

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

BEST-AC LONGITUDINAL IMPACT ASSESSMENT

FIRST ANNUAL REPORT

EXECUTIVE SUMMARY

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SPECIALISTS IN DEVELOPING COMMUNITIES

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BEST-AC Longitudinal Impact Assessment

First annual report: executive summary

1. Background

The BEST-AC Longitudinal Impact Assessment (LIA) is a five year evaluation which analyses the specific achievements of the BEST-AC programme and the strengths and weaknesses of the conceptual model on which it is based. Our work takes a Scientific Realist approach which analyses the programme contextually, exploring the mix of outcomes in different circumstances, and the theories of change on which these are based.

BEST-AC was originally launched in 2003 and began a second five year phase in July 2008. The LIA runs from 2010 to 2016. We undertook a baseline study in 2010.

The principles on which the LIA are based are:

- 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, internal 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 like internal or external reviews.

2. Methodology

Our report integrates data from BEST-AC's internal monitoring systems, which we designed, with findings from our work.

Overall the methodology includes:

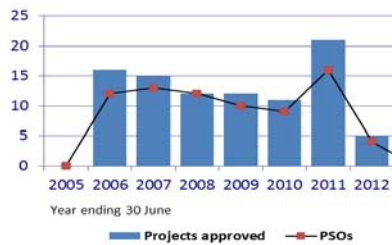
- BEST-AC survey of PSO members to judge their views on the effectiveness of the PSOs' advocacy (credibility survey).
- BEST-AC survey of other stakeholders, primarily public sector, to judge their views on the effectiveness of the PSOs' advocacy.
- BEST-AC survey of PSOs' capacity building (diagnostic tool).
- A survey of business leaders' views of the business environment and constraints on their business.
- Our case studies of PSOs to understand the mechanisms whereby impacts are achieved – especially the influencing tactics – and the details of context.
- Our interviews with stakeholders, primarily public sector.

- Our survey of PSO members from case studies to see their performance and its possible attribution to the PSO’s advocacy project. We had a target of surveying 50 members of each case study PSO.
- Our statistical analysis of available economic data.

We have classified PSOs, project types and policy change types so that the last two years reports of the LIA can address contextual questions such as “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)?” and “At what stage in the policy making process is advocacy most effective?”

3. Overview of BEST-AC in 2010/11

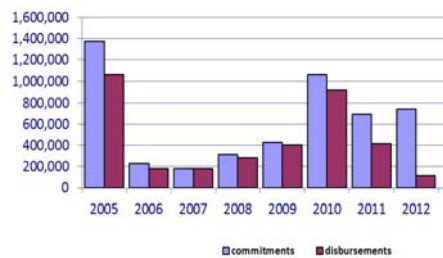
Figure 1: Projects and PSOs supported



For the year to 30 June 2011, BEST-AC supported 16 PSOs with 21 projects, compared to the previous year of supporting just 9 PSOs with 11 projects. At 30 June 2010, there were just five projects still underway but by 30 June 2011, this had grown to 18 projects underway, so there has been a big jump in activity. The first quarter of 2011/12 is showing activity continuing at about that same level.

Total commitments and disbursements are recorded in the database but the date of disbursement is not recorded, so large projects with long timescales distort the figures a little bit. Nevertheless, they give some indication of activity.

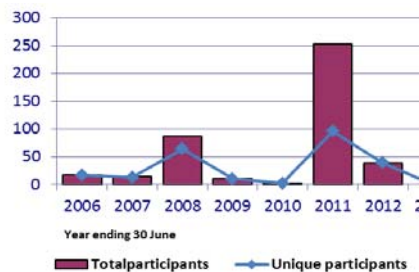
Figure 2: Commitments & disbursements



In the year to 30 June 2010, BEST-AC committed \$1.1m (including \$462,000 to ZNCCIA for institution building). In the year to 30 June 2011, it committed \$690,000 and in the first quarter of 2011/12, it has already committed \$738,000. This includes to grants – of \$145,000 and \$159,000 – to ACT and \$159,000 to TCCIA Arusha.

During 2010/11, BEST-AC supported many more projects but they tended to have a lower value. In 2011/12, the budgets appear to be rising again. Disbursements appear to be falling, however, suggesting that more projects are falling behind on their timescales. Some \$920,000 was disbursed in the year to 30 June 2010; \$418,000 was disbursed in the year to 30 June 2011. Some \$112,000 has been disbursed in the first quarter of 2011/12.

Figure 3: Training & events



The level of training has picked up to a level never seen before. The level of training recorded for 2009/10 suggests that some programmes may have been omitted from the database. However, in the year to 30 June 2011, BEST-AC saw 96 people participate in 22 different training programmes and events undertaking a total of 636 days of training.

