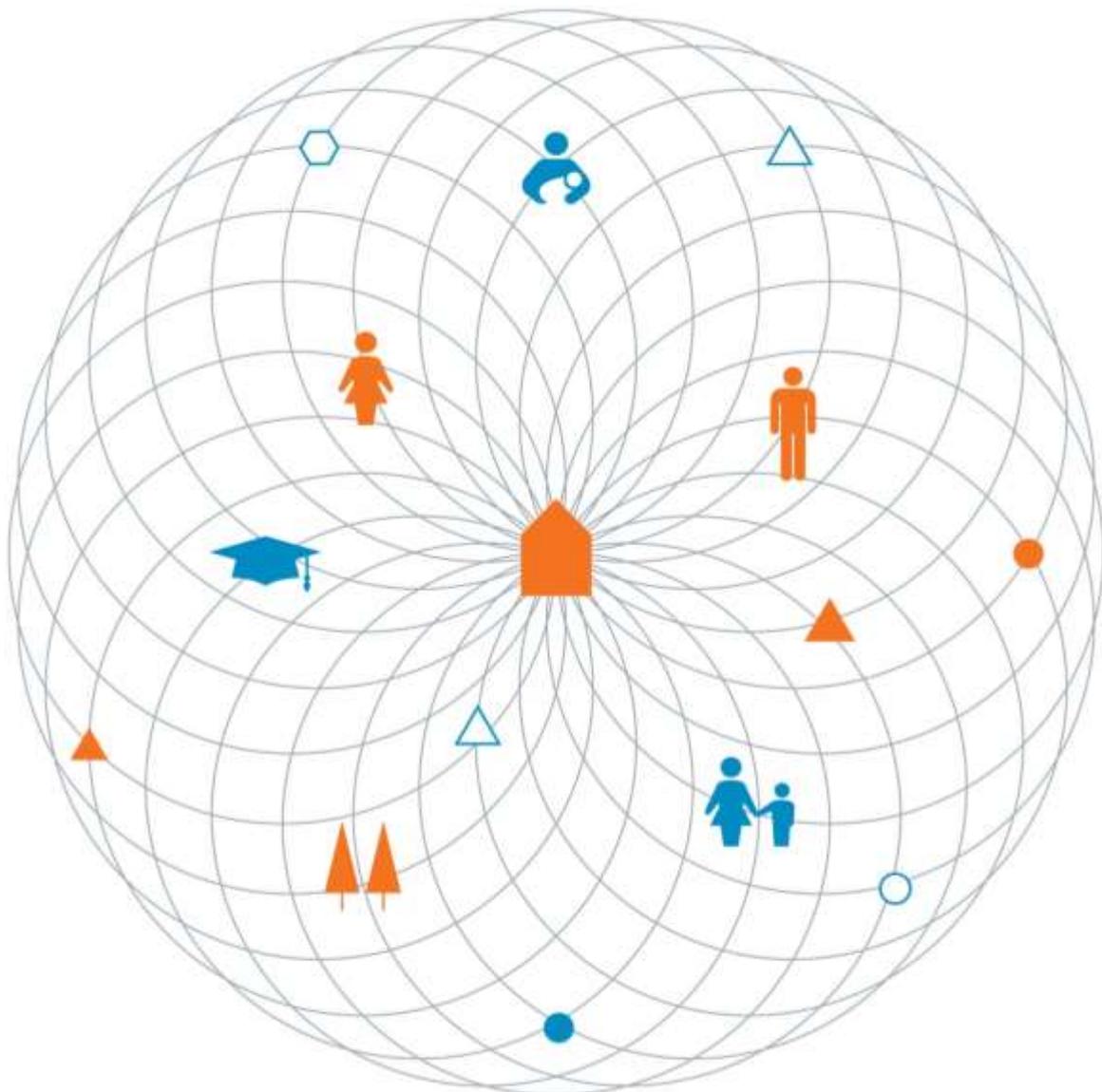


Best-AC Longitudinal Impact Assessment

Fifth Annual Report





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Abbreviations and Acronyms

ACT	Agricultural Council of Tanzania
ANSAF	Agriculture Non State Actors' Forum
ATE	Association of Tanzanian Employers
BRN	Big Results Now
CTI	Confederation of Tanzanian Industry
EAC	East African Community
Hi-LINE	Higher Learning Institutions Network
LIA	Longitudinal impact assessment
MAFC	Ministry of Agriculture, Food security & Co-ops
MDA	Ministry, department and agency
MNRT	Ministry of Natural Resources & Tourism
MoU	Memorandum of Understanding
PMO	Prime Minister's Office
PSO	Private sector organisation
RIA	Regulatory impact assessment
SAGCOT	Southern Agriculture Growth Corridor of Tanzania
SAUT	Saint Augustine University of Tanzania
SUA	Sokoine University of Agriculture
SUGECO	SUA Graduate Entrepreneurs' Co-operative
TACTO	Tanzania Association of Cultural Tour Operators
TAMFI	Tanzania Association of Micro-Finance Institutions
TANESCO	Tanzania Electric Supply Company Limited
TANEXA	Tanzania Exporters' Association
TATO	Tanzania Association of Tour Operators
TNBC	Tanzania National Business Council
TPSF	Tanzanian Private Sector Foundation
TRA	Tanzania Revenue Authority
UDBS	University of Dar es Salaam Business School
UDSM	University of Dar es Salaam
UDEC	University of Dar Entrepreneurship Centre
ZACPO	Zanzibar Clove Growers' Organisation
ZNCCIA	Zanzibar National Chamber of Commerce, Industry & Agriculture

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1 Summary

1.1 Introduction

There is compelling evidence on the contribution of the private sector to economic growth. The private sector is recognised as a key driver of economic growth and poverty reduction.¹ It is responsible for around 90 per cent of employment in the developing world and is a provider of critical goods and services.² There is a growing body of evidence from the World Bank and others which demonstrates that investment climate improvements make a difference to economic growth and can achieve more than traditional poverty alleviation projects.³

The public sector has a critical role to play in creating an enabling environment for the private sector to grow. The purpose of public-private dialogue and advocacy is to ensure that government and the wider public sector understands how its actions impact on the private sector and to encourage government to act in a way that improves the enabling environment for the private sector. Often the World Bank advises governments directly on which legislation or regulation to simplify. Increasingly, however, donors are supporting business membership organisations (BMO) to advocate reform of public policy – on the basis that the business associations are best placed to advise on the changes that will make the most difference, that working through associations will temper the worst excess of vested interests, that business associations will introduce a degree of transparency and also that business associations working closely with government will confer a degree of legitimacy for the government's approach.

Bilateral donors such as the UK's Department for International Development (DFID) and the Danish International Development Agency (Danida) as well as multilateral organisations such as the International Trade Centre (ITC) and the International Labour Organisation (ILO), support business associations to engage in dialogue and advocacy. Involving the private sector in the process of formulating public policy builds legitimacy and improves regulation.⁴

For BMOs to influence government, however, there appear to be two pre-requisites: that the BMO is sufficiently competent to make a persuasive case and that the government is listening. BMOs have little control over the latter, though there are things that they can do to ensure topics are on "the agenda". They have control over the former, provided at least that they have the necessary resources – they can develop skills in undertaking or commissioning research, in writing compelling policy positions, in negotiation and in public relations; they can develop and nurture relationships with key people in government and in Parliament. They can seek to understand what each party gains from what is effectively a resource exchange relationship⁵ and they can then deliver the goods wanted by government. If they are successful, it is conceivable that more businesses will join the association.

In Tanzania, BEST-AC has aimed to support private sector organisations (PSOs) to build their competence and develop their relationships. It has also aimed to build competence amongst researchers: to build a resource at the University of Dar es Salaam (UDSM), which has now launched a Centre for Policy Research & Advocacy; and to stimulate more and better media coverage. The renamed BEST-Dialogue, now in the third phase of support, plans to do more with government as well.

The question which this evaluation attempts to answer is just how much difference has BEST-AC made? The number of active PSOs has grown over the 10 years of the first two phases of BEST-AC support. The most effective of those have improved considerably – and almost certainly would have struggled to do so without the support of BEST-AC. There is little doubt that some of the budget could have been spent more effectively, not least by focusing on reform proposals likely to have greater economic impact, but overall

¹ Kraus 2002; International Labour Organisation (ILO) 2007; United Republic of Tanzania (URT) 2010

² The International Finance Corporation 2013

³ World Bank 2005, White 2008, Dollar *et al.* 2003

⁴ Dür & de Briève 2007, Bettcher 2011

⁵ See, for example, Baumgartner *et al.* 2009; Dür & Mateo 2012

the conclusion is that BEST-AC has made a significant difference, in terms of improved capacity of PSOs to argue their case, in reforms delivered and in the impact arising from those reforms. In most cases, the impact is still in the future, in part because of reversals and in part because the time horizons for advocacy exceed even the five years of the Longitudinal Impact Assessment (LIA).

Tanzania Private Sector Foundation (TPSF), for example, has progressed dramatically – from an organisation that was preoccupied with securing contract income to one that is comfortable with policy influence as its major *raison d'être*. It has grown its policy team to three, in addition to the efforts made by the Chief Executive Officer (CEO). It brought the business enabling environment into the Big Results Now process. It has set up shadow groups in an attempt to stimulate progress with the Doing Business road map objectives. It develops policy positions on a wide range of issues. It is consulted regularly by the government. It is making some effort, though could do more, to organise the private sector to ensure coherent and consistent responses go to government.

TPSF's role in coordinating the private sector in the annual budget process has been more prominent. The private sector usually presents to Parliamentary Committees arguments to reduce tax and levy excesses promulgated in the annual budget by Treasury. The gathering of evidence and preparation of arguments by the private sector is co-ordinated by TPSF and has often been financed by BEST-AC.

Tanzania Horticultural Association (TAHA) has been particularly effective, possibly because its focus has been more on 'technical' issues rather than possibly contentious issues. Horticulture is an important contributor to the economy and TAHA has been able to ensure that its contribution is not compromised by capricious regulation. They worked with government to redesign the process required for phytosanitary certification. They persuaded government to allow the use of specialist fertilisers *pro tem* whilst they lobbied for a reform of the regulation.

Tourism has grown to become Tanzania's largest earner of foreign exchange and the Tourism Confederation of Tanzania (TCT) has also grown in stature. Whilst it has not delivered many reforms, it is still the only PSO to have signed a Memorandum of Understanding (MoU) with its counterpart Ministry and meets regularly with them to discuss issues of mutual concern. It worked with the Tanzania Tourist Board (TTB) to develop a comprehensive country marketing strategy. It has encouraged the Tanzania National Business Council to think more carefully about the potential benefits from an effective tourism sector. It worked with government and the industry to develop and introduce a tourism development levy.

The Hotel Association of Tanzania (HAT), under the leadership of its hard working executive director, is a vocal critic of poor governance practice. It ensures that key issues are debated in the open, if necessary in court, and supports its members in their arguments with the regulators.

In a country of multiple taxes, levies and permits, TCT and HAT together have persuaded the Ministry of Natural Resources and Tourism (MNRT) to list on their website all the regulations and taxes that apply to businesses in the tourism sector, making it easier for them to comply and harder for corrupt officials.

The Agricultural Non-State Actors' Forum has been working quietly with farmers in sub-sectors such as cashew which should be able to generate much more foreign exchange and create many more jobs if the way in which the sector was governed was liberalised. They appear to be making some progress.

The Confederation of Tanzanian Industry (CTI) has become much better at persuading government to act in a way that supports rather than impedes business. They have for example encouraged Tanzania Electric Supply Company Limited (TANESCO) to replace electricity sub-stations round Dar es Salaam, leading to a more reliable power supply. They worked with Association of Tanzanian Employers (ATE) to persuade government to reduce the skills development levy and to limit the excesses of the minimum wage. CTI has also done much to invigorate the government to curb counterfeits.

The Tanzania Association of Tour Operators (TATO) encouraged the formation of a tourism committee within the Parliament, to ensure that there is a group of members of parliament that are well briefed when issues related to tourism are debated. They persuaded the Inspector General of Police to set up a tourism division, something that the Tanzania Tourist Board was keen to see, but which they had not been able to

secure. A similar success was attained by the Association of Tourism Initiatives in Zanzibar where dedicated police staff work closely with tourism operators to curb criminality.

The Tanzania Association of Micro-Finance Institutions (TAMFI) is promoting a law to regulate the operation of micro-finance institutions (MFIs) and it looks like this will be adopted by the government.

BEST-AC has encouraged and stimulated PSOs through the provision of training and grants to undertake advocacy projects. In some cases, it has supported the employment costs of a policy officer – for example at TPSF and TAHA – and this seems to be particularly effective. Indeed, it has been so effective at TAHA that they have now secured resources from elsewhere to employ a second person in their policy team. BEST-AC staff has provided close mentoring support as well and this has helped PSOs to think rather more carefully about strategies for advocacy and how to achieve their goals.

BEST-AC has done much to encourage greater media coverage of business enabling environment (BEE) issues leading to more public discourse. The effective use of cartoon and radio satire has helped expose the sometimes extreme disconnect between public and private sectors in how to grow the economy.

Table 1 summarises the performance of BEST-AC during its second phase.

Table 1: Summary of performance July 2010-June 2014

Advocacy support	110 grants at a total value of \$5.3m were provided to 45 PSOs
Institutional support	49 grants were provided worth a total of \$1.9m to strengthen 13 PSOs
Capacity building support	386 staff from 57 PSOs participated 775 times, in a total of 3,040 training days
Universities involved	6 higher learning institutions actively engaged in supporting the HiLINE network; UDSM established a Centre for Policy Research & Advocacy
Dialogues & consultations *	32 PSOs engaged in 451 dialogues with government
Policy proposals submitted *	25 PSOs submitted 135 proposals for change to government
Policy reforms *	21 PSOs claimed 71 successes
* these activity figures cover the period July 2011 to March 2015	

1.2 Key conclusions

PSO competence has improved

There is evidence, from this LIA and annual programme reviews of BEST-AC, that the capacity to initiate, conduct and sustain advocacy has increased for a large number of PSOs (78 per cent of those supported) as a result of BEST-AC. The use of the advocacy competence diagnostic assessment tool has helped to bring greater depth to measuring and understanding these capacity improvements in PSOs. PSOs have improved in all aspects of competence (including, inter alia, their approach to research, framing and influencing), but the greatest improvement has been in developing and maintaining relationships with people at all levels of government. This has led to improvements in results (ranging from bringing public officials on-side through to influencing legislation). Disappointingly, given the number of PSOs who now stress the need for good evidence, the area where there is still room for improvement is in research and the preparation of policy position papers. Research reports tend still to be weak; external consultants still do not always have a sufficient understanding of what is required; and PSOs are not always good at commissioning or reviewing research.

Relationships between PSOs and Government have improved

BEST-AC has contributed to improved relationships between the PSOs and the government. The level of advocacy related activities has grown substantially – with more public-private dialogues, more invitations to consult, more alliances among PSOs, more research reports and policy position papers and, as a result, more reforms in public policy. As noted above, TPSF in particular is able to open doors to the public sector and is regularly asked for its views, though this is challenging for TPSF which does not have the resources to match the workload.

Implementation of agreed reform remains a major issue

There is good evidence from some PSOs to show that their advocacy efforts have resulted in policy reforms – indeed, it appears that there were some 62 reforms brought about through the efforts of supported PSOs; for others the evidence provides less support. However, even for the advocacy initiatives that have resulted in policy reforms, not all the reforms have been implemented by the Government – limiting the benefits of BEE improvement.

Evidence of BEST-AC contributing to an improved BEE was harder to establish

Although there are piecemeal improvements in the regulatory framework, there is no overall or consistent improvement in the wider business environment. This is partly the nature of public policy advocacy, but it is also an area that potentially could be addressed by TPSF taking a more strategic overview. However, some 60 per cent of firms who are members of BEST-AC supported PSOs felt the ease of doing business had improved over the period of BEST-AC.

The LIA is able to assess the plausibility of BEST-AC's inputs, namely from grantee funding to capacity improvements of PSOs, since it is backed by a range of evidence providing a sound basis for inferring causality. However, the latter parts of these change pathways (from improved advocacy to policy change and from policy change to improved business environment) were in general less supported by evidence.

The success factors

Our analysis is that advocacy projects are more likely to succeed if:

- PSOs have good evidence to support a well-argued proposal;
- PSOs are seeking changes in the administration or interpretation of regulations rather than new laws;
- The issues addressed are technical (and thus uncontentious) rather than political;
- PSOs hear about proposals at an early stage and are able to influence thinking before it becomes entrenched;
- Projects have a long term rather than short term imperative;
- PSOs work together and so present a clear and unified voice to government;
- PSOs are seen to be collaborative rather than adversarial.

Impact

At the business level, in general, profitability and employment have both increased. It is possible to make estimates of impact at the programme level, but they rely on publicly available data and we are not convinced that they are sufficiently robust to make a strong claim for financial impact. It is, however, worth noting that Tanzania has barely moved on the Doing Business 'Distance to the Frontier' score, suggesting that, overall, the business enabling environment has not improved.

Specifically, it would appear that PSOs have achieved 62 reforms in public policy. There appears to be high attribution to the PSO in 31 successes, medium attribution in 24 successes and low attribution in 7 successes.

Difficult to disentangle the different contributions to change

Reform does not usually occur according to a predictable, linear results chain and there are other actors that work in the same space as BEST-AC, including powerful non-traditional development actors. It is therefore important to recognise that BEST-AC is likely to contribute to change as part of a wider "causal package" of factors.

The evaluation recognises the difficulty in assessing BEST-AC's contribution to changes in the national business environment. With limited data at the impact level and frequent changes in the context, it becomes more difficult to disentangle different contributions to change. Future programming would benefit

from having increased emphasis on developing the evidence base around the factors that contribute to advocated change, allowing for improvements in contribution assessment.

PSO sustainability

PSOs have been more active in both dialogue and advocacy; their members think the issues on which they have lobbied are important and are increasingly satisfied with their PSO. However, this does not translate into significantly more members (though the median has risen over the period of the review) or greater levels of subscription income. The median proportion of income contributed by subscriptions is under 40 per cent, which is too low for organisations to be sustainable. The median staff level has been static at just four people, giving limited resource for most PSOs to engage in dialogue and advocacy.

Expanding the support network

With encouragement from BEST-AC, the University of Dar es Salaam Business School (UDBS) has facilitated the creation of HiLINE – the Higher Learning Institutions Network – to provide more advocacy training programmes around the country. It has also created a research centre within the University – the Centre for Policy Research & Advocacy – which aims both to support PSOs to prepare better research and to research the policy environment more generally.

1.3 Recommendations

An impact way of thinking

Absence of a strategic framework has meant that the BEST-AC grantee level theories of changes were not always consistent with the programme level theory of change. Encouraging PSOs to think more clearly about the potential impact from a project may help both to frame the issue and to prioritise the projects to be supported. This may require more detailed research so that the action which will deliver the greatest impact can be identified.

PSOs could almost certainly achieve more by focusing more clearly on government priorities identified for example through the Doing Business road map and Big Results Now. There is a tendency to wait for government to invite comment rather than a proactive approach to providing research evidence allied with carefully argued policy proposals.

Advocacy approaches needs to be aligned with GoT's broader vision

PSOs should be encouraged at an early stage to understand the Government's policy imperative and, wherever possible, to work within it, seeking to minimise the burden imposed on business rather than attacking the government head on. This will result in a more collaborative and less adversarial approach.

Research and policy positions

More effort should be made to assist PSOs to frame issues clearly and simply; to research issues objectively; and to develop compelling policy positions rooted in the evidence. We recognise the desire to utilise Tanzanian expertise, but there is a good argument to seek support and advice from further afield so that PSOs can learn more quickly.

At the same time, PSOs should be allowed to carry out research in-house, where they have the skills, rather than employing consultants. This would build their capacity, keep learning in the organisation, and might improve the quality of the research.

BEST-D should encourage joint commissioning of research between PSOs and government departments, which will help to promote collaboration.

BEST-D should place greater emphasis on value for money in research. This is likely to result in a greater openness to working with international consultants, especially where they are collaborating with, and building capacity in, local consultants.

Follow up

PSOs need to be active in following up with government where reform has been agreed until such time as they see that the reform has been implemented.

Evaluation

BEST-D should improve the quality of its evaluation of its programmes. It should have strategic indicators for each project, and should evaluate the achievement on these indicators, as well as the lessons for further work.

2 Background

2.1 Objective of the LIA

The BEST-AC Longitudinal Impact Assessment (LIA) was a five-year evaluation. The overall objective of the LIA was to evaluate BEST-AC's progress against its goal to achieve a business enabling environment which is more conducive to private sector growth. In particular, the LIA assessed whether and to what extent membership-based business organisations (known in Tanzania as private sector organisations), supported by BEST-AC, influenced policy or regulatory changes, and whether these changes generated jobs and increased business income.

The original intention was that the LIA would track sustained impacts until two years after the closure of BEST-AC. However, BEST-AC was extended, and then funded for another phase commencing July 2014, so this has not been possible.

2.2 BEST-AC objectives

BEST-AC was launched in 2003 with funding from Danida, Swedish International Development Aid (Sida), Department for International Development (DFID) and Royal Netherlands Embassy (RNE). A second five-year phase started in July 2008 and, after two extensions, lasted until June 2014. A third phase, funded solely by Danida, commenced in July 2014 – with the programme changing its name to BEST Dialogue to emphasise the importance of public-private dialogue.

BEST-AC's objective was to support PSOs to become organisationally and technically competent to advocate changes in public policy that might be beneficial to the business environment. The formal goal was to contribute to achieving a business enabling environment through which investment and economic growth would be stimulated. The purpose was to achieve that goal by enhancing the quality and credibility of private sector organisations to engage effectively in public-private dialogue and advocate for improvements to the business environment.

2.3 Context

BEST-AC is part of a wider movement involving PSOs in advocacy and reform of the business enabling environment. There are now seven business advocacy organisations operating in sub-Saharan Africa whose broad objective is to support business member organisations to advocate change in public policy. These are:

- BEST-AC. Business Environment Strengthening in Tanzania – advocacy component.
- BAF. Business Advocacy Fund, Kenya.
- BUSAC. Business Support for Advocacy, Ghana.
- ENABLE. Enhancing Nigerian Advocacy for a Better Business Environment.
- FAN. Fundo para Ambiente de Negocios, Mozambique.
- ZIMBISA. The dialogue and advocacy support fund for Zimbabwe.
- ZEAP. Zambia Economic Advocacy Programme

In addition, organisations such as the International Labour Organisation, International Trade Centre, Centre for International Private Enterprise and TradeMark East Africa support selected business membership organisations.

Business advocacy support is relatively recent: BEST-AC and BUSAC were set up in 2004, BAF in 2006 and FAN in 2011. DFID has now launched a larger programme, the Business Environment Reform

Programme, which will see more country offices review the scope for promoting enabling environment reform.

2.4 Theory of change

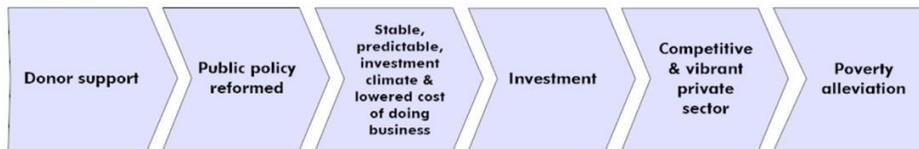
BEST-AC has a straightforward theory of change. The assumption is that if action is taken to reform public policy, leading to an environment that is more stable and predictable and which imposes lower costs, then private sector investment will follow. The World Bank and others have evidence that supports this logic.

Figure 1: Theory of change: reform to investment



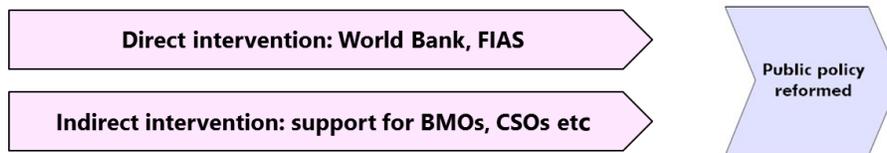
Governments have not always been good, however, at understanding or valuing the business perspective. So donors, especially the international finance institutions such as the World Bank, have encouraged governments to consider the business enabling environment, through means such as the World Bank's Doing Business reports and league tables. Donors have a further assumption, however, that private sector investment will ultimately lead to more wealth creation and more jobs and thus greater poverty alleviation.

Figure 2: Theory of change: donor objective



There are a number of ways in which policy reform can be stimulated. The international finance institutions favour one possible mechanism which is to work directly with government, though the reforms engendered might not be optimal from a business perspective. PSOs and other interest groups also lobby for reform. They may find it harder to secure reform, but they may also have particular insights from the business perspective.

Figure 3: Achieving policy reform



In developing countries, however, PSOs lack the resources and often the competence to advocate effectively, so some donors, notably DFID and Danida, and increasingly USAID, have been willing to create mechanisms to provide support to PSOs so that they become more effective advocates for public policy reforms reflecting the private sector perspective (figure 4).

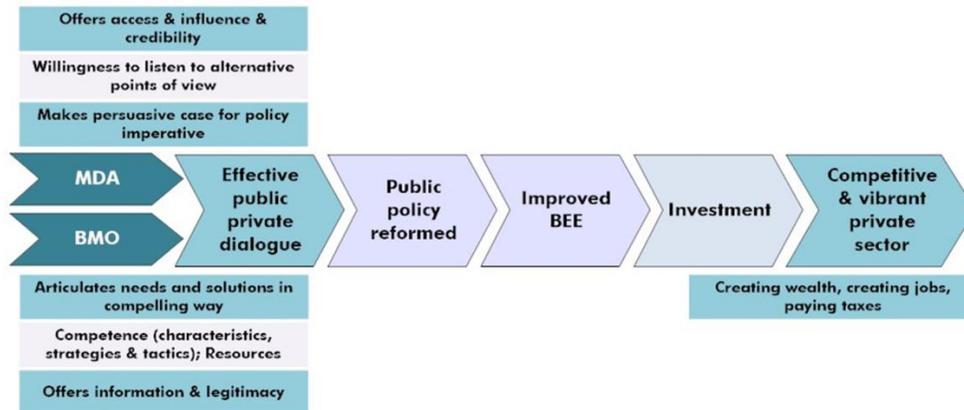
Figure 4: Theory of change: expanded donor objective



The way PSOs advocate is significant. PSOs often take an 'insider' approach and engage as much in dialogue as in lobbying. Thus we have a logic in which public and private come together in dialogue: business associations need to articulate issues clearly and then propose compelling solutions, which requires a level of competence and resource. The public sector should equally be able to make the case for why a policy in a particular area is needed, even if they are unable unaided to minimise the burden on

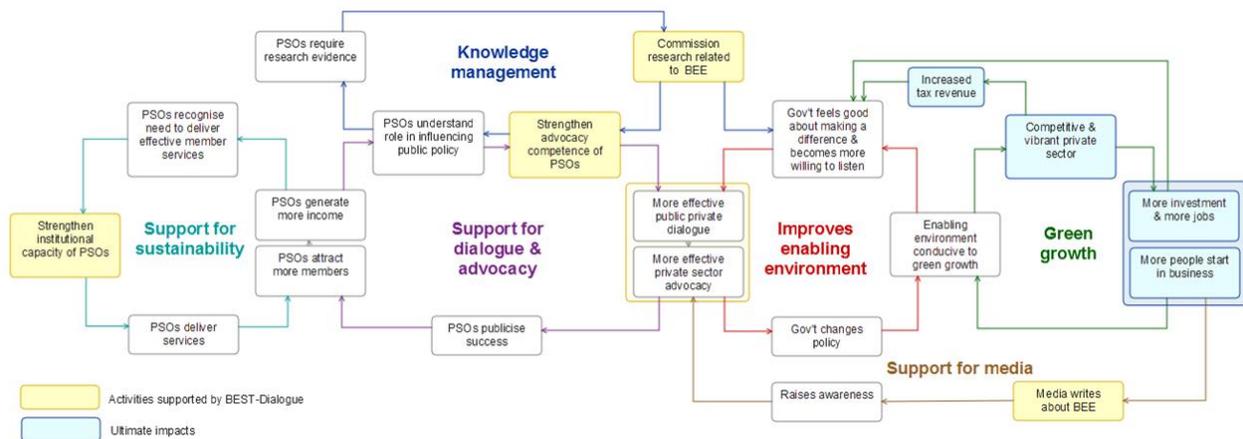
business, but they also need to be willing to listen to alternative points of view. The public sector offers access, influence and credibility to the business associations; in exchange business associations offer information, evidence and legitimacy to the public sector (figure 5).

Figure 5: Theory of change: the complete picture



The challenge with showing a theory of change in a linear diagram is showing the complexity of the interactions and the feedback loops, which are easier to show in a causal loop (figure 6).

Figure 6: Causal loop



The assumption is that PSOs understand their role in influencing public policy and want to engage in dialogue and advocacy. This requires strengthening of their capacity (competence and resources such as gathering the evidence) and support for their dialogue and influencing (both highlighted in yellow). Success leads, at least to a small extent, to an increase in members and thus an increase in income.

PSOs need to be able to access good evidence. This is supported via the PSOs though usually undertaken by a third party.

The next loop assumes that government listens to proposals and changes policy, that such changes lead to improvements in the enabling environment, and that these yield benefits for the government, so that it continues to listen and to act.

A further component of support is for the media, specifically to provide training and to encourage journalists and editors to give more attention to business issues and public-private dialogue.

It is this logic that BEST-AC has been striving to support. The intended outputs, as specified in the log frame, are:

- PSOs have the capacity to implement the advocacy process collaboratively and consistently;
- PSOs have engaged in more and more effective networking and collaboration;

- PSOs have actively engaged in dialogue and advocacy with support from BEST-AC;
- PSOs have increased organisational competence to initiate and sustain dialogue and advocacy;
- BDSP partners (including University of Dar Entrepreneurship Centre(UDEC)) have increased their capacity to deliver private sector advocacy advice and training to PSOs on an affordable and sustainable basis;
- PSOs and media have increased capacity to communicate effectively on private sector issues.

2.5 Terms of Reference

The TOR asks these specific questions:

- What is the legacy of BEST-AC in terms of PSOs, the consultancy market and the media? Will partner PSOs continue advocacy initiatives after the project end date? Will media partners continue to report on business issues? (denoted *Legacy* below)
- What kinds of changes in the policy/regulatory and business environment have occurred? What is the lead time for such changes to occur? (denoted *Policy influence* below)
- What are the common characteristics of advocacy projects that succeed as against those that do not (e.g. kind of PSO, issue addressed, target authority)? (denoted *Characteristics of advocacy projects* below)
- At what stage in the policy making process is advocacy most effective? (denoted *Stage in the policy making process* below)
- Who is affected by the changes (businesses of a particular size, sector, formal/informal sector employees etc.)? What is the significance of the effects on the private sector in terms of magnitude, reversibility / duration? (e.g. magnitude of reduced cost of compliance, changes in business performance) (denoted *Business impact* below)
- Have these policy/regulatory changes led to a positive impact on the business enabling environment? And in turn led to an increase in the number of jobs? (denoted *Business enabling environment* below)
- Are these changes attributable to BEST-AC and to what extent? (denoted *Attribution* below)

The TOR goes on to state that consideration needs to be given, where possible, to:

- The counterfactual – what would PSOs and other partners have achieved without BEST-AC?
- Before and after – status prior to BEST-AC support; progress against the baseline; and the sustainability of improvements after BEST-AC has ended (including whether PSOs supported by BEST-AC continue to engage in advocacy after support ends).

2.6 The approach

The LIA took a Scientific Realist approach, the version described by Pawson and Tilley (*Realistic Evaluation*, 1997), which seeks a disaggregated understanding of programmes, distinguishing between different programme elements, outcomes, contexts and mechanisms. The overall conceptual structure was to deconstruct the programme into its different parts, taking a theory of change approach, and develop classifications and measurement tools for each. The methodology had three levels: the business sector, the portfolio of funded organisations, and case studies of advocacy projects carried out by seven business associations.

The principles on which the LIA was based were:

- Use mixed methods to estimate changes and attribution at each stage in the programme logic;

- Combine data gathering and interpretation by programme staff with external review of the methodology;
- Use, and where appropriate adapt, monitoring systems already developed by and for BEST-AC;
- Clearly define indicators so they are tight and precise not lazy and loose;
- Be reasonable in requirements for additional data gathering by BEST-AC;
- Co-ordinate with other work such as internal or external reviews.

2.7 Methods

The LIA used a mix of complementary methods:

- Conceptualisation of the programme theory of change, mechanisms and contexts;
- Interviews with BEST-AC/D staff;
- Analysis of a database of background information on each advocacy organisation and project;
- A diagnostic tool to measure the advocacy competence of business associations, which allows for quantitative and qualitative analysis;
- Semi-structured interviews with case study (and other) business associations to discuss objectives, challenges, influencing tactics and achievements;
- Analysis of the quality of research reports and policy papers;
- Surveys of business association members to explore their engagement with the association, and their knowledge of, and support for, its advocacy projects, and also their financial performance;
- A survey of public sector stakeholders to understand their contact with the business associations, and their views on the effectiveness of their influencing;
- Analysis of meeting minutes and documentation;
- Analysis of feedback on training and consultancy;
- Semi-structured interviews with public sector stakeholders;
- A broad survey of business leaders in the selected economic sectors to judge broad trends in the business environment;
- Analysis of available economic statistics;
- Analysis of the assumptions underlying the programme and examination of evidence, from other programmes, supporting or contradicting them.

The report summarises the main results and case studies.

2.8 Selection of case studies

An important data collection method was through a detailed review of the paperwork followed by semi-structured interviews with and surveys of members of “case study” PSOs. Selection of the case study PSOs was therefore critical. Working with the BEST-AC team we derived entry criteria (features that all case studies should have):

- Scale of potential impact.
- Whether already built capacity.
- Whether already influenced public policy.
- Whether as an organisation, they were likely to engage with the case study process e.g. they have membership and some membership records.

