

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

BEST-AC LONGITUDINAL IMPACT ASSESSMENT

THIRD ANNUAL REPORT

DECEMBER 2013



coffey  **international development**
SPECIALISTS IN DEVELOPING COMMUNITIES

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BEST-AC Longitudinal Impact Assessment

Third annual report

1. Background

The BEST-AC Longitudinal Impact Assessment (LIA) is a five year evaluation. The overall objective of the LIA is 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, it will assess whether and to what extent PSO advocacy, supported by BEST AC, has resulted in improvements in the business enabling environment and increased jobs and incomes by influencing policy or regulatory changes.

1.1 BEST-AC objectives

BEST-AC, funded by Royal Danish Embassy (RDE), Swedish International Development Aid (SIDA), Department for International Development (DfID) and Royal Netherlands Embassy (RNE), was launched in 2003 and began a second five year phase in July 2008. The second phase was due to end in June 2013 but was extended to December 2013. It has now been agreed that there will be a third phase, funded by DANIDA and SIDA.

BEST-AC's objective is to support membership-based business organisations to become organisationally and technically competent to advocate to government for changes beneficial to the business environment. The formal goal is to contribute to achieving a business-enabling environment, through which investment and economic growth will be stimulated. The purpose is to achieve that goal by enhancing the quality and credibility of private sector organisations to engage effectively in private public dialogue and to advocate improvements in the business environment. The outputs, as specified in the log frame, are:

- PSOs have capacity to collaboratively and consistently implement the advocacy process
- PSOs will have engaged in more and more effective networking and collaboration
- PSOs will have actively engaged in dialogue and advocacy with support from BEST-AC
- PSOs will have increased organisational competence to initiate and sustain dialogue and advocacy
- BDSP partners (including UDEC) will 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

These different elements can be pulled together in a theory of change in which advocacy leads to improvements in the enabling environment which in turn lead to a more vibrant private sector and so more jobs, more wealth and greater poverty alleviation. Given the non-linear nature of many of the interactions, this is perhaps best shown in a Causal Loop Diagram (see figure 1).

The logic is that PSOs understand their role in influencing public policy and will 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 will lead, at least to a small extent, to an increase in members and thus an increase in income.

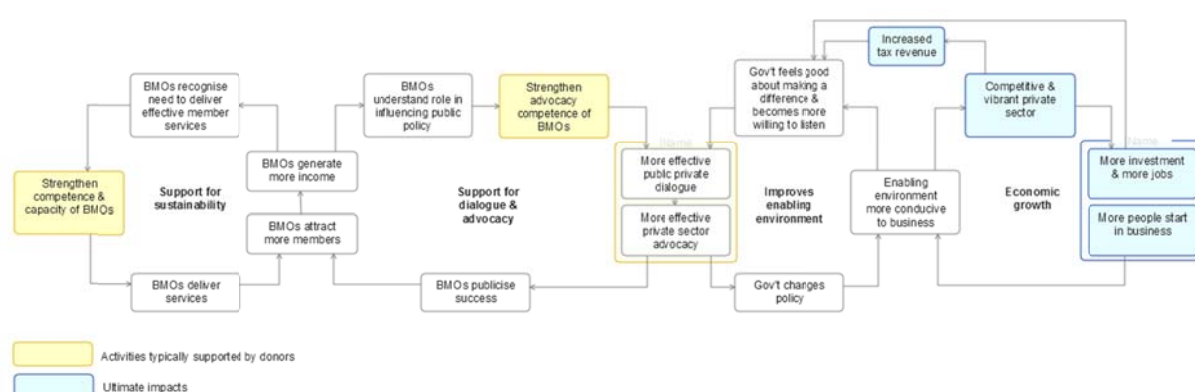
PSOs need to be able to access good evidence. This is supported via the PSOs though usually undertaken by a third party.

The next loop assumes that government listens to proposals and changes policy, that such changes lead to improvements in the enabling environment, and that this makes the government feel good, so that it will continue to listen and to act.

There is an assumption (and there is evidence from the World Bank to support the assumption) that improving the enabling environment leads to a more vibrant and more competitive private sector and economic growth, in turn leading to more investment, more jobs and more tax revenue for the government.

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

Figure 1: Causal loop



Some advocacy support funds are now formally supporting sustainability of PSOs. BEST-AC has provided Tanzania Private Sector Foundation and Zanzibar Chamber of Commerce, Industry & Agriculture with institutional support grants and supports PSOs with the costs of employing an advocacy manager, with tapered grants.

1.2 LIA terms of reference

The terms of reference specify a number of questions to be addressed:

- What kind of changes in the policy / regulatory and business environment have occurred? What is the lead time for such changes to occur?
- 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?
- 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)
- Are these changes attributable to BEST AC and to what extent?
- 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)?
- At what stage in the policy making process is advocacy most effective?

- 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?

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).

1.3 The approach

Our work takes a Scientific Realist approach aimed at understanding the mix of outcomes in different contexts and circumstances, and the theory (or theories) of change on which these are based.

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.

We undertook a baseline study in 2010 though, given BEST-AC's history, it was not a project baseline, merely an LIA baseline. The report integrated data from BEST-AC's own monitoring with findings from our work.

In this report, we draw together information from these sources:

- 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' improvement in advocacy competence and capacity (diagnostic tool).
- 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.

The report summarises the main results. Annexes additionally provide:

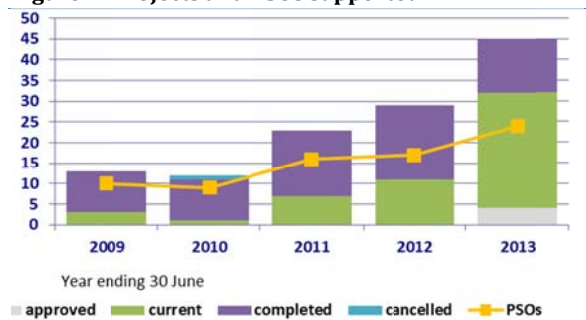
- Findings from across the portfolio of PSO projects
- Findings from the case studies.

The case study PSOs have signed a Memorandum of Understanding to take part in the longitudinal impact assessment. This includes obligations on our side not to divulge information about them without their agreement. PSO specific data has this year been confined to the annexes – allowing this report to be publicly available.

2. Activity overview

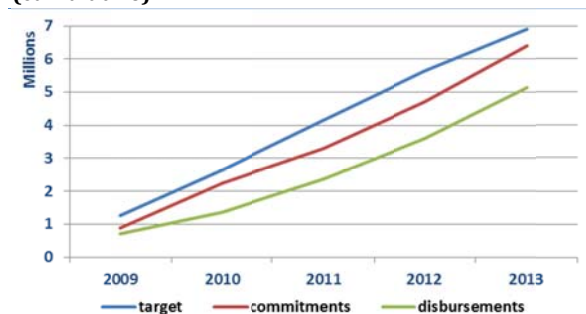
Activity in the year to 30 June 2013 increased markedly, with support for 45 projects managed by 24 PSOs, compared to 27 projects from 17 PSOs in 2011/12, and 22 projects from 16 PSOs in 2010/11.