4. Capacity building of PSOs

4.1 PSOs have increased in capacity

The advocacy competence diagnostic assessment tool has four dimensions:

- 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 gives an indication of the processes used by the organisation to develop and maintain relationships and dialogue and its success in so doing;
- Advocacy (ADV), a measure of outputs related to prioritisation of issues, research, preparation of policy papers, use of advocacy techniques and approaches to influencing; and
- Results, or outcomes (RES), which shows the extent to which the organisation has been successful.

"We had been doing advocacy before, but BEST-AC got us to work with members more. So there was more consensus on issues. We could go with one voice." Janet Bitegeko, Executive Director of ACT

"Before BEST-AC we were always reactive, so our successes were inconsistent." Richard Rugimbana, Executive Director of TCT

Across the 15 BEST-AC funded PSOs for which we have diagnostic tool information for three or more years, all have improved on at least two of the 8 indicators and the average is improvement in four.

- Five improved in financial organisational development breadth in the last three years.
- Nine improved in non-financial organisational development depth.
- Nine improved in breadth of relationships and 10 improved in depth of relationships.
- Four improved in breadth of advocacy competence and seven improved in depth of advocacy competence.
- Ten improved in breadth of results and six improved in depth of results

4.2 The quality of PSOs' research has increased

In general, the quality of the research reports has improved considerably in the last year. The average total score in 2007/8 was 8.5 and in 2009/10 was 8.7. However in 2010/11, it had risen to 10.4, with increases in all four components of quality: meaningfulness, accuracy, fairness and usefulness.

4.3 Building relationships

BEST-AC supported PSOs are generally seen more positively by government. Most are judged at a relatively high level. BEST-AC started asking MDAs about PSOs in 2009, but does not seek views on every PSO every year. It has gathered feedback on seven PSOs in both 2010 and 2011. Looking at performance over the last year:

- Five PSOs are judged to have improved in efforts to communicate.
- Five PSOs are judged to have improved in influencing ability.
- Three PSOs are judged to have improved in advocacy competence.
- Three PSOs are judged to have improved in results.

Our case studies suggest PSOs generally have highly positive relationships with government. This is an important achievement since, in many cases, there will have been new appointees after the election. TCT has a formal relationship with government which embodies dialogue at the highest level. The style of working in tourism and also in agriculture goes beyond consultation to embody a collegiate relationship. The difference is clearly evident in strategic and advocacy documents: ACT had a strong role in writing

the Kilimo Kwanza policy. TCT will play a strong part in setting the direction of the recently commissioned tourism marketing strategy. TAMPA and the Dairy Board have produced consistent and mutually reinforcing policy papers on simplifying regulation.

4.4 Business associations are becoming more skilled in influencing

PSOs are relying less on emotive argument and more on evidence. They are using a broader range of influencing tactics and choosing their approach more carefully dependent on the context.

"You have to make the government part of the problem. You need to be in one boat. Otherwise they don't see the problem." Edmund Mariki, Acting ED of TAMPA

"You have to be rehearsed and have knowledge so that you can answer people's questions." Ali Abubakary, Executive Director of ZACPO

The case study PSOs come across as more confident and better organised in their advocacy this year compared to last. They are generally stronger at framing issues clearly and reframing them to fit the opportunities, at identifying varied complementary advocacy tools rather than assuming reports will speak for themselves, and anticipating reactions and positions before making formal approaches for dialogue. The case studies illustrate different approaches to advocacy:

- Lobbying through MPs and Parliament (e.g. ACT, CTI, TCT and TAMPA).
- Developing long term relationships with the media (e.g. ACT carried out training for journalists and has supported their reporting).
- Adopting informal approaches (e.g. TATO organises regular social events with public sector organisations).
- Forming policy coalitions with public agencies (e.g. TCT and TATO with the Tanzania Tourist Board, ACT with the Ministry of Agriculture).
- Identifying and cultivating 'champions' within key Ministries (e.g. TCT, TATO, TAHA).
- Formalising dialogue arrangements (e.g. TCT and tourism associations and the Ministry of Natural Resources and Tourism).
- Raising public awareness and pressure (CTI and ACT).
- Training members to take an active and consistent approach to advocacy and providing briefing materials to members so that all can communicate the same message (ACT, TAHA).
- Providing experiential experiences for decision makers so that they can see what the proposed route looks like (e.g. TAOA is being supported to take senior decision makers to visit a privatised airport).
- Focusing on systems as a way of catalysing institutional change (e.g. TAHA wrote an inspection manual for phytosanitary regulation and certification).

4.5 The effect of BEST-AC is evident

It is possible to discern a clear BEST-AC approach to advocacy in the case study PSOs. The elements of this are:

- Having clear objectives.
- Having and using evidence.
- Going for a win-win approach.
- Building membership engagement in the association.