And portfolio criteria (subjects that need to be included somewhere in the list):

- Partnership.
- Concentration on two or three different sectors.
- Different time periods.
- Different geography.
- A mix of some included in the previous case studies, to give historical perspective, with most not.
- Mix of PSOs with associations as members and businesses as members.

We therefore agreed with BEST-AC and with DFID to follow the PSOs listed in Table 2, though we did not restrict our review solely to these PSOs. A full list of interviews is shown in appendix 1.

Table 2: Case study PSOs

Sector	Private sector organisations
Agriculture	Agricultural Council of Tanzania (ACT)
	Tanzania Milk Producers' Association (TAMPRODA)
	Zanzibar Clove Producers' Association (ZACPO)
Exporting	Tanzania Exporters' Association (TANEXA)
Manufacturing	Confederation of Tanzanian Industry (CTI)
Tourism	Tanzanian Association of Tourism Operators (TATO)
	Tourism Confederation of Tanzania (TCT)

Exports are likely to be predominantly agricultural and manufactured goods.

We asked all the PSOs to sign a memorandum of understanding – to set out the commitment and expectation of each of the parties and make clear that the objective was to confer significant benefit on the participating PSOs by providing them with data that they can use and so encouraging them to wish to continue to participate. All the PSOs were extremely co-operative both in making time for interviews every year and in supporting the member surveys.

2.9 Caveats and limitations

The scope of the evaluation is broad. It seeks to cover a wide range of issues, instruments and initiatives at different levels, many of which could easily have been the subject of a dedicated evaluation. As a result, this evaluation had to be pragmatic about the effort that can be dedicated to data collection and analysis. It has relied heavily on secondary data, including existing reviews, implementation reports, M&E databases, which do not always provide a complete picture of the level of action and effectiveness. We undertook primary research to complement and build on the available secondary data to the greatest extent possible, but this could not always address all potentially relevant elements and aspects in the same amount of detail. Thus, the evaluation results are comprehensive in the sense that they cover all subjects in our brief, but the depth and breadth of the impact analysis is limited by the available secondary data, as well as the time and resources at our disposal to collect additional primary data.

Measuring the impact of advocacy projects is complex because:

- Attribution is likely to be complex and multi-dimensional. Influence can be diffuse and hidden. Also, in some cases PSOs are enlisted by government agencies or departments to help progress issues of joint interest, so influence is two-way;

- Changes in legislation or policy are likely to be complex and lagged. The impact lies not just in the sum of the agreed changes, but also in how these play out during implementation;
- Objectives for advocacy projects naturally evolve during the negotiation process. Having to compromise, (especially sacrificing some short-term goals so as to maintain a relationship that promises long-term benefit) is not an indication of failure, as might be the case in physical or service delivery projects;
- Especially in business environment work, impact is often preventative and repetitively preventative: successes can consist in delaying, and then the next year also delaying, changes proposed by the government that business perceive as damaging;
- Impact is not always positive. Some PSOs pursue anti-competitive projects that would have an overall negative effect;
- Each advocacy project and process is unique and additionally all businesses benefit irrespective of whether they are members of the PSO undertaking the advocacy. This militates against providing a counterfactual analysis, except through comparing what happened with what most likely would have happened if the advocacy had not occurred.

The limitations of the LIA are:

- Many of the projects funded by BEST-AC, including those that started several years back, are still in progress. Even the five years of the LIA are insufficient to capture the full impact of BEST-AC;
- Neither BEST-AC nor the PSOs have carried out detailed impact analysis. We have had to reconstruct this analysis retrospectively rather than, as was intended, compile and aggregate existing analyses.

3 Summary of BEST-AC activity

The start of phase II was characterised by a desire to focus much more on the skills of project management and rather less on the skills of advocacy on the basis that dialogue and advocacy would not deliver policy reform if PSOs were unable to manage advocacy projects. A degree of momentum built up in phase I was thus lost and a number of PSOs lost interest. The focus changed again, after the programme manager changed in 2011, to focus primarily on advocacy and with a determination to make up for lost time. This is reflected in the project and capacity building activities shown below.

Phase II was programmed to finish at the end of June 2013. As noted above, Danida decided to support a phase III but delays in the contracting led to two extensions, one to December 2013 and then a second to June 2014. This caused some disruption and, with a lower budget, less activity during the interim period.

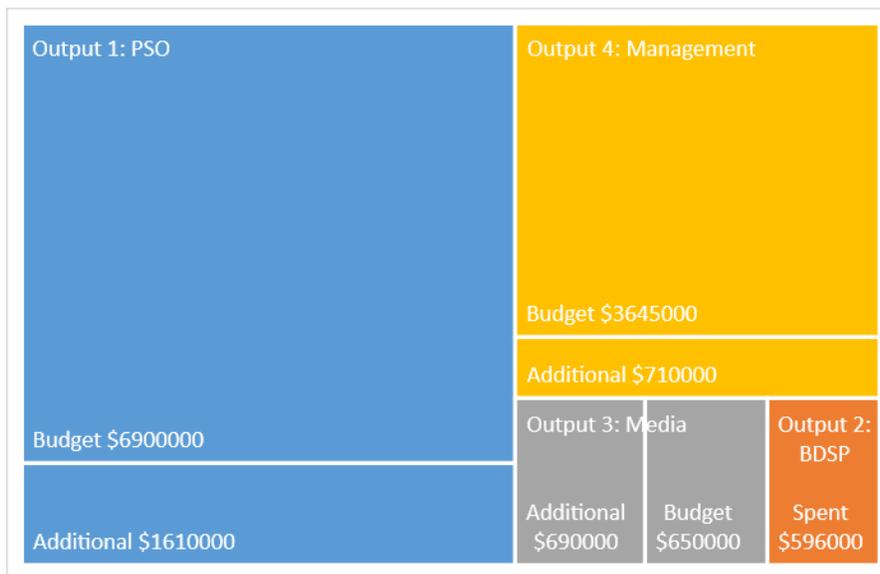
3.1 Budget

The budget for the original programme was \$12.7m. Additional monies were found to support activities during the extension year, raising the actual spend to \$14.8m. This was split across the formal outputs as follows:

- Output 1: support for PSOs: \$8.5m (up from \$6.9m)
- Output 2: capacity building of BDSPs: \$600,000 (against an original budget of \$1.5m)
- Output 3: media: \$1.3m (up from \$650,000)
- Output 4: management: \$4.4m (against an original budget of \$3.6m)

This is summarised in Figure 7.

Figure 7: Budget and spend



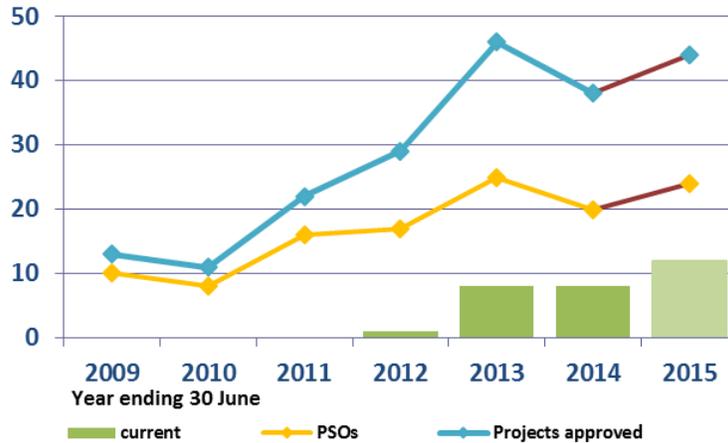
BEST-AC annual accounts and financial reports

3.2 Activity

Activity in the year to 30 June 2014 included the provision of support for 38 projects managed by 20 PSOs compared to 46 projects from 25 PSOs in 2012/13. Since the beginning of phase II, 159 projects (110 advocacy and 49 institution building) from 40 PSOs have been started. A further 13 had been discussed but not approved and did not proceed. Just one was cancelled (though another one or two changed their

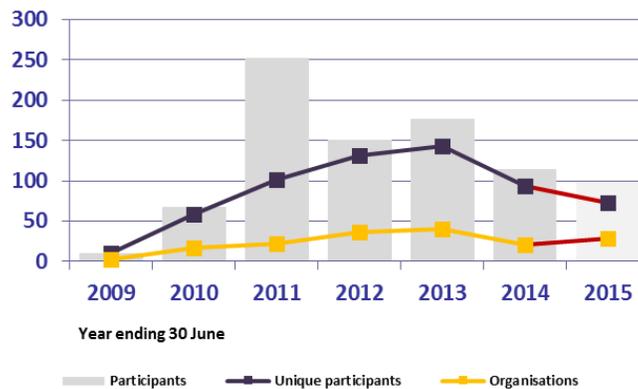
focus after starting). All the other projects were completed, though some were allowed to continue into phase III. (Projects shown as current are those that were not completed at the end of phase II). In the year to 30 June 2015, BEST-D approved 44 projects from 24 PSOs, a much higher rate of activity than for the corresponding period in phase II.

Figure 8: Projects and PSOs supported



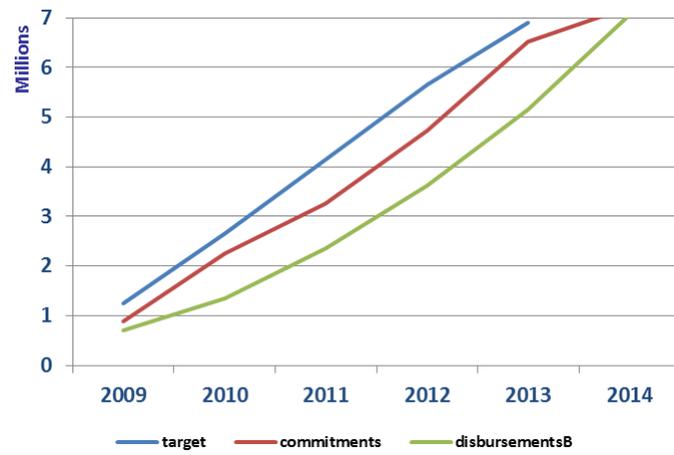
Training participation continued at about the level achieved in 2012 and 2013, with 94 people from 21 PSOs and a group of journalists participating 115 times. Altogether in phase II, 386 people from 57 organisations participated 775 times. In 2015, training was delivered to 73 people from 29 organisations on 99 occasions.

Figure 9: Training participation



To the end of June 2014, BEST-AC made grant commitments of \$7.2m and had disbursed almost \$7.1m, a little higher than our expectation articulated in 2013. This compares with commitments of \$2.4m in the whole of phase I and disbursements of \$2m. In the first year of phase III, BEST-D made grant commitments of \$2m and disbursed \$1m.

Figure 10: Commitments & disbursements (cumulative)



4 Legacy

4.1 Definitions

Legacy means the changes in systems, structures, culture, knowledge, relationships, or priorities that sustain after a project or programme has ended; or the creation of resources such as toolkits or publications.

There are five arenas of legacy for BEST-AC: PSOs, the universities, the consultancy market, the government and the media.

4.2 Capacity building of PSOs

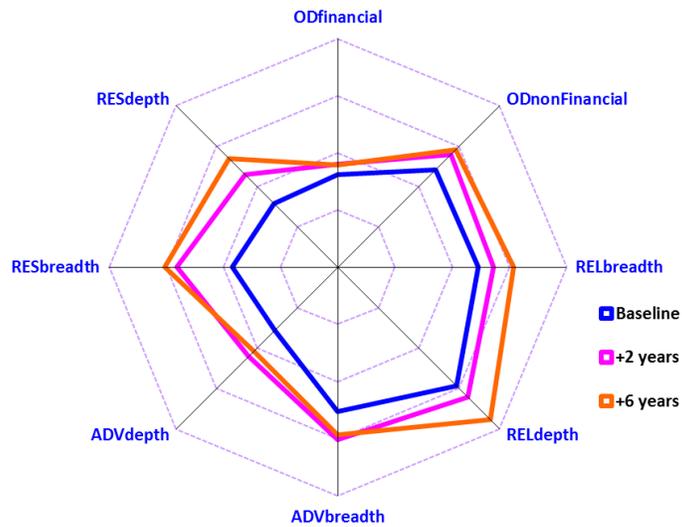
Shortly after the mid-term review in 2007, BEST-AC introduced an advocacy competence diagnostic assessment tool. The intention was that all PSOs would be assessed when BEST-AC first agreed to start work with them and then annually thereafter at least for as long as BEST-AC continued to support them and, ideally, for longer. There were two objectives: firstly, to be able to assess more precisely the needs of each PSO based on their current level of competence; and, secondly, to be able to demonstrate the difference that was being made by BEST-AC, even if PSOs failed in the short term to influence public policy.

The tool has indicators for the key aspects of competence required to engage successfully in advocacy initiatives. The answers are grouped into four themes, each with a breadth and depth dimension:

- Organisation development (OD), which gives an approximate measure of the resources available and the competence of the organisation to manage those resources;
- Relationships (REL), which looks at the processes used by the organisation to develop and maintain relationships and dialogue: it looks at links and frequency of contact with policy makers, knowledge of and contacts with other interest groups and type and frequency of contacts with members;
- Advocacy (ADV), a measure of outputs: it looks at number and experience of staff, processes used to identify and prioritise issues, approaches to researching and understanding issues and utilisation of a range of advocacy tools and approaches; and
- Results, or outcomes (RES), which shows the extent of success: it covers media coverage (scale and accuracy), perception of the support of stakeholders for an issue, perception of the extent to which policy makers have been influenced (from changing the way that they see an issue through to legislating) and an assessment by the organisation of improvement in competence.

The results are fed back to PSOs in the form of a spider chart. The chart in Figure 11 shows the average (mean) score for each of the indicators at years zero, 2 and 6, demonstrating that there has been improvement in all aspects of PSO operation over a period of six years.

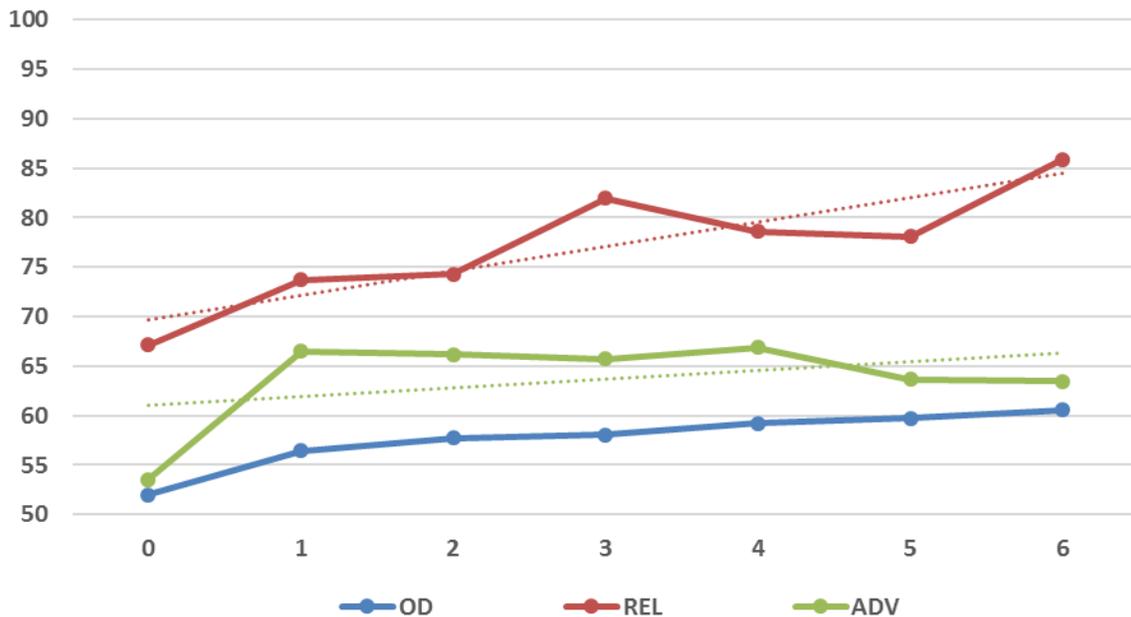
Figure 11: Average (all PSOs)



Source: BEST-AC assessments (n=35 baseline, 23 yr 2, 10 yr 6)

For the purpose of looking at annual improvement, we have combined the results to look at OD, REL and ADV (and excluded RES as that is the dependent variable. These are shown in Figure 12. The greatest improvement in the first year comes in advocacy (ADV), though this then seems to plateau. The greatest improvement overall comes in relationships (REL) which seems to continue to improve. Note that this chart only includes PSOs supported during phase II, though the years refer to when support commenced.

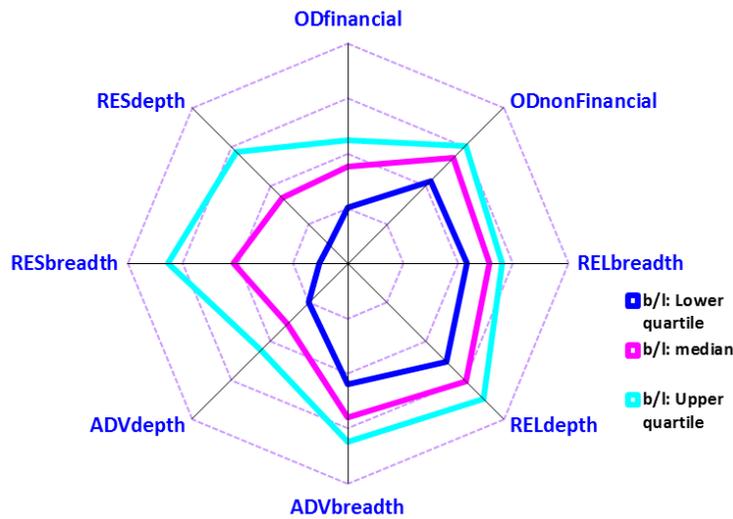
Figure 12: Improvements in competence



Source: BEST-AC diagnostic assessments (n=35 baseline, 29 yr 1, 23 yr 2, 19 yr 3, 18 yr 4, 13 yr 5, 10 yr 6)

In Figure 13, we show the baseline inter-quartile range to give an indication of the spread of competence. There is quite a wide spread, with the greatest difference being in results. Indeed, this implies that small improvements in competence might lead to quite big improvements in results. This finding endorses BEST-AC's approach of supporting competence and institutional development.

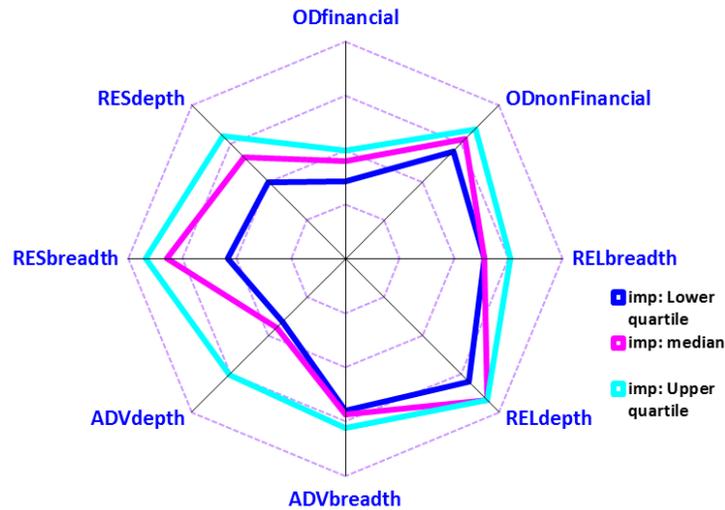
Figure 13: Baseline



Source: BEST-AC diagnostic assessments (n=35 baseline, 23 yr 2, 10 yr 6)

After six years, we see that the PSOs that were initially worst performing (i.e. those represented by the lower quartile) have made the greatest improvement, whilst the upper quartile PSOs have only made a small improvement (recognising that they have less scope for improvement).

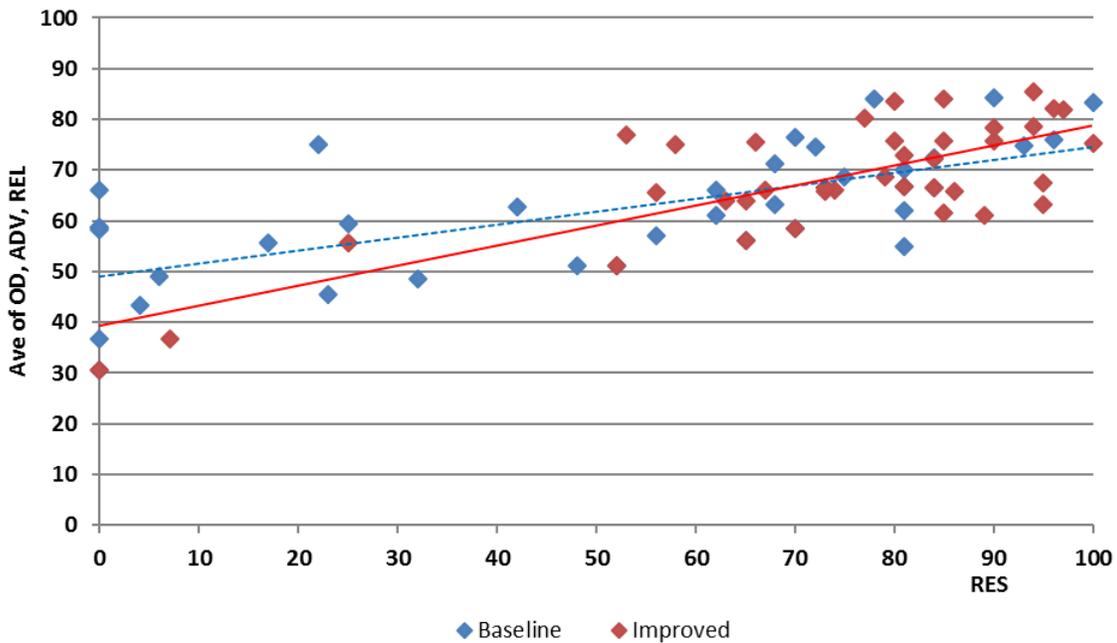
Figure 14: After 6 years



Source: BEST-AC diagnostic assessments (n=35 baseline, 23 yr 2, 10 yr 6)

The continuing improvement in relationships appears to lead to continuing improvement in results. We have looked at improvements by individual PSOs and have focused specifically on improvements during phase II. We have data for 38 PSOs of which some 32 had at least two diagnostic assessments undertaken during phase II. The measure of competence has been calculated by taking the average score for the three independent variables (OD, REL and ADV) and omits RES because that is an outcome of the others and therefore not a contributor to a higher score. Where PSOs have had more than two diagnostic assessments, we have used the better results rather than the most recent results, since PSOs may subsequently deteriorate for any number of reasons. On that basis, some 25 PSOs (78 per cent) have improved competence and, as a consequence, their results score has improved too.

Figure 15: Improvement in advocacy competence



4.3 Relationships between PSOs and government

BEST-AC introduced a new quarterly reporting system in 2011, which allowed us to report in detail on the activities undertaken by PSOs in relation to their advocacy. Note that ‘years’ in the charts below relate to the BEST-AC project anniversary, so end on 30 June. Data are almost complete for the year ending 30 June 2012 and complete for 2013, 2014 and 2015. There are some shortcomings however: only PSOs that have current projects are asked to report. They report on more than just the BEST-AC supported project(s), which gives a better indication of total activity, but this does not extend to PSOs no longer in receipt of support. There is no validation of their reports, although there has been some moderation by the evaluators so, for example, claiming the same success in more than one quarter has been eliminated. The figures do therefore have to be treated with a degree of caution, but they do provide an indication of the level of activity. The figures show a strong increase in activity overall during the period to the end of June 2013, that is, the expected end-date for BEST-AC. There appears to have been a reduced level of activity during the extension year, which perhaps leads to a question about the extent to which PSOs will continue to advocate when external support is no longer available.

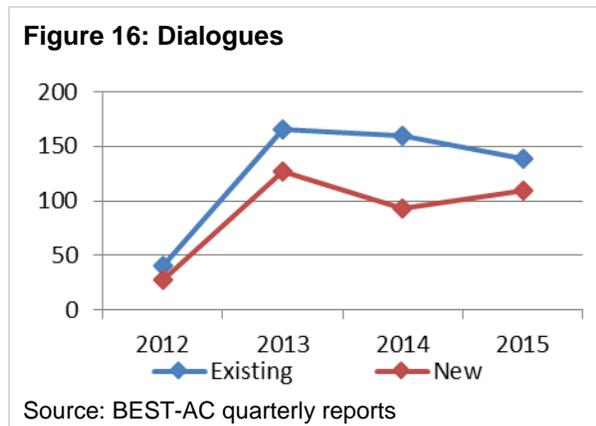
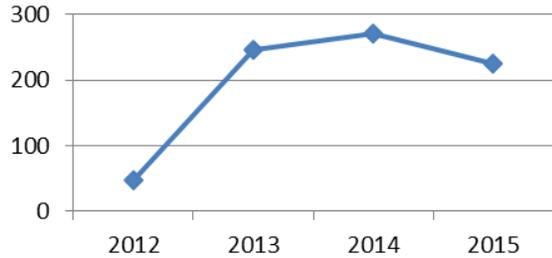


Figure 16 shows the number of dialogues in which BMOs are participating and the number of new dialogues, which should be summed to give total dialogues. We would comment, however, that PSOs have a tendency to count every meeting as a separate dialogue whereas some should be classified as a continuation of an existing dialogue. The chart shows that PSOs reported engaging in more than 250 dialogues in the year to 30 June 2015.

Figure 17: Invited to dialogue & consultation

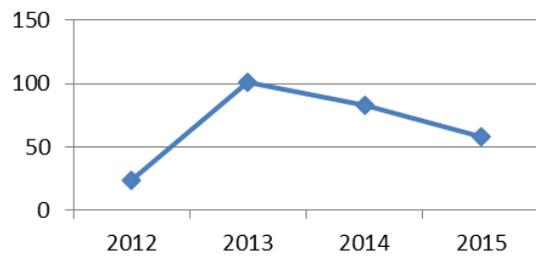


Source: BEST-AC quarterly reports

PSOs are now perceived to be more credible by public officials – this is confirmed by discussions with public officials.

TPSF, in particular, is now being asked much more frequently to offer a private sector view on a wide range of policy issues, with 51 invitations in the year to 30 June 2015.

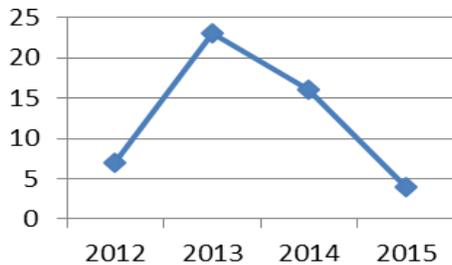
Figure 18: Alliances & networks



Source: BEST-AC quarterly reports

Figure 18 shows that PSOs form more alliances, both with other PSOs and with public sector agencies compared with 2012. For example, TCT worked closely with the Tanzania Tourist Board and the Ministry for Natural Resources and Tourism; TAMFI worked with a Parliamentary committee; Tanzania Milk Processors' Association (TAMPA) worked with the Tanzania Dairy Board. However, it is still rare for PSOs to commission research jointly or to create formal coalitions, other than those made by apex bodies.

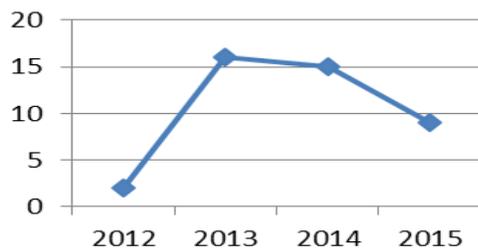
Figure 19: Research studies completed



Source: BEST-AC quarterly reports

PSOs claim that they have completed more research reports than have been provided for detailed examination so either there is some double counting or else PSOs are reporting on research that has not been supported by BEST-AC. Furthermore, there was a drop off during the last year of BEST-AC (to 30 June 2014) and the fall continued during 2015.

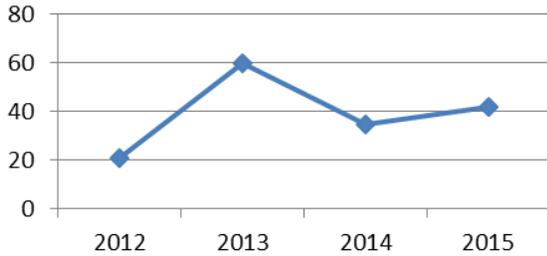
Figure 20: Policy papers published



Source: BEST-AC quarterly reports

PSOs say that they are publishing policy position papers. However, many of these documents lack the focus and precision of a good policy position paper. Appendix 3 provides more detail on research and policy paper quality.

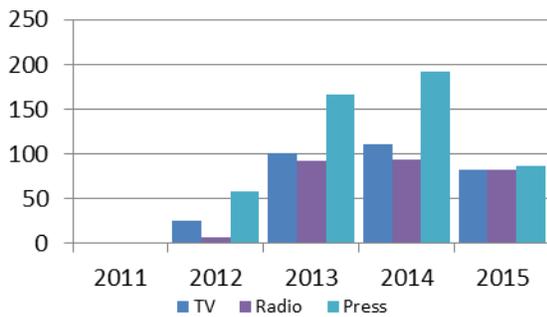
Figure 21: Policy positions presented



Source: BEST-AC quarterly reports

There is no doubt that PSOs are presenting their policy positions to government. However, it seems that PSOs count every time they present a policy to a different branch of government, rather than counting that as just one policy stance. Where this is clear from the quarterly reports, the figures have been adjusted, so we believe that the figures shown in this chart are reasonably accurate and show some 40 policy proposals have been put to government.

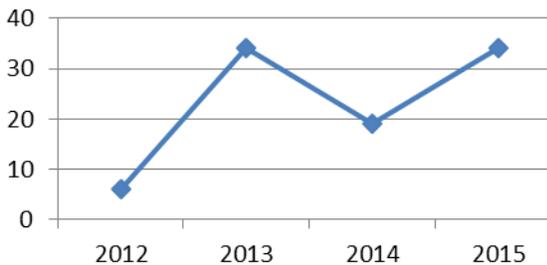
Figure 22: Coverage in media



Source: BEST-AC quarterly reports

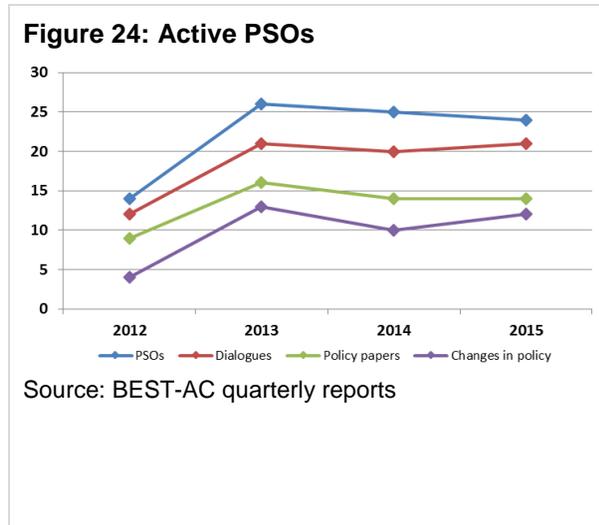
Media coverage for the year (Figure 22) included 86 articles in the press, 82 items and 790 minutes of radio coverage and 82 items and 1166 minutes of TV coverage. It should be noted that the indicator does not measure quality. Our view is that about half the organisations assessed are making good use of the media, though all could be more focused and effective.

Figure 23: Changes in public policy



Source: BEST-AC quarterly reports

PSOs claim that they achieved 19 successes in 2014 and 34 reforms in 2015. PSOs generally define success as occurring when government agrees to a policy or regulation change. This does not take account of the loss in impact that often happens during implementation. BEST-AC's records suggest that PSOs achieved 62 successes, with their support, during phase II.



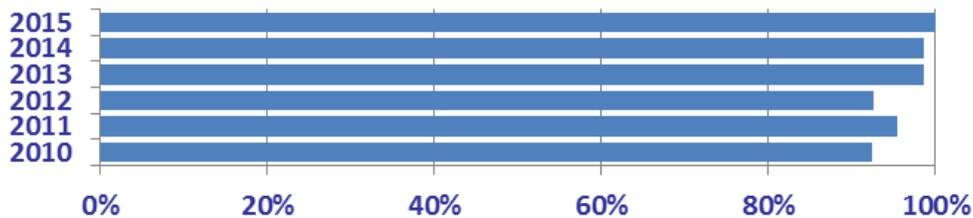
As well as looking at the total level of activity, we have looked at the number of PSOs that have been active in dialogue and advocacy. This is based on quarterly reports from the PSOs, so should cover all the PSOs that are receiving support from BEST-AC to engage in dialogue and advocacy. The year to 30 June 2013 saw the greatest level of activity, with 26 PSOs being supported, 21 active in dialogue, 16 publishing policy proposals and 13 achieving policy reform. The number of policy proposals and policy changes tailed off in the year of the extension, possibly because less support was available. In the year to June 2015, some 24 PSOs were supported: 21 were active in dialogue, 14 published policy proposals and 12 achieved policy reforms.

4.4 Relationships between PSOs and their members

We have previously included results from BEST-AC's surveys of target audiences and PSO members but these were not carried out during their extension year. We do however have data from the surveys of members of case study PSOs.

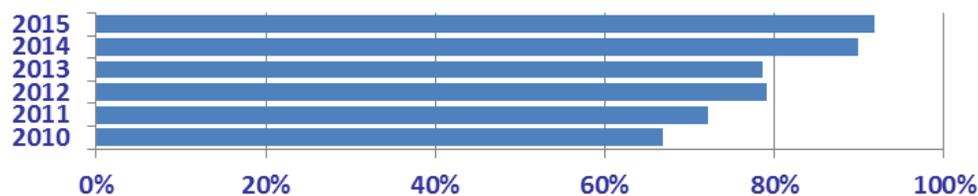
Almost every respondent says that their PSO's advocacy issue is very important, with the proportion of those asked growing each year.

Figure 25: Member assessment of importance of issue



The LIA survey asks about satisfaction with the PSO. The percentage of positive responses has been increasing over time, with a large increase in satisfaction in 2014.