Figure 2: Projects and PSOs supported



Since the beginning of phase II, 118 projects from 47 PSOs have been started. Just one has been cancelled (though another one or two have changed their focus after starting). At the time of the field mission, nine had been approved and were awaiting contract signature so that they could start. Some 56 projects were current at the end of June – including three from 2008/9 and one from 2009/10. Some 52 projects have been completed. There is no systematic recording of project proposals that do not get as far as approval.

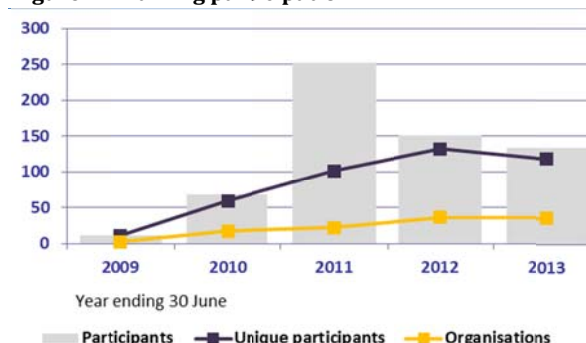
Figure 3: Commitments & disbursements (cumulative)



To the end of June 2013, BEST-AC has made grant commitments of \$6.2m and has disbursed \$4.9m. This compares with commitments of \$2.4m in phase I and disbursements of \$2m.

The budget for PSO support was set in the project memorandum at \$6.9m. It has been revised up each year and is currently set at \$8.2m. We anticipate that BEST-AC will, during phase II, ultimately commit around \$6.5m, in line with the original budget. BEST-AC estimates that it will ultimately disburse \$5.7m.

Figure 4: Training participation



Training participation dipped in 2009 and 2010 – though not all participants were recorded in the database in 2009 so it appears even lower – during a time when BEST-AC was focusing on training in project management techniques. Training peaked in 2011. The current team leader has aimed to ensure that there is a steady provision of training in a range of advocacy techniques. An advanced advocacy course was introduced in 2013.

3. Outcomes at the project level

3.1 Capacity building of PSOs

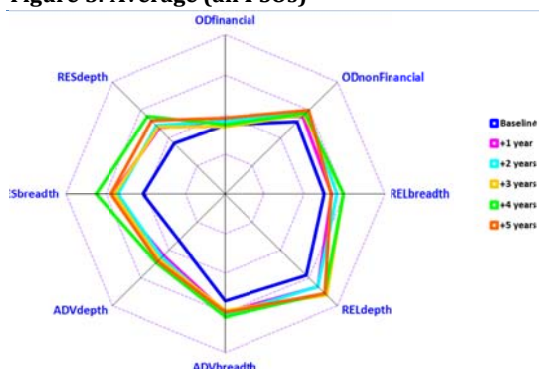
Shortly after the mid-term review in 2007, BEST-AC introduced an advocacy competence diagnostic assessment tool. The intention is that all private sector organisations should be assessed when BEST-AC first agrees to start work with them and then annually thereafter at least for as long as BEST-AC continues to support them and, ideally, for longer, to capture sustainability.

The tool aims to measure the key aspects of competence required to engage successfully in advocacy initiatives. The answers are grouped into four themes:

- 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 chart in figure 5 shows the annual average (mean) score for each of the indicators, demonstrating that there has been improvement in all aspects of PSO operation over time.

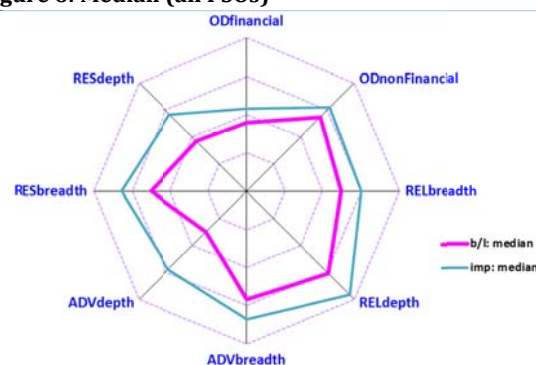
Figure 5: Average (all PSOs)



Source: BEST-AC diagnostic assessments

This is illustrated more clearly in figure 6, which shows the medians (to avoid outliers skewing the results) and shows a clear improvement from the baseline position.

Figure 6: Median (all PSOs)



Source: BEST-AC diagnostic assessments

We might expect success in results to depend on organisation (OD), advocacy competence (ADV) and relationships (REL) and we might expect an improvement in results (RES) to depend on improvements in organisation, relationships and advocacy competence – and statistical analysis confirms that both of these hold true. A multivariate regression analysis of all the diagnostic assessment results (of which there are 132) gives an adjusted R square of 0.65 (implying a strong regression prediction) with coefficients of 0.27 for organisation, 0.21 for relationships and 0.81 for advocacy competence. The

advocacy competence figure is extremely significant ($p < 0.001$); the organisation figure is just significant ($p < 0.1$). Relationships is not significant. However, creating an independent variable of ADV x REL, which recognises the interaction of advocacy competence and relationships, gives significant results for all the independent variables (ADV 2.00 ($p < 0.05$), REL 1.21 ($p < 0.5$), OD 0.25 ($p < 0.1$), ADVxREL -0.4 ($p < 0.1$)). This still suggests that advocacy is the largest factor but also illustrates that it is insufficient by itself. A logistic regression analysis of improvements in scores has a high R square at 0.64. The coefficient for ADVxREL is 4.03 ($p < 0.001$) so also extremely significant.

3.2 Activities of PSOs

BEST-AC introduced a new quarterly reporting system in 2011, which allows us to report in much more detail on the activities being undertaken by PSOs in relation to their advocacy. Data is almost complete for the years ending 30 June 2012 and 2013. Only PSOs that have current projects are asked to report. There is no validation of their reports (though 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 show a strong increase in activity overall. Note that “years” in the charts relate to the BEST-AC project anniversary, so end on 30 June.

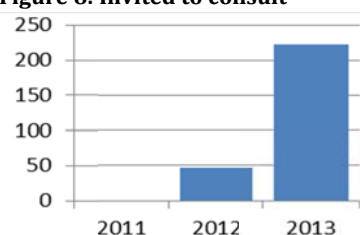
Figure 7: New dialogues



Source: BEST-AC quarterly reports

It seems that PSOs are contributing to many more dialogues (though they do have a tendency to count every meeting as a separate dialogue rather than a continuation of a dialogue).

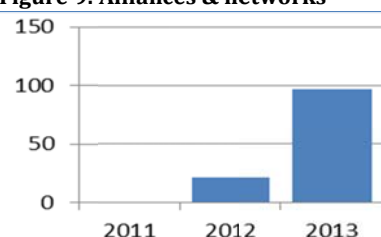
Figure 8: Invited to consult



Source: BEST-AC quarterly reports

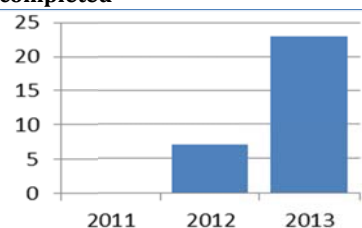
There is no doubt that PSOs are being asked to offer their views – and this is confirmed by discussions with public officials.