"BEST-AC is a small intervention that is changing the whole environment". Leopold Kabendera, Chairman of TATO, and also Vice Chairman of TCT

5. Outcomes at the project level

This is the results from the seven case study PSOs:

- ACT is an apex organisation with some direct members. The PSO was formed in 1999 and has 84 members and 11 staff. It has received two grants from BEST-AC: US\$ 72,972 in June 2005 for institutional support and US\$ 85,000 in May 2009 for an incentive policy to attract investors. The advocacy project is a collection of actions around improving agricultural incentives, which started in 2009. Building on its role in the Kilimo Kwanza initiative, ACT obtained an early win in the form of VAT concessions to take effect in 2010-2011, which mainly affected horticulture and dairy. Some 13 actions were accepted and included in the Government budget for the fiscal year 2010-2011, although not all have been implemented.
- CTI was formed in 1991 and has 280 members and 30 staff. Overall it has received US\$285,832 from BEST-AC between 2007 and 2011. BEST-AC has funded three separate projects connected with the minimum wage, counterfeit and sub-standard goods, and the electricity supply. The minimum wage project resulted in an agreement by the Tanzania Government to moderate its proposed increase in the minimum wage and the inclusion of employers on minimum wage boards. The counterfeit project resulted in confiscation and destruction of counterfeit products, which saved at least one large business from closing. The electricity project is current.
- TATO was formed in 1983 and has 274 members and 5 staff. It has had two grants from BEST-AC: US\$ 67,500 in March 2007 for a project on private sector input to growth strategy through market assessment and US\$ 175,000 in 2010 for a tourism safety and security campaign. In July 2011, TATO produced a draft report for a Review of Legal Framework on Safety and Security for Tourism in Tanzania, which was presented the report to the Regional Tourism Committee in July 2011, with a positive reaction.
- TANEXA was formed in 1994, and has 45 members and one employee. TANEXA has received US\$ 105,365 from BEST-AC between 2007 and 2011. TANEXA has received funding to improve the government's Export Credit Guarantee and SME Credit Guarantee Schemes and to increase exports through removing export permits. It has also received funding for organisational development. The Export Credit Guarantee project is making progress: the government formed a Credit Guarantee Management Committee chaired by the Deputy Permanent Secretary in the Ministry of Finance which had met twice at the time of our research.
- TAMPA was formed in 2001, and has 130 members and two employees. TAMPA has received US\$ 87,551 from BEST-AC between 2007 and 2011. TAMPA has been working on an advocacy project around streamlining the regulation of the dairy industry since 2007. It has carried out research, which was taken up by the Dairy Board in 2010 and 2011. TAMPA's policy paper says about 76,577 jobs would be produced if at least half the milk produced were processed in the country.

"We are optimistic the government will make the changes. The government is very responsive to improve agriculture. Kilimo Kwanza is sensitising politicians to the importance of agriculture, looking at the whole value chain. What is lacking is the budget support to make it happen." Deogratius Mlay, Deputy Manager of the Dairy Board

- TCT was formed in 2000, has nine members and four staff. Overall, it has received US \$ 280,201 from BEST-AC. TCT carried out an advocacy project to reduce the proposed 500 per cent increase in fees for hunting and photographic safaris in 2007, and a value chain analysis and comprehensive marketing project in 2010 onwards. The latter project has the potential to transform the tourism industry and provide a model for public-private dialogue. TCT is taking an holistic and proactive view to developing the sector rather like an economic development agency. The hunting project was successful in persuading the government to increase the fees by 'only' 200 per cent, as well as delaying the introduction until the next season. The Ministry subsequently agreed with TCT that it would implement a mechanism for regular dialogue and would undertake always to consult in

advance. This agreement was effectively broken in 2011 when TANAPA, without warning, announced a change to the level of concession fees in game parks and the way in which those concession fees would be extracted. This resulted in legal action from the industry, and the final decision is not yet known. In June 2010 TCT signed a five year memorandum of understanding with the Ministry of Natural Resources and Tourism to partner to discuss the big issues in the industry. The Tourist Board and TCT have agreed to work together on an annual tourism and marketing forum in Tanzania. This was held in February 2011 and attended by about 60 participants.

- ZACPO was formed in 2004. It has 5,530 members and two employees. It received US\$ 79,100 from BEST-AC in 2009. The objective of the advocacy project is the liberalisation of the clove sector in Zanzibar through abolishing the Zanzibar State Trading Corporation (ZSTC) and creating a Zanzibar Clove Marketing Board, an independent Clove Quality Control Agency and a Clove Development Fund. In 2011 the Zanzibar State Trading Corporation (ZSCT) raised the price for cloves from TZS 3500 per kilo to TZS 12,000 per kilo, in an apparent effort to reduce criticism from farmers. For the first time the process of fixing the prices was consultative rather than unilateral, and ZSTC agreed to maintain the same price throughout the year. In April 2011 the government appointed a consultant, the Agricultural Innovation Research Foundation in Dar es Salaam, to review the future of ZSTC, which would suggest progress on ZACPO's objectives.