Figure 26: Member satisfaction with PSO



4.5 Sustainability of PSOs

Sustainability is defined as the ability of an organisation to generate sufficient income, through a range of means, to cover all of its costs and to expect to continue to do so. BEST-AC did not have a formal objective to improve the sustainability of PSOs though clearly it had a desire so to do since otherwise there would be a danger that its effort would be wasted. It did however provide support, in some cases, for what was generally termed institution building. In the case of TPSF and ZNCCIA, this involved providing quite large grants. For other PSOs, however, the most that could be expected was support to employ a

policy officer. In some cases, this was very successful. TAHA, for example, has been sufficiently pleased with the work and results of their policy officer that they have now taken on a second person with resources found from elsewhere. Early in phase II, it provided support in the form of consultancy advice to assist PSOs to develop sustainability strategies, largely focused on building membership. Whilst this was successful in the sense that many PSOs developed a strategy, it was rather less successful in the implementation. The challenge for PSOs is that to attract members in significant numbers, they need to have an offer which appears to confer a benefit to the members which is as great, or greater, than the cost to them of their subscription. Most PSOs struggle to provide services that are perceived by the members to be so beneficial that they have to join. PSOs see engagement in policy advocacy as a service, indeed, often as a primary objective for their existence. Academics generally argue that the ‘free rider’ principle means that rational businesses do not join a PSO solely to support or benefit from the advocacy. However, evidence in Tanzania would suggest that is not entirely true, with some PSOs reporting increases in membership following success in policy influence. This is encouraging, but the numbers are small and unlikely to make much difference to the PSOs’ sustainability. There is a second reason, however, for PSOs to seek members and that is because a larger number of members – or more precisely a larger proportion of the sector – confers credibility when PSOs seek to influence policy.

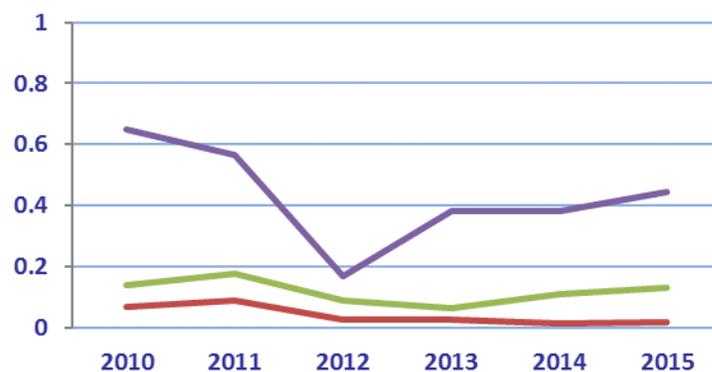
Figure 27: Number of members



Source: BEST-AC diagnostic assessments (n=29)

On the whole, there are only a very small number of PSOs that are likely to be sustainable based on their current levels of income and expenditure. These include ATE, CTI, TAHA and TATO. Most of the rest are extremely vulnerable. Most PSOs have too few members and receive too little income from subscriptions. The median (green in the charts below) membership is just 123. Not only is this too low to confer a degree of sustainability, it is almost certainly too low in most cases to confer sufficient credibility when seeking to influence government. The upper quartile (purple in the charts below) is just 220.

Figure 28: Members' subscriptions as percentage of income

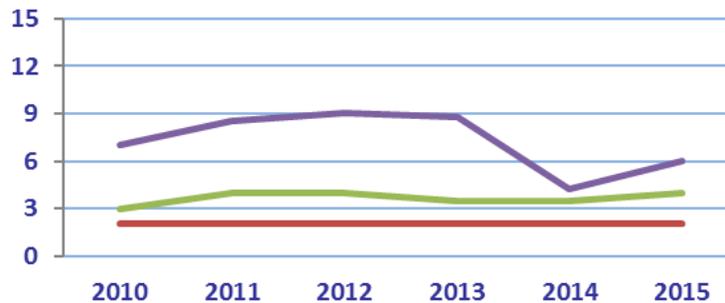


Source: BEST-AC diagnostic assessments (n=29)

Whilst PSOs would not expect to raise all their income from subscriptions – even in the US subscriptions are usually only a small part of a membership organisation’s total income (see for example Baumgartner &

Leech 1998) – they need to raise enough to ensure that they can exist and then look for extra resources to undertake specific projects. In Tanzania, the upper quartile, at 44 per cent, is about okay, but the median at 13 per cent is far too low for the organisations to be sustainable. A consequence of low levels of revenue is that most PSOs also have a low number of staff.

Figure 29: Staff levels



It does seem that PSOs are able to keep going. Certainly, there have been few if any that have ceased trading. On the other hand, weak PSOs cease to engage with government. This perhaps suggests that there is a need for BEST-D to explore with PSOs, prior to agreeing to provide support for advocacy, how they will use this to promote themselves to their members and prospective members (and, indeed, BEST-D is currently aiming to provide additional support for PSO communications).

Overall, however, we have seen considerable growth in public-private dialogue, not least because the most active PSOs are engaging in more activity, as described elsewhere. We have also seen more discussion in the media and the launch of HiLine and the Centre for Policy Research & Advocacy, which are further indicators of the increasing interest in policy dialogue and advocacy.

4.6 Media

BEST-AC spent \$1.3m on media during phase II, though most of this occurred during the last two years. The work comprised:

- Consultative workshop on the quality of business journalism;
- Kilimo Kwanza supplement: a monthly eight page newspaper supplement on agricultural issues published and circulated nationwide by The Guardian/ Nipashe newspapers, with circulations of 26,000 and 31,000 copies respectively;
- Mwananchi Citizens Doing Business series;
- Pamona Coaching PSOs in media relations;
- ANSAF-MCT agro journalism award and event;
- Tanzania Editors' Forum conference;
- Push Observer, SMS response monitoring;
- Video brief of five years of BEST-AC.

Serengeti Advisors compared the quality of articles produced by journalists who had attended the SAUT course with those who had not, and found that the former produced higher quality articles, though the sample size was small.

4.7 BDSPs

BEST-AC supported the infrastructure for PSOs through its work with the UDBS which confirmed and reinforced its commitment to advocacy by launching the Centre for Policy Research and Advocacy

(CPRA) with the main purpose of advancing knowledge and competence in public policy dialogue. The CPRA's vision is "to be recognised, by 2020, as a centre of excellence in promoting effective public policy dialogue". To achieve its mission and vision, CPRA intends to undertake research relating to state interest group relations and the enabling environment; build capacity through education, training and consultancy; and, disseminate knowledge and learning. CPRA is expected to promote reforms of business environment through supporting public-private dialogue at different levels, capacity building of both private and public sectors in strengthening the business environment and promotion of best practices and knowledge in advancing sustainable reforms in business environment.

UDBS was the main provider of capacity building and training to PSOs during phase II, but they brought on board a number of other higher education institutions through their Higher Learning Institutions Network (Hi-LINE) initiative.

BEST-AC has been making more effort to promote itself and the research undertaken by PSOs through its website. It started following the statistics in February 2012. In the three and half years to October 2015, some 12,000 users from 130 countries achieved 55,000 page views. Some 17 other organisations have set up 123 links to the BEST-AC website.

4.8 Conclusion

BEST-AC didn't close, so the LIA is evaluating sustainable impact rather than legacy. The data suggests that PSOs' advocacy activity greatly decreased when BEST-AC support lapsed. For example, the TPSF's groups set up to mirror the Road Map Task Forces stopped meeting once BEST-AC stopped funding TPSF to facilitate them.

The legacy for the consultancy market has been limited or possibly negative. The quality of research reports has been relatively low throughout the period of the LIA (see Appendix 5) In part because BEST-AC wanted PSOs to have ownership of the process and because the board wanted to buy local. Our observation is that demand from BEST-AC has helped to bid up consultancy fees, which is potentially problematic for the future of PSO research.

The legacy for PSOs has been strongly positive. PSOs have strengthened their relationships, skills and other aspects of their capacity. They have produced content, e.g. toolkits and media, which is a potential resource for the future. TPSF has been transformed, which is a major step forward for the private sector (see TPSF case study). However, PSOs have not strengthened their financial position and sustainability remains a challenge.

Members of PSOs assess the issues on which their PSOs are lobbying to be important; the majority of members are satisfied with the performance of their PSO and the proportion which is satisfied has risen every year.

The legacy for the media sector has been positive. Journalists have been trained. Relationships with the private sector have been strengthened. The media coverage of business environment has increased, although the quality of business reporting still needs to be improved.

The legacy for the government has been positive. BEST-AC supported TPSF to contribute more effectively to the Road Map and Big Results Now initiatives, and to make links between the two. There is evidence of a culture change in government, with consultation given a higher priority in theory and practice. However, more needs to be done to implement changes that have been promised to the private sector.

The legacy for universities has been positive. UDEC has increased its interest in, and skills in, business advocacy, as illustrated by the establishment of a new Centre for Policy Research and Advocacy. It now has ten researchers that offer advocacy research. UDEC has also supported other universities to increase their interest in business advocacy.

5 Examples of policy influence

5.1 Definitions

In this section, we set out examples of where PSOs have been able to influence public policy, though defining success is challenging, not least because of the challenge of attribution which we consider in section 8.9. We consider impact in section 8 and in appendix 3, we provide summary information on the impact of selected BEST-AC projects. There is evidence that PSOs' projects have affected thousands of businesses and safeguarded thousands of jobs. The benefit varies widely across projects, however, with some affecting entire sectors, and others benefitting only a narrow group of businesses.

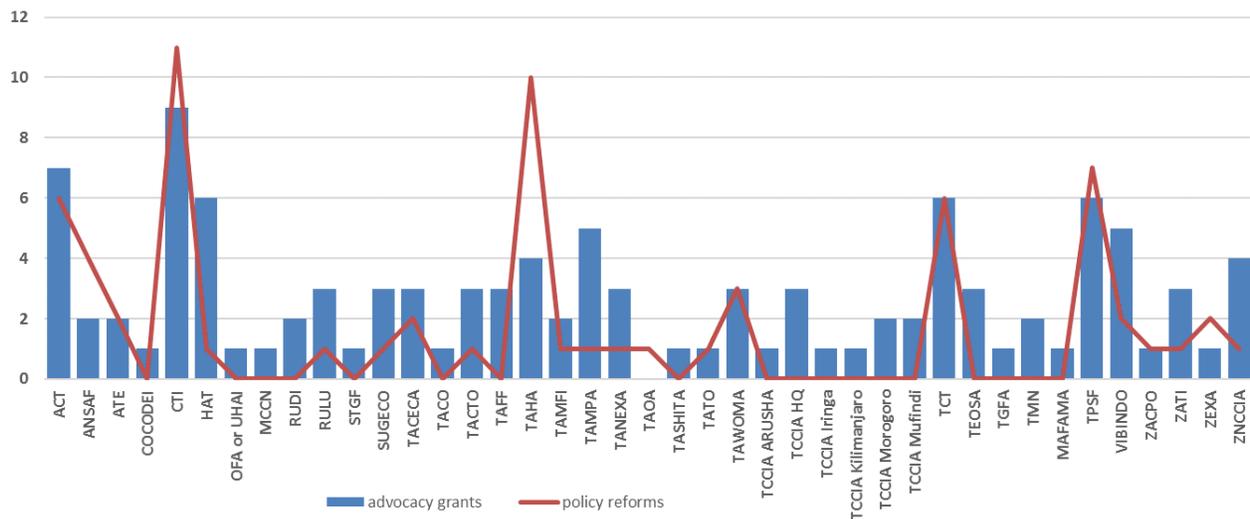
Most PSOs would consider themselves to be successful if the government had responded positively, at least in part, to their overtures. This might result in change in public policy, even in new or amended legislation, or in changes in the way that regulation is interpreted, or in changes leading to improvements in the way that regulation is administered. In some cases, the government might have adopted a policy or legislation but is not enforcing it, so the business association will be advocating enforcement. There are examples of all of these in Tanzania. It is rare for PSOs to achieve 100 per cent of what they set out to achieve but generally, PSOs that achieve at least some of their objectives will perceive that they have been successful. Being successful should mean that they can demonstrate some impact – in terms of improved revenue, or reduced cost, or improved profitability or increased jobs. Being able to say that they have been successful can help PSOs with their marketing and can help them to attract and retain members.

5.2 Policy reform objective

We have analysed the 62 policy changes that have been included in the impact table together with two government proposals that have been significantly delayed and count as additional successes for the PSO and BEST-AC.

In Figure 30, we show the number of advocacy projects undertaken with support from BEST-AC and the number of reported successes. Note that some PSOs report successes for which they did not receive a grant – but they did receive support to employ and advocacy officer and so it seems reasonable to include these.

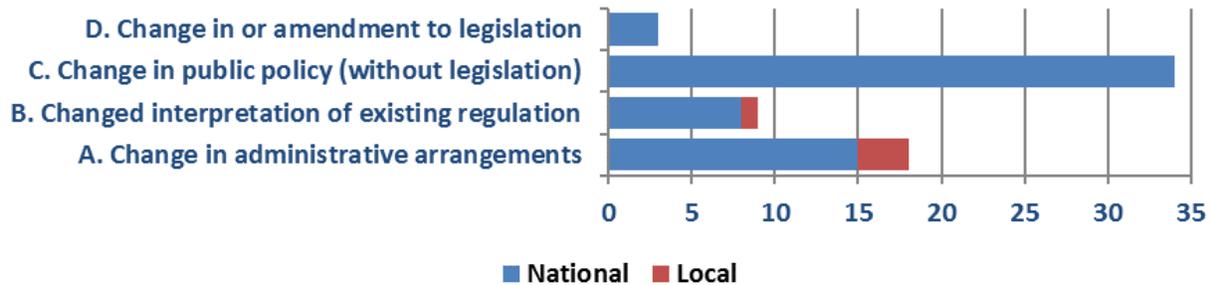
Figure 30: Projects and successful outcomes



Most PSOs seek to change legislation or to change existing policy, rather than seeking to persuade public servants to interpret existing policy or existing regulation in a subtly different way. Figure 31 shows that

changes in or amendments to legislation are rare, though changes to public policy could be a precursor to and intermediate indicator of this. While there might be a lagged effect between seeking and gaining legislative change, it is also reasonable to conclude, based on this data, that simplifying, creating or abolishing legislation has a lower chance of being successful whereas efforts to change policy that do not require legislative change seem to be more effective.

Figure 31: Nature of policy reform objective (by results as reported by PSOs)



It would appear, ipso facto, that business associations are able to influence policy though it is not always clear whether in fact the government wanted to make the changes and perceived that support from the private sector could be helpful in so doing. There is at least one example of this: TCT and the Tourism Development Levy. Associations report that the key elements in success are ensuring that they have undertaken objective and comprehensive research – so that they have the facts at their fingertips when required – and that they are able to put together compelling arguments. They note that advocacy can take a long time, so associations have to be persistent. They find it easiest when they have champions in government, at all levels, whom they keep informed and who can make their case for them. We return to policy reform objectives in section 6.4 but use them here in order to categorise successful projects. We have additionally included projects intended to encourage government to enforce previously agreed policy or legislation.

Legislation

- TAMFI has promulgated a draft bill to regulate micro-finance with support from the Parliamentary Budget Committee. This has now prompted the government to commission a concept paper which has secured Cabinet approval and to commission further research. It looks likely this will be adopted.
- Rulu Arts Promoters has secured agreement from the government to introduce a new Copyright Act, though further progress seems to be stalled.
- TAMPA is aiming to persuade a number of Ministries to agree to legislation designed to reduce the number and complexity of regulations applying to the dairy industry.

Enforcement of legislation

- CTI lobbied TANESCO and the government to persuade TANESCO to replace five sub-stations in Dar leading to more reliable power distribution.
- Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) Iringa lobbied for agricultural crops to be sold by weight and not, as was the effective practice, by volume.
- Rulu Arts Promoters lobbied (in phase I) to encourage the Copyright Society of Tanzania (COSOTA) to collect licence fees from organisations playing music in public places and to distribute the royalties to the copyright owners. (And since then have developed a 13-point proposal for a new public policy).

Change in administration of regulation

- CTI has lobbied hard for improvements in efficiency of the port of Dar es Salaam. The Tanzania Revenue Authority (TRA) has taken up the challenge. The dwell time reduced from around 21

days to 9 days though is back up to 11 days. Dwell time is only one cost indicator. However, Dar handles about 9 million tonnes per annum. The port has a rather complicated tariff structure but broadly allows goods 15 days' free storage and then charges \$1/tonne/day. The reduction in dwell time thus saves industry around \$54 million per annum. Savings will be higher from reduced turn-around time (the time ships are waiting) and from being able to transfer more goods through the port. Furthermore, there is pressure on the port to increase throughput, ideally without expanding, so reducing dwell time will have advantages to government. Moving more goods through the port increases the tariffs collected by government. In Mozambique, a similar improvement led to an increase in government revenue of 25 per cent.

- TAHA has achieved a number of policy changes. Some of the changes achieved seem minor, such as improving access to the airport at Nairobi, but together they have safeguarded an important industry. Horticulture is worth \$380 million per year. It exports 40 per cent of all Tanzania's agriculture exports and 9 per cent of all Tanzania's exports. Farmers had an issue because they did not have phytosanitary certification which complied with international requirements. TAHA worked with the Ministry of Agriculture (MAFC), reviewed the requirements, found some areas where the certification was inadequate and proposed revised certification in line with international standards. This was adopted by the government and exports to the UK were able to resume.

Change in interpretation of regulation

- The Fertiliser Act of 2009 made it difficult for farmers to use specialist fertiliser, often specified by European buyers, under threat of loss of contract if they do not comply. The Act requires that all fertilisers are registered, but the process is slow. Whilst the fee is a modest \$50, there is a requirement for three seasons of trials at a rough cost of \$10,000 per season. So it is simply not economic for the input suppliers to register many of these fertilisers especially as demand for each is low. TAHA started lobbying the Government in 2012 and in October 2013, they agreed a fast track registration process whereby some 75 fertilisers that have been tested and proven elsewhere can be registered without further trials (and to review the Act). This could have considerable impact – not just the 75 x \$30,000 but the increase in yield or quality and thus in incomes from using the different fertiliser.
- Biological control agents are a substitute for pesticides, using insects to control other insects, and so less likely to leave harmful residues. There is no system in Tanzania, however, to register these agents. It took five years of discussion between TAHA and MAFC before the government agreed this was an issue. TAHA then worked with MAFC, academics and other experts, to design a registration system. This is now completed and is awaiting approval.
- Foreign buyers of cut flowers specify the packaging to be used. This does not meet government standards and so they said that the packaging had to be changed. TAHA secured exemption from packaging requirements for all cut flowers destined for export. Had they failed to do this, the buyers would have stopped buying and exports of \$80 million per annum would have been at risk.

Change in public policy

- ACT has been lobbying for many years for the creation of an Agricultural Development Bank. They have now secured agreement from the government to launch the Tanzania Agricultural Development Bank (TADB). A report in the Guardian newspaper (6 Jun 14) suggests that this could lead to an increase in national income of 10 per cent, that is, c. \$2.8bn although the OECD does not believe that this will make much difference to poor farmers, and thinks that it would make more sense to focus support on Savings and Credit Co-operatives and MFIs. It is perhaps encouraging then that TAMFI has secured agreement from the government to put in place a more detailed regulatory regime to govern MFIs. We estimate that it might raise \$8 million which might then support an additional 15-30,000 borrowers per annum.

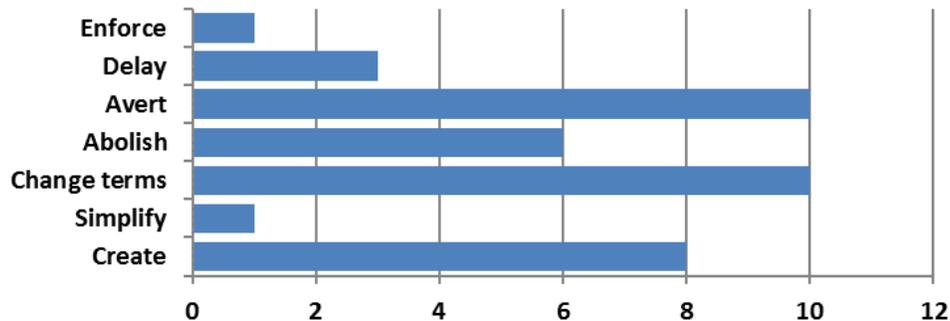
- ATE, CTI, TPSF and others have lobbied for a reduction in the skills development levy. They achieved a reduction last year from 6 per cent to 5 per cent. This is estimated to have saved businesses around \$10 million, though the cost to government should have been less, as the PSOs believe that fewer businesses would seek to avoid the levy as the size of levy reduced.
- TCT has collaborated closely with GoT to develop a tourism marketing strategy, which it is now helping to implement. It is too early to assess the likely impact. However, the OECD reports that Tanzania attracted nearly 7 million tourists between 2001 and 2012 (with a record 1 million tourists for 2012 alone), corresponding to total tourism revenues of TZS 615 billion (\$380 million). The Bank of Tanzania (BoT) estimates earnings from tourism for the year to June 2014 at almost \$2 billion, and comments that it has overtaken gold to become Tanzania's largest earner of foreign exchange. Total contribution to GDP is much higher. The marketing strategy's objective is to raise its share from 11 per cent to 14 per cent, in other words, to increase the number of tourists by 27 per cent within five years. Based on the BoT figures, this would generate an additional \$1.5 billion over the five-year period.
- TCT and the tourism sector have supported GoT proposals to introduce a tourism development levy, provided that it is administratively simple, transparent and that the proceeds are clearly seen to go to support tourism development. Working closely with HAT, they have been successful in ensuring that the levy is set at a rate (of \$1.50 per bed per night) that is not too onerous. It is not yet clear, however, whether the fees will go towards tourism development rather than core funding of the TTB.
- TCT has persuaded Tanzania National Business Council (TNBC) to recognise tourism as a major contributor to the economy and to set up a task force with the objective of adopting a tourism policy and then persuading government to adopt that policy. TCT has commissioned the drafting of that policy.
- CTI has been successful with a number of measures to change tax regimes (including reducing the levy on paper and paper products from 25 per cent to 10 per cent, tightening the levy on imported construction materials and changing the way in which a financial transaction tax will be levied (from a percentage of the sum transacted to a percentage of the bank charges relevant to the transaction)).
- CTI has persuaded the Weights & Measures Agency that they should not weigh bulk raw materials when they are imported, but leave the risk to the buyer (and forego the fee of 0.2 per cent of CIF, costing importers as much as \$11 million).
- TPSF sought to persuade the government to abolish the Alternative Minimum Tax (a tax on turnover imposed after a business had made losses for three consecutive years). They compromised on an extension to five years.
- TPSF was asked by the government to contribute to the preparation of a new National Private Sector Development Strategy.
- TPSF (and others) persuaded the Government to reduce the number of road blocks (i.e., 'toll' points on the central corridor).
- TPSF persuaded the President to restart meetings of the Tanzania National Business Council, after a long period of inactivity. At the following meeting, in November 2013, TPSF then persuaded the President that the enabling environment should be a priority for Big Results Now and, as a result, a lab was held at the beginning of 2014. It is too early to see results from this, but it has reinvigorated a desire to improve the enabling environment.

5.3 Nature of policy change

We have analysed the activities described by the PSOs based on the nature of the policy change that they sought. Typically, PSOs seek to do one of the following:

- To enforce existing legislation or regulations (enforcing policy not enshrined in legislation is harder because there is no obvious means of implementation);
- To delay proposed policy or regulations (which may involve lobbying government to delay implementation, but may also prompt a PSO to go to court);
- To avert proposed policy or regulations;
- To abolish existing policy or regulations;
- To change the terms of existing policy or regulations (which might involve changing the interpretation of a regulation or changing the administrative arrangements);
- To simplify existing policy or regulations (which might involve changing the interpretation of a regulation or changing the administrative arrangements);
- To create new policy or regulations (which might require primary legislation or could be achieved through reinterpreting existing legislation).

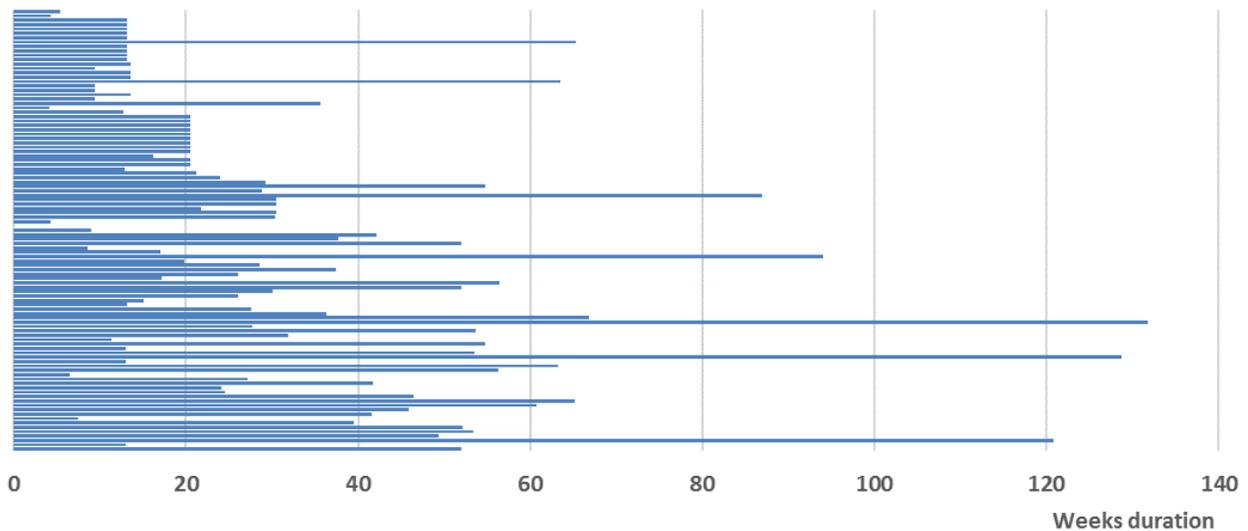
Figure 32: Nature of policy change (by number of projects)



Success most commonly comes in averting a policy proposal (that is, maintaining the status quo, which is consistent with the conclusions of academic research in developed countries; note however that proposals can re-emerge months or even years later) and in changing the terms of a proposal (that is, accepting the policy imperative, but minimising the imposition on business). Creating policy seems to be successful as well though in many cases this reflects a desire by the public sector to consult and thus there is a perception by PSOs that they have been successful.

5.4 Timescales

We have looked at the duration of advocacy projects from the point at which the BEST-AC steering committee approved a grant. Not every project has a completion date in the database. For those that do, durations vary from less than four weeks to as many as 132 weeks (Figure 33). We recognise that some advocacy objectives take a long time to secure (vide ACT and the Tanzania Agricultural Development Bank). However, we believe that an advocacy fund such as BEST-AC should be more rigorous in terminating support for projects that are failing to gain traction with policy makers. This may increase the number of projects regarded as 'failed' but would mean that resources are targeted more tightly on activities that appear to be making a difference.

Figure 33: Advocacy project duration

Source: Derived from BEST-AC project database

5.5 Conclusions

PSOs have been partly successful in gaining agreement from the government for policy change. Across the 110 advocacy projects and the 49 institution building projects (many of which paid for an advocacy officer) approved by BEST-AC, PSOs achieved partial or complete agreement for 62 of their proposals. This is about 54 per cent. They have been far less successful in holding the government to account to implement the agreed changes. It is difficult for us to see if the gap between agreement and implementation is due to the agreement being a cynical exercise, the implementation being thwarted by practicalities such as lack of funds, or the process of advocating for implementation needing different skills or approaches from the PSOs. Certainly, interviewees articulate a need for funding to implement each work, but this in itself could be a cynical exercise. There is some evidence that PSOs have been too focused on the early stages in advocacy; for example, there has a tendency for PSOs to take too long to complete research and enter a negative cycle where the next stage is to update the research rather than take action.

It is much easier to secure a change in public policy than a change in legislation; it is apparently also much easier to secure a change in the administrative arrangements or a regulation than a change in interpretation. It appears that reforming policy is easier than changing administrative arrangements or interpretation, but this is most likely an effect of the approach taken by PSOs which is generally to attempt to change legislation or policy. A good example is TATO and the tourism police where the initial objective – to change legislation foundered – but a revised approach – to persuade the Inspector General of Police and the Ministry of Home Affairs that existing legislation already allowed for a tourism division quickly met with success. The evidence suggests therefore that PSOs need better guidance on their approach. Indeed, the possibility of changing administrative arrangements or interpretation could be specifically included in terms of reference for researchers.

There also appears to be a difference in success rates for advocacy projects that are looking for a technical change compared to those that are more contentious (which includes most tax reform projects since the general stance of the private sector seems to be to reduce taxation rather than to look for other ways of reducing the total costs).

One of our concerns about BEST-AC throughout the LIA is that PSOs have generally not adopted an impact way of thinking. We believe this would have helped PSOs to:

- Compare alternative advocacy sub-projects in order to set priorities for action;

- Make the best of their limited capacity;
- Gain commitment and interest from their members;
- Make the case to government;
- Identify the true cause of a specific business problem and therefore the best course of action;
- Check that solutions have been appropriately implemented and have had the intended effect;
- Ensure that different advocacy projects are complementary and handled in the right order.

6 Characteristics of advocacy projects

6.1 Definitions

The TOR seeks an understanding of the characteristics of advocacy projects that succeed compared to those that do not and highlights, though does not limit, this to differences in PSO, the issue addressed, and target authority. We look at each of these in turn, building on the policy reform objectives described in the previous section.

6.2 Differences in PSO

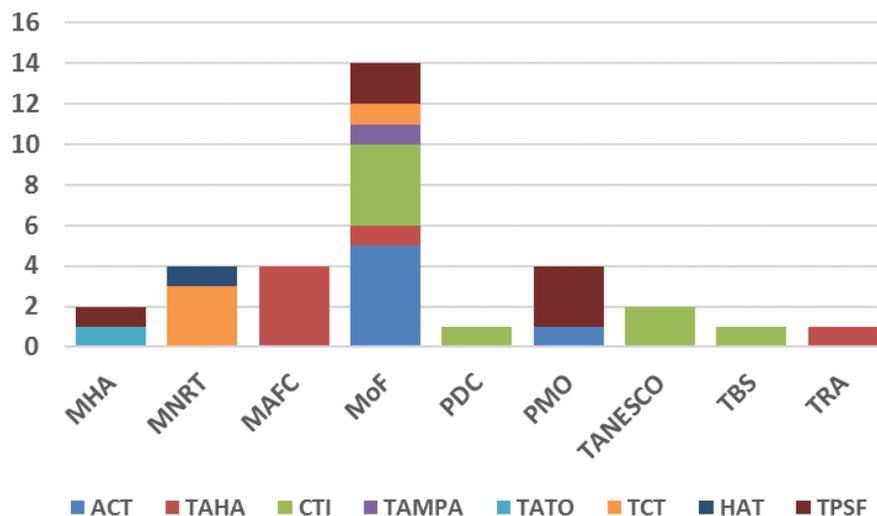
PSOs can be characterised in a number of ways: availability of resources, competence of the staff, understanding of their target audiences and thus their approach to advocacy, ability to develop and maintain relationships with their target audiences and use of a range of advocacy tools and techniques. We have already looked at competence and resources. Here we touch on one defining characteristic, which is that of type of members. Broadly speaking, we see four types of PSO:

- Peak bodies (that is, they have only other PSOs as members) such as TCT;
- Business membership bodies (that is, they have only businesses as members) such as TCCIA, CTI or TAMFI;
- Organisation membership bodies (that is, they have PSOs, businesses or any other organisation as members, but are not regarded as peak bodies) such as Agriculture Non State Actors' Forum (ANSAF);
- Professional institutions (that is, their members are individuals) such as the Tanganyika Law Society; and
- Mixed membership bodies (such as TPSF and ACT). In Tanzania, mixed membership bodies and peak bodies are known as apex organisations.

Furthermore, some PSOs work primarily at the local level, such as branches of TCCIA, though most support from BEST-AC in phases 1 and 2 went to PSOs working nationally or working in Zanzibar. There will be a greater emphasis in phase 3 on dialogue and advocacy at a local level.

6.3 Public sector target audiences

There are as many target audiences as there are PSOs. The most common target audience is the Ministry of Finance, though this is not surprising given that the most common reform sought relates to tax. However, the PMO, MNRT and MAFSC all rate quite highly. This almost certainly, however reflects the activity of the most active PSOs rather than a greater propensity to reform policy on demand. Figure 34 shows the number of policy reforms agreed with a range of ministry, department and agencies (MDAs) for each of the case study PSOs plus TPSF.

Figure 34: Case study PSOs and target MDAs

A number of MDAs have introduced dialogue arrangements. MNRT for example, has signed an MoU with TCT and meets with them regularly. TRA has set up a stakeholders' forum. TNBC provides a ready forum for the private sector as a whole to engage with government, though recently it has only met sporadically. However, TPSF and TCT have been able to use it to good effect. The Ministry of Industry and Trade and MAFC meet regularly with key PSOs. And the PMO, too, meets regularly though it would like to see more centralisation of issues via TPSF.

6.4 Differences in issues

We can distinguish between issues, and thus between advocacy projects, in a number of ways:

- By type of issue
- By broad topic area (e.g. marketing, infrastructure)
- By approach to policy reform (e.g. attempt to change legislation or to reinterpret existing regulation)
- By nature of policy objective (e.g. simplification, or delaying introduction, or averting regulation)
- By stage in the policy process
- By degree of contestation

6.4.1 Type of issue

We distinguish four broad types of issue and thus of advocacy project:

- Multiple regulation projects, in which PSOs seek to reduce the number of regulations and inspections. E.g. CTI multiple regulation, CTI food processing, and TAMPA harmonisation of regulations. The objective here is to abolish or simplify a number of (usually overlapping) regulations which may result in taking on a number of regulators simultaneously.
- Tax and other cost reduction projects, in which PSOs seek to reduce taxes or delay tax increases. E.g. ACT VAT changes, TAMPA VAT exemption, TCT Park and Hunting Fees, TCT VAT exemption, ACT cess, and ATE minimum wage. Whilst many of these may seem inconsequential to the PSO, they are often very important to another stakeholder, and thus likely to be contested.
- Developmental projects, in which PSOs seek to change the government's role in markets. E.g. CTI counterfeit, CTI electricity, CTI port, TATO tourism police, Zanzibar Clove Growers'

Organisation (ZACPO) deregulation, ACT inputs, ANSAF cashews and TANEXA credit and export guarantee schemes. Whilst some of these may be contested, such as ZACPO and deregulation, most are uncontested and positively supported by government. The challenge is that government does not have the money to be able to implement them.