Figure 9: Alliances & networks



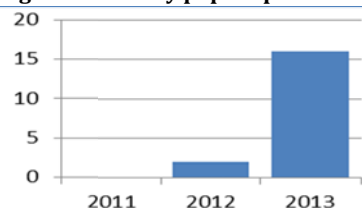
Source: BEST-AC quarterly reports

PSOs are much more ready to form alliances, both with other PSOs and with public sector agencies, though it is still rare for PSOs jointly to commission research. It is also very rare to see the use of formal coalitions, except in so far as PSOs work with and through TPSF.

Figure 10: Research studies completed

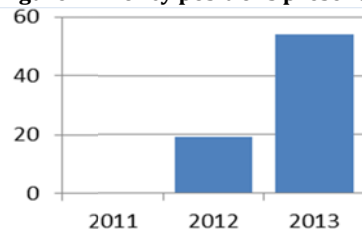
Source: BEST-AC quarterly reports

PSOs say that they have completed many more research reports. The total number claimed is rather more than the number supported by BEST-AC, but this is quite possible if PSOs are commissioning other research as well.

Figure 11: Policy papers published

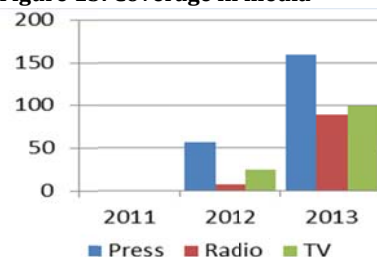
Source: BEST-AC quarterly reports

PSOs say that they are publishing policy position papers. It is possible that they are claiming that the fact sheets are policy position papers but otherwise we have not seen evidence to support this level of activity.

Figure 12: Policy positions presented

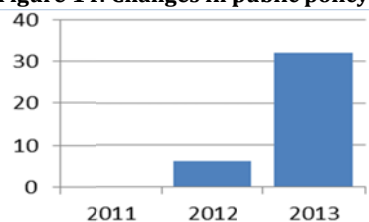
Source: BEST-AC quarterly reports

There is no doubt however that PSOs are presenting their policy positions to government. Again, it seems that PSOs count every time they present a policy to a different branch of government, rather than counting that as just one. Even allowing for that, however, there have been a strong number of presentations as evidenced in the impact appendix.

Figure 13: Coverage in media

Source: BEST-AC quarterly reports

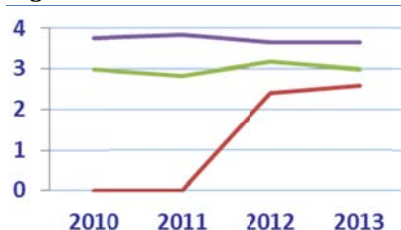
Coverage in the media is quite high and does appear to be growing, though the indicator does not measure quality. About half the organisations assessed are making good use of the media, though it is likely that all could do more. One question in the diagnostic asks about accuracy of reporting. We have not independently assessed the quality of the coverage though Serengeti Advisers did a broad based assessment of the quality of media coverage in 2012.

Figure 14: Changes in public policy

Source: BEST-AC quarterly reports

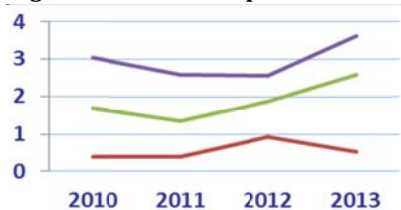
PSOs claim that they have achieved more than 30 successes in the last year. We would probably have a tighter definition of success (requiring a policy to be implemented) but there is little doubt that PSOs are becoming much more successful at persuading the public sector to listen and to change policy. Our analysis of policy successes is given in Section 6.

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). In each of the areas reviewed below, the scoring rates each organisation on a scale of zero to four, where zero would imply they had not even started, and a score of four would suggest that they had little more to learn. 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. 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. Each of the charts shows the upper quartile, the median and the lower quartile – thus giving an indication of the spread across the sample.

Figure 15: Governance

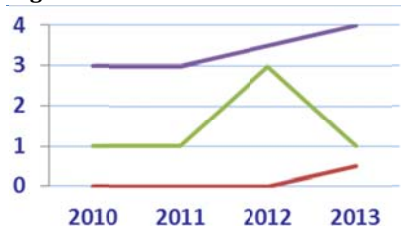
Source: BEST-AC diagnostics

All organisations now score okay on governance and accountability. The weakest have improved considerably.

Figure 16: Membership

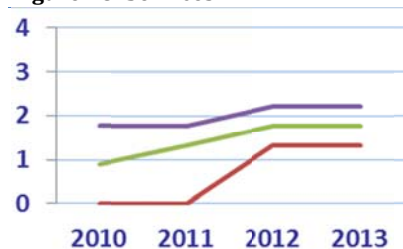
Source: BEST-AC diagnostics

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.

Figure 17: Resources

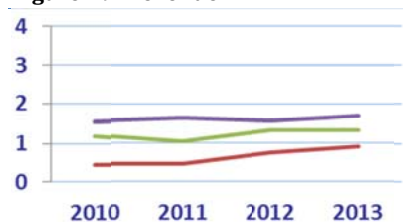
Source: BEST-AC diagnostics

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. A small number do quite well for staff resources (upper quartile) but the median is low, implying that most PSOs are weak on staff resources.

Figure 18: Services

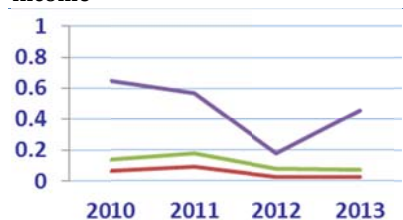
Source: BEST-AC diagnostics

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. There is room for improvement amongst all the organisations reviewed.

Figure 19: Revenue

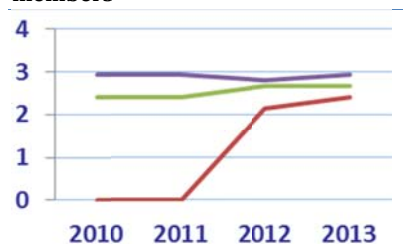
Source: BEST-AC diagnostics

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.

Figure 20: Subscriptions as %age of income

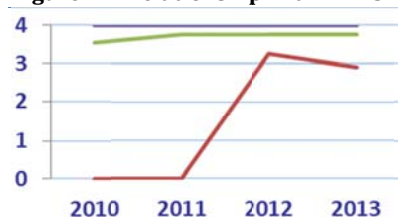
Source: BEST-AC diagnostics

This becomes very clear 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%. The upper quartile has apparently seen some deterioration, though this is probably due to some volatility of other income which can be quite high. Recently however, the better performers have seen an increase in the proportion paid by members to around 50 per cent. The median and lower quartile, however, is close to zero (and this includes some well-funded PSOs such as TAHA).

Figure 21: Communication with members

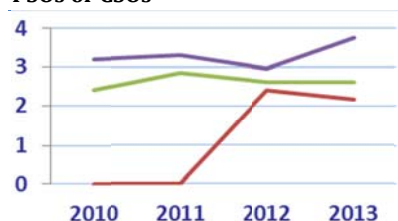
Source: BEST-AC diagnostics

Organisations appear generally to be good at communicating with their members though we have not assessed the quality of the communications or how effective PSOs are at ensuring that members' views are taken into account when setting priorities or developing policy positions.

