this is to engage an unbiased, neutral, competent facilitator to moderate the dialogue. The second way of achieving that is to ensure that all parties bring something to the table. For instance, if the government is the host of the dialogue sessions and may also be paying some private sector participants for attendance, it is unlikely that dialogue resolutions will be objective and unbiased. Therefore, a robust collaborative mission always

Sustaining impactful dialogue on subnational IGR expansion



requires a power balance between the public and private sector groups to survive.

Fourth, dialogue communication and feedback channels must facilitate the inclusion of all critical stakeholders. For instance, using emails and surveys to elicit feedback from poorly educated stakeholders who rarely use any of these channels in their everyday lives may result in deliberate exclusion. Fifth, while a good facilitator may manage dialogue conflicts, some conflicts last beyond the dialogue and still require effective management to achieve the target outcomes. The design and implementation of appropriate post-dialogue conflict management mechanisms may considerably reduce possible consequential derailment. Six, stakeholders must be ready to proceed from discussion to implementation as part of the collaborative mission. The absence of this factor makes a subnational IGR PPD a talk show without implementable outcomes. One way of successfully managing this potential risk is the nomination of credible and enthusiastic champions from various stakeholder groups to drive dialogue output implementation as agreed. The seventh ingredient is integrating a robust and coordinated monitoring and evaluation framework into the dialogue delivery process. The M&E of subnational IGR PPD is important because stakeholders can better evaluate the quality and adequacy of the dialogue inputs, its processes, and the extent to which they meet the outcome and impact expectations.

All these ingredients for a robust IGR PPD are condensable into four engagement steps. The first is the diagnosis of the adequacy of the process inputs. This diagnostic stage ensures that nominated participants can engage in the subject matter and that the facilitator is competent while the dialogue input aggregation is reasonably inclusive and unbiased. The diagnostic phase provides adequate step-by-step instructions for dialogue engagement and detailed methodological guidance for participants' activities. During this phase, the monitoring and evaluation parameters

guiding the inputs and processes are set out and agreed upon by all participants. The second phase is the ideation and dialogue engagement framework. This framework ensures that participants can productively engage with each other to deliver feasible and acceptable solution sets. Ideally, this framework provides the facilitator with a compass for effective moderation. The third phase concerns the design of dialogue output implementation. Some elements of this phase include identifying, quantifying, and ranking risk factors that may hamper dialogue output implementation and the strategies to mitigate them. Others include delineating implementation activities, expected deliverables, and their key performance indicators and specifying the PPD champions with specific targets and delivery deadlines. The fourth phase is launching a comprehensive monitoring and evaluation system relying on a results chain (inputs, process, outputs, outcomes, and impact).

It is apparent from the preceding discourse that excellent subnational IGR PPD should incorporate supporting monitoring and evaluation frameworks. Fortunately, M&E implementation is accomplishable via many approaches, including the popular results chain. The results chain explores the entire gamut of a project or programme, starting with the inputs and through to the expected impacts. Specifically, the results chain establishes a logical linkage between a programme or project intervention, such as inputs and processes (or activities), and the resulting output, outcomes, and impacts. Performance at each stage in the chain is measurable with appropriate indicators. For instance, using relevant performance indicators for measures of adequacy and quality of inputs in the IGR PPD may provide scores for inputs and partially explain whatever results we obtain at the outcome phase. If there is a 90% - plus score on the inputs and process indicators, the output and outcome indicators are likely to have even higher scores. Accordingly, subnational IGR PPD designers must also develop an appropriate scoring methodology

for the measures and indicators of their performance at each phase of the results chain. In line with the famous quote, "if you cannot measure it, you cannot control it", M&E permits the realization of the goals of the dialogue. These scores for regularly conducted IGR PPDs enable the ease of tracking, establishment of trends on each indicator, and how these indicators interact in creating the overall PPD impact. Unfortunately, this is rarely the case, making many dialogue sessions nothing more than talk shows.

But in addition to enabling the M&E, technology plays a critical role in enhancing public-private dialogues' robustness and providing meaningful feedback to the stakeholders and their champions. Technology adoption of public-private dialogue greatly matters and allows timely and more inclusive input from all representatives. Creating designated communication channels such as collaborative platforms, messaging systems, and emails are top of the list in this respect. Apart from the speed of interaction, these platforms enable quick aggregation of participants' opinions before, during, and after dialogue sessions. Complementary technology enhancing the feedback aggregation process includes applications for opinion polling and surveys. The use of social media may also be necessary where the views and opinions of the broader stakeholder groups and the public are essential. Feedback can be in the form of additional suggestions, complaints, and expressions of either satisfaction or dissatisfaction.

Utilizing PPDs in building appropriate consensus for IGR expansion strategy and policy design, implementation, and monitoring has come to stay. Its numerous advantages to all stakeholder groups involved in the process are undeniable. However, more than 90% of these dialogues are talk shows primarily because of the lack of ingredients that should make them productive. Again, the end-in-mind sometimes is not to implement the dialogue outcomes but rather to give some false sense of the inclusion of the private sector. The latter, on the other hand, based on prior experiences of power imbalances in such dialogues, essentially do not trust any claims on the possible implementation of the outcomes. That is also partially why many do not build appropriate monitoring and evaluation frameworks into the process to compel their designers and implementers to measure and track the effectiveness and level of tendency-to-targets at each phase.

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