- Narrowly defined technical projects, in which PSOs seek a very specific reform and which is unlikely to be highly contested. E.g. TAHA phytosanitary certification; fertiliser approval; CTI sub-stations in Dar.

We also see examples of projects where the government wants to do something and it is broadly supported by the PSO, but nevertheless the PSO expects to influence the outcome. A good example of this is TCT and the Tourism Development Levy.

Multiple regulation

Multiple regulation projects have yet to see any change on the ground. Projects have had difficulty gaining traction because of:

- The large number of stakeholders involved. It has been difficult to bring the agencies together, and even more difficult to get them to agree on a way forward;
- The complicated nature of the issues involved. It has been easier to identify the problem than to see the solution;
- The vested interests. Over time, PSOs have learnt that it is easier to start with issues about reducing the burden to the private sector and agencies by reducing duplication and strengthening coordination e.g. sharing of laboratories and inspection results. Issues of reducing fees, or closing some agencies, are more contentious.
- The need to coordinate PSO effort. PSOs did not at first understand that some of the elements of the regulation were specific to their sector, but others were generic, across the sector. One of the achievements of the last couple of years is that projects have been reframed to bring PSOs together.

Although the personnel have yet to be appointed, the creation of the Big Results Now guillotine committee – albeit a year late – is potentially a huge step forward. However, the planned programme of work gives a high priority to move processes to an online platform to make them ‘more user-friendly’. It is important that processes are reengineered to reduce duplication and damage before IT solutions are implemented.

Tax and other cost reduction

Tax reduction projects have achieved some success, but have also experienced reversals. PSOs have learnt that:

- They need to make a strong representation at the budgetary committee;
- They need to communicate that the private sector is not trying to avoid tax, and recognises the government’s need to generate income to pay for public services;
- They need to be clear why a particular tax increase is more damaging than others. For example, because it has been imposed without notice and the private sector cannot pass on increases to their customers; because it would make Tanzania uncompetitive within the East African Community (EAC); because it reduces the scope for growth, and so threatens future tax revenues; or because it has a disproportionate effect on the poor;
- They work better together, otherwise PSOs are placed in competition with each other, where government is trading off favours to one sector with another;
- That work is continuous. Concessions can be cancelled out in the next budget. They need to gather data to show how government revenues have increased as a result of previous positive decisions.

TPSF's work on the VAT bill shows that the private sector has greatly increased its influence compared to the time before BEST-AC. However, the HAT court case against TANAPA suggests that PSOs have sometimes had to resort to aggressive tactics to delay licences and ensure a transparent debate.

Developmental projects

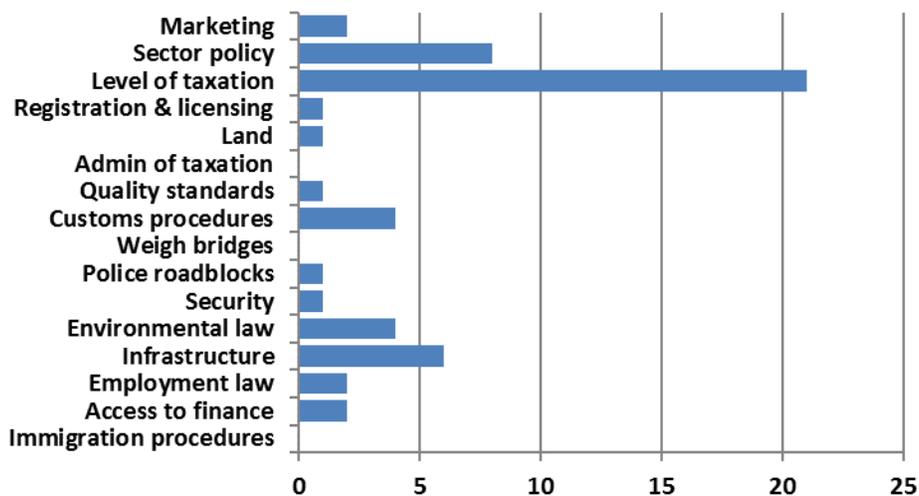
Developmental projects are complex, but have been relatively successful:

- PSOs have been able to frame the systemic change positively (e.g. marketing of the tourism sector);
- PSOs have been able to get buy-in and ownership from the public sector;
- Developmental projects have given a framework within which smaller projects, such as tax reductions, have been framed.

6.4.2 Topic areas

Whilst PSOs are proactive in identifying existing regulation and legislation that needs to be amended, they also respond to proposals or legislation suddenly imposed by government. Figure 35 shows the subject areas addressed by PSOs during phase II and in which they were successful. Some areas were not pursued, though had been in phase I. ATE and HAT have started lobbying on work permits for expatriate staff (immigration procedures) since the final LIA mission, because the government has suddenly changed the requirements.

Figure 35: Broad topic areas



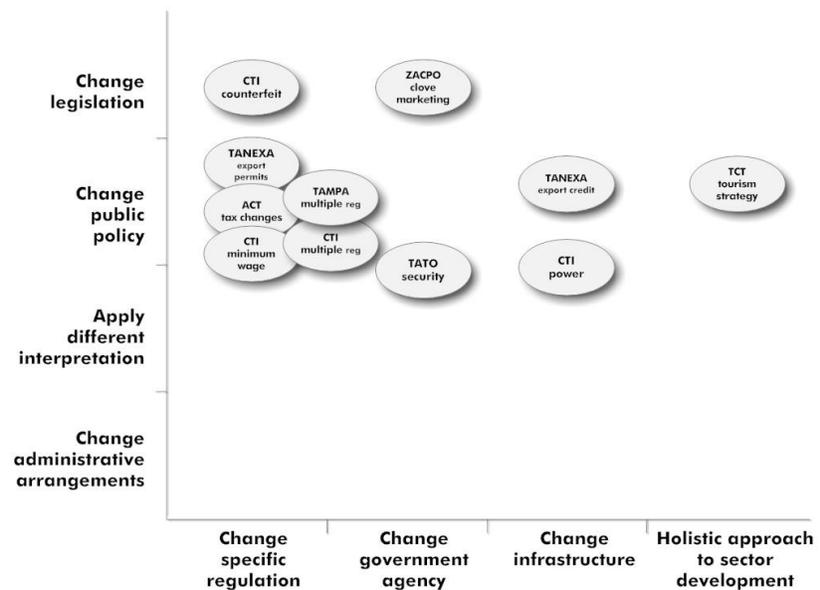
We have analysed topic areas, based on the successes of PSOs. Given the relatively small sample size and the difficulty in most cases of allocating a project firmly to a topic area, a degree of caution is needed when interpreting these figures since there may be a small number of projects, for example on the power or the ports, which will have a large impact, and a larger number of projects, say on VAT, where every PSO wants to negotiate an exemption for their sector, but which ultimately will have much less of an impact. Nevertheless, it is interesting to note that there has been no success in reforming the administration of taxation, despite this being perceived as a major problem by the Business Leaders' Perceptions survey. Yet this could be a good area to tackle because improved administration could reduce corruption, save businesses money and maintain or even increase government's tax revenue. It is also interesting to note that there has only been one success in the area of registration and licensing, though in fact this was TAHA's phytosanitary certification. Again, this seems to be an area where we would have anticipated much more activity since reform can lead to considerable savings in costs whilst still allowing government to achieve its policy imperative.

6.4.3 Framing of issues and approach to policy reform

The approach of TCT, which is developing a marketing strategy for the tourism sector, is clearly different from that of TAMPA, which is arguing that milk should be zero-rated for VAT.

We conceptualised PSO objectives as being higher or lower in a policy reform spectrum that progresses from a desire for a small change in a regulation or a tax, through a desire to change a government or regulatory agency (to do more or to do less) and a change infrastructure to a desire to take an approach intended to develop a complete sector.

Figure 36: Policy approach v potential impact



It is useful to analyse where projects start their argument rather than where they are positioned. TCT is using its marketing plan as a framework for lower level arguments about the need to change regulation (a top down argument). TAMPA uses its data on the milk industry to argue that short-term tax income should be traded for greater long-term tax income if streamlining of regulation assists the sector to grow (a bottom up argument).

The top down approach might be expected to have these advantages:

- It gives the PSO status from operating at a strategic level;
- It draws attention to the PSO's vision and foresight;
- It implies a united sector rather than a set of individual interests;
- It can give the impression of the PSO as non-partisan and not solely self-interested;
- It provides a framework within which a number of advocacy projects can be set;
- It links advocacy objectives and so can create synergy;
- It builds consensus over principles (the ends) from which the lower level tasks follow: partners buy into the long term end, growth, before being asked for some of the short terms means, simplifying regulations and improving the environment. It lays the foundation for a partnership approach rather than an adversarial approach, which then gives strong government ownership;
- It positions the private sector as helping the public sector through offering insights, skills and capacity;
- It avoids the impression or position that PSO projects are in competition with each other.

The bottom up approach might be expected to have these advantages:

- It is rooted in PSO knowledge;
- It is less abstract and can be more easily seen in terms of action on the ground;
- It describes issues in terms that are more consistent with the language used by business members;

- Potentially results can be achieved more quickly.

There is a corresponding policy chain for the public sector, which progresses from making a simple administrative change in the way that regulation is administered (e.g. speeding up the repayment of VAT), through changing the interpretation of existing legislation, changing public policy and changing or introducing legislation.

An issue such as reducing counterfeit could be tackled at different levels: for example through changing legislation, creating a new structure, or even through changing the behaviour of businesses without a requirement for government to do anything other than enforce the existing law.

Starting higher up the policy chain might be expected to have these advantages:

- Greater reach: changes can affect a wide geographical area;
- Greater sustainability: changes are more difficult to reverse;
- Greater force: non-compliance can be more easily pursued;
- More centralised contact points: PSOs can work nationally rather than locally.

Starting lower down the policy chain might be expected to have these advantages:

- Lower visibility. PSOs can go around vested interests rather than hit them head on;
- Shorter lead in time. The timetable for change is less structured;
- Greater control. Starting lower down the advocacy spectrum empowers PSOs by emphasising the ways in which their members' behaviour can support (or undermine) the advocacy project;
- Engagement with implementation. New legislation will not solve a problem if the implementation is weak or contrary. A lower level advocacy approach starts sooner in looking at the essential issue of how policy works on the ground.

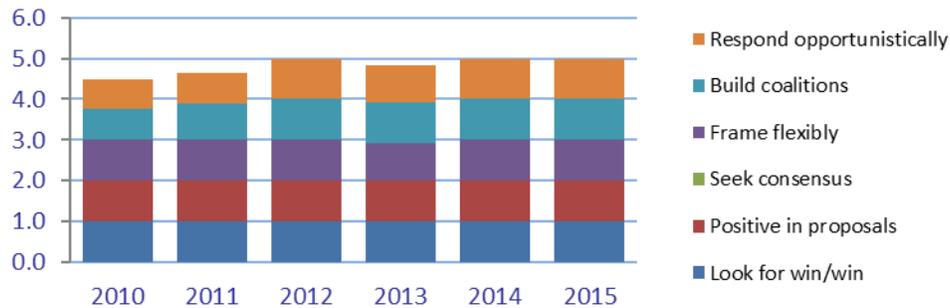
The issue for PSOs is not just whether the solution is framed at the appropriate level but whether they have given themselves choices so that they have flexibility in how they advocate. We observed that PSOs funded by BEST-AC often assumed that changes to legislation were needed, when it would have been easier to work within existing legislation or influence implementation. Lower level advocacy approaches are simpler and therefore should have been considered more.

6.5 Tactics

There are a wide range of approaches and tactics that can be used by PSOs when seeking to influence public policy. The diagnostic assessment asks about a number of general approaches:

- Looking for win/win solutions that match public policy agendas
- Presenting proposals positively rather than critically to public policy makers
- Communicating the issue in a way that encourages coalitions and builds consensus
- Framing the proposed solution with enough flexibility to allow negotiation
- Building coalitions which support the issue even if the interest of individual organisations differ
- Responding opportunistically to changes in public policy

Most PSOs use most of these approaches, though it is notable that no PSO seems to take an approach intended to build consensus.

Figure 37: Influencing tactics

Source: BEST-AC diagnostic assessments (n=29)

There are then a range of tactics that can be adopted by any PSO as part of their effort to influence the public sector, including:

- Promote dialogue
- Use evidence based policy proposals
- Meet with public sector policy makers
- Lobby Parliamentarians
- Form coalitions & alliances
- Mobilise grass roots support
- Organise a media campaign
- Drafting “laymen’s” rules or legislation
- Go to court
- Cultivate champions within the public sector
- Brief association members
- Provide experiential learning
- Social events
- Advertising

There are examples of PSOs in Tanzania using all of these. It is clear that without a well-researched and well-argued policy paper, PSOs will be unlikely to gain traction. Beyond that, however, PSOs may need to use a number of different tactics, to gain attention or to raise the tempo. HAT, for example, has been willing to go to court, not because ultimately they expect the court to overturn the decision of the policy makers, but because that results in considerable delay to the implementation of a new fee rate or the introduction of a new rule which gives the sector time to prepare. TAHA has been especially good at providing experiential learning. TPSF and TATO have been good at lobbying Parliamentarians. TAMFI and TAMPAA have both drafted laymen’s legislation, though there is some evidence that the government does not take kindly to what they perceive as outsiders telling them how to do their job. It is not possible however to link individual tactics to success. But nor is it always obvious that PSOs have thought through their strategy for a particular advocacy project and considered which of these tactics should be employed as the project progresses.

6.6 Conclusion

Some PSOs are more successful than others both in securing access and in achieving reform (eg CTI, TAHA, TCT, TPSF) but this seems to have more to do with personality, relationships and credibility than

with structure or nature of membership. Some MDAs are much better at engaging in dialogue. This is perhaps an area where BEST-D could do more.

The issue classification suggests that advocacy projects should be seen as part of a linked or progressive endeavour, rather than as individual acts of influencing:

- Multiple regulation projects tend to be implemented incrementally as sub-projects about regulatory processes and structures;
- Tax reduction projects provide quick wins that keep members involved. They are relatively easy to communicate to members and have a fairly clear process for advocacy, once the PSO has mastered the formalities of the budgeting cycle;
- Developmental projects can build ownership and commitment that help to make the case for later smaller advocacy projects. This is what happened in the tourism industry's successful campaign for VAT exemption.

Altogether, the LIA suggests that the advocacy projects that are more successful are those that:

- Compile strong and focused evidence so that they have a clear understanding of the problem and the best way to resolve it. Although the findings of research do not always override other, for instance political, concerns presenting poor quality research presents an immediate route for delay with policy makers seeking further research;
- Are framed at the lowest level in the value chain that will bring real change, rather than assuming that a change of the law is needed;
- Involve APEX bodies and local PSOs working together so that action is coordinated at the national and local levels.

7 Stage in the policy making process

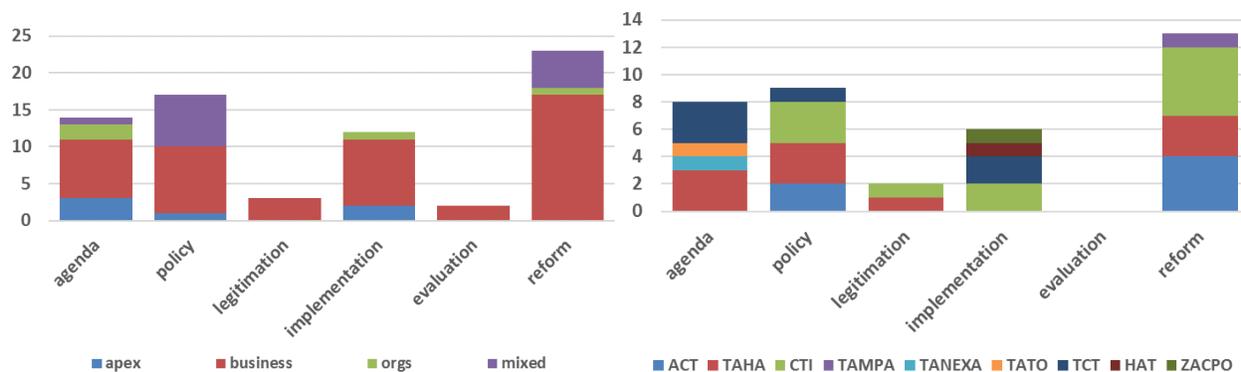
7.1 Definitions

The policy making process has these stages: agenda setting, policy formulation, legitimisation, implementation, evaluation, review and reform, though in all cases, there has to be a recognition by government that there is a problem and there has to be a desire by government to want to do something about it. The PSO may be successful in ensuring that an issue is on the agenda and certainly be able to offer an appropriate solution.

7.2 Successes by stage in the policy making process

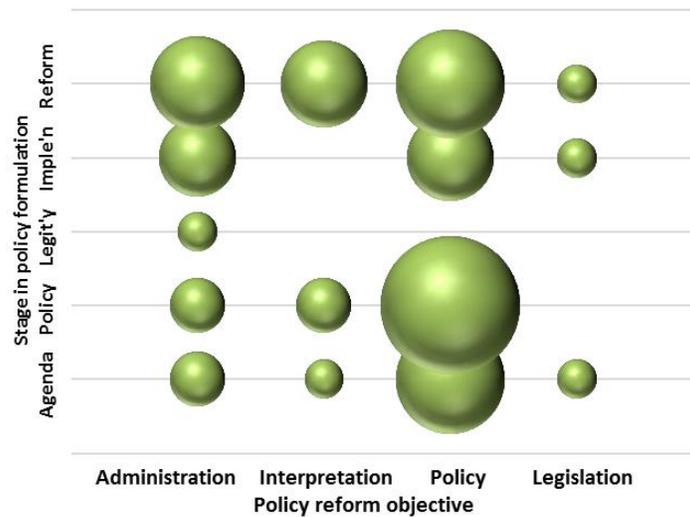
We have analysed advocacy success against the stage of policy formulation. In Figure 38, we show the number of successes achieved at each stage of the policy process. The first chart shows the numbers achieved for each of apex bodies (that is, PSOs that only have other PSOs as members, such as TCT), business membership organisations, organisation members (that is, PSOs that are not regarded as apex bodies, but have other PSOs and indeed other organisations as members, such as ANSAF) and mixed membership (such as TPSF and ACT). Clearly this analysis is restricted to PSOs that have been supported by BEST-AC. Nevertheless, it shows that most success comes in review and reform of existing legislation followed by the two earliest stages of agenda setting and policy formulation. The second chart shows the position specifically for the PSOs that we have followed as case studies (including HAT and TAHA). This shows an almost identical picture.

Figure 38: Successes by stage in policy process (by all supported PSOs and by case study PSOs)



We have also looked across stage in the process to the policy reform objective. The lowest success rate comes in projects that seek to reform legislation. The highest level of success appears to come from projects that seek non-legislative reform of public policy, although success might be in agreement rather than implementation.

Figure 39: Success in advocacy versus stage in policy formulation



The case studies (in particular, see TPSF) suggest that PSOs have these advantages if they are involved in proposals at an early stage:

- Commitment of the public sector to the proposed policy is likely to be less, and less formal, so easier to change: it is easier to change ideas than laws;
- Depending on the circumstances, the issue might be less politicised or public, and so more fluid;
- The PSO has a greater chance to affect the values or success criteria for the proposed policy change;
- The PSO has time to build a relationship with the officials;
- The PSO can help the government, for example, by providing data, rather than just criticising.

The ideal position for the PSO is to be in regular dialogue with government. Dialogue between partners who have mutual trust and confidence will lead to government sharing thoughts for a new policy at an early stage, allowing the PSO to provide feedback which may influence the government's thinking, and allow the PSO to share concerns about existing policy which is having an adverse effect on business. This means that the stage at which the PSO is involved is an indicator of, as well as a determinant of success: early warning in itself implies a closer relationship with government, which gives PSOs more influence.

7.3 Conclusion

The LIA confirms that PSOs have more influence if they are involved early in the policy making process. However, PSOs can still be effective if they respond opportunistically to policy windows, especially those at the review stage, and these can bring the advantage of a far shorter lead time than tracking the policy process through from the beginning.

8 Impact

8.1 Introduction

One of the main objectives of the LIA is to assess the impact of BEST-AC at the goal level and to assess the extent to which BEST-AC has contributed to the achievement of a better business enabling environment in Tanzania.

Recognising the non-linear and multi-dimensional nature of the impact of business advocacy, we approached the goal level evaluation from four dimensions:

- Using primary data provided by BEST-AC, analyse the policy changes that has been a direct outcome of the advocacy initiatives of PSOs that have been supported by BEST-AC;
- Using secondary data, examine the changes in trends of the broad indicators that suggest an improvement in the enabling environment in Tanzania;
- Using primary data collected by the LIA team, undertake econometric estimations to test the impact of policy changes on macro level variables such as growth, investment and employment; and
- Using primary data collected by the LIA team, analyse the perceptions of the PSOs on the business environment in Tanzania.

Business policy and regulations have benefits and costs. PSOs tend to focus on reduction of regulation, especially multiple, regulation; reduction of tax; protecting local businesses (in as much as this can be seen as a systemic benefit); and protecting brands and penalising counterfeits. They complain about corruption, but rarely do anything to combat it. The business impacts of policy and regulations have direct and indirect costs. The direct costs are the licence fees or other charges imposed by the regulations. The indirect costs include cost of familiarisation, cost of compliance, cost of inspections, cost of enforcement and possible loss of market opportunities. The real impact on the economy, as noted earlier in the theory of change, arises from businesses seeing an environment that is stable and predictable and thus being willing to invest. This results in wealth creation, jobs and tax revenue. In this section we look first at the overall improvement in the economy over the last five years, then at the World Bank's assessment of the business environment (as seen through Doing Business), and then at what businesses think about the environment and the difference that it makes to them.

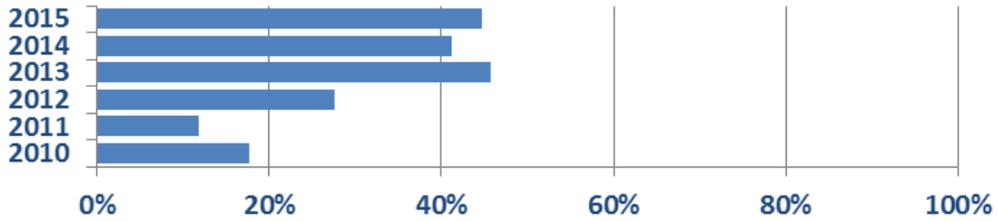
8.2 Impact at business level: survey of case study PSO members

As part of the LIA, each year we surveyed 50 business members of each of the case study PSOs. Across the five years we surveyed around 500 businesses from 8 PSOs, of which about 350 were surveyed each year. TAHA was used as a proxy for ACT, since ACT is an apex; HAT was used as a proxy for TCT for the same reason, though tourism businesses that are not members of HAT or TATO were also interviewed.

Wherever possible the same businesses were surveyed each year. Of the 378 businesses surveyed, just two were new interviewees this year. This should mean that the results are a good indicator of trends. Over the five-year period, profitability and full time employment are both up.

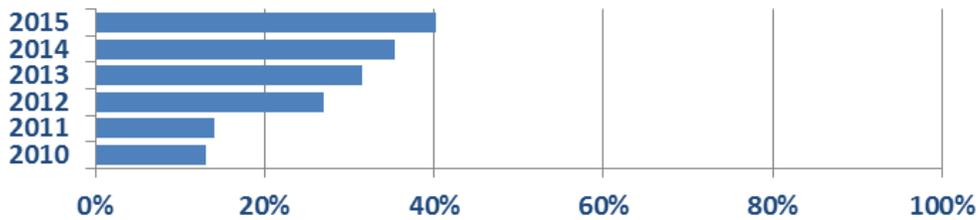
The average profit margin has been improving and seems to be quite high. It should be noted however that many respondents, whilst being very open in relation to every other question, are reluctant to provide financial information. The responses from those that are willing to share with us suggest a positive trend. Profitability averaged across all sectors is growing and has doubled over the last three years.

Figure 40: Net profit margin



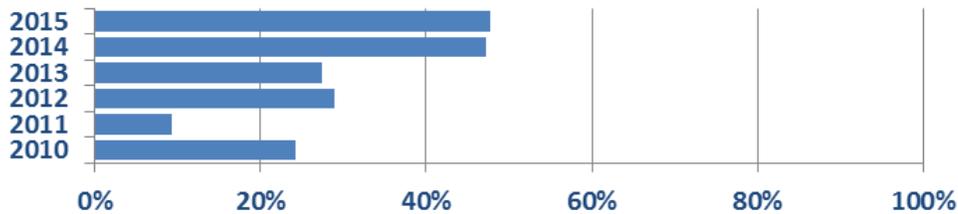
Agricultural profitability started to grow strongly in 2012 and has continued to grow.

Figure 41: Profitability: agriculture & agri-processing



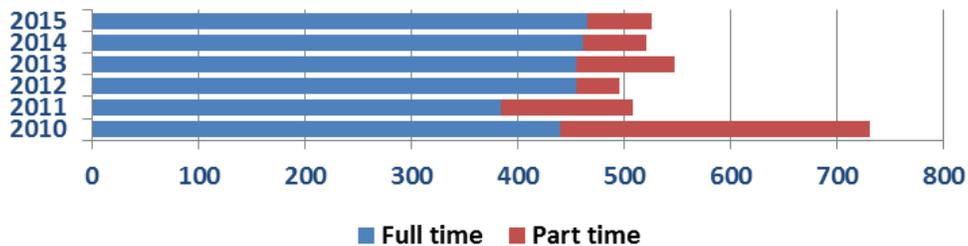
Profitability in tourism has been more volatile but seemed to grow strongly in 2014 and 2015.

Figure 42: Profitability: tourism



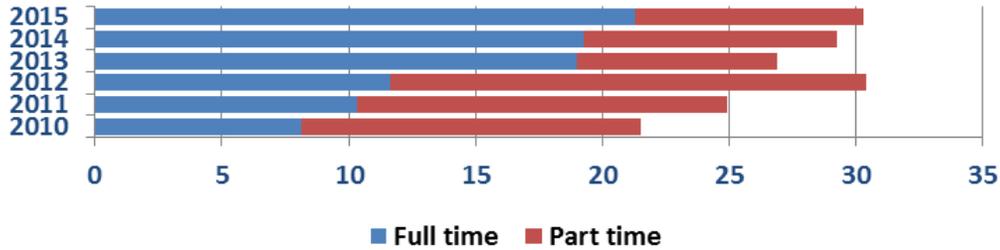
Businesses employ people on a full time and part time basis, but it is difficult to combine the results without more detailed questioning. Figures have therefore been shown separately. Full time employment in industry, after a small drop in 2011, increased in 2012 and since then has been almost static.

Figure 43: Employment: industry



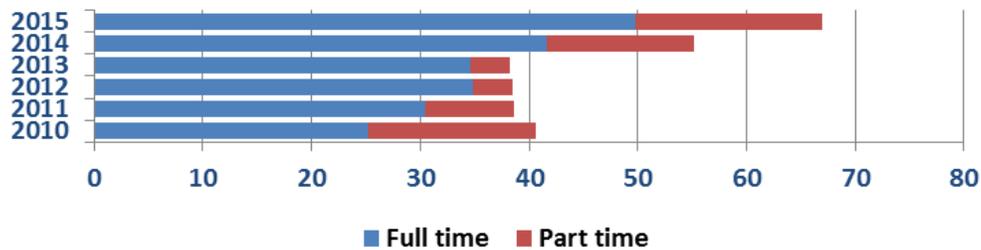
Agriculture has shown a steady increase in full time employment every year. There was a decrease in part time employment in 2013, but a large increase in full time employment, with an average employment rising from 12 to 19. Full time employment barely rose in 2014 but part time employment increased. Full time employment rose again in 2015, though not this time at the expense of part time employment.

Figure 44: Employment: agriculture & agri-processing



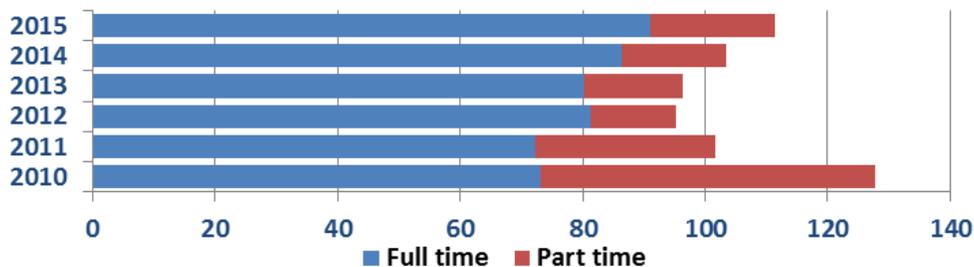
The number of people in full time employment in tourism resumed its upward trend in 2014 after a pause in 2013 and the number of people in part time employment soared. Both full time and part time employment increased in 2015.

Figure 45: Employment: tourism



The figures for the entire sample population suggest that full time employment is rising, albeit modestly from an average of 73 to 90 in 2015, and that part time employment which fell to a low of 14 in 2012 is rising very slowly, reaching 20 in 2015.

Figure 46: Employment: all sectors



8.3 Impact at programme level

Impact analysis relies on putting an aggregate monetary value on the range of direct and indirect effects of any policy change. The challenges of this are that:

- Impacts are often intangible or lagged. Take, for example, TPSF's encouragement to have a BRN lab to look at the enabling environment: there is no economic result from the lab itself, but if some of the reforms that were discussed come to fruition then these would have a major impact.
- Actions are likely to influence but not dictate outcomes: the attribution challenge. Technically, the level of impact should be scaled back by the percentage of attribution due to the PSO, but we do not have sufficient attribution data to do this, so we have divided attribution into three bands: high (where it appears that the PSO in question led the advocacy project and caused the change in

policy); medium (where the PSO took a leading position); and low (where the PSO was named, but did not take a leading position).

- Impacts are often indirect and systemic. Like most impact analysis, we have only looked at the first round of impacts rather than the subsequent feedback loops in the economic and social system.

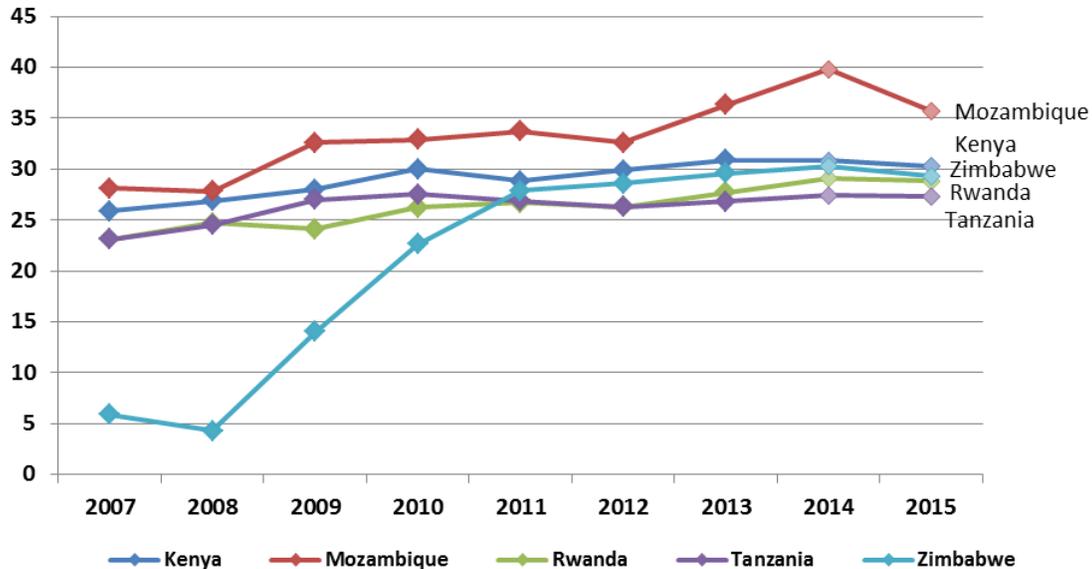
We sought to calculate benefits for PSOs’ successes where data on possible benefits is available. However, we are concerned that forecasts of future benefits can be politically motivated, that data is often extremely inaccurate and that assessing attribution is fraught with difficulty. We are thus making no claims about impact.

8.4 Impact at economy level

The IMF has prepared detailed figures on economic performance for sub-Saharan Africa. In this section, we review the progress that Tanzania has made since just before the start of phase II of BEST-AC. Tanzania’s performance – in terms of government expenditure, exports, foreign direct investment and total investment – is largely static. The one area where there does appear to have been significant improvement is in relation to tourism. This could be coincidental, but it is worth noting that tourism’s contribution dipped – and then started to rise above trend at about the same time that TCT was lobbying for a new tourism marketing strategy. We look first at some broad indicators and then look in more detail at the responses from members of our case study PSOs which are broadly positive.

Government expenditure, as a proportion of GDP, has increased from 23 per cent to around 26 per cent and is expected to rise modestly by 2015. It is worth noting, however, that it is lower than all its immediate peers.