Figure 22: Relationship with MDAs

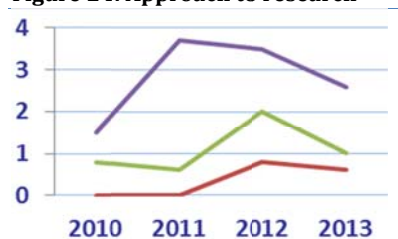
Source: BEST-AC diagnostics

All 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.

Figure 23: Relationship with other PSOs or CSOs

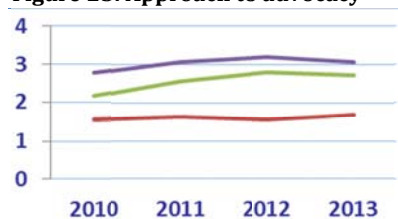
Source: BEST-AC diagnostics

It would seem, however, 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 24: Approach to research

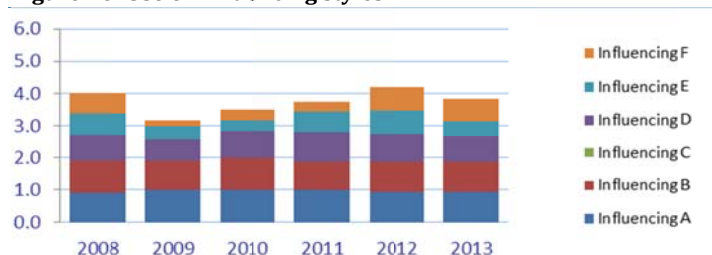
Source: BEST-AC diagnostics

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. Within the last year, TPSF has stopped managing contracts and is focusing much more on advocacy.

Figure 25: Approach to advocacy

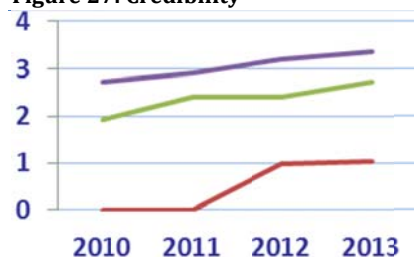
Source: BEST-AC diagnostics

Similarly, 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. The challenge comes when issues are salient or contentious with other actors arguing contrary positions.

Figure 26: Use of influencing styles

Source: BEST-AC diagnostics

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

Figure 27: 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 infers 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). It seems that most of the organisations are perceived to be credible.

4. PSO research and policy position papers

4.1 Introduction

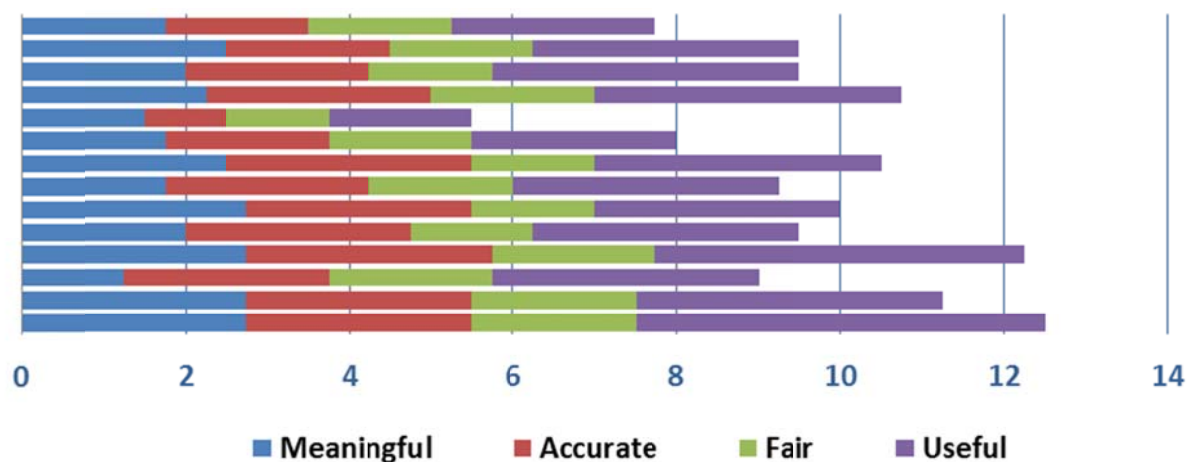
BEST-AC has a target to improve the quality of research papers and policy position papers prepared by PSOs. Just three dedicated policy position papers were prepared during the period so the evaluation focused primarily on reviewing research reports.

4.2 Methodology

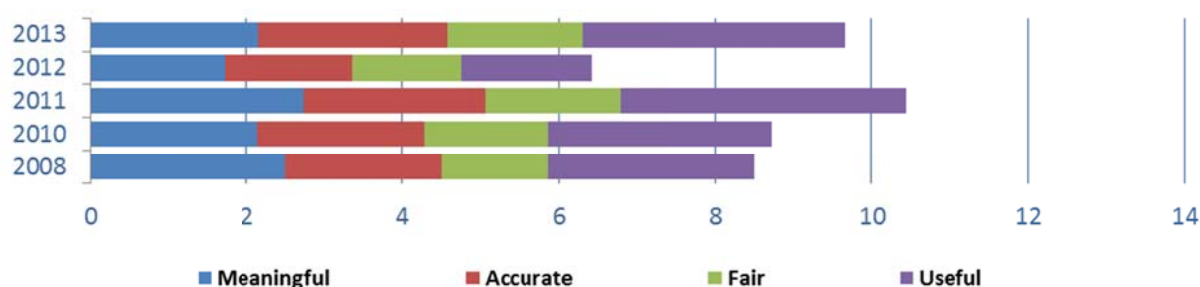
During the Implementation Support Review, Annabel Jackson and David Irwin developed a 17-question assessment matrix which maps on to the American Evaluation Association's four key dimensions of meaningfulness, accuracy, fairness and usefulness. Each question can be answered yes or no, with a maximum score of 14. Two of the questions were changed before assessing research reports for the LIA baseline but the total scoring system was retained. From the 2011 assessment onwards, it is possible to gain a fraction of a mark if the requirement is partially fulfilled. 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.

4.3 Research in 2012/13

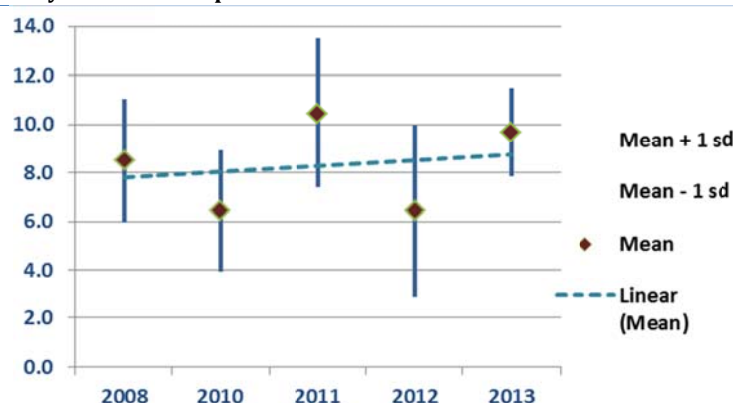
The quality of research has improved dramatically in 2012/13 compared to 2011/12. The results of the assessments are shown in Figure 28. Two reports score more than 12 and just one report scores less than six. Twelve research reports were completed during the period.