6. Impact on the business enabling environment

Development partners encourage governments to improve the enabling environment and, particularly, the regulatory framework for business on the basis that this will lead to increased growth in economic activity – and thus enhanced wealth generation, job creation and poverty alleviation.¹ The argument is reinforced in Doing Business 2008 in which the World Bank stresses the boom in new businesses that can follow regulatory reform.²

Evaluating impact is challenging because economic impact is lagged, both in the sense that it takes time for impacts to work through the system and also in the sense that it takes time for economic data for a specific time period to be available. Furthermore, economic impact is multi-causal and difficult to attribute. Because of the problems using government statistics, the LIA has carried out extensive survey work of businesses to see whether there is an impact on the business enabling environment in our case study sectors.

Our evaluation of BEST-AC needs to be aware of other programmes and effects that could also affect the business environment. These include the introduction of the common market protocol on 1 July 2010 and the wider BEST programme, which operates within the government.

¹ WORLD BANK (2004) Doing Business in 2005: removing obstacles to growth.

² WORLD BANK (2007) Doing Business 2008.

Our first year's data gives the following conclusions:

6.1 The advocacy issues selected by PSOs are strategically important to their business sectors

We interviewed 341 businesses who are members of the case study PSOs. Almost all said that the PSO's advocacy issue was important or very important to them.

6.2 Investment increased in tourism, manufacturing and exporting

For tourism, manufacturing and exporting investment seems to have increased in the last year:

- We interviewed 50 businesses who are members of CTI. Average investment increased substantially from TZS 1.8m to TZS 120m.
- We interviewed 39 businesses who are members of TANEXA. Average investment increased substantially from TZS 11m to TZS 69m.
- We interviewed 50 businesses who are members of TATO. Average investment increased from TZS 109m to TZS 130m.
- We interviewed 51 businesses who are members of TCT. Average investment increased from TZS 66m to TZS 94m.

In agriculture investment decreased over the last year:

- We interviewed 51 businesses who are members of TAHA, for our ACT case study. Average investment decreased from TZS 52m to TZS 28m.
- We interviewed 50 businesses who are members of TAMPA. Average investment decreased from TZS 223m to TZS 48m.
- We interviewed 50 ZACPO members. Average investment decreased from TZS 1.2m to TZS 1m.

6.3 Government culture is becoming more positive towards the private sector

Changing the government culture was not an objective for BEST-AC and so this change is an unintended positive consequence. We can see the culture change from three elements of our methodology. First, our survey of government departments asked about whether they felt that they would benefit from PSO involvement in policy development and in policy implementation and about their approach to consultation with PSOs. Every respondent was very positive about their need for PSO involvement, in both policy development and policy implementation, and was fairly positive about their approach to consultation. In all cases, the responses have become more positive over the period.

"We have moved ourselves from competitors to business partners. A tourism development strategy doesn't belong to TCT or the Tourism Board, it is a joint strategy. Government has a role in promoting tourism, but it is the private sector that offers the services and makes business out of the opportunities. We are dependent on each other." Dr Aloyce Nzuki, Managing Director of the Tourist Board

Second, our case studies contain specific examples of how PSOs are working in partnership with the government. Thirdly, our interviews with stakeholders for the case studies show a clear commitment to engaging with the private sector and an appreciation of the benefits of doing so. Considerable progress has been made in the last year or so. There seems to be a growing appreciation of the value of the private sector to government: as a source of understanding about how policy looks on the ground; a source of capacity that could take on some of the more practical tasks, such as hotel classification, from the government; and a source of pressure that can transcend departmental boundaries and hierarchies.

6.4 Power and corruption still weaken the business environment

In 2008, BEST-AC (with the Business Advocacy Fund in Kenya) piloted a Business Leaders' Perception survey. This has been repeated each year in Tanzania and undertaken in some other countries as well. BEST-AC intends to continue undertaking these surveys as a second key indicator to explore whether businesses think that the enabling environment has improved.

In the 2011 Business Leaders' Perception Survey, the factors that made doing business very difficult were power, roads, corruption, water, level of taxation and access to finance. The perception is that power, roads, corruption, water and level of tax are all making business more difficult than in 2010. Business association members had a more negative view about every factor, except power, than non-members. The factors most likely to deter investment were power and corruption.

Our case studies suggest that the main problems lie with the regulatory agencies, which have not engaged with the private sector in the same way as government departments and have strong financial incentives to retain the current level of regulation.