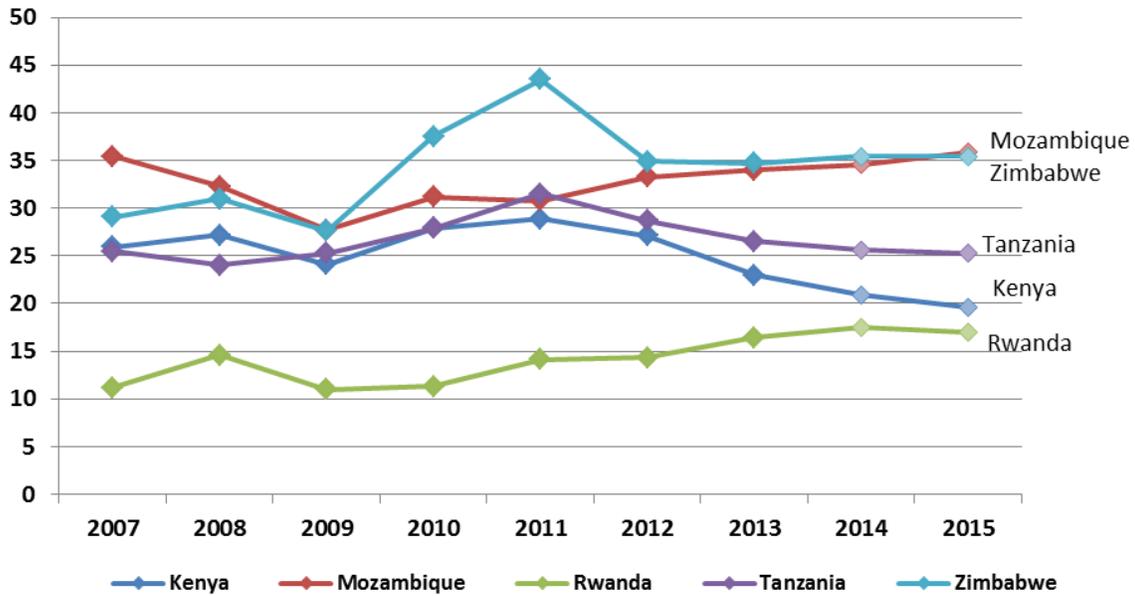
Figure 47: Government expenditure (as percentage of GDP)



Source: prepared by David Irwin from data provided in IMF (2014), Regional Economic Outlook: Sub Saharan Africa

Exports of goods and services peaked in 2011 and since then have deteriorated and are expected to continue to deteriorate. However, they are considerably better than both Kenya and Rwanda.

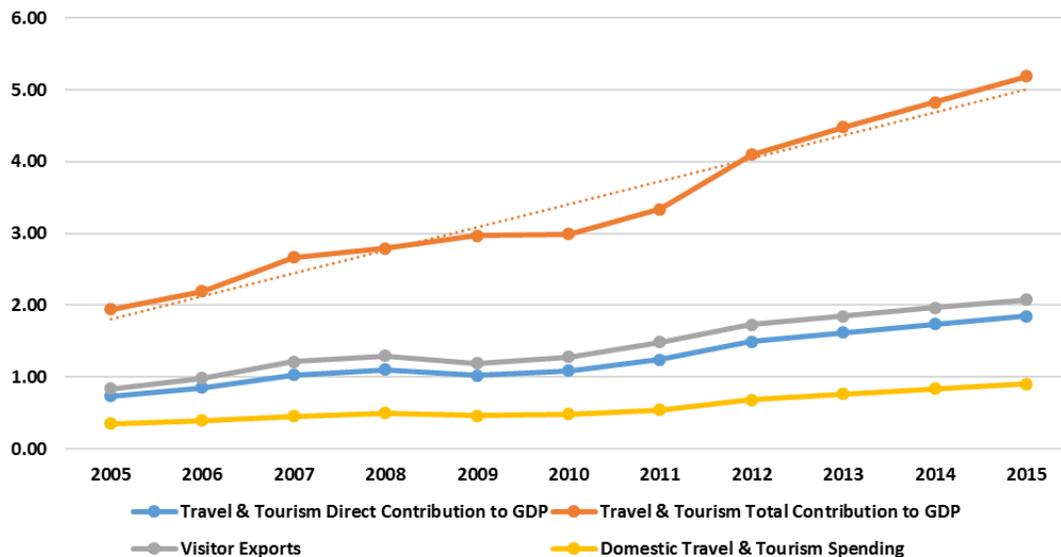
Figure 48: Export of goods & services (as percentage of GDP)



Source: prepared by David Irwin from data provided in IMF (2014), Regional Economic Outlook: Sub Saharan Africa

As noted earlier, tourism makes an enormous contribution to the economy, estimated at over \$5bn – and currently rising a little faster than the trend would forecast.

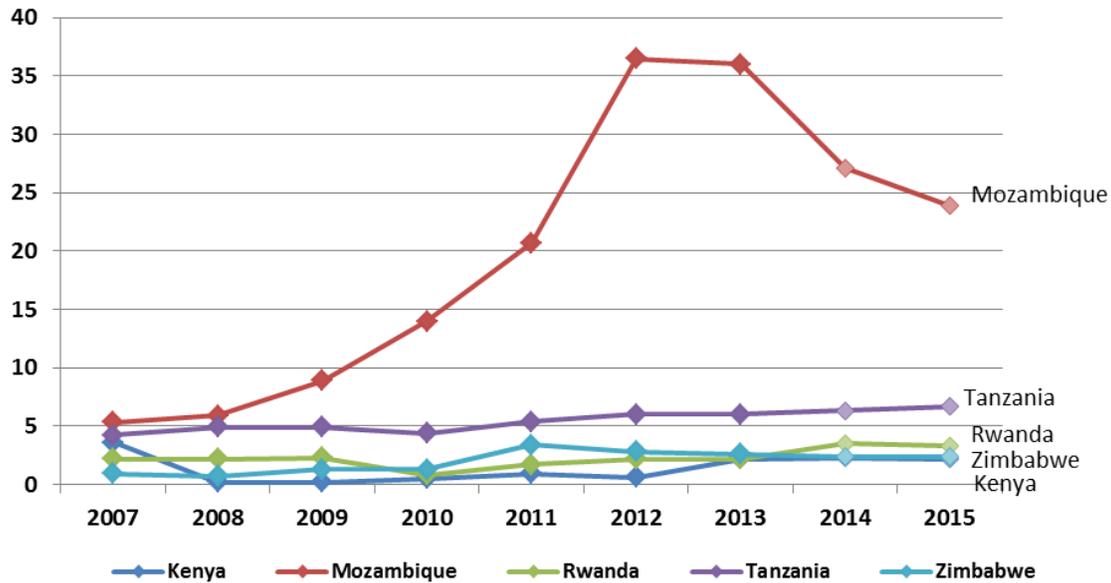
Figure 49: Tourism's contribution to the economy



Source: prepared by David Irwin from data provided by World Travel and Tourism Council and available at <http://knoema.com/WTTC2015/world-travel-and-tourism-council-data-2015>

It seems that Tanzania has been doing quite well compared to its neighbours in attracting foreign direct investment. The level has been increasing and is better than both Kenya and Rwanda. This is positive but for Tanzania to keep building on this success requires that it does more to become investor-friendly.

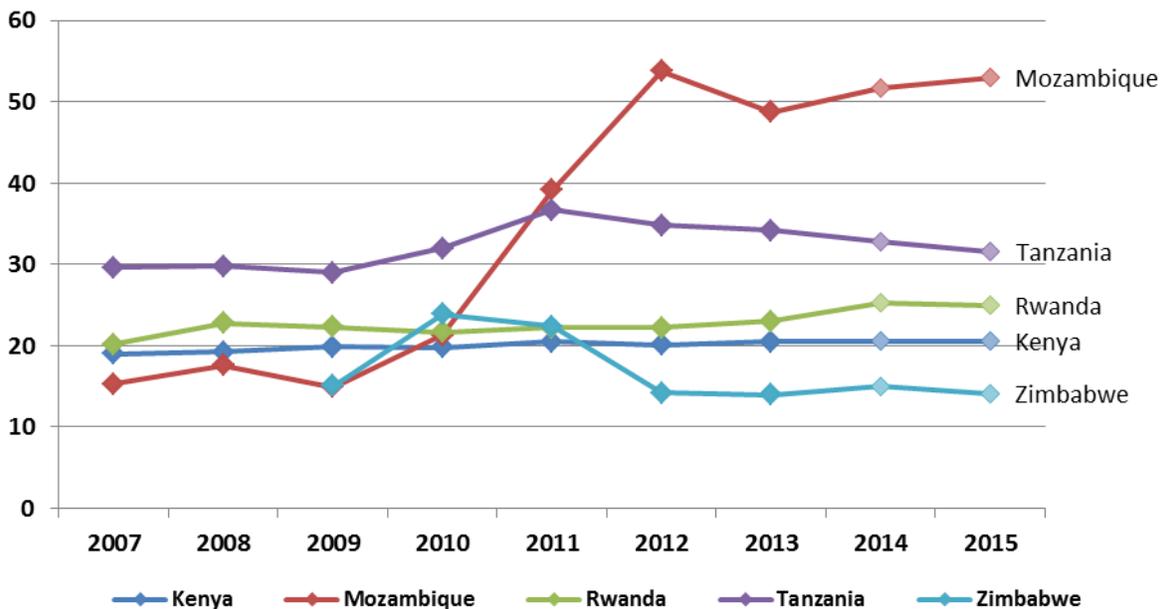
Figure 50: Foreign Direct Investment (as percentage of GDP)



Source: prepared by David Irwin from data provided in IMF (2014), Regional Economic Outlook: Sub Saharan Africa

Total investment is good as well. Whilst this peaked in 2011 and has deteriorated – and is expected to continue to deteriorate over the next two years – it is still greater than it was in 2007 and is much higher than in Kenya and Rwanda. This demonstrates a degree of confidence in the country. The government needs to build on this confidence by reducing the cost and administrative burden of regulation. Unfortunately, it is not possible to review any difference in the scale of business start-up as Tanzania is not included in any of the major reviews such as the Global Entrepreneurship Monitor.

Figure 51: Total investment (as percentage of GDP)



Source: prepared by David Irwin from data provided in IMF (2014), Regional Economic Outlook: Sub Saharan Africa

8.5 Econometric analysis

One of the objectives of the LIA is to test for any likely impacts the advocacy initiatives of BEST-AC have had on firm performance through sales, investment, employment etc. in the sector. We estimated a

number of econometric models using different dependent variables to analyse the effect of the public policy on sales income, total expenditure, full-time (FT) jobs, part-time (PT) jobs, investment probability and level of investment.

8.5.1 Model specification

We have data on 438 businesses over five years, giving a total of 2,164 business-time data points. Since we had data over both time and across firms, we have been able to use panel estimations. We tested for whether random or fixed effects estimates were better and the test revealed that the fixed effects coefficients were more consistent. The latter includes dummy variables across firms and time, thus allowing us to capture the effect of all firm level variables for which we do not have explicit data. The section below describes the model used and discusses the results from the estimations. The results from the regression analysis are presented in 0

We include fixed effects for firm, sector and year. We have not included any firm or industry level controls and in this sense, these models are not structural in any way. For example, wages are not included in the employment model or output or interest rates in the investment model. This is because we do not have sufficient data to estimate a complete structural model.

Since we do not have sufficient information to estimate a structural model such as wages in the employment model or output or interest rates in the investment model, we have included firm fixed effects which will pick up and control for all the firm level effects. Similarly, we have industry fixed effects which will do the same for industry level effects and we have time fixed effects which will control for changes across time. By doing this, we are absorbing the effect of all firm, industry and time factors into these “dummy” variables and therefore are likely to be estimating the effect of policy much more consistently.

8.5.2 Variable description

The policy measure is very blunt because we simply use the year in which the policy was implemented and every year after that as being affected by the policy. This was only possible for seven PSO/policy changes given below.

CTI policy: In 2010, CTI policy had helped port decongestion, tightened levies on imported materials and reduced levy on financial transactions.

In 2012, CTI managed to achieve a number of policy initiatives. These were a decrease in the minimum wage; a change in government attitude towards gas and energy arrangements; plans for 5 new power sub-stations to be installed; a lower than expected increase in fees paid by firms to the fire dept.

In 2013, CTI facilitated the signing of contracts for power generation across the country.

TAHA policy: In 2011, TAHA successfully advocated for a policy on banning import of cut roses.

In 2012, TAHA managed to get through a large number of duty reductions, including relief on agrinets and greenhouses and funds for greenhouse building.

TAMPA policy: after 2012, there was to be zero VAT rating on milk and all milk products.

TANEXA policy: after 2013

TATO Policy: after 2013

TCT policy: In 2010, a successful advocacy led to a delay in the introduction of hunting fees.

In 2011, a new system was put forward for paying park fees.

In 2012, a new marketing strategy was introduced.

8.5.3 Test for robustness

To ensure that the appropriateness of the fixed effects method over the random effects method, we performed a Hausman test. The test results confirm that the fixed effects coefficients are consistent. However, we could not estimate the probit (binary) model with fixed effects, so the results are drawn from the random effects model.

8.5.4 Results

The results of the estimations indicate the following:

- There is no significant trend in either sales or total expenditure during 2010-15 period. There is an increase in both sales and expenditure every year, but except in 2011, these increases are insignificant.
- The most immediate impact of the changes in policy changes seems to be on the probability of investment. There is no significant impact in output in terms of sales income and total expenditure.
- The seemingly far reaching policy changes such as ones initiated by CTI have resulted in the most significant impact in terms of FT jobs and increased investment.
- In considering whether PSO advocacy might have had an impact on firm inputs - capital and labour – and whether these show any systematic patterns in our sample of firms, we find that there is no significant trend, in FT or PT jobs between 2010-2015 (though there is some evidence that the number of PT jobs decreased in 2013). There is evidence that FT jobs decreased significantly in agriculture and plastics in the 2011-2015 period (note that this implies that they declined relative to the trade sector, which is the base sector).

There is also evidence that PT jobs decreased (relative to trade) in every sector during this period except in textiles and manufacturing. 2) and 3) together could lead to a tentative conclusion that the 'quality' of jobs is improving.

While the probability of investing decreased in many sectors (dairy, agriculture, food processing, services and tourism) relative to the trade sector. It remained unchanged in horticulture, plastics and textiles.

Our results in 0 show the following impact of specific policy changes:

8.5.5 Impact of CTI policies:

CTI policy in 2010 (the advocacy in terms of port decongestion, tightening levies on imported materials and reducing those on financial transactions seem to have had an impact on the sector) significantly increased FT jobs in the sector and decreased PT jobs. It also had a significant positive effect on whether businesses invest or not i.e. the 2010 policy initiative increased the probability of businesses investing.

CTI policy in 2012 involved reducing the minimum wage for the firms in the sector. This policy is significantly associated with a reduction in the probability of investment but an increase in the amount of investment. It did not, surprisingly, affect employment in the sector reflecting substitutability between labour and capital.

CTI policy in 2013 (contracts to increase power generation) was associated significantly with both an increase in FT jobs in the sector and also an increase in the probability of investment by the businesses in the sector.

8.5.6 Impact of TAHA Policies:

2011: (ban on cut roses removed): This policy had no impact on sales, employment or investment.

2012 (relief on agrinets and funds for building greenhouses): TAHA was also successful in getting a fast tracking window opened up and also in a number of duty reductions in 2012. Surprisingly again, there is a reduction in the probability of a firm investing in this period, but there is no other effect on employment or output. Note that we cannot establish causality but only association so that we cannot be sure that whether the policy changes caused the reduction in investment or, as might be more logical, the latter caused the former. In the case of TAHA businesses, the changes do not seem to have impacted on their sales, employment or other measures of performance yet. Given the number of successes that TAHA had with policy advocacy, this is surprising.

8.5.7 Impact of TAMPA policy:

This involved a reduction in VAT on milk and milk products and was not associated with a change in sale, employment or investment. We would generally expect the immediate impact of tax reductions to be on sales and expenditure and a later impact on investment.

8.5.8 Impact of TANEXA 2013 (road blocks to Rwanda decreased):

This policy had no impact on sales or employment but was associated with an increase in the probability of investment.

8.5.9 Impact of TATO policy 2013 (new tourism police force):

As in the case of the removal of road blocks above, the introduction of a new tourism police force had no significant impact on sales or employment but was associated with an increase in investment probability.

8.5.10 Impact of TCT policy:

We have three potential TCT policies to test – those that were initiated in 2010 (a delay in hunting fees); 2011 (a new park payment system) and in 2012 (new marketing strategy). Our results indicate that none of these policies had an impact on either sales or employment figures of the businesses associated with TCT. While the delay in hunting fees in 2010 was associated with an increase in the probability of investment in this sector, the new marketing strategy was associated with a decline in investment.

As far as the year and sector controls are concerned, we find that both investment probabilities and investment amounts are decreasing since 2010 (our base year).

8.5.11 Conclusion

The above results indicate that the changes in business performance are associated with specific policies. However, we were only able to test very few policies.

Drawing on our classification of the advocacy projects discussed last year we are able to conclude the following in terms of impact:

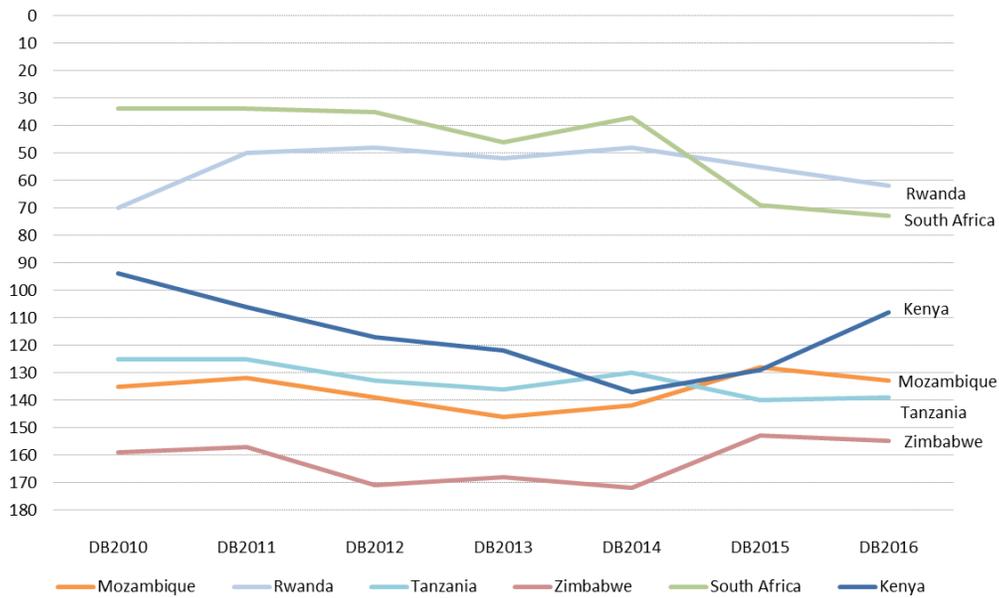
- Harmonisation of regulations eg. CTI, TAMPA etc. – hard to figure impact, especially in such a short time.
- Projects to decrease tax and other costs e.g. ACT VAT changes, TAMPA VAT exemption, etc. Can look at impact provided a tax is being reduced or imposed. If a tax has been avoided, then harder to look at impact because counterfactual does not exist.
- Projects seeking systemic change – CTI electricity, CTI counterfeit, export credit guarantee schemes (TANEXA) – hard to measure impact.

The impact of policies in the second of these are the easiest to pin down because the policies are precise and so are their beneficiaries. Having said this, the impact of these policies will vary on different aspects of the firm's performance (sales, investment, employment etc.). The impacts of policy changes in the other two are harder to pin down given the data that we have because i) the time period is very short relative to the change being contemplated; ii) the information on the exact policy change is often hazy; iii) the beneficiaries are likely to be spread across the economy and we can only capture those effects in the longer run with macroeconomic data rather than with firm or even industry level data.

8.6 Impact on the investment climate

Doing Business 2016 was published on 29 October 2015 and so we are able to provide up to date results. Despite the political leaders' desire for Tanzania to do much better in the Doing Business rankings – and a formal objective to reach the top 100, Tanzania continues to mark time. Doing Business underwent methodological changes in DB2015 and again in DB2016, which ranked Tanzania at 139 (up one place from a re-ranking of the positions given originally in DB2015).

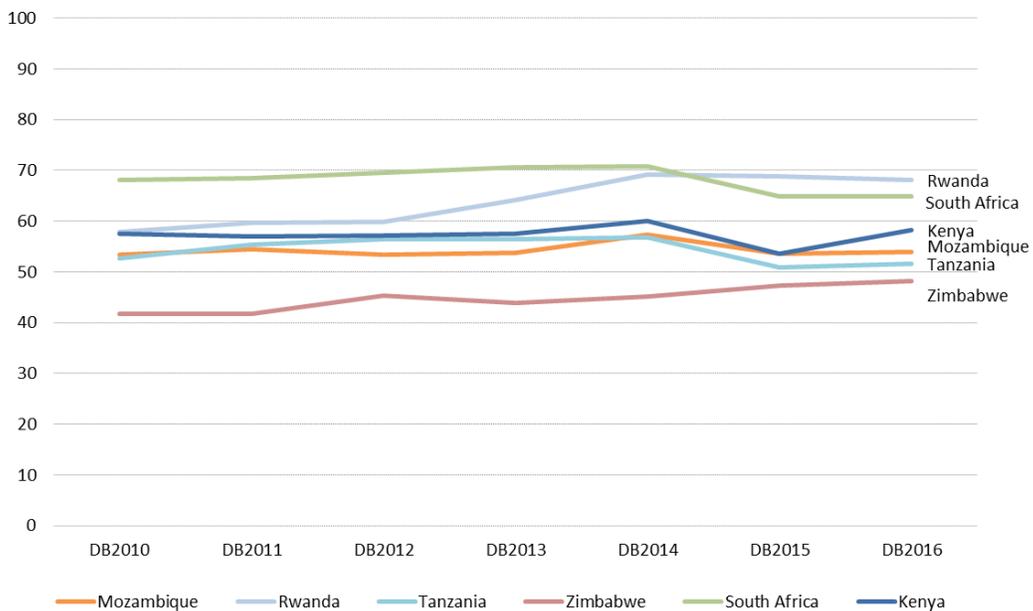
Figure 52: Doing Business Rankings



Source: prepared by David Irwin from data in World Bank Doing Business Reports (DB2006-DB2015)

Whilst the rankings might be good for headlines, they do not provide a fair representation of what countries have actually done to improve the enabling environment – they merely show how they have performed relative to others. The World Bank itself has recognised this and, since DB2010, has scored countries on their ‘distance to the frontier’, though this is still relative, dependent on the performance of the best. This suggests that Tanzania made very small improvements in the enabling environment in the period 2010 to 2015 (i.e. DB2011 to DB2016), deteriorated a little in 2014 (DB2015) and then remained about the same in 2015 (DB2016), with a score of 51.6, almost exactly its score in DB2010. In other words, irrespective of how Tanzania’s rank has changed over the years, its actual performance in improving the enabling environment has remained almost static.

Figure 53: Distance to Frontier



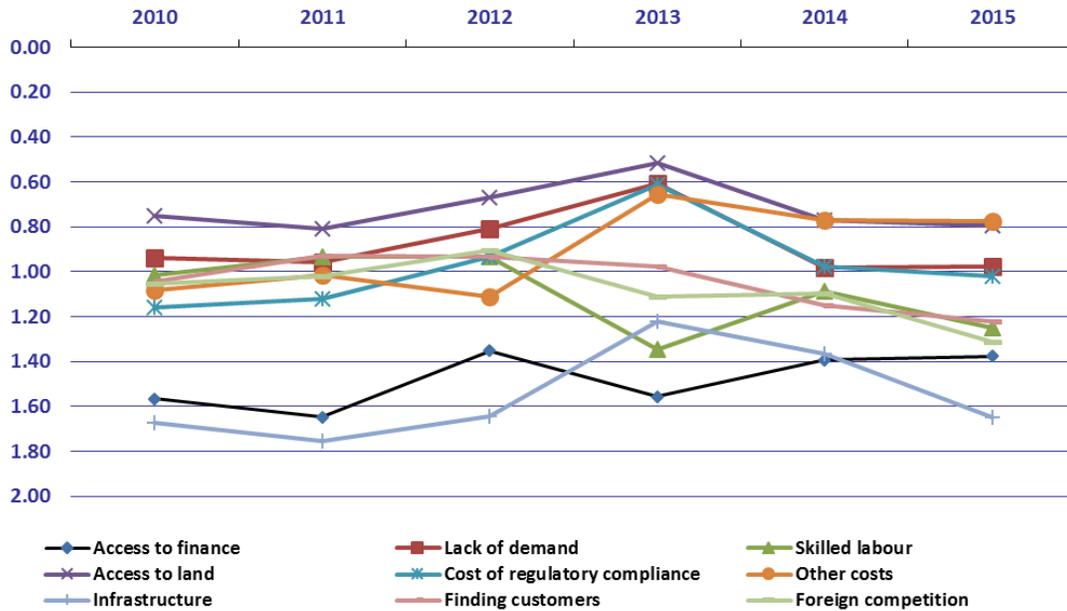
Source: prepared by David Irwin from data provided in the World Bank Doing Business database (see www.doingbusiness.org)

8.7 Survey of case study PSO members

As well as asking members of case study PSOs about their own performance, we asked them about their perceptions of the enabling environment.

Access to finance and access to skilled labour both deteriorated in 2013 but improved again in 2014. Access to finance improved again marginally in 2015. Most factors were about the same in 2015 as they had been in 2014 and in 2012. Infrastructure was seen to deteriorate as did access to skilled labour.

Figure 54: Respondents' view of factors that constrain business



Note: the lower the score, the better the view, so the scale has been reversed so that improvements are shown by a rising line

However most (56 per cent) respondents say that it is easier or much easier to do business compared to last year though 15 per cent say that it is harder or much harder.

Figure 55: Ease of doing business compared to previous year

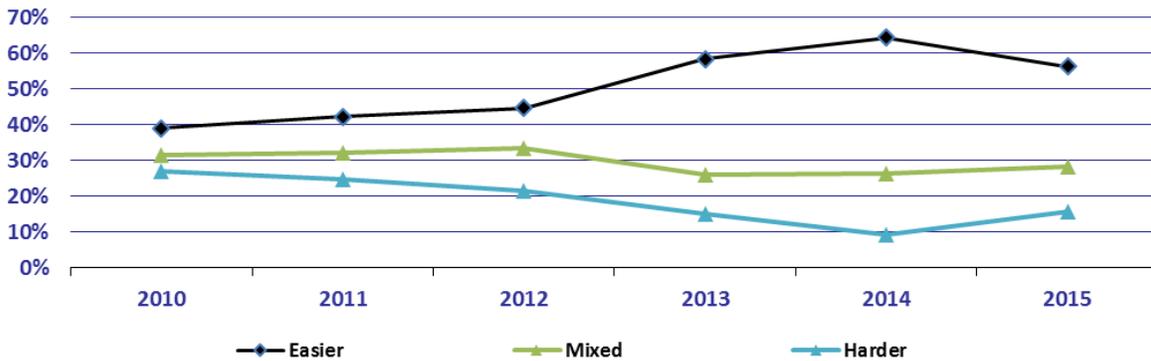
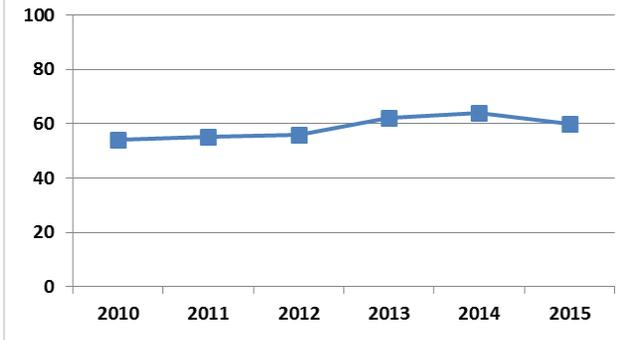


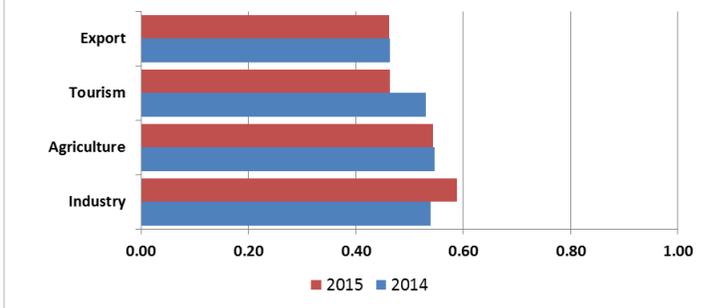
Figure 56: Ease of doing business



The numbers reporting that business is easier has been growing each year. This is clearly demonstrated by coding the results (from 0 for much more difficult to 4 for much easier), adding them and normalising to give a score out of 100 for the ease of doing business.

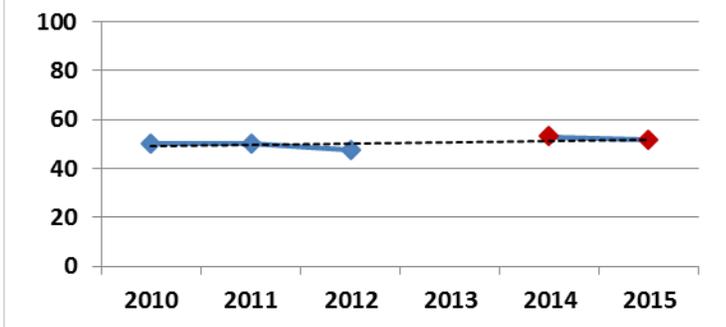
BEST-AC did not undertake a Business Leaders' Perception survey in 2014 (and the one published in 2013 was undertaken in 2012). So in 2014 we added two questions to the survey: respondents were asked if they perceived that the government wants to create a positive business enabling environment and were then asked if they believed that the government was open to dialogue.

Figure 57: Perception that government wants to create positive BEE



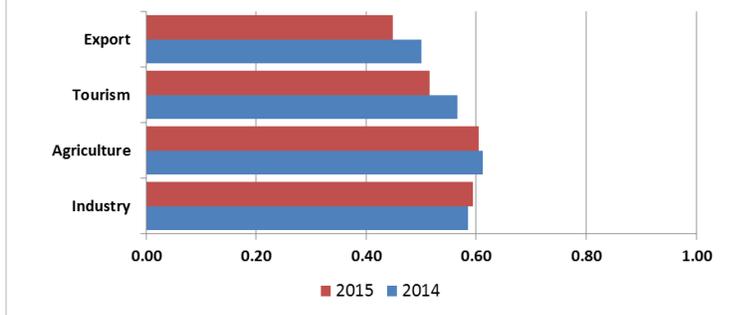
Respondents are not entirely convinced that the government wants to create a positive business enabling environment, but nor do they perceive that the government is actively making the environment worse. The average score was 53 per cent in 2014 and 52 per cent in 2015.

Figure 58: Perception that government wants to create positive BEE



The BLP asked the question the other way round: did respondents perceive that the government was making the issue worse. We have therefore taken the results from the BLP, adjusted appropriately, and plotted to show the trend. The result in 2014 was 53, slightly better than the results of 2010-2012, and in 2015 is 52. This suggests that businesses do think that the government is slowly becoming more positive.

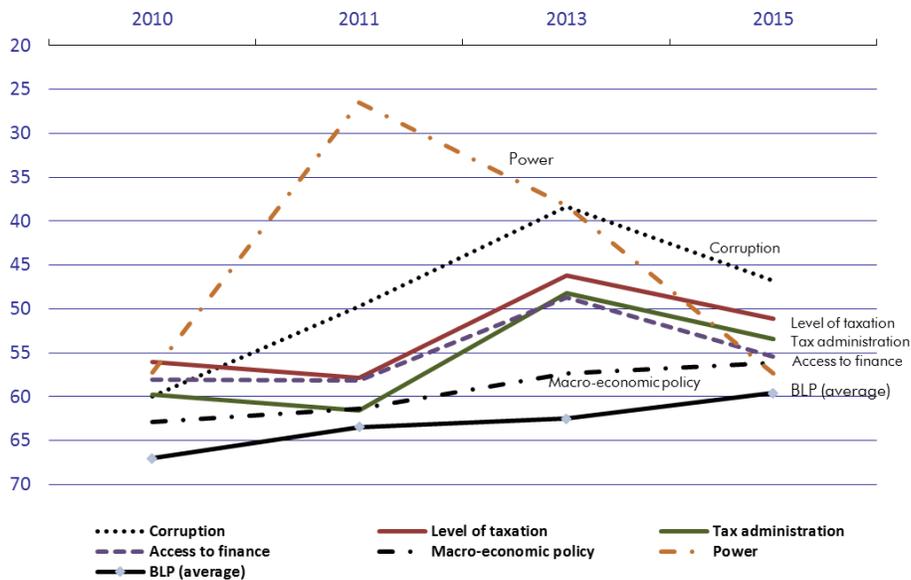
Figure 59: Perception that government is open to dialogue



There is a perception that the government is open to dialogue, with an average score of 58 per cent in 2014 though it fell slightly, to 56 per cent, in 2015.

BEST-D did, however, undertake a Business Leaders' Perceptions survey in 2015. This indicates that power deteriorated markedly in 2011 but has steadily improved since then. The other factors all deteriorated in 2013 but, with the exception of macro-economic policy, all started to improve in 2015. The overall perception is that the government has made considerable effort to address the issue of power, but that other factors have been allowed to slip. This seems to be broadly consistent with the results of the PSO members' survey. Figure 60 shows the change in priority reported in BLP15.

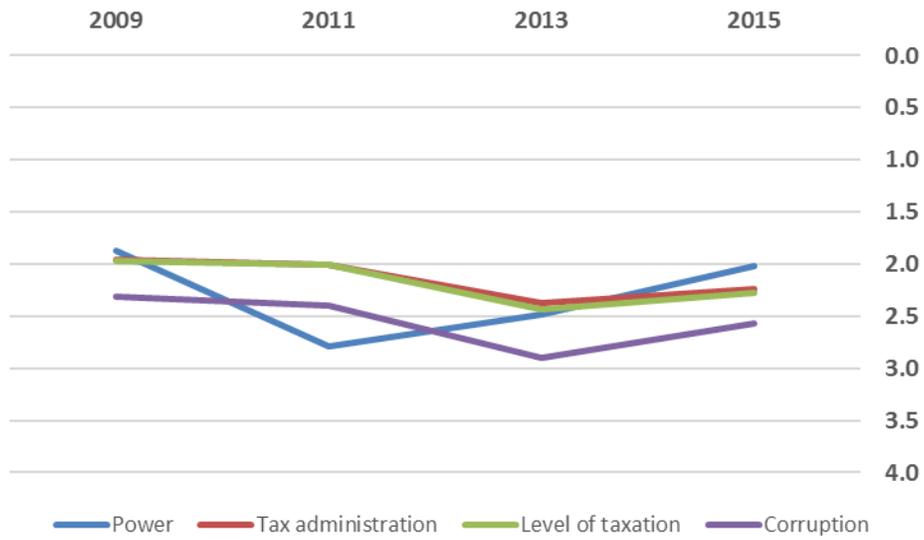
Figure 60: Change in priority



Source: BEST-Dialogue (2015), Business leaders' perceptions of the investment climate in Tanzania. NB: scale has been inverted so that higher priorities are shown higher on the chart

The BLP seeks perceptions of government effort to make a difference, across a number of factors. Four of these are shown in Figure 61. It seems that in all cases, the perception is that the government is now making more effort, though it makes least effort in the case of corruption.