Figure 28: Research reports assessment 2012/13

This reinstates a trend of improvement that had been seen until 2011/12. By 2010/11 the quality was improving – with an average score of 10.4 and with improvement in all four components. In 2011/12, this trend reversed with an average score of 6.2. In 2012/13, the average score is 9.7 – but the average is brought down by one poor report. If it is ignored, then the average would be 10, close to the result achieved in 2011.

Figure 29: Quality of research reports: comparison

In figure 30, we show the average (mean) scores with a spread of ± 1 standard deviation. After increasing to a maximum in 2012, the range has contracted dramatically in 2013 and the mean has improved. This suggests that the quality overall is improving – as confirmed by the trend line. However, there is still room for improvement.

Figure 30: Trend in quality of research reports

The challenges faced by researchers continue to be clarity – of issue and solution – and writing precise, compelling and succinct recommendations. One report, for example, recommends

- “the policy gaps identified should be addressed and the legislations that are punitive repealed”
- “rationalisation of institutions implementing policies, regulations and legislations is imperative to iron out inefficiencies”
- “the negative attitude of government officials towards business and the private sector ought to change”

TAMPA, with support from UDEC, on the other hand has now recognised that policy makers find it very easy to ignore imprecise recommendations and have commissioned a former legal draughtsman to prepare a draft bill – identifying precisely the changes that are required in the existing legislation – in their effort to secure changes in the regulations applying to the dairy sector.

Our comments on the research reports are similar to those for previous years:

- Reports often have good research data but they are poorly structured and so fail to tell as good a story as they could;
- Reports often fail to identify the critical issue, so they produce excellent data to answer the ‘wrong’ question or else fail to demonstrate that they are researching the ‘right’ question;
- Some reports start to tell a good story, but then do not go far enough, especially in relation to being clear about the benefits and impact, not only to the private sector but also to the government;
- Reports cover too much ground and lose sight of the key issue;
- There is a tendency to draw conclusions which are not supported by the evidence presented;
- The reports are generally too long. More of the content could be moved to appendices and greater use could be made of charts and graphs to illustrate the points rather than tables which are often difficult to understand at a glance; and
- Arguments generally need to be more precise, more logical and more persuasive.

These comments lead to these suggestions for improvement:

- There is considerable variability in the skill and experience of consultants being commissioned to research the issues and write the reports: there may be merit in working with a smaller cohort of consultants and providing them with training and support;
- Originally there was an expectation that PSOs might undertake their own research. While this might not be possible for all PSOs, it is possible and desirable for the larger and stronger organisations.

- More could be done to improve the quality of terms of reference and the quality of proposed survey instruments and methodologies;
- A thorough review of each research report prior to 'finalisation' would provide an opportunity to identify areas that were unclear, incomplete or irrelevant: drafting a succinct policy position statement as soon as the research is available might also identify gaps in the research. BEST-AC staff are getting better at offering critical feedback but it is not clear how much of this is taken on board by PSOs or consultants.

We have noted this year that a number of reports have the BEST-AC logo on their front cover. There is a danger that this detracts from the PSO and we recommend that BEST-AC support is acknowledged, if at all, only on the inside front cover.

4.4 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.

We would, instead, recommend that PSOs publish policy position papers, which give a brief overview of the issue, their recommendations and the justification. This can then be used as a stand-alone document with policy makers and Parliamentarians and can, if necessary, be supplemented by the detailed research document.

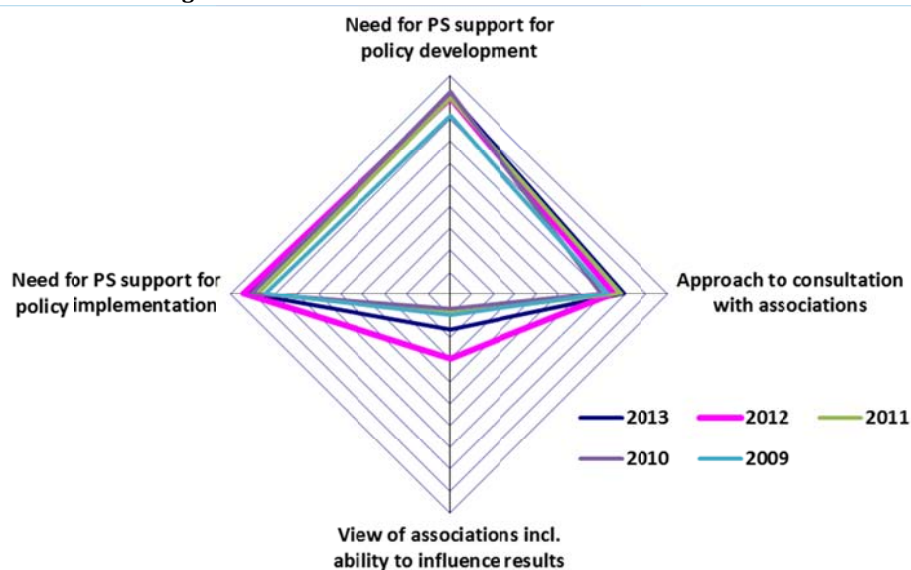
We have seen just three policy position papers published during the period. One was good, though could have been more persuasive, and was produced as one of a suite of three documents (along with a research report and a fact sheet) for CTI in relation to regulation in agri-processing. At 10 pages, it was probably too long, but it does tell a coherent story and is well formatted.

5. Perceptions of PSO effectiveness

Each year, BEST-AC commissions IPSOS (formerly Synovate) to undertake a survey of public officials in target MDAs and of members of PSOs.

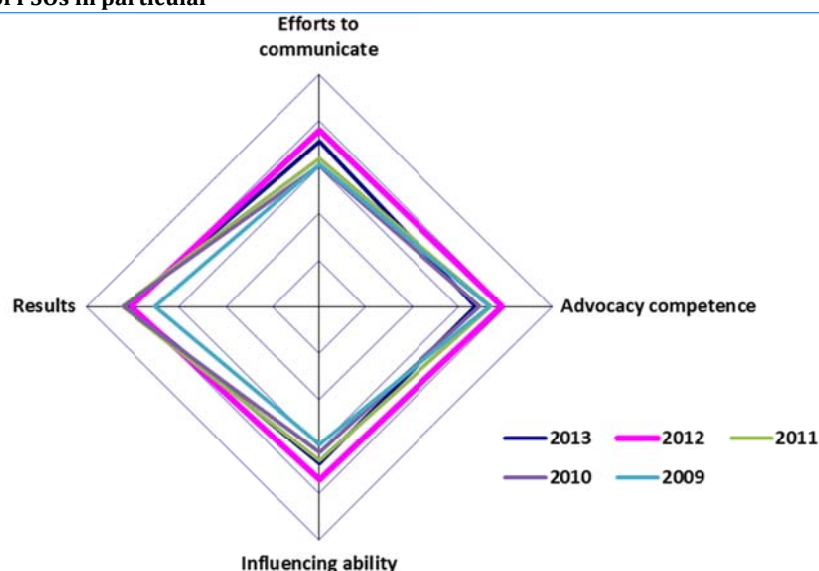
For MDAs, it is necessary that the official has some knowledge of the PSO, so inevitably the sample size is always very small, two or three at most. This makes it difficult to draw conclusions, especially when the person changes from year to year. However, we now have a large number of responses (169, with 66 in 2013, 43 in 2012, 17 in 2011, 20 in 2010 and 23 in 2009) in total and so have summarised the results.