Figure 61: BLP perception of government effort

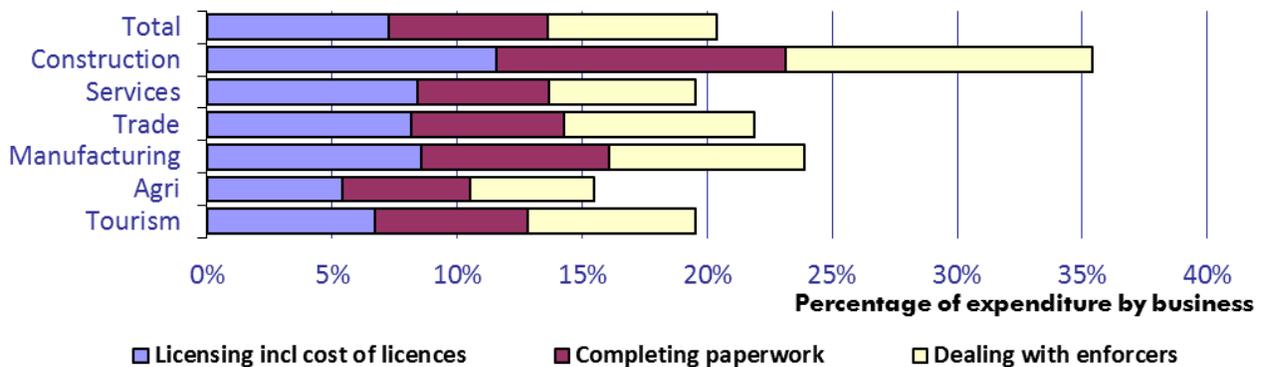


Source: BEST-Dialogue (2015), Business leaders' perceptions of the investment climate in Tanzania. NB: scale has been inverted so that higher effort is shown higher on the chart

8.8 Cost of doing business

The BLP also asks about the cost of regulation, with costs split into the cost of licences and permits (i.e., the revenue that goes to the government), the effective cost to the business of completing the paperwork (which could include wasting time to obtain permits etc.) and the cost of dealing with enforcers. Estimates of all of these as a percentage of business total expenditure are high (Figure 62). Reducing the costs of paperwork and enforcement would make a real difference to the business without necessarily reducing the revenue to government. But high costs also deter businesses from investing in the first place or, in the case of foreign investment, encourage them to look for other venues.

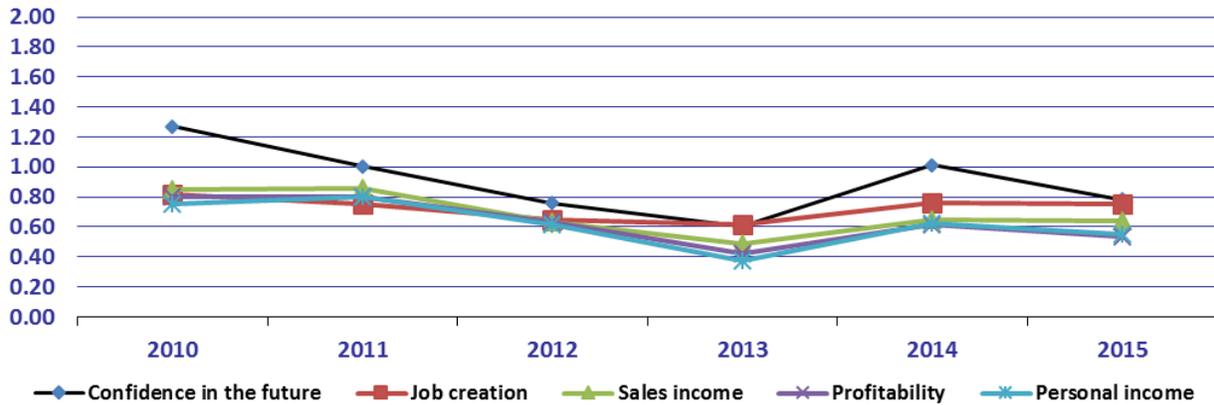
Figure 62: Expenditure caused by regulation & licensing



Source: BEST-Dialogue (2015), Business leaders' perceptions of the investment climate in Tanzania

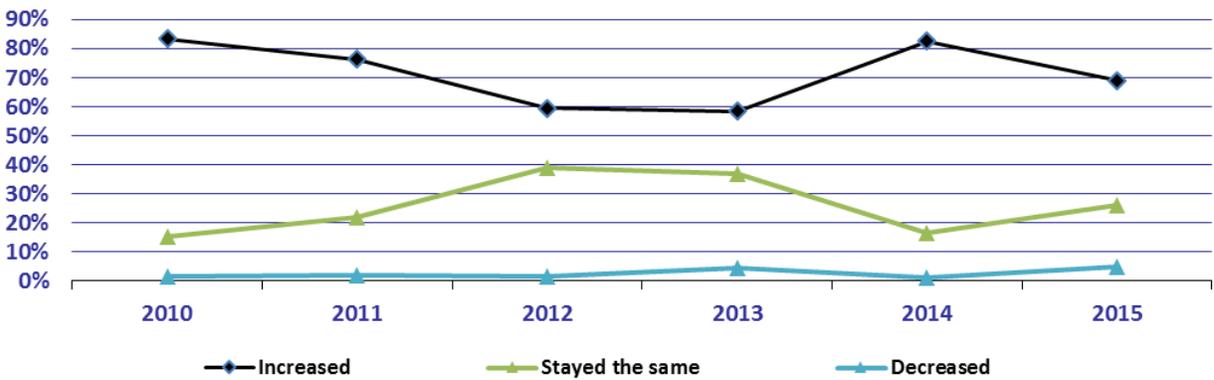
However, the survey of PSO members suggests that respondents are positive about all aspects of running their business. Figure 63 shows respondents' perceptions in five areas compared with the previous year – on every factor they are positive. However, the degree of positivism deteriorated every year from the baseline – until 2014, when it improved for every factor. That momentum has not carried into 2015.

Figure 63: Impact on business



The key factor, perhaps is confidence. If businesses are confident, they will continue to invest and will persevere with the challenges. Until 2013, the proportion of those confident about the future had decreased every year. In 2014, however, it returned to its 2010 level of around 83 per cent, though the position deteriorated again in 2015.

Figure 64: Confidence



8.9 Conclusion

In most cases, policy changes translated into impacts for the whole sector. Only a small number of changes were anticompetitive projects or intended to benefit members only. Generally, impacts have affected the formal sector more than the informal sector. However, even if policy changes were unequivocally positive for the business sector, other stakeholders might have experienced a 'disbenefit'. This is arguably the case for the minimum wage project. This suggests a need to strengthen civic society so that the result is not just that government is more influenced by big business.

It is disappointing that BEST-AC has not itself done much more to assess impact. It does however have plans to be more rigorous in phase III. We have attempted to calculate impact though for a limited number of projects. We find that the impact is high and justifies the cost of the programme. However, the LIA suggests that regulation remains a serious problem for business growth in Tanzania. The costs of doing business have not gone down.

9 Attribution

9.1 Definitions

Attribution refers to the ability to allocate the causality for an impact. The basic question in attribution is whether the impact was the result of the funded project or programme.

There are four broad epistemologies of attribution, which are well described by DFID⁶:

- Regularity approaches depend on the frequency of association between cause and effect;
- Counterfactual approaches depend on the difference between two otherwise identical cases;
- Configurational approaches depend on identifying combinations of causes that lead to impacts;
- Generative approaches depend on identifying the mechanisms that explain effects.

The LIA, as a Scientific Realist approach, is rooted in generative forms of attribution. The LIA makes reference to, but does not rely on, attribution through analysis of patterns of regularity and difference.

There are two attribution questions in the LIA:

- To what extent are the policy changes due to the influence of PSOs?
- To what extent is the influencing of PSOs due to the funding of BEST-AC?

9.2 LIA methods

The LIA used these methods to test attribution:

- The evaluator reviewed all documents from the case studies – meeting minutes, reports and correspondence where available – in detail to see if the PSO is mentioned or credited; or if their ideas are represented or their words used, whether credited or not. This analysis included looking closely at the timing when actions were taken;
- Quarterly reports provided factual information on the level of contact between PSOs and MDAs;
- BEST-AC evaluation and the LIA each contained detailed interviews with MDAs to obtain information on their openness to PSOs' influencing in general, their relationships with specific PSOs and, where policy change is evident, their accounts of the influences on the decisions to progress;
- An annual diagnostic tool of all PSOs asked specific questions to measure capacity. The diagnostic tool measured four aspects of capacity development: organisation development, including resources; relationships and the development of dialogue; advocacy techniques and approaches to influencing; and results;
- The case studies included detailed questioning and conceptualisation of the PSO staff to evaluate their level of skill. Evidence of high levels of skill gives some reassurance in drawing conclusions about the effectiveness of influencing. The interviews also probed and test the theory of change behind PSOs' actions;
- The econometrician examined the database of information to see if there were any statistically significant patterns between the BEST-AC projects and the economic impact;
- We sought to find unfunded PSOs as a counterfactual. This was problematic, however, not least because unfunded PSOs were not comparable to funded PSOs.

⁶ Stern, E, Stame, N, Mayne, J, Forss, K, Davies, R and Befani, B (2012) *Broadening the range of designs and methods for impact evaluations*. DFID Working Paper, 38.

As well as looking at attribution itself, the LIA includes a number of other analyses around the subject:

- Surveys of PSO members test the significance of the advocacy issue and their involvement in its choice. This is not about attribution narrowly defined, but about the wider issue of checking that the impact is broadly relevant in the sector;
- The case studies ask about other funding and support that case study PSOs have received: it is possible that the PSO was effective, but this was not entirely due to BEST-AC. Our review of BEST-AC, carried out in 2013, found that very few PSOs have other sources of support. Most are dependent on BEST-AC, which reinforces the line of attribution.

9.3 Conclusion

Attribution between PSOs and BEST-AC is relatively simple. Most PSOS have not received any other funding for advocacy. Where they have received additional funding, in some cases relatively large amounts, this has generally been for specific projects of delivery, such as CTI's work on energy audits funded by Danida.

Attribution between PSOs and policy change is far more complex. It is important to refer to contribution rather than attribution for advocacy as policy change is invariably the result of a coalition and combination of interests: indeed collaboration is good practice. The highest attribution is for simple projects, such as tax changes, which were initiated and led by PSOs. The lowest attribution is for complex projects, such as those on electricity and ports, which are also those with the highest potential impact. Attribution has generally been validated through interviews rather than documentation. The latter tends not to mention the importance of the PSO, although TPSF's work on the VAT bill is an important exception to this.

10 Conclusion

10.1 The programme

There is evidence of success at each stage in BEST-AC's logic.

During phase II, BEST-AC has funded 159 projects, comprising 110 advocacy and 49 institution building projects. Almost all the projects were completed by the end of the period, though a few extended into the early weeks of phase III.

The diagnostic tool suggests that PSOs have strengthened their capacity on all dimensions over the analysis period of five years. Improvement is particularly noticeable in the first year of support, and for the PSOs who are initially the weakest. PSOs appear to keep improving on the dimension of relationships.

PSOs have built good relationships with government. According to PSOs quarterly reports, PSOs now engage in as many as 250 dialogues with the government each year. The level of activity has grown substantially – with more dialogues, more invitations to consult, more alliance formation, more research reports and policy position papers and, as a result, more changes in public policy.

It would appear that PSOs have achieved 62 reforms in public policy, though they actually report a rather higher figure in their quarterly reports.

There is evidence that PSOs' projects have affected thousands of businesses and safeguarded thousands of jobs.

Our analysis is that there is high attribution to the PSO in 31 successes, medium attribution in 24 successes and low attribution in 7 successes. Our further analysis is that attribution to BEST-AC is strong in 14 of the claimed successes, medium in 33 and low in 15. It is important to note that medium attribution is not negative as it represents collaboration and shared outcomes. Attribution to BEST-AC is relatively high because:

- Most PSOs have no other sources of funding for advocacy and in some cases no other significant sources of funding;
- PSOs were on average far less effective before receiving support from BEST-AC;
- In case studies PSOs frequently reference BEST-AC's support in describing their successes. There are clear descriptions of mechanisms, such as the use of evidence, that can be directly identified with BEST-AC.

The fact that advocacy activity by PSOs fell in the extension year suggests that additionality is high – PSOs would not undertake the activity irrespective of the availability of funds from BEST-AC – though this is also disappointing in the sense that advocacy may not be sustained at the same level when BEST-D finally closes.

The figures for the business surveys population suggest that full time employment is rising, from an average of 73 to 91, and that part time employment which fell to a low of 14 in 2012 is now rising slowly, reaching 20 in 2014. Most of the businesses surveyed have stayed in business, suggesting a degree of resilience, which is encouraging.

Business confidence had fallen over the time of the LIA, perhaps because PSOs have had to fight harder in order to avert new proposed taxes and regulations, but started to rise again in 2014. Although the government has a closer and more positive relationship with the private sector, it does not seem to be any better at understanding the detrimental impact of regulatory proposals on business. So, although there are many piecemeal improvements in the regulatory framework, there is no overall or consistent pattern in improving the business environment. Indeed, the impact of BEST-AC and the PSOs is likely to be greater than is shown in the business surveys because without its intervention the trend in the business environment might actually have been down, a negative change.

Some 56 per cent of surveyed businesses perceive that government is open to dialogue, with some variation across sectors. However:

- Big Results Now, though undoubtedly well-intentioned, took a large number of people out of the office for more than a month in early 2014. There then followed a discernible impact in terms of reduced advocacy activity. Whilst the objectives of BRN are ambitious, there has to date not been too much evidence of major reform.
- The IMF has put pressure of the Government of Tanzania to revoke tax concessions to businesses, which is likely to undo many of the perceived gains made by PSOs, though it also begs a question about whether the private sector has a sufficient understanding of the policy imperative. It does appear, however, to be a case of conflict between two donor programmes, with resulting loss of value for money.
- BEST-AC, now BEST-Dialogue, was re-contracted in a protracted process. Some projects were cancelled or delayed due to this process, and the lack of interaction with BEST-AC appeared to reduce some PSOs' energy towards advocacy, though now that phase III is fully underway, the PSOs appear to be reinvigorated.
- Government and civil service reorganisations meant that PSOs lost important contacts, notably in the tourism sector. In some cases, their successors have been less amenable to meeting regularly with the private sector. On the other hand, we note that the relationship between TPSF and the government has improved markedly over the last two or three years, with the government now much more proactive in asking TPSF for its views and TPSF, in turn, much more proactive in seeking the views of other PSOs. Timescales for consultation, however are still too short.

Doing Business reviews a very narrow range of indicators, but the ones it measures, in the main, will have an impact across the entire business community. Many of the projects pursued by BEST-AC supported PSOs have had narrow objectives and, in the main, are unlikely to have an impact across the entire business community. However, it does appear that PSOs have achieved a degree of success and both the PSO members' survey and the broader IMF view of the economy suggest that investment is growing. There is little doubt however that more could be done to improve the business enabling environment much more and it is likely that this would lead to much higher rates of investment.

BEST-AC has delivered against all of the outputs in its log frame. It would appear that it has supported PSOs to enhance their quality and credibility to engage effectively in public-private dialogue: TPSF for example, is now focusing much more on dialogue and advocacy and is regularly consulted by government. Arguably, it brought about the decision to include the enabling environment in the Big Results Now process. A number of other PSOs, such as TAHA and TCT, are well-regarded and achieve much on behalf of their members.

Our analysis is that advocacy projects are more likely to succeed if:

- They are seeking changes in the administration or interpretation of regulations rather than new laws. However, this finding could be affected by the lead time to introduce new legislation, which is likely to be greater than the length of the LIA;
- The issues they address are technical rather than political;
- PSOs hear about proposals at an early stage. Public officials are generally more concerned with the policy imperative at an early stage than they are with the detail of how the imperative may be delivered, so it is often easier to influence the way in which it may be implemented. Depending on the circumstances, the issue might be less politicised or public, and so more fluid. Early warning in itself implies a closer relationship with government, which gives PSOs more influence;
- Projects have a long term imperative rather than being requests for tax reductions. The latter can be granted one year and rescinded the next, are seen as trading off sectors against each other, and fail to recognise government's need to raise revenue;
- PSOs work together and so present a clear and consistent voice to government.

Efforts to build a legacy within higher education institutions are beginning to bear fruit and the creation of the Centre for Policy Research and Advocacy at the University of Dar is a positive step in this direction.

10.2 Good practice in business advocacy funds

The LIA suggests this list of good practices for business advocacy funds:

- Funds should recruit staff with expertise in advocacy;
- Fund should engage in a critical dialogue with PSOs to help with framing to ensure projects are actionable and not anticompetitive;
- Funds should adopt an impact way of thinking to prioritise projects and action;
- Funds should ensure research is high quality from the beginning e.g. mentoring of PSO staff by international researchers;
- Funds should collaborate with other programmes related to the business enabling environment;
- Funds should encourage PSOs to collaborate with each other so that the government does not receive conflicting messages;
- Funds should encourage a non-adversarial approach with government that encourages a shared understanding of the problems e.g. joint commissioning of research;
- Funds should take a long term view;
- Funds should emphasise the importance of follow up to ensure the implementation stage happens and has a positive effect;
- Funds should help the PSOs to anticipate and prepare for reversal, e.g. collect data to show the value of the change; support for institution building as well as advocacy projects;
- Funds should take a strategic approach to media development;
- Funds should support for peer mentoring between PSOs.

Our overall conclusion is that running a business advocacy fund is not straightforward, and requires a mix of specialist skills, different to service delivery programmes.

Appendix 1: Interviews

Organisation	Person	Date of interview(s)
ACT	Janet Bitegeko, ED & Mboka Mwanitu	July 2010
	Janet Bitegeko, ED	July 2012
	Cleophas Rwechungura, Comms Officer, & Janet Bitegeko, ED	July 2013
	Janet Bitegeko, ED	June 2014
	Cleophas Rwechungura, Comms Officer, & Milly Sanga, Comms Janet Bitegeko, ED	June 2014 July 2015
ANSAF	Audax Rukonge (Exec Sec) & George Mboje (Budget & Policy)	July 2012
	Audax Rukonge (Exec Sec)	July 2013
	Audax Rukonge (Exec Sec)	June 2014
	Audax Rukonge (Exec Sec)	July 2015
ATE	Aggrey Mlimuka, ED	July 2010
Barclays Bank	David Lubira, Commercial Director	July 2010
CTI	Christine Kilundu, ED & Hossein (Sammy) Kamote, Policy Manager	July 2010
	Hossein Kamote	July 2012
	Hossein Kamote	July 2013
	Hossein Kamote	June 2014
	Hossein Kamote	July 2015
Ministry of Labour	Haji Janabi, Director of Policy & Planning	July 2011
Ministry of Home Affairs	Haji Janabi, Director of Policy & Planning	July 2013
	Haji Janabi, Director of Policy & Planning	June 2014
Ministry of Agriculture	Gungu Mibava	July 2011
	A Msambachi, Ally Khalifa Muzava, Daklan Hango, Sharifa Ohidi	July 2013
Ministry of Industry	Desyant Massawe, Director (Trade & Marketing: SME Department), Jane Lyatuu, Principal Trade Officer & Aristides Mbwasii, Senior Economist	July 2011
	Christopher Nassari, Principal Trade Officer (Marketing Department) & Christopher Mashingo, Principal Trade Officer	July 2011
	Consolatha Ishebabi, Acting director, SME Division	July 2013
	Consolatha Ishebabi, Director, SME Division	June 2014
	Joyce Maru, Acting Director, SME division	July 2015
	Mr Mjengo, Director of Marketing, Geoffrey Ngongo & Mme Sekela	July 2015
SAGCOT	Geoffrey Kirenga, CEO	July 2012
National Bureau of Statistics	Joy Sawe	October 2010
Prime Minister's Office	Barney Laseko, Private Sector Development & Investment Division	July 2010
	Barney Laseko, Private Sector Development & Investment Division	July 2011
	Bede Lyimo, Adviser, Regulatory Reforms, Better Regulation Section	July 2011
	Barney Laseko, Private Sector Development & Investment Division	July 2012
	Barney Laseko, Private Sector Development & Investment Division	July 2013
	Barney Laseko, Private Sector Development & Investment Division	June 2014
Consultant	Bede Lyimo	July 2013
	Bede Lyimo	June 2014

Royal Danish Embassy	Samweli Kilua	July 2010
DFID	Amos Wanyiri, Adrian Stone	July 2010
TCCIA	Specioza Mashauri, Daniel Machemba, Emmanuel Nnko	July 2010
TANEXA	Lawrence Nyalaga, ED	July 2010
	Laurence Nyalaga, ED	July 2012
	Laurence Nyalaga, ED	July 2013
	Peter Lanya, Vice Chairman	June 2014
TAMPA	Edmund Mariki, ED	July 2010
	Edmund Mariki	July 2012
	Edmund Mariki	June 2014
	Edmund Mariki, Herry Ngoitama, Anita	July 2015
TPSF	Evans Rwezika	July 2010
	Edward Furaha, Director of Policy, Advocacy & Lobbying	July 2011
	Edward Furaha, Director of Policy, Advocacy & Lobbying	July 2012
	Godfrey Simbeye, CEO	July 2013
	Edward Furaha and Adam Gahhu	July 2013
	Edward Furaha and Adam Gahhu	June 2014
	Godfrey Simbeye	June 2014
	Edward Furaha Godfrey Simbeye	July 2015 (x2) Sept 2015
TATO	Mustapha Akuunay, ED & Kelvin Remen	August 2010
	Kelven Remen	July 2011
	Mustapha Akunaay, Kelvin Remen and Vesna Glamocanin, Treasurer	July 2012
	Kelvin Remen	July 2013
	Sirili Akko, Acting ED	June 2014
TCT	Richard Rugimbana, ED	July 2010
	Richard Rugimbana, ED	July 2012
	Richard Rugimbana & Sam Kasulwa	August 2013
	Richard Rugimbana	June 2014
	Richard Rugimbana	July 2015
TTB	Aloyce Nzuki, Managing Director, Philip Chitaunga, Tourism Services Mgr & Deogratias Malogo, Research & Development Manager	July 2011
	Devota Mdachi, Marketing Manager	July 2015
HAT	Lathifa Sykes, CEO	June 2014
	Lathifa Sykes, CEO	July 2015
MNRT	Ibrahim Mussa, Director of Tourism	July 2011
	Ibrahim Mussa, Director of Tourism	July 2012
	Zahoa Kimmage, Director of Tourism	July 2015
IMED	Donath Olomi, IMED	July 2012
PDB	Gerase Kamugisha (Mugisha), Dep CEO	June 2014
	Douglas Ling (standing in for Neema Nduguru)	July 2015
TACO	Aloyse Mushi (Chairman)	July 2011
TACTO	Joas Kahembe, Alliya Mwako, Alfred (Freddie) Massawe (ED) + 1	July 2013
	Alfred Massawe (ED)	June 2014
	Alfred Massawe (ED)	July 2015

TAHA	Jacqueline Mkindi, CEO	April 2011
	Jacqueline Mkindi	July 2011
	Jacqueline Mkindi	July 2012
	Jacqueline Mkindi & Anthony Chamanga, Policy officer	July 2013
	Anthony Chamanga	June 2014
	Jacqueie Mkindi	June 2014
	Kelvin Remen, Deputy policy officer	July 2015
TAMFI	Winnie Terry, CEO	July 2012
	Winnie Terry	June 2014
	Winnie Terry	July 2015
Enterprise Finance Ltd	Jacqueline Lujo, MD,	June 2014
Tanzania Dairy Board	Deogratius Mlay	July 2012
TCCIA Arusha	Adolf Olomi, Chairman, Sia Charles Marunda, ED, Batula Ahmed, Vice-chairman, Geoffrey Kalugendo, consultant (Africa Source), Alphonce Massaga, consultant (Alpha Associates) and the Treasurer	July 2013
	Sia Charles Marunda, ED	June 2014
TRA	Mary Maganga	July 2011
	Mary Maganga	July 2012
	Mary Maganga	July 2013
	Mary Maganga	June 2014
	Mary Maganga	July 2015
UDBS	Goodluck Charles, UDEC & Lemayon Melyoki, Director, UDEC	July 2012
	Goodluck Charles	July 2015
VIBINDO	Gaston Kikuwi, ED	July 2013
	Gaston Kikuwi	July 2015
ZACPO	Ali Abubakar, Chairman	July 2011

NB: in addition, David Irwin met and talked to a large number of these interviewees and others during the BRN BEE lab in February 2014 and both David Irwin and Annabel Jackson met many other interviews when undertaking occasional annual reviews for BEST-AC.

Appendix 2: Documents reviewed

This appendix lists a selection of documents reviewed, though over the course of the five years of the LIA, we reviewed many more documents, including every research paper for which BEST-AC had covered the cost of doing the research.

ACT Strategic Plan 2008 – 2012.

Addressing the Challenges Facing TTB, Paper Submitted to the Treasury Registrar. 2015.

An Assessment of Investment Incentives in the Agricultural Sector in and outside Tanzania (Draft Report) December 2009.

Baumgartner, F.R. and Leech, B.L. (1998), *Basic interests: the importance of groups in politics and in political science*, Princeton, New Jersey: Princeton University Press

Baumgartner, F.R., Berry, J.M., Hojnacki, M. et al (2009), *Lobbying and policy change: who wins, who loses and why*, Chicago: University of Chicago Press

BEST-AC – TANEXA Advocacy Workshop, Towards Improved Export and Credit Guarantee Schemes, 17th September 2008, Final Report.

Bettcher, K.E. (2011), *Making the most of public-private dialogue: an advocacy approach*, Washington, DC: Centre for International Private Enterprise

Blanke, J & Chiesa, T (Editors), The Travel & Tourism Competitiveness Report 2013, Insight Report, Reducing Barriers to Economic Growth and Job Creation, The Travel & Tourism Competitiveness Report, World Economic Forum.

Challenges of Unreliable Electric, a Policy Research Paper submitted to Energy Sector Stakeholders for Advocacy to Ensure Reliable Electricity Supply to Manufacturers, July 2011.

Charles, G (2010) Improving the Competitiveness of the Dairy Industry through Rationalisation of the Regulatory Framework, Policy Proposal

Charles, G (2011) Situational Analysis, Simplifying Compliance of Multiple Regulatory Authorities to Enhance the Ease of Doing Business, Draft Report

Charles, G, Tanzania Milk Processors' Association (Tampa) Proceedings of the Stakeholders' Workshop on the Role of Tanzania Dairy Board as A Regulator in Dairy Sector in Tanzania

Charles, G. & Mambi, A. (2013), Simplifying Compliance with Regulations in the Food Processing Sector to Enhance the Ease of Doing Business, Policy Proposal, Institute of Management and Entrepreneurship Development.

Charles, G. & Mambi, A. (2013), Simplifying Compliance with Regulations in the Food Processing Sector to Enhance the Ease of Doing Business, Policy Brief, Institute of Management and Entrepreneurship Development

Charles, G. (2011), The Effect of Regulatory Framework on Competitiveness of Dairy Sector in Tanzania, ESADA Conference, Presentation April

Concept Note to Undertake an Advocacy to Unlock Exports to the EAC, SADC and the Great Lakes Regions. May 2011.

Conclusion: Tourism Safety Study, July 2011.

CTI Five-Year Business Plan (2007 – 2011).

Cunningham, V., Haji, M. and Morisset, J. (2015) Tanzania Economic Update: The Elephant in the Room - Unlocking the Potential of the Tourism Industry for Tanzanians. World Bank.

Cunningham, V., Kernot, F, Haji, M. and Kajange, J. (2015) Tanzania Economic Update: Why Should Tanzanians Pay Taxes? The Unavoidable Need to Finance Economic Development. World Bank.

Dollar, D., Hallward-driemeier, M. and Mengistae, T. (2003), *Investment climate and firm performance in developing economies*, Washington, DC: World Bank

Draft Report, the Impact of Crimes on Tourism in Tanzania. January 2012.

Dür, A. and De Bièvre, D. (2007), The question of interest group influence, *Journal of Public Policy*, vol. 27, no.1, pp.1-12.

Dür, A. and Mateo, G. (2012), Who lobbies the European Union? National interest groups in a multilevel polity, *Journal of European Public Policy*, vol. 19, no.7, pp.969-987.

Euromonitor Country Report, Travel and Tourism in Tanzania, Nov 2012.

Factors Contributing to Crimes against Tourists, October 2011.

Feasibility Study for the Proposed Mount Kilimanjaro – International Convention Centre (MK-ICC), Arusha, June 2011.

Final Draft Position Paper, Tourism Confederation of Tanzania, Improved Stakeholder Participation in Developing the Policy for Marine Park and Reserves Governance, December 2012. HAT, Issues of concern for the Hotel Industry in Tanzania, PPP Meeting with Hon. Minister Kagasheki – 4 April 2013.

Final Report on Distribution, Access and Application of Agricultural Inputs, Match Maker Associates Limited, September 2012.

IFC, (2013), IFC Jobs Study: assessing private sector contributions to job creation and poverty reduction, Washington DC: International Finance Corporation

ILO, (2007), *The promotion of sustainable enterprises*, Geneva: International Labour Conference 96th session

Improving the Competitiveness of the Dairy Industry through Rationalisation of Regulatory Compliance and Cost of Doing Business, 2007.

Institute of Management and Entrepreneurship Development (IMED), Dairy Sector Needs Assessment Draft Report, January 2012.

Interim Impact Assessment of the Sudden Increase of Tourism Fees for Photographic Safari, Hunting Safari and Hotel/ Lodge and Camp Concession Fees Announced by the Ministry Of Natural Resources and Tourism, 2007.

Kraus, J. (2002), Capital, power and business associations in the African political economy: a tale of two countries, Ghana and Nigeria, *Journal of Modern African Studies*, vol. 40, no.3, pp.395-436.

Mambi, A. J (2011) Review of Legal Framework on Safety and Security for Tourism in Tanzania

Mambi, A.J. (2011), Draft Report on the Review of the Laws and Regulations Relating to Counterfeits and Sub-Standard Goods in Tanzania for Preparing an Advocacy Paper in Tanzania

Managing Advocacy and Influencing Decision Makers, Report of the Seminar Held at Kunduchi Beach Hotel and Resort, February 17th- 18th, 2011.

Manufacturers in Tanzania, a Policy Paper Submitted to Energy Sector Stakeholders for Advocacy on Assured Electricity Supply to Manufacturers, August 2010.

Ministry of Trade Industry and Marketing, Restructuring of Zanzibar State Trading Corporation, Agricultural Innovation Research Foundation, April 2011.

Minutes of the meeting between HAT and TANAPA on 8th June 2012.

MOU between TAMPA and TDB, Joint Advocacy Project on Harmonization of the Regulatory Framework in the Dairy Sector, October 2012.

Park Fee Changes from 1st July 2013 to 30th June 2015, June 2012.

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Appendix 3: Impact table

PSO	Issue	BEST-AC grant (\$)	Policy change	Business & economic impact			Estimate of benefit (\$)
				Impact	Attribution to PSO	Attribution to BEST-AC	
ACT	Incentives to attract investment in agriculture	85,000					
ACT	Institutional Support	51,000					
ACT	Agricultural inputs subsidy	140,937					
ACT	SACAU conference hosted by ACT	5,000					
ACT	Institutional Support II	27,000					
ACT	Institutional Support III	18,000					
ACT	Cotton sector reforms	10,000					
ACT	Over regulation of the agricultural sector	10,000					
ACT	NSA-SAGCOT networking	62,136					
ACT	Policy advocacy officer; communication officer	9,000					
ACT			Agreed and implemented (2010): 13 actions were accepted and subsequently unveiled in the Government budget for the fiscal year 2010-2011:	Agriculture employs more than 70 per cent of the Tanzanian population.	L	B	B
			- VAT exemptions for: transport of some agricultural products from the farm to the processing location; machines and equipment used in the collection, transport and processing of milk products; animal feed and seed cake; agricultural implements; airfreight charges for the transport of flowers; breeding services through artificial insemination; supply of packaging materials for fruit juices and milk products.				

			- Special VAT relief: reinstatement of special relief on 'deemed capital goods'; supply of equipment to a registered veterinary practitioner; import or supply of greenhouses to growers; supply of goods and services to organised farms and farms under registered co-operative unions; supply of building materials and construction services to EPZ developers.					
			- Zero rated supplies: the supply of locally produced edible oil using local oil seeds.					
ACT			Agreed and implemented (2011): The government agreed that VAT should be removed from some agricultural products that are harvested to be processed e.g. tea and sugar.		L	B	B	
ACT	Crop cess	138,133	Agreed but not implemented: ACT gained an in-principle agreement from the Prime Minister that there will be no more cess.		L	C	C	
ACT			Agreed: Following pressure from ACT, the government has agreed to revoke the Export Control Act, Cap 381 and Agricultural Product (Control of movement) Act, Cap 78 of 2002.		L	C	C	
ACT			Agreed: The Government is in the late stages of establishing an Agricultural Development Bank, run by the private sector. Will be launched in 2015 (see Guardian 6/6/14)	No impact yet but will ultimately will have capital of \$500m and is expected to lead to an increase in national income of 10% (Guardian 6/6/14), ie. c. \$2.8bn; African Farming 11 Aug 2015 says TADB now launched and will receive capital of \$48m per annum for 8 years from the GoT.	L	C	C	201,636,131
ACT			Agreed: exempt farmers from skills development levy	Farmers had been threatened with skills development levy but advocated that should not be the case. Saved three years of payments that would otherwise have had to be made	L	A	A	10,056,818
ANSAF	Institutional Support	25,500						
ANSAF	Budget cycle engagement	10,000						
ANSAF	Institutional support	9,000						
ANSAF	Institutional support III	7,500						
ANSAF	Advocacy & communication officer	4,500						

ANSAF	Effective regulation for cashew nut industry	113,320	Agreed: The Cashew Nut Board has signed an agreement with ANSAF, with the first action being jointly to run an event to attract investors.	ANSAF estimates that Tanzania is losing USD 110m through exporting raw cashew nuts, and would gain 45,000 jobs from processing all cashews in Tanzania.	H	A	B	
ANSAF	Effective regulation for cashew nut industry	113,320	Agreed: has persuaded government to definition of shrinkage; only supposed to cover reduction in weight from drying process (around 0.5%), but actually allows distributors to defraud farmers by claiming shrinkage of 2-12%		M	A	A	40,624,741
ANSAF			Agreed: two out of three warehouses in one district that had been transferred under dubious circumstances were returned for use by farmers	Without warehouses farmers have to sell cashew nut straightaway rather than waiting for price to rise. Average farmers harvests 7 bags: at harvest might earn TZS45,000/bag, but three months later, might earn TZS80,000/bag, with rent to pay of TZS2,000/month. Total impact equals c. \$140,000	L	A	C	140,000
ANSAF			ANSAF conducted a Warehouse Receipts System (WRS) and Cooperatives Societies Acts Stakeholders Dialogue on January 25th 2015 in Dodoma, to raise awareness of the Acts, which have not widely circulated and are written in English only. Government stakeholders included MAFSC, TWLB, TFC and CBT. The aim of the dialogue was to share the findings of ANSAF's study of the challenges in the implementation of the Acts. ANSAF also shared the translated and simplified versions of both Acts.	No impact yet. Govt is still in the process to reviewing the WRS				
ATE	Improving skills training in Tanzania	63,330						
ATE	Institutional support 1	48,000						
ATE	Institutional Support	24,000						
ATE	Institutional Support III	12,000						
ATE	Advocacy officer	6,000						
ATE	Skills Development Levy for Efficient Vocational Training Skills Provision	48,985	Agreed and implemented: The government introduced the Skills Development Levy (paid by all employers with more than four staff) in 2001. It is charged at 6% of payroll and, following pressure from ATE, the GoT has agreed to reduce it to 5%, to be reviewed in a year.	The government collects around TZS 100 bn from the Levy so reducing it by one percentage point saves businesses around TZS 17 bn (c. US\$ 10 million).	M	B	B	278,125,752

ATE			Agreed: The Social Security Regulatory Authority Bill was amended with ATE's inputs to include private sector representation and interest. The bill was passed by Parliament with ATE's changes included.		L	B	B		
ATE			See minimum wage under CTI.						
COCODEI	Enterprise and youth engagement policy initiative	8,900							
CTI	Electric Power supply	50,000							
CTI	Institutional support-Phase 1	18,000							
CTI	compliance of Multi regulatory authorities	87,000							
CTI	Institutional support-Phase 2	18,000							
CTI	Institutional Support - Contract 3	11,880							
CTI	Preparation of proposal for the tax task force on tax reform	4,850							
CTI	Wacha Masihara-A private sector Undertaking	174,246							
CTI	National Budget Formulation process 2013/2014	3,800							
CTI	Institutional support (salary 12 months contract 4)	9,000							
CTI	Wacha Masihara	107,229							
CTI	Port charges	9,950							
CTI	Wacha Masihara III - a private sector undertaking	32,000							
CTI			Agreed: to tighten levy on imported construction materials			L			
CTI			Agreed: to reduce the proposed levy on financial transactions, so that rather than being levied on the amount transferred, it is levied on the associated bank charges			L			
CTI			Agreed: reduce import duty on imported paper from 25% to 10%	In 2008, Tz imported paper, paper board and paper pulp worth c. \$100m. A reduction in the levy is therefore worth around \$15m.		L	a	a	15,000,000

CTI			Agreed: WMA to stop weighing imports of raw materials.	Total imports in year to Apr 2014 were almost \$14bn; Assume 40% of imports are bulk materials; charge was 0.2% of CIF, so saving is around \$11m.	L	a	a	11,000,000
CTI			Agreed (2010+): CTI is on the Port Decongestion Committee and worked with other PSOs to reduce congestion at the port.	The average dwell time has been reduced from 21 days to 9 days, though is now up to 11; saving is \$1 per tonne per day in excess of 15 days; annual throughput 9m tonnes	H	C	C	238,294,281
CTI	Minimum wages	28,331	Agreed and implemented: The process of reviewing the Minimum Wage included private sector consultation. The increase for the Industries and Trade sub-sector was 25%, which was the level CTI had recommended.		M	b	c	
CTI	Effects of Counterfeit	76,351	Agreed and implemented: The Tanzania Bureau of Standards entered into an agreement with three western quality standards companies to check imports and impound counterfeits. Checking started in September 2012.	The impact on counterfeit has been minimal, presumably because raw materials and imports are coming through unofficial channels.	N	A	B	
CTI			Agreed and implemented: The government proposed to suspend the supply of natural gas to industries, with the gas instead going to TANESCO for power generation, in violation of previous agreements. CTI initiated the dialogue with the government to solve this problem and the government granted CTI's request and reinstated previous arrangements.	There was minimal power rationing in 2013. In 2011 CTI estimated that power cuts and rationing cost on average 24 hours of work each month, with an overall annual loss of 7,341 jobs and TZS 31 billion in income. Average capacity utilisation was below 50% and has now increased to 53% in part because of assured electricity. CTI reports that manufacturing business created 15,000 jobs in 2011/12 which would not have happened without more reliable power	H	B	B	35,000,000
CTI			Agreed: (2012) TANESCO publicly announced that it would renew five power sub-stations in Dar es Salaam to improve reliability.	Rehabilitated or renewed 26 sub-stations nationally (source: BRN note on energy)	M	C	C	
CTI			Agreed (2013): TANESCO has signed contracts with power generators to increase power generation. Power has been agreed to be a priority in BRN It has set an objective to raise the generation capacity from c. 1GW to 2.7GW by 2015	7 schemes prioritised and underway: will add generating capacity of 1.3GW (source: BRN note on energy)	H	C	C	175,826,564

CTI			Agreed: The Fire Department agreed to increase their July 2013 fees to industry by a maximum of 50% instead of their initially proposed figure of 2000%.	No research conducted. However, according to the Guardian dated 17 July 2013, fees had been set at 300,000. For small businesses they went up to 400k instead of 500k; for larger businesses they went up to 2m instead of 9m.	L	B	B
HAT	TALA Licence (Emergency Project)	3,500					
HAT	Proper Interpretation and Implementation of TALA law	45,675					
HAT	Business License for tourism	5000					
HAT	Implementation of TDL	5,000					
HAT	Dynamite fishing	10,000					
HAT			Delayed since 2011: HAT is contesting TANAPA's imposition of concession fees in court, which has delayed the increase in charges.	No impact yet, except in so far as the levy will raise the cost for hoteliers.	N	B	B
HAT micro project	Opposing introduction of 0.3% service fees by LGAs	5,000	HAT legal advice to the Minister of Natural resources and Tourism) in connection to the district levy demanded by local government to hotels and accommodations facilities in Tanzania. HAT believes that the mechanisms used to prohibit local government from collecting hotel levy may also be used to stop local governments from continuing to impose service levy until all stakeholders have been involved to discuss the matter and agree on the way forward.				
MAFAMA	Cotton Smallholder Public-Private Dialogue	60,000					
MCCN	Dynamite fishing	4,990					
OFA or UHAI	Review of Zanzibar National Land Policy	40,689					
RCT	Rice value chain		Review of rice value chain. Government of Tanzania (GoT), data shows that annual rice production doubled between 2001 and 2012 as a result of expanded cultivation areas rather than increased yields. Problems are described as the ad hoc duty-free flooding of the market with cheap Asian rice, and uncontrolled produce cess levied by local government.	This a pre project to identify the problem. No reform no dialogue took place. No impact yet			

Rulu	Amendment of Artists' music copyrights and neighbouring right act - Phase 3	50,495						
Rulu	Strategic partners workshop	5,000						
Rulu	Music copyright legislation	33,896	Agreed (2011): A copyright bill went through Cabinet but has been held up by a requirement for further consultation.	No impact yet.	N	B	B	
STGF	Enhancing smallholder Tea Growers	10,000						
SUGECO	Establishing necessary and sufficient special schemes to enable business start-up in Agriculture and Agribusiness sector in Tanzania.	59,609	Agreed: The Ministry of Youth & Labour has promised to support 200 new graduate farmers to access land and loan guarantees, and a committee has been formed to achieve this. The President's Office has contributed TZS 6 bn to a credit guarantee fund at CRDB.	No impact yet but expected to create 1,000 jobs. 2015: There are impacts, but they don't seem to be due to BEST-D funding.	N	A	B	2,867,436
SUGECO	Review of Sugarcane Framework	9,380						
SUGECO	Enhancing Sugar cane Regulatory Framework	82,709						
TACECA	Harmonisation of VAT on public works procedures	53,834						
TACECA	Institutional Support	25,668						
TACECA	Equipment Taxation system	19,553						
TACECA	Liberalised regime for construction industry	55,451	Agreed: The government has agreed to review the Policy and look for better ways to implement it. (Letter from Joseph Nyamhanga, Permanent Secretary Ministry of Works dated 30 May 2013).			a	a	
TACECA			The government agreed to change the margin of preference and threshold of tenders restricted to local contractors in the Public Procurement Regulations of the Public Procurement Act 2011.	No impact yet.	N	B	B	
TACO	Enactment of national consultants policy	59,224						
TACTO	Cultural Tourisms Policy	9,450						

TACTO	Cultural Tourism LGA Levies	42,746	Agreed: Local government authorities levy fees, when they can, on tourists passing through their area, which can make it expensive for cultural tourists. Eg, they explained that visitors to Lake Natron currently need to go through three LGAs each of which levy \$15 per person. As a result, the number of tourists is falling – and some operators are closing camps.	No impact yet. TACTO estimates that there are as many as 100,000 cultural tourists per annum and expects that they can double this if they can reduce the excessive LGA levies. Cultural tourists pay a village development levy of \$10 to the village that they are visiting – used to build schools and community facilities – so there could be an increase in income to small villages of \$1m/ year.	N	b	B	
TACTO	Regulating of Cultural Tourism Su-sector	62,200						
TAFF	National film policy	46,620						
TAFF	IP policy for copyright industry	24,145						
TAFF	Creative industries Policies	27,913						
TAHA	Horticulture Incentives	54,615						
TAHA	Institutional Support I	23,770						
TAHA	Institutional Support II	20,400						
TAHA	Institutional Support IV	11,900						
TAHA	Policy analyst	5,950						
TAHA	Enhancing horticulture in planning and implementation of DADPs	69,093						
TAHA			Agreed: phytosanitary certification	EU suddenly stopped import of fresh produce, especially flowers, due to non-compliant certification	H	A	A	157,857,143

TAHA			Agreed: review of fertiliser act, with short term solution of fast tracking approvals of fertiliser which have been tested and approved for use elsewhere	savings to industry: c \$30,000 per fertiliser x 79 fertilisers = \$2.4m, but potentially much bigger contribution from increased yields and/ or higher quality...Import, sale and use of pesticides are governed by the Plant Protection Act, 1997 and its regulations, while fertilisers are governed by the Fertilisers Act (2009) and its regulations. These two laws require that the pesticides, fertilisers and fertiliser supplements be registered before they are imported and utilised in the country. Slow processing reduces farmers' access to and use of modern inputs It costs only US \$ 2,000 to register pesticide in Kenya. Likewise, it costs only US \$ 3,000 to register a new fertiliser in Kenya. In Tanzania, the cost of registration of a new fertiliser is US \$ 30,000 and for pesticide the cost ranges from between US \$ 5,000 and US \$ 8,000. In Kenya therefore, there are over 15 companies manufacturing pesticides and fertilisers, while in Tanzania there is only one manufacturer of fertilisers (Minjingu – which is not for horticulture).	H	A	A	2,400,000
TAHA	Fast track registration of bio control agents	5,000	Agreed: The government has agreed to introduce a procedure to assess and approve biological control agents with which TAHA is helping and then to fast track the first few agents.	Biological control agents are an alternative to pesticides so avoiding potentially harmful residues on plants intended for human consumption	H	A	B	
TAHA			Delayed: The Meru District Council agreed to delay administering increased land rent fees while confusing guiding policies and regulations are clarified.	European buyers of fresh flowers have exacting standards of packaging which do not conform with GoT policy. Fresh flowers are worth \$80m/ year which was at risk.	M	B	C	
TAHA	Influencing for establishment of bonded warehouse system for horticultural industry	38, 857	Agreed and implemented: MAFC agreed to set aside funds for TAHA to establish collection centres and a fruit packing house in Dar. The funds will be disbursed to TAHA during the next government financial year (2012/2013).	Export of flowers were also at risk from the GoK phytosanitary standards.	M	A	C	
TAHA			Agreed: The government agreed to exempt plastic packaging used for packaging of export fresh flowers from the pre-shipment Verification of Conformity to Standards (PVoC) programme.	Abolition of the import levy saves farmers about \$200,000 pa.	M	A	C	1,000,000

TAHA			Agreed: In May 2011, GoK banned the import of cut flowers, supposedly to protect Kenya from pests and diseases. TAHA persuaded GoK to implement its own farm inspection regime in Tanzania which has resulted in the ban being lifted.	TAHA's policy position paper from February 2012 states that: the industry earns the country about US \$ 380 million; which is equivalent to 40% of the total export economy of the agricultural sector and about 9 per cent of the country's total export value. Growth of the industry is recorded at about 9% per cent per year, which is one of the fastest growing sectors of the economy.	a	b	167,200,000
TAHA			Agreed: Amendment of Finance/VAT Act to include special relief for horticultural farming and trade as follows: 45% VAT relief on agri-nets; 45% VAT relief on greenhouses for horticulture. VAT relief on spare parts for combined harvesters, planters, trailers, power tillers, tractors, sprayers, irrigation equipment, sprinkler, dripper, seal, pipe, pump, motor, engine, plough, cultivator, implements and harrows (Reference: Finance Act, 2012 Amendments)		a	b	
TAHA			Agreed: TRA waiver on import duty on boxes imported from Kenyan companies which were previously categorised as operating under Duty Remission Scheme..(Reference: <i>Bilateral meeting between the republic of Kenya and The United Republic of Tanzania: Session of the Ministers; 07 September, 2013</i>)		a	b	
TAHA			Agreed: Kenya had a levy of KES2/kg on all fruit and vegetables exported to or via Kenya (technically levy was KES4 but the buyers agreed to split it with the farmers, though usually this simply means that the price paid to farmers reduces). More than 80% of Tanzanian exports of fruit and vegetables go via JKIA: about 25 tonnes per day. TAHA's lobbying brought the GoT and GoK together and GoK agreed to abolish the levy.		a	b	1,514,006
TAMFI	Institutional Support - I	31,200					
TAMFI	Supporting Microfinance business environment	39,795					

TAMFI	Regulatory Environment for MFIs - I	56,840	Seems now to have agreed to introduce legislation to regulate the micro-finance sector	TAMFI argue that this could double the amount of capital available to MFIs, though a straw poll of one MFI suggests that this is very unlikely. Let us assume that it increases capital by 30%. TAMFI has 79 members but not all are MFIs; assume 50 are MFIs. Average portfolio is estimated to be less than \$1m but this is pulled up by the big ones, such as BRAC and FINCO, who do not need regulation to raise funds, so let's say real average is \$0.5m; so additional capital may amount to \$8m.	L	A	A
TAMPA	Cut down regulatory bodies and overlapping regulations	25,500					
TAMPA	Support for advocacy officer	13,000					
TAMPA	Multiple Regulations	96,371					
TAMPA	Institutional Support - Contract 2	18,000					
TAMPA	Public - Private Sector Radio Dialogue	43,350					
TAMPA	Institutional support (salary 7 months contract 3)	8,400					
TAMPA	Boresha Biashara Radio Program	81,950					
TAMPA	Institutional Support - 3	7,200					
TAMPA	Advocacy & Comms Officer; support for executive secretary	3,600					
TAMPA	VAT zero rating	86,955	Agreed and implemented: The Government announced a decision to waive VAT on milk and milk products (zero rating milk and milk products) by amending Section. 9(1) & (2) of the VAT Act, 1997. This was promised by Dr. William Mgimwa in parliament in the Finance Bill of 2012/2013. The Government ACT supplement No. 8, October 19th 2012 to the gazette of URT No.42, Vol 93 Finance Act, 2012 stipulates amendment by introducing in Item 18 of the First Schedule to the VAT Act, Cap. 148 which states; "18. The supply of locally produced milk and milk related products produced by local manufacturers using locally produced milk."	Waiving VAT has allowed dairies to keep prices the same when otherwise they would have had to raise them. It saved Tanga Fresh \$150,000 in six months. This is the first step in a series of steps intended to raise fresh milk collected through the formal system from 100,000 litres per day to 1m l/day. If the dairies achieve this it will be worth TZS 95 bn per annum in tax revenue.	M	A	A

TANEXA	Improvement to credit guarantee schemes	26,400					
TANEXA	Institutional support	18,000					
TANEXA	Removal of official permits on exports to East Africa regional markets	49,350					
TANEXA	Institutional support	19,000					
TANEXA	Study visit to border crossing to Uganda at Bukoba	2,297					
TANEXA			Agreed: The Government has reduced the roadblocks to Rwanda from 54 to 15. (I think actually 15 to 3)			L	C c
TAOA			Agreed and implementation: All Committees formed by TCAA, TAA and TMA have private sector participation. The policy was rescinded following TAOA's intervention.				a c
TASHITA	Implementation of Ship Tally Business and Shipping Agency Act 2002	24,090					
TATO	Tourism safety & security	88,950	Agreed and implemented: The Ministry of Home Affairs through the IGP's Office established a Diplomatic and Tourism Police Unit in the Tanzania police force. The unit has recruited 300 staff and TATO has been asked to help write the training manual.	The World Economic Forum's Travel & Tourism Competitiveness Report gives Tanzania a very low ranking for safety and security (120th) and the 2013 Tourism Competitiveness Report described safety and security as "a main issue of concern."		L	B A
TAWOMA	Review of mining regulations	31,035					
TAWOMA	Legalisation of artisanal mining	4,700					
TAWOMA			Agreed: The government has increased the budget from TZS 2.5 billion (\$1.54 million) in 2011/12 to TZS 8.9 billion (\$5.50 million) in 2012/13 to support small scale miners			L	B B 5,500,000
TAWOMA	Review of Mining Act and Regulat	50,512	Agreed: The government has created a clear legal framework and regulator mechanism to support and facilitate sustainability of ASM which includes establishment of Small Scale Section under the organisation structure of the Ministry of Energy and Minerals (MEM)			L	B B

TAWOMA			Agreed: Establishment of a loan scheme under MEM to issue soft loans to small scale miners		L	B	B
TCCIA Arusha	EAC Market Protocol	169,262					
TCCIA HQ	Rationalised and standardised District Council Levies regime	143,966					
TCCIA HQ	SMS non-tariff barriers reporting & elimination	2,243					
TCCIA HQ	Re-introduction of business licence fees	5,000					
TCCIA Iringa	Enforcement of Weights & Measures Act	71,654					
TCCIA Kili	Fire and Rescue force Act	10,000	The pre project assessment analysed the challenges of complying with the Fire and Rescue Force Act No. 14 of 2007 and the Fire and Rescue Force (Safety Inspections and Certificates) Amendment Regulations of 2012. It commented that the changes were made without consultation; that the requirements for businesses to designate a fire protection manager duplicated the work of the Fire Force, which already provides training; that the arrangements for annual fire inspections seemed burdensome and expensive. The research recommended further research, and (positively) collaboration with CTI.				
TCCIA Morogoro	Assessing challenges in operating EFDs	71,395	Agreed and implemented: The government made some practical changes to the use of EFDs e.g. connectivity and equipment, as recommended in the research report.		N	B	B
TCCIA Morogoro	Identify and analyse constraints on public-private collaboration	5,000	Agreed: TCCIA negotiated a solution to a crisis of weak management of a local market and future problems were averted through making an MOU between TCCIA and the local government.	The market was closed for a week during the crisis. The MOU gives a precedent for future regions.	N	A	A
TCCIA Mufindi	Accurate Measure for selling Timber	75,053					
TCCIA Mufindi	Forest permits	9,700					
TCT	Institutional Support (incl. support for HAT)	60,290					
TCT	Destination marketing	118,100					

TCT	Socio-Economic Impact Project	10,000						
TCT	Revision of proposed Marine Park & Reservations Authority Act 2012	5,000						
TCT	Input for Tourism policy	20,000						
TCT	Over-arching review for submission to TNBC	5,000						
TCT	Policy advocacy officer. communication officer	12,000						
TCT			Agreed: tourism development levy	Levy now being applied at rate of \$1.50 per bed night in registered tourist hotels. Will generate c.\$10m to support tourism. However, rate is half of the figure that the government had in mind, so saving to business is \$10m also.	H	a	a	16,182,479
TCT			Agreed: Working with TNBC on proposal for overarching tourism development policy		H	a	c	
TCT			Agreed and implemented (2010): The government delayed increases in hunting fees.	The tourism industry would have lost trade but also reputation. In 2011 TCT said that, on average, a Tanzanian hotel spends 1,042 hours per year (nearly six months) on regulatory procedures, and on average a tour operator spends 745 hours per year (more than 4 months).	M	B	A	
TCT			Agreed and implemented (2011): Ngorongoro Conservation Area Authority amended the systems for a new payment system for park fees to incorporate private sector comments.	Business costs would have risen by 18%.	M	B	B	
TCT	Marketing of Tanzania	175,000	Agreed and implemented (2012): The Tourism Board and TCT jointly commissioned a marketing strategy for the tourism sector, which has been officially adopted.		V	B	A	815,279,571
TCT			Agreed and implemented: The government agreed to withdraw proposals to impose VAT on tourism services.		M	B	B	183,395,331
TEOSA	Potential of Edible Oilseeds	59,587						
TEOSA	Official launch of research report on edible oilseeds	4,725						
TEOSA	competitive edible oilseeds business	50,555						

TGFA	Review of Warehouse Standards Regulation	58,179
TMN	Review of music industry in Tanzania	10,000
TMN	Royalties Ownership	49,665
TNBC (RUDI)	Development of 6 DPPs at district level as a pilot - Phase 1	169,856
TNBC (RUDI)	Support to DBCs: designing & implementating PPD in 16 districts - Phase 2	163,982
TPSF	Road map (formerly development of dialogue project on delays)	103,560
TPSF	Follow up of TNBC Policy Action Matrix to create conducive business environment	60,300
TPSF	Partial Institutional Support 2010	42,000
TPSF	Institutional support	42,000
TPSF	Build membership base for an improved PS capacity in advocating for cross-cutting and sectoral issues	232,300
TPSF	Partial institutional support	28,800
TPSF	Forum on energy, mining & infrastructure	5,000
TPSF	Institutional Support	28,800
TPSF	Influence Implementation of Roadmap (formerly membership building)	131,300
TPSF	Participation in Presidential trade delegation to the Netherlands	3,950
TPSF	Institutional support (2013S2)	12,000
TPSF	Roadmap BRN alignment with IMED	80,000

TPSF	institutional support	12,000				
TPSF	Policy analyst	6,000				
TPSF			Agreed: persuaded government to hold BEE lab as part of BRN		V	a c
TPSF			Agreed: The government changed its proposed increase in excise duty from 45% to 10%.	An increase of 50% in the previous year led to the three breweries cutting production from four shifts to three. A further large increase would have seen the closure of a brewery and the loss of 850 jobs.	L	A B
TPSF			Agreed: Alternative minimum tax time period (0.03% tax levied on the turnover of a business declaring no profit) was changed from 3 years to 5.		L	A B
TPSF			Agreed: The government has agreed to amend the Draft PPP Implementation Strategy and Operational Guidelines so that they are consistent and ensure greater benefit to local businesses.		L	A B
TPSF			Agreed: TPSF has facilitated private sector involvement in drafting a new National Private Sector Development Policy.		L	A B
TPSF			Agreed: The OECD investment policy review documents for Tanzania were amended to allow for private sector consultation.	The current version of the policy makes a commitment to "harmonise and reduce levies at all levels." This could set the scene for other PSO projects.	M	A B
TPSF			Agreed: The number of roadblocks on the Dar es Salaam-Rusuma road was reduced from 30 to 15.		L	A B
VIBINDO	Machinga complex (emergency fund)	3,984				
VIBINDO	Business Licence Fees	69,525				
VIBINDO	Media awareness campaign on BARA (Emergency Project)	3,840				
VIBINDO	Reform of Business Activities Registration Act (BARA)	4,893	Delayed: The government BARA 2007 has not been implemented. The primary objective of VIBINDO Society is to advocate for the government not to implement the Act unless it is amended.	No impact yet.	N	B B

VIBINDO	Business Names Registration fees increase	4,600	Agreed: The government accepted the arguments that the registration fee should increase by no more than 100% rather than by BRELA's proposal of more than 1000%.	No impact yet.	N	B	B
ZACPO	Implementation of Zanzibar's clove development strategy	79,100	adoption of proposed changes to clove marketing board				
ZATI	Destination Marketing Strategy Zanzibar	152,100					
ZATI	Institutional Support	23,000					
ZATI	Judiciary Reforms in the Tourism sector	40,392					
ZATI	Institutional Support II	9,900					
ZATI	Judiciary review	30,000					
ZATI	Advocacy officer	4,950					
ZATI			Project to examine and analyse the impact of taxation on tourism sector's performance and deliver a proposal for tax rationalisation. ZATA claims that in 2013, it made a successful appeal against the Ministry of Labour's proposals to increase to work permit fees from \$150 to \$2,000, following stakeholder meetings and submission of a position paper to the Minister of Labour. In 2012, ZATI launched the Responsible Tourism Tanzania initiative into Zanzibar, with assistance from the British High Commission: so it has other funders				
ZEXA	Seaweed exporters challenges	9,215	We have the seaweed study. Seaweed is the second largest agricultural export for Zanzibar after cloves and employs more than 30,0000 people, the majority of whom are women. The problems identified were: VAT registered companies also pay stamp duty; operational costs incurred by seaweeds exporters are not regarded by TRA as allowable expenses in the income tax calculations.				

ZEXA			Analysis of the barriers to seaweed exportation. Report produced which proposed: harmonisation of tax policies, improvement of consultative mechanism between private sector and public sectors, establishment of Zanzibar seaweeds development policy (ZSDP). In July 2015, Afro Sea Foods announced the construction of two seaweed processing plants, at a cost of US\$ 2.5m.			
ZNCCIA	Tax reforms	90,000				
ZNCCIA	Temporary institutional support	41,650				
ZNCCIA	Temporary institutional support	61,335				
ZNCCIA	Institutional support	461,718				
ZNCCIA	PPD on power tariff	5,000				
ZNCCIA	Institutional Support	118,600				
ZNCCIA	Business Investment Incentives	58,300				
ZNCCIA	Institutional support	90,000				
ZNCCIA	institutional support	90,000				
ZNCCIA	Institutional support	45,000				
ZNCCIA			Agreed: After a meeting with ZNCCIA the Zanzibar Maritime Authority (ZMA) agreed to change the maritime levy from 0.6 to 0.3 per metric tonne of bulk cargo.	No information given.	L	B B

Appendix 4: Econometric analysis: regressions

Variables	Labels	Fixed effect models				Random effect		
		sales_income	tot_expend	jobs_ft	jobs_pt	invest_amount	invest	Insig2u
2.year	year = 2, 2011	2.921e+08**	2.823e+08**	-2.083	-2.186	-2.900e+07	-0.416***	
		(1.196e+08)	(1.107e+08)	(8.245)	(16.504)	(19329344.155)	(0.120)	
3.year	year = 3, 2012	1.617e+08	1.415e+08	1.638	-30.459	-5.300e+07*	-0.295**	
		(1.546e+08)	(1.436e+08)	(9.683)	(21.755)	(28239904.208)	(0.132)	
4.year	year = 4, 2013	1.571e+08	1.477e+08	1.116	-39.233*	-8.220e+07**	-1.075***	
		(1.443e+08)	(1.339e+08)	(9.788)	(22.169)	(38087292.595)	(0.151)	
5.year	year = 5, 2014	1.701e+08	1.562e+08	-0.496	-28.511	-6.122e+07	-2.245***	
		(1.530e+08)	(1.419e+08)	(10.966)	(22.450)	(73336563.704)	(0.208)	
6.year	year = 6, 2015	1.686e+08	1.463e+08	6.028	-14.004	-1.855e+08**	-1.399***	
		(1.532e+08)	(1.420e+08)	(10.851)	(23.341)	(77006762.300)	(0.183)	
1.Sector	Sector = 1, Agriculture		-6.954e+08	-220.860*	-984.472***	-5.086e+07	-1.587***	
			(1.644e+09)	(122.960)	(313.349)	(9.918e+08)	(0.281)	
2.Sector	Sector = 2, Dairy	3.589e+08		-53.088	-436.384**	7003125.040	-1.066***	
		(1.613e+09)		(86.367)	(177.125)	(9.528e+08)	(0.298)	
3.Sector	Sector = 3, Food processing	4.788e+08	78076769.526	-53.532	-404.135**	-2.294e+07	-1.011***	
		(1.604e+09)	(2.245e+08)	(84.851)	(173.181)	(9.537e+08)	(0.290)	
4.Sector	Sector = 4, Horticulture	6.968e+08	96245912.071	-159.474	-994.979***	-5.505e+07	-0.070	
		(9.654e+08)	(1.381e+09)	(106.536)	(219.721)	(9.486e+08)	(0.298)	
5.Sector	Sector = 5, Manufacturing			-38.967	135.724	3.486e+08	-0.366	
				(66.973)	(151.003)	(9.036e+08)	(0.280)	
6.Sector	Sector = 6, Plastics	6.205e+08		-374.257***	-1,130.289***	1.666e+08	-0.092	
		(1.776e+09)		(103.599)	(219.798)	(2.010e+09)	(0.562)	
7.Sector	Sector = 7, Services	1.189e+08	-2.505e+08	-49.555	-340.674**	3.191e+08	-1.087***	
		(5.271e+08)	(1.412e+09)	(81.379)	(165.191)	(8.988e+08)	(0.271)	
8.Sector	Sector = 8, Textiles	-1.752e+08	-1.409e+08	30.004	-113.685	18385251.899	-0.410	
		(1.244e+09)	(1.154e+09)	(71.236)	(162.775)	(1.060e+09)	(0.281)	
9.Sector	Sector = 9, Tourism		-4.178e+08	-35.405	-346.926*	3.236e+08	-1.191***	
			(1.497e+09)	(86.629)	(180.875)	(8.948e+08)	(0.272)	
CTIpolicy2010	Port decongestion cttee; transit delays decreased	-5.516e+08	-5.454e+08	141.554***	-890.471***	-1.941e+07	0.529***	
		(6.600e+08)	(6.793e+08)	(19.272)	(66.383)	(97099403.832)	(0.193)	

CTIpolicy2012	Min wage decreased	39391934.550	-1921949.720	14.214	-10.037	2.973e+08**	-1.061***	
		(4.248e+08)	(3.950e+08)	(16.120)	(36.728)	(1.500e+08)	(0.304)	
CTIpolicy2013	Contracts signed to increase power generation	-3.431e+08	-2.051e+08	43.532***	0.562	-2.569e+08	1.270***	
		(9.949e+08)	(9.215e+08)	(15.714)	(38.611)	(2.114e+08)	(0.307)	
TAHApolicy2011	Ban on cut roses	65646797.879	39505007.408	-4.697	9.589	59285641.538	-0.324	
		(2.658e+08)	(2.464e+08)	(16.465)	(35.174)	(37718956.546)	(0.266)	
TAHApolicy2012	Relief on agrinets and greenhouses; funds for greenhouse bldg.	-1.042e+08	-6.763e+07	16.983	7.894	39471957.730	-0.653**	
		(2.652e+08)	(2.457e+08)	(15.990)	(37.539)	(75608323.582)	(0.300)	
TAMPApolicy2012	Zero VAT for milk and milk products	-2.116e+08	-1.645e+08	0.922	-0.683	1.009e+08	0.296	
		(2.349e+08)	(2.176e+08)	(15.362)	(41.320)	(70421684.314)	(0.249)	
TANEXApolicy2013	Road blocks to Rwanda decreased	-1.018e+08	-8.743e+07	-4.015	-13.458	-6.802e+07	0.873***	
		(3.279e+08)	(3.118e+08)	(13.553)	(33.164)	(1.066e+08)	(0.231)	
TATOpolicy2013	New tourism police force	-3.973e+07	-2.321e+07	-9.795	-20.371	1.304e+08	0.488*	
		(3.108e+08)	(2.893e+08)	(12.361)	(32.735)	(1.439e+08)	(0.268)	
TCTpolicy2010	Increase in hunting fees delayed	-2.213e+08	-2.573e+08	2.757	1.188	56192182.442	1.686***	
		(4.259e+08)	(4.086e+08)	(21.457)	(49.106)	(96141960.182)	(0.270)	
TCTpolicy2011	New system for payment of park fees	1.739e+08	1.657e+08	-7.758	29.721	42001801.371	-0.240	
		(3.266e+08)	(3.157e+08)	(18.409)	(39.077)	(46753925.343)	(0.349)	
TCTpolicy2012	New marketing strategy for tourism	2723223.300	-2.053e+07	-2.566	0.699	69247950.721	-0.648**	
		(2.983e+08)	(2.842e+08)	(15.683)	(38.809)	(76013012.387)	(0.301)	
Constant	Constant	-1.209e+08	3.141e+08	140.621*	660.445***	1.129e+08	0.986***	-1.337***
		(4.299e+08)	(7.430e+08)	(74.360)	(157.058)	(8.594e+08)	(0.264)	(0.249)
Observations		1,203	1,196	2,035	1,463	419	2,164	2,164
R-squared		0.010	0.010	0.104	0.183			
Number of urn		336	336	436	417	245	438	438

Qualifications

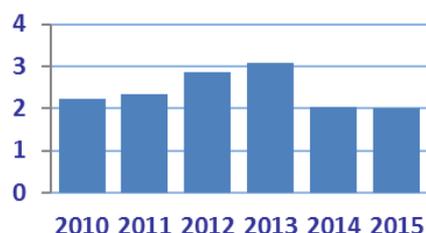
The results are limited by a number of factors:

- There is limited data on the firms and sectors themselves, so that fully structural models are not feasible.
- The data on the policy changes is also (partly because of the nature of the changes and partly because of lack of information) limited.
- A longer time period will pick up longer term effects.
- Note in particular that our results indicate greatest impact on investment probability and this is likely to have longer term impacts on both output and employment. This also implies that we are not able to understand the 'net' effects. For instance, if a policy causes a decrease in investment and an increase in employment as the CTI policy has done, what is the net effect of this policy on wider macro development outcome? We are only picking up the effect on the businesses in these models. Of course, an impact on employment will help the broader community and an increase in investment might be expected to have an impact on future growth. However, we are not able to pick up the wider community effects in a more comprehensive way because of lack of time-series macro-economic data.