Respondents are asked a series of questions to assess their views on PSOs in general. Officials have said consistently that they believe that the government requires the support of the private sector for policy development and requires the support of the private sector for policy implementation. They also say that they approach associations in order to seek their views. Officials then say that their experience is that, in general, associations have limited ability to influence results (figure 31).

Figure 31: MDA views of PSOs in general

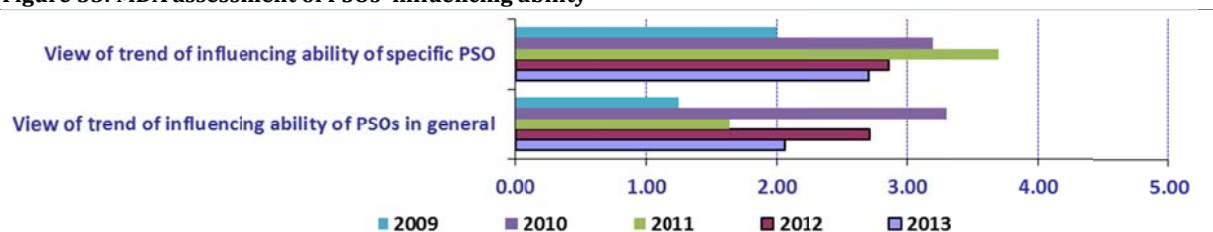
Source: BEST-AC surveys of MDAs 2009-2013

The officials are then asked further questions to assess their view of the PSO with which they have contact. The results have been averaged in the chart in figure 32. Officials are invariably very positive about the specific PSO with which they work, saying that they make efforts to communicate effectively, that they are competent when it comes to engaging in advocacy, that they have the ability to influence and that they achieve results. Given how positive they seem to be about the PSOs with whom they work, it is not clear how they have developed a perception that in general PSOs are not good at influencing.

Figure 32: MDA views of PSOs in particular

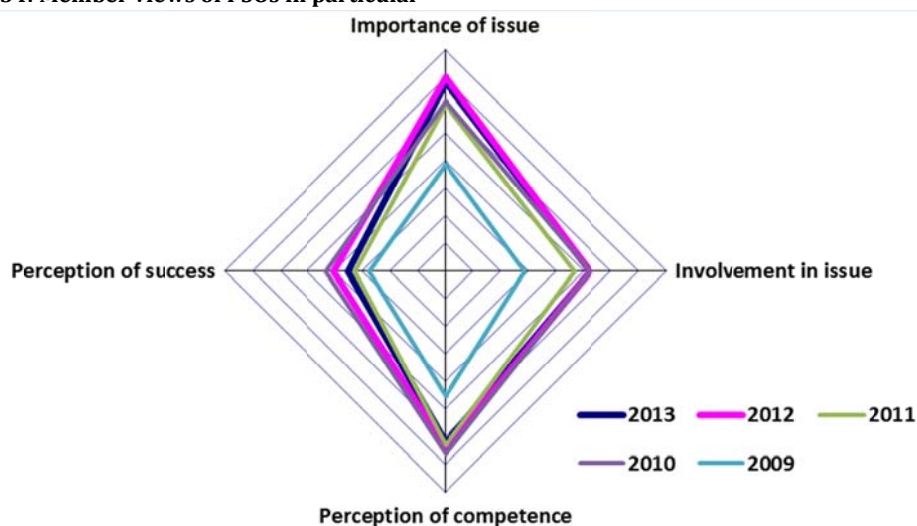
Source: BEST-AC surveys of MDAs 2009-2013

Respondents are also asked to share their views on whether PSOs are getting better at influencing public policy. Again, they are asked about PSOs in general and about the specific PSO with which they work. In both cases, responses are positive – with a more positive view about the PSOs with which they work.

Figure 33: MDA assessment of PSOs' influencing ability

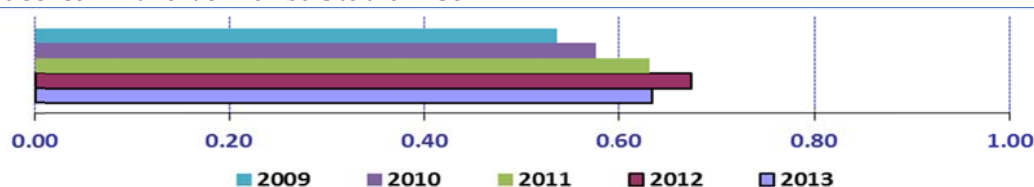
Source: BEST-AV surveys of MDAs 2009-2013

BEST-AC also commissions Synovate to survey members of PSOs each year. In this case, the sample size is much bigger, but it is still instructive to average the results across all PSOs. Members are asked about whether a particular issue is important, whether they have been involved in some way in the issue, whether they perceive their PSO to be competent and whether they perceive their PSO to be successful. The baseline position gave poor scores on all axes. Since then PSOs have all been perceived to perform much better, though the growth in perception of success has been weakest.

Figure 34: Member views of PSOs in particular

Source: BEST-AC surveys of PSO members 2009-2013

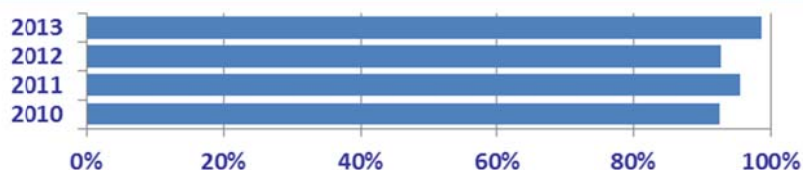
Additional questions are asked to gauge the extent to which members are committed to their PSO. The result has been reasonably consistent at a little less than two thirds, though the trend is positive.

Figure 35: Commitment of members to their PSO

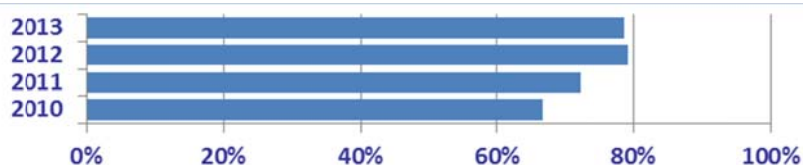
Source: BEST-AC surveys of PSO members 2009-2013

Each year the LIA also commissions a survey of the members of the case study PSOs. For apex PSOs, businesses from the most relevant member PSO are surveyed.

Almost every respondent says that the issue is very important.

Figure 36: 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, though is about the same in 2013 as it was in 2012.

Figure 37: Member satisfaction with PSO

6. Impact

6.1 Policy success

In the 21 months that BEST-AC has required quarterly reports, PSOs have engaged in more than 200 dialogues with government, and claim to have achieved 38 changes to public policy. In appendix 2, we provide 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.

Examples of policy successes are:

- In 2010, ACT gained 13 VAT exemptions for agriculture for the fiscal year 2010/11.
- In 2012, ATE negotiated for the government to reduce the Skills and Development Levy from 6 per cent to 5 per cent. The government collects around US\$ 60 million from the levy so reducing it by one percentage point will save businesses around US\$ 10 million.
- PSOs worked on the Port Decongestion Committee to reduce congestion at the port. In 2012 the average dwell time was reduced from 21 days to 9 days, although it has since risen due to implementation problems.
- CTI has established a strong relationship with TANESCO. Average capacity utilisation increased from 50 per cent in 2012 to 53 per cent in 2013 in part because of improved reliability of supply.
- HAT has contested TANAPA's imposition of concession fees in court since 2011, which has delayed the increase in charges.
- In 2013, the President pledged TZS 5 billion (\$3.5 mil) to SUGECO's training and loan programme and the Prime Minister gave directives to the Ministry of Finance through its Deputy Minister to give tax holidays to all SUGECO agribusiness investments for at least five years. This should create hundreds of jobs.
- TAHA has been successful in a number of advocacy projects. TAHA's policy position paper from February 2012 states that the industry earns the country about US \$ 380 million; which is equivalent

to 40 per cent of the total export economy of the agricultural sector and about 9 per cent of the country's total export value.

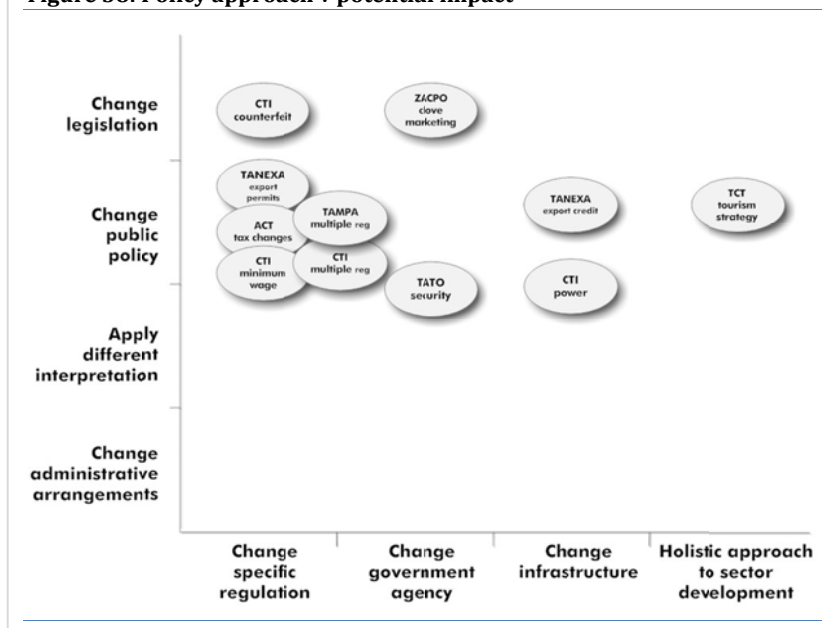
- TAMPA was successful in arguing for zero rating for milk and milk products. Some milk producers have promised to reduce the prices of their milk products by about 10 per cent; or to increase the price of raw milk paid to farmers hence increasing farmers' income.
- Following TATO's advocacy, the Ministry of Home Affairs through the Inspector General of Police (IGP) established a Diplomatic and Tourism Police Unit in the Tanzania police force. The unit recruited 300 staff. They are working with TATO on writing the training manual.
- TCCIA Morogoro was successful in persuading the government to make some practical changes to the use of Electronic Fiscal Devices.
- TCT has had many successes in improving the financial position of the tourism sector. In 2010 it successfully argued for the government to delay increases in hunting fees. In 2011 Ngorongoro Conservation Area Authority amended the systems for a new payment system for park fees to incorporate private sector comments. In 2013 the government agreed to withdraw proposals to impose VAT on tourism services, which would have increased costs by 18 per cent and damaged the reputation of Tanzania as a tourism destination.
- TPSF has facilitated private sector involvement in drafting a new National Private Sector Development Policy. 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.
- TAWOMA's work resulted in the establishment of a loan scheme under the Ministry of Energy & Mineral (MEM) to issue soft loans to small scale miners.
- In 2012, the government accepted VIBINDO's arguments that the registration fee should increase by no more than 150 per cent rather than by BRELA's proposal of more than 1000 per cent.
- 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.

6.2 Changes in policy

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 can conceptualise PSO objectives as being higher or lower in a logic chain 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 38: Policy approach v potential impact



Perhaps we should think about 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 probably more consistent with the language used by business members.
- Potentially results can be achieved more quickly.

Ideal positioning along the logic chain depends on the skills and capacity of the PSO: PSOs need to be able to deliver on the promises implicit in their positioning. What is important is that PSOs understand the difference between means and ends, and have a clear and agreed **direction**.

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:

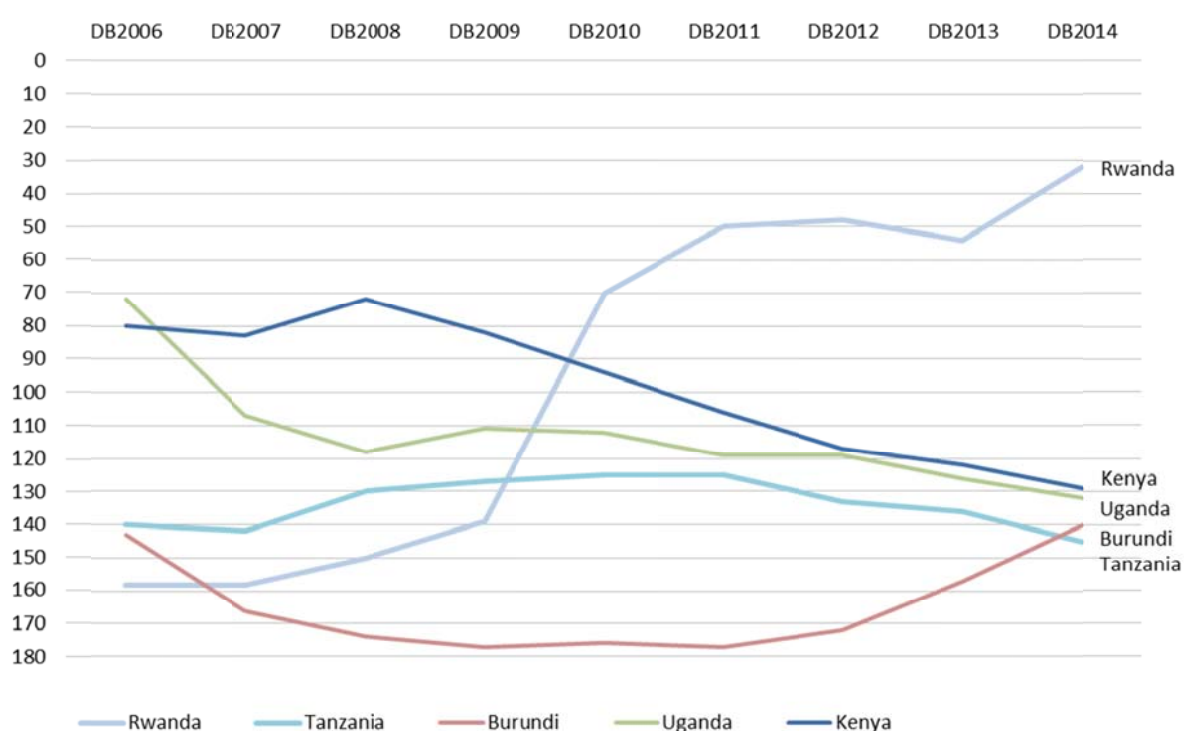
- Lower visibility. PSOs can go around vested interests rather than hit them head on.
- Shorter lead in time. The timetable for change is less structured.
- Greater control. Starting lower down the advocacy spectrum empowers PSOs by emphasising the ways in which their members' behaviour can support (or 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.