Appendix 5: Detailed results from the diagnostic assessment

As well as reporting on data from quarterly reports, we have analysed individual answers to the diagnostic assessment (for 27 PSOs who have been assessed on a regular basis). The results should be treated with a little caution but this does provide a useful way both to compare results across PSOs and over time. No diagnostic was undertaken for TPSF in 2014, but since it is one of the better performing PSOs, not having a result for TPSF skews both the upper quartile and, in some cases, the median, so TPSF's results for 2013 have been repeated at the same level for 2014. If anything, this will still underscore. Each of the following charts takes answers from a number of questions posed in the diagnostic assessment and converts them to a scale of 0 to 4, where zero would imply they had not even started, and a score of four would suggest that they had little more to learn. Each of the charts shows the upper quartile, the median and the lower quartile – thus giving an indication of the spread across the sample. There seems to be a decline in 2014 in almost all indicators. It is not clear why this should be the case, but may reflect less activity as a result of BEST-AC's interregnum.

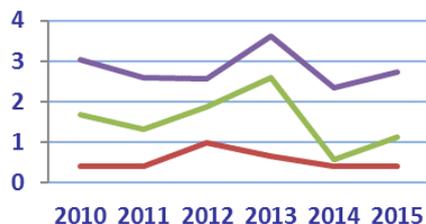
Figure 65: Governance



Source: BEST-AC diagnostics

All organisations scored moderately well on governance and accountability until some deterioration during 2014.

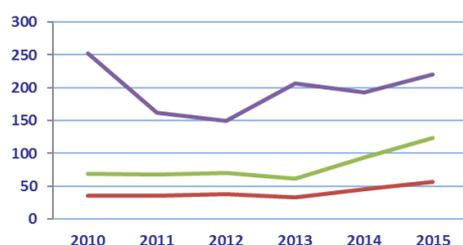
Figure 66: Membership



Source: BEST-AC diagnostics

The diagnostic asks about numbers of members, the level of subscription, the percentage of members who actually pay their subscription and whether membership is increasing or decreasing. The answers have been combined to give a score representing membership commitment. Most are weak. The position deteriorated in 2014 but for most (upper quartile and median) seems to be recovering again in 2015

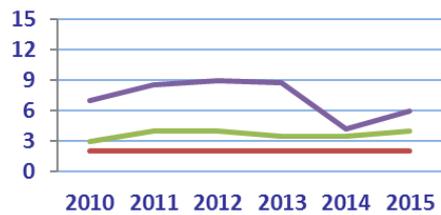
Figure 67: Members



Source: BEST-AC diagnostics

This is reflected in the number of members, with all PSOs seeing some increase over the last couple of years. It should be noted however that absolute numbers of members are very low.

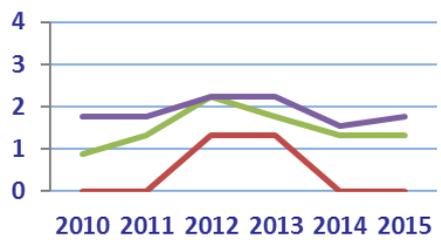
Figure 68: Staff



Source: BEST-AC diagnostics

We use staff numbers as a proxy for resources – on the basis that the higher the level of resource, the greater the number of staff who will be employed. The median is low, implying that most PSOs are weak on staff resources though most PSOs have been able to maintain their staff numbers.

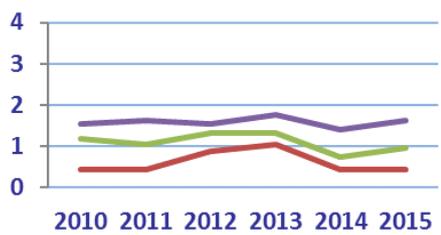
Figure 69: Services



Source: BEST-AC diagnostics

One way for PSOs and CSOs to become sustainable is to offer services, either free or cheaply to members (who have paid their subscriptions) or at commercial levels to others. Services might include, for example, a newsletter or website, but might also include training, or providing loans or insurance, or organising trade fairs and missions. Apex associations need to take care, however, not to compete with their members and instead focus specifically on providing services to their members. All PSOs appear to be deteriorating.

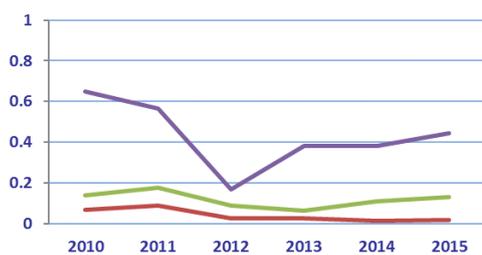
Figure 70: Revenue



Source: BEST-AC diagnostics

The questions for revenue explore not only the level of income, but also whether income is increasing or falling, the level of surplus etc. All the organisations are dependent, in some cases heavily dependent, on donor money and are not therefore sustainable in the medium to long term. The upper quartile and the median have shown a modest improvement in 2015.

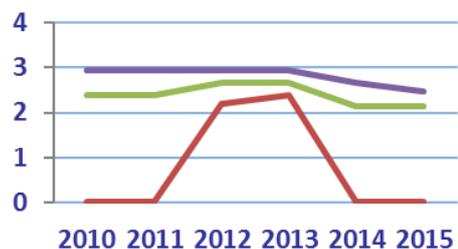
Figure 71: Subscriptions as percentage of income



Source: BEST-AC diagnostics

This becomes clearer when we look at the contribution made by subscription income to overall income. Note that this chart is on a scale of 0 to 100 per cent. The better performers, following deterioration in 2011 and 2012 had recovered in 2013, but have now levelled at 40 per cent. This may be due to some volatility of other income which can be quite high. The median and lower quartile, however, is close to zero (and this includes some well-funded PSOs such as TAHA) who largely do not have to rely on subscriptions. Overall, therefore, we can conclude that most PSOs are unsustainable.

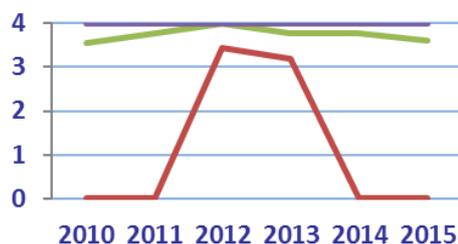
Figure 72: Communication with members



Source: BEST-AC diagnostics

Organisations appear generally to be good at communicating with their members, though the diagnostic tool does not assess the quality of the communications or how effective PSOs are at ensuring that members’ views are taken into account when setting priorities. The worse performers have deteriorated.

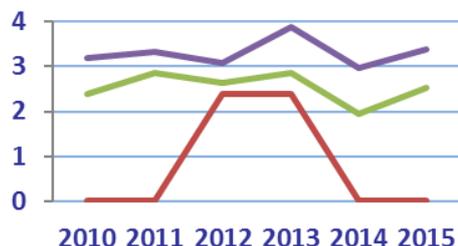
Figure 73: Relationship with MDAs



Source: BEST-AC diagnostics

Most organisations appear to have a good relationship with the public sector. However, it is quite possible to have good relationships with some public sector organisations and limited or no relationships with others – which would still give a high score but might limit the organisation’s ability to influence policy. That is why the diagnostic aims to report on both breadth and depth of relationship. Again, it seems that the worst performers have deteriorated.

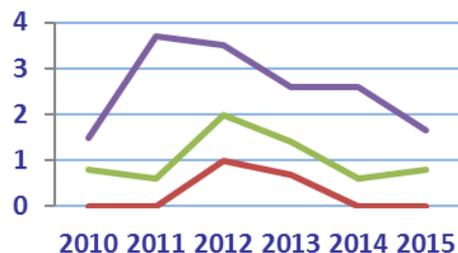
Figure 74: Relationship with other PSOs or CSOs



Source: BEST-AC diagnostics

It would seem that more effort is required by most organisations to develop closer collaboration with other PSOs or CSOs. Working in coalitions and alliances can ensure that disagreements are hammered out in advance of advocating change in policy and a consequent higher chance of persuading the government to change the policy, partly because there is less scope for ‘divide and rule’ by the government and partly because it signals to government that there is a bigger constituency arguing for change.

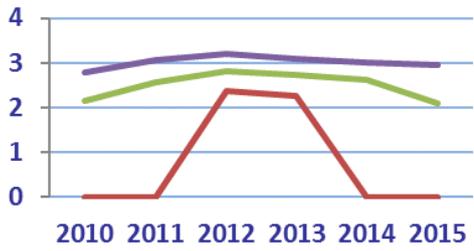
Figure 75: Approach to research



Source: BEST-AC diagnostics

The diagnostic’s questions on research look at whether PSOs and CSOs are doing the ‘right things’, such as consulting with members and using multiple sources, rather than at the quality of research that has been undertaken. Even with that caveat, it seems that most organisations do not score well on research and most appear to be deteriorating.

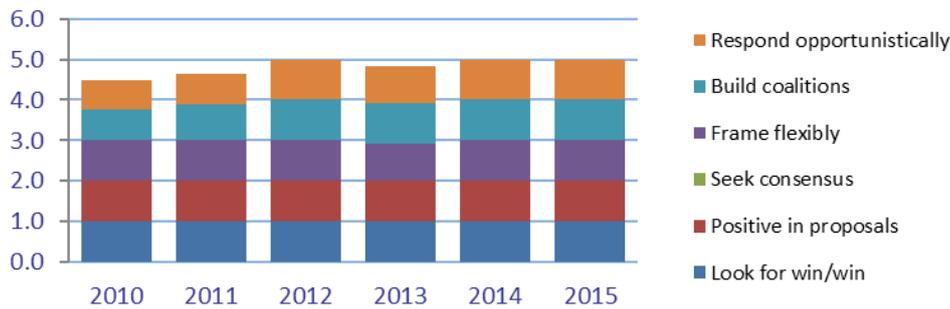
Figure 76: Approach to advocacy



Source: BEST-AC diagnostics

The questions on advocacy explore whether respondents are doing the 'right things' rather than looking at the quality of the advocacy, or the approach to influencing, or negotiating ability. Most organisations score well on this and, indeed, there have been positive results. Based on other observations, however, we suspect that this is a further area where PSOs would benefit from further support.

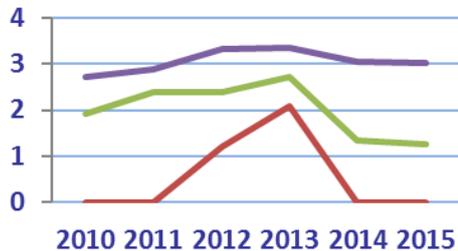
Figure 77: Use of influencing styles



Source: BEST-AC diagnostics

Most organisations are using a range of influencing styles, which is positive.

Figure 78: Credibility



Source: BEST-AC diagnostics

If organisations are not perceived to be credible, then they will struggle to persuade government to change policy. The diagnostic does not ask questions on credibility directly, but we have inferred a score from questions on who has supported the views of the association in its lobbying and from its level of success (ranging from changing the way that officials see an issue through to a change in policy or even a change in legislation). Up till 2013, most organisations were perceived to be credible, but it seems that there has been deterioration all round.

Appendix 6: PSO research and policy position papers

A6.1 Introduction

BEST-AC had a target to improve the quality of research papers and policy position papers prepared by PSOs. As noted earlier, it was anticipated that BEST-AC would cease at the end of June 2013. Following two extensions, it continued until June 2014. A new programme, BEST-Dialogue was launched in July 2015. As shown in Figure 19, during the period from July 2014 to June 2015, PSOs reported, through their quarterly reports, that they had published 4 research papers and 9 policy position papers. However, only three research reports were submitted and this review is therefore based on those papers.

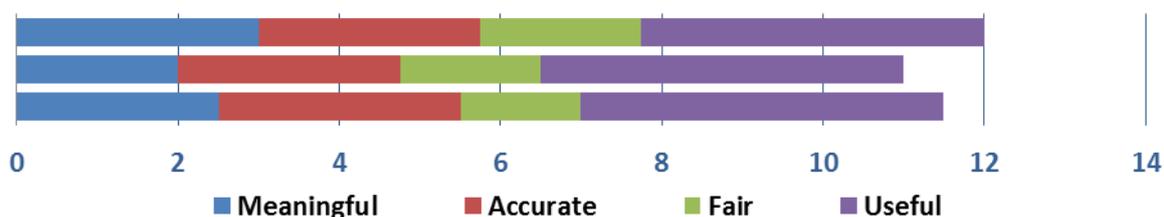
A6.2 Methodology

During the Implementation Support Review, Annabel Jackson and David Irwin developed a 14-question assessment matrix that maps on to the American Evaluation Association’s four key dimensions of meaningfulness, accuracy, fairness and usefulness (with three additional unscored questions). From the 2011 assessment onwards, scores for each question have been a multiple of 0.25, with a maximum score of 14. There is always a danger of bias since inevitably assessments are subjective. However, in an effort to minimise such bias, all the research report reviews have been undertaken by David Irwin.

A6.3 Research in 2014/15

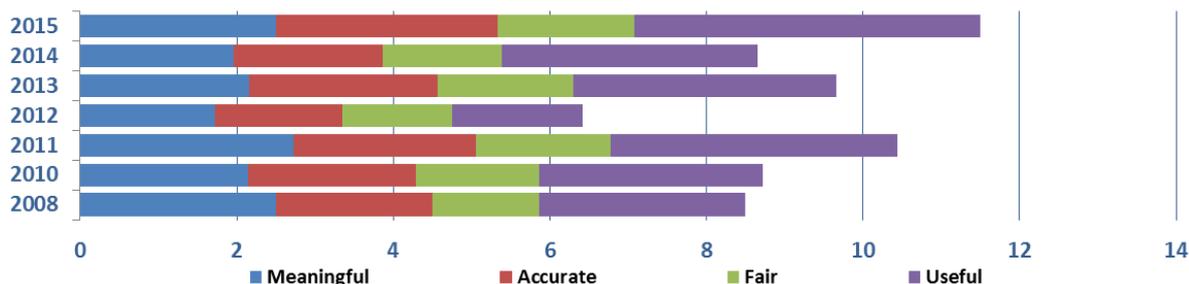
The quality of research has improved considerably during 2014/5, though a sample of three is too small to draw any strong conclusions. The results are shown in Figure 79. Two of the three reports are described as a situational analysis. One, on fire and rescue, explains that the issue is that fees for fire inspections were raised by almost 3,000 per cent; there seems to be a much bigger question, which is not even asked let alone answered, about the need for annual fire inspections, or whether they could be done less frequently, or even whether they could simply be done at random. Another report looks at the fees charged by the port of Dar, which are levied on an ad valorem basis and effectively argues that they should be levied, as most other ports do, either on the basis of weight or volume. The research is actually very good as far as it goes, but rather begs questions about whether speeding up throughput would result in more volume through the port and thus more goods on which to charge fees with the opportunity then to reduce the level of fees.

Figure 79: Research reports assessment 2014/15



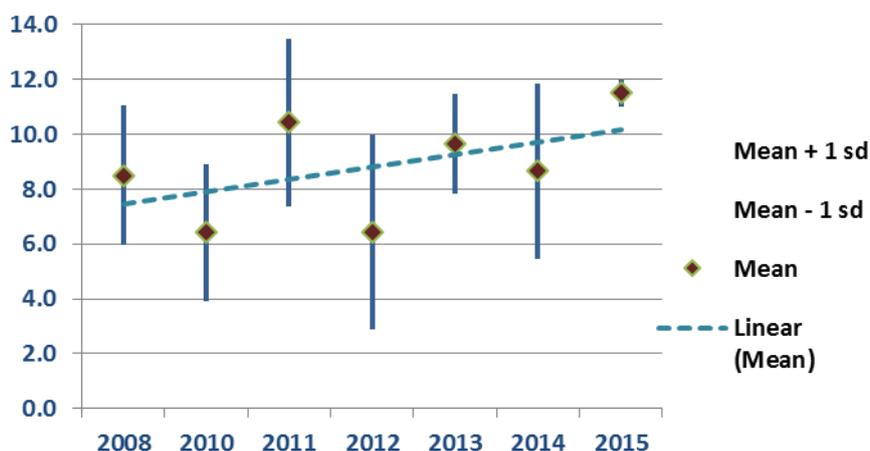
Whilst the sample size is small, the results for 2014/15 are the best yet, as can be seen from Figure 80.

Figure 80: Quality of research reports: comparison



Until 2014/15, the spread was high with a standard deviation of 3.4 (see Figure 81). The spread reached its maximum in 2012 and then improved dramatically in 2013 but has now widened almost to the spread of 2012. This is almost certainly due to differences in researchers and we would encourage BEST Dialogue to be more discerning in the researchers used by PSOs. In 2014/15, the standard deviation has fallen to just 0.5: in other words, there is much less variation in quality. The trend line confirms that quality has improved over the period that BEST-AC has provided support. However, there is room for improvement.

Figure 81: Trend in quality of research reports



Whilst some research reports offer a comprehensive view of an issue and make appropriate recommendations, too many reports fail to articulate clearly the issue or to offer precise, persuasive and succinct recommendations.

Reports tend to provide unnecessary detail, to be repetitive, to use statistics rarely and poorly, to offer conclusions not rooted in the evidence and without any argumentation to support the recommendations. They do not include costs to government or benefits both to business and to government even though this would lead to significantly stronger justification. It seems also that some reports still take a long time from commissioning to publication. In short, reports could be more compelling and we would encourage BEST-D to focus on improving the quality of research reports.

A6.4 Policy position papers

We have previously commented on policy position papers. In an effort to encourage PSOs to publish and utilise policy position papers, BEST-AC has encouraged the use of ‘fact sheets’. These tend to provide a cursory description of an issue and fail to justify the policy position adopted by the PSO. They also tend to have a prominent BEST-AC logo. As with the research papers, recommendations tend not to be sufficiently precise and so are more likely to be ignored by policy makers.

We have reviewed policy papers published during the last 12 months. They are both two pages long and apparently took more than six months to write. They are not dated. Policy briefs include the BEST-D logo, which could be seen as undermining their independence.

One brief, by CTI, on agri-processing starts with a very good background summary. It has a section on 'facts' which is broadly good, though states that '30% of the total ratio of costs of compliance goes on taxes' which is meaningless: presumably it means that 30 per cent of the total costs of compliance goes on taxes. If this is the case, that implies that 70 per cent of the costs of compliance are incurred in paperwork, bureaucracy and corrupt payments. The obvious conclusion is that cutting this element of cost would save business a large sum of money and still allow them to pay the tax. This conclusion is reflected in the 2015 Business Leaders' Perception survey. Curiously there are two sections of recommendations. Some recommendations are precise but most are too vague: harmonise inspections or encourage self-regulation for example. Whilst the paper is commendably succinct, it fails to do enough to make the case for reform. This would make a good aide memoire for a policy maker who is already committed but is unlikely to swing people. Almost certainly, it would benefit from being a little longer, and making a stronger case. It should give a link to more detailed research so that interested parties can access much more detailed evidence.

The second policy brief is by TCCIA and addresses the need for standard measurement units for timber in three districts. The objective seems to be to assist dealers to 'get more value' from the timber that they sell. We interpret this to mean that they can sell at a higher price. This begs a question, which is not answered in the policy brief, about whether timber merchants are currently obliged to sell by the 'piece' or whether they can price timber as they see fit. This feels like a marketing problem or awareness problem dressed up as advocacy. The issue is not clearly framed: the symptoms are described but not the root cause. And so the paper also fails to make a case for a suitable solution.

Follow up research for PSOs is sometimes titled 'policy position paper', however, there are few examples of policy position papers in content rather than name. The results, and interviews with researchers for the 2013 Project Completion Review, suggest some uncertainty about the structure and content of policy position papers.

- Policy position papers should be brief. They should be four to six pages long, not thirty or a hundred.
- Policy position papers are not the place to fill in gaps in the research. If research reports were stronger in analysing advocacy problems and their impact, and comparing possible solutions, then researchers would be better placed to pick out key points in policy position papers.
- Policy position papers should be written from the perspective of the target audience.
- Policy position papers should be action based. They should clearly tell the target audience what they should do and make a compelling case for why.
- Policy position papers should be well written. Every word should be carefully chosen to be clear and persuasive.

Policy position papers have a specific purpose - to leave behind after a meeting with policy makers, to remind them of key arguments, and help them make the case to their colleagues - which does not have an equivalent in academic research.

Appendix 7: Benchmarking

A7.1 Trade in Mozambique

Associação Comercial da Beira (ACB), which represents businesses throughout the province of Sofala, is the oldest association in Mozambique, and possibly in Africa, having been founded in 1893. It has 600 members, including six associations, of which about 400 are active. In 2013, it signed an MoU with the Mozambique Revenue Authority (AT). In xx, AT announced a 100 per cent tariff deposits on all containers being trans-shipped across Mozambique to Zimbabwe, Malawi, Zambia and elsewhere, with the aim of reducing the number of goods “lost in transit” and remaining in Mozambique. More than 900 containers a day were shipped by road alone and many of the shippers would have been unable to find the money for the length of time required. ACB persuaded AT to exempt more than 100 products from this requirement; additionally the tariff guarantee deposit was reduced to 30 per cent. COST OF THIS?

A7.2 Mozambique’s ports and borders

Confederação das Associações Económicas de Moçambique (CTA), the confederation of business associations in Mozambique, decided in 2007 that it wanted to improve the efficiency of Mozambique’s Customs, whose apparent inefficiencies led to a typical dwell time in the ports of 21 days for imports and 23 days for exports. The shipping terminals allowed three days grace for containers to be stored free of charge after which demurrage charges apply. So businesses were typically having to pay three weeks’ charges as well as having working capital tied up in the goods that they were trading. CTA identified that one cause of the problem was the number of agencies carrying out checks on goods (exacerbated by the customs and the police force being amongst the most corrupt organisations in Mozambique). With financial support from the Commonwealth Secretariat, they commissioned a consultant to undertake an assessment. All the paperwork at this point was based on manual systems and the consultant proposed a move to an IT based system. The government was not convinced, so CTA took people from the government to look at the systems in place in Singapore (usually regarded as the best in the world for port clearance) and Ghana. They then took four years, on working groups with customs and others, to build a case and persuade government – at which point the government said it had no money so could not proceed. The World Bank was willing to help, but the government did not want the commitment. So CTA proposed that they create a public-private partnership, with a private company given a build, operate, transfer (BOT) concession. This was agreed: planning started in 2011 and implementation in April 2012. The system is not yet fully implemented, but considerable progress has been made. The partnership set up a training centre, with three training centres, which have trained 8,000 people. Some 56 border posts, all but a couple nationally, have been included within the system. All have a back-up generator. All are linked by fibre optic cable, backed up by VSat. All the players are linked through the IT system. Cargo owners can clear their goods in advance, which they would typically do two to three days before they are due to arrive in port. The goods then simply have to be verified when they arrive. The banks have been included in the system so they can be instructed electronically to pay duty and then to transfer it electronically to customs, cutting out a major opportunity for corrupt practice. The result has been that dwell time has been reduced to five days – though CTA is aiming to reduce it to less than one day. Simply closing loopholes has led to an increase in government revenue of 25 per cent and the expectation is that this could rise to 30 per cent. The ports system has been linked to the Bureau of Statistics, so now the government has access to up to the minute statistics on trade – rather than relying, as they did before, on figures that were probably guessed.

CTA aimed to take the government with them right from the beginning. They recognised that this initiative would only work if the government was wholly supportive. CTA used evidence to develop its arguments and used visits with policy makers to build their understanding and commitment. Some of the changes required legislative changes, but CTA aimed to ensure that these could be agreed by the Minister or the Council of Ministers rather than having to go to Parliament.

This case is a good illustration of how long it can take to secure a change in policy and then see it through to effective implementation. This particular project was attractive however in that no-one was arguing to reduce the duties paid to government – the savings to business, and the extra revenue to government, all come from making the process more efficient and less burdensome. In other words, it is a ‘technical’ and collaborative approach to making a difference to the environment rather than a ‘political’ and contested approach.

Appendix 8: Supporting advocacy as a model of aid

The advantages of working through PSOs in a business enabling programme are:

- PSOs can use a wider range of influencing tactics than would be possible from within government. For example, TCT, the tourism sector apex association, successfully fought a campaign in relation to development of a road through the Serengeti, used media and lobbying tactics.
- PSOs have practical knowledge that can help government agencies to implement policy. For example, TAHA, the Tanzania Horticulture Association, wrote a manual for phyto-sanitary inspection, regulation and certification for the Ministry of Agriculture;
- PSOs can take a broader, more holistic view of policy issues than government agencies. For example, in TATO, the Tanzania Association of Tour Operators, was encouraged by the Tourist Board to take the lead on advocating for a tourism division within the national police force because security lies outside its mandate;
- PSOs provide a bridge between government and the private sector.
- Building the capacity of PSOs can be expected to give longer term sustainability beyond the specific projects supported;
- Development of PSOs is itself part of developing a strong democracy; our case study PSOs actively sought to educate their members, to discourage individual approaches or pressure for special treatment, and to ensure that members had a common set of priorities and key messages;
- PSOs have a long term presence in the country and therefore are well-placed to track the advocacy through to implementation, although they have not always have the capacity to do so;
- Success in advocacy projects can raise the morale and status of the PSO and increase business confidence.

The weaknesses of working through business advocacy programmes are that:

- Work can be quite unstrategic. This is because: key economic sectors don't necessarily have strong PSOs; PSOs priorities don't necessarily match those of donors; and the overall pattern of issues addressed can be quite scattered, and not related to any strategic logic. Working with PSOs is, then, likely to leave gaps;
- PSOs can be quite partisan. Although PSOs work positively to educate and corral their members, they are also led by them. This can mean that their identification of problems or solutions is not designed to benefit the whole sector. There have been relatively few examples of anticompetitive projects funded by BEST-AC (the work in the construction industry being the main example). However, there have been examples of projects that clashed (for example, farmers advocating to increase import fees; and importers advocating to reduce them);
- PSOs tend to have weak skills and capacity. Advocacy programmes need to balance support for organisational development with funding for specific projects;
- Advocacy is by nature opportunistic, and negotiated, which means that objectives are usually difficult to fix in advance.

Overall, the advantages exceed the weaknesses. However, our conclusion is that business advocacy funds are most effective where they work closely with other donor initiatives.

Appendix 9: Evaluating advocacy and dialogue

A9.1 LIAs

The strengths of a longitudinal methodology are commonly described as:

- Ability to understand and track change. The assumption is that changes are more likely to fall within the scope of the evaluation; that attribution is enhanced by understanding the sequence and by implication the direction of change; that longitudinal approaches are better able to encompass the individual as well as the aggregate experience; and that understanding is enhanced by lower reliance on memory whereas retrospective studies can be influenced by the respondents' failure to recall events or the correct ordering of events or by respondents' post hoc rationalisation or reframing to reduce cognitive dissonance. The LIA found strong evidence of these strengths, which seemed to be enhanced by taking a Scientific Realist approach that seeks to identify specific mechanisms that underpin the achievement of outcomes: to focus on the active dynamic of motivation. In addition, the LIA gave insight into the cycle of change, including the effect of election cycles, and the way that achievements are reversed;
- Greater chance to observe rare or fleeting events. With BEST-AC there has been the additional benefit of understanding the up-and-down nature of progress, which gives a deeper insight into the advocacy process;
- Comparability in data sets. The BEST-AC LIA used methods carried out by the evaluators but also methods written by us but integrated into the operation of BEST-AC. The latter have changed over time, so losing some of the comparability that is assumed in longitudinal evaluation;
- Lower selection bias. The assumption is that success will be less evident at the stage case studies are chosen, so failures are more likely to be included in the evaluation than would be the case with a retrospective commission. We deliberately chose a couple of weaker PSOs as well as stronger ones. This helped to ensure that we had a realistic understanding of the rate of success. However, in practice the lessons to be learnt from the weaker PSOs have been relatively limited. More revealing have been the failures of strong PSOs, which perhaps suggests that, from a learning perspective, selection bias is less problematic than might be thought because even flagship programmes have problems.

Our observation is that the strengths of a longitudinal methodology are:

- The scope to build relationships with interviewees. Maintaining contact with interviewees increased trust and led to increasingly frank discussions. It seemed that interviewees gained more from reflecting on their experiences once a year with familiar evaluators than from explaining their work from scratch with new people. This included being better able to talk about the distance between expectations, plans and realities than might be possible either prospectively or retrospectively;
- Greater time period for reflection. The gaps between annual visits served not so much as down-time but as opportunities to revisit and reframe conclusions. This applied to both the evaluators and the respondents;
- The ability to commit interviewees to long term engagement in the work. Explaining the long term plan for the evaluation reduced the chance that repeat visits were seen as over-surveying;
- Greater ability to defend the continuation of data collection. The repeat visits kept the enquiry alive until the wrap-up report at the end.

The weaknesses of a longitudinal methodology are commonly described as:

- High cost. We would query this. If there is a commitment to carry out annual reviews, as is the case with BEST-AC, longitudinal evaluation probably costs less than a retrospective evaluation of the same depth because it is easier to compile data prospectively. Longitudinal evaluation probably costs less than repeated snapshot evaluations because time is saved in establishing data systems and exploring context each time;
- Attrition reducing comparability over time. Our evaluation has suffered little attrition: none of the case study PSOs has closed and only one has experienced major changes in leadership.

Our observation is that the weaknesses of a longitudinal methodology are:

- Lack of continuity in client relations. Longitudinal evaluations outside of an academic context are likely to span changes in the client body. Linked to this, there is a real risk that the issues of interest to the initial commissioner are of less relevance to the person who receives the final report;
- Possible distortion from identifying specific examples to be included as longitudinal case studies. Although this has not happened with BEST-AC, it is possible that selected case studies could have higher success rates with funding after they have been selected. A lesser bias, which might have happened in some cases in our LIA, is for cases to feel additional motivation to perform from being under the spotlight (Hawthorne effect).

Our conclusion is that a longitudinal approach is strongly advantageous for impact evaluation because of the more sophisticated understanding of impacts, setbacks and mechanisms that can be achieved over time. The impression is that cross-sectional evaluations might be over-estimating impact if they count near achievements as achievements, and if they make no allowance for later reversals. Longitudinal evaluations are also better than cross-sectional approaches at embedding evaluation and so building evaluative capacity. These are strengths in terms of validity and meaning making.

Some of the benefits of longitudinal evaluation might be obtained by having annual evaluations carried out by the same team and within the context of a systematic process of data gathering established from the beginning of the programme. Allowing the brief to flex to capture topical issues each year would address longitudinal evaluation's potential weaknesses in terms of usefulness.

A9.2 Lessons in evaluating advocacy

The evaluation suggested the following lessons, some specific to evaluating business advocacy programmes, and some generic good practice in evaluation:

- Evaluation should include analysis of the mechanisms whereby programmes achieve outcomes. Detailed analysis of tactics used by PSOs demonstrates the skills involved in advocacy, and therefore the progress in capacity building. Without skilled engagement with the process in this way the evaluator risks underestimating the achievements of the programme, since advocacy naturally has periods without concrete achievements such as legislative or policy change;
- Evaluation should consider the full range of impacts, positive and negative. Impact can include prevention, for example, stopping or delaying the introduction of legislation that may be harmful to business;
- Evaluation systems should be integrated into the operation of the programme. For example, the database is used for financial management and reporting. The diagnostic tools have been administered since the early years of the programme as part of a business review process. This use increases the accuracy of the data;
- Evaluation should triangulate findings. The LIA used analysis of meeting minutes and documents to check the details of the policy change sought and agreed. While PSOs have generally been honest about what has happened, there is a natural tendency for them to exaggerate the level of commitment from stakeholders and their role in it;
- Evaluation of advocacy benefits from a stakeholder perspective, comfortable with the possibility that interviewees will differ in their views on the effectiveness of the business associations. Government surveys and interviews have been carefully phrased to reflect the interviewees' perspective: they do not ask if the interviewee is listening, or imply criticism of non-response, but rather seek to understand the environment in which the interviewee is operating and whether the PSO is useful, important or influential in this. Interviews with stakeholders provide another way of checking information from interviews with advocacy organisations;
- Clarification of roles and responsibilities should include the interviewees, not just the contractor and client. The case study organisations signed memoranda of understanding setting out their responsibilities in the evaluation and the information they would receive in return;

- Evaluation should be designed for reciprocity. The diagnostic tool gave grantees feedback on their strengths and weaknesses, as well as supporting the evaluation. Case study grantees received annual reports intended to encourage reflection and learning as well as helping them to demonstrate their value, for example showing the extent to which PSO members supported the funded advocacy project. Feedback has the potential for contamination, for bias introduced by the evaluation or its process, but this was seen as a worthwhile trade-off with the increased quality of information.

Our overall conclusion is that evaluating advocacy is not significantly more difficult than evaluating other social or economic programmes, so long as the process of advocacy is understood and reflected in the methodology.