Perhaps the issue for PSOs is not 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 observe that BEST-AC's PSOs often assume that changes to legislation are needed, when it would be easier to work within existing legislation or to support practice. Lower level advocacy approaches are simpler and therefore could be considered more.

Ideal positioning along the policy chain depends on the context and opportunities that arise and these typically change over time. What is important is that PSOs give themselves sufficient flexibility so that they can keep up momentum.

6.3 Impact on enabling environment

Figure 39: Doing Business Rankings

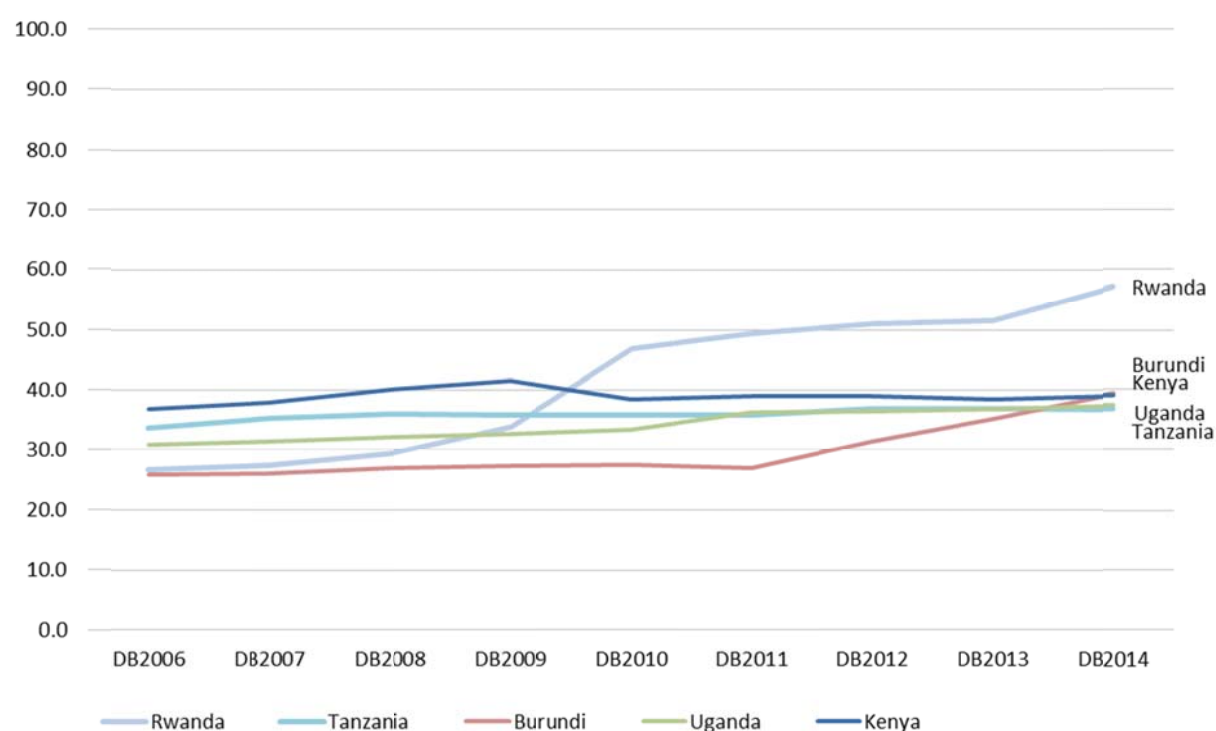


Source: prepared by the authors from data in World Bank Doing Business Reports (DB2006-DB2014)

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 slide down the rankings and is placed at 145 in Doing Business 2014, the worst of the five countries of the EAC. Last year, Rwanda and Burundi were both top 10 performers.

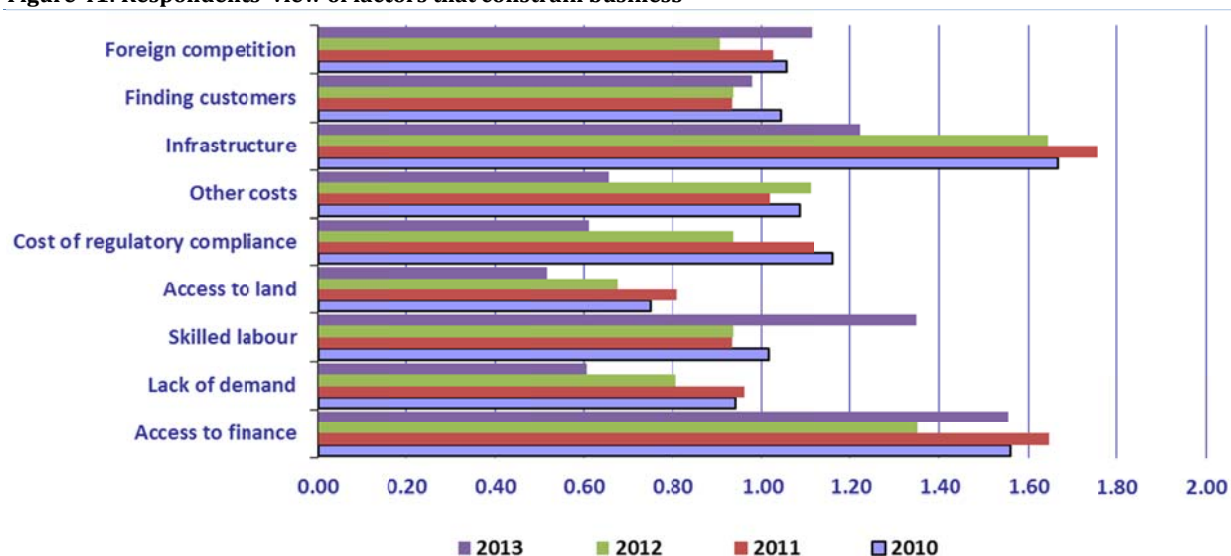
Whilst the rankings may be good for headlines, they do not provide a fair representation of what countries have actually done to improve the enabling environment – they merely show how they have performed relative to others. The World Bank itself has recognised this and now also scores countries on their ‘distance to the frontier’, though this is still dependent on the performance of the best. A better way of assessing performance is to look at the ratings. The figure below shows the ratings, using normalised scores so that each indicator is scored out of 100, and designed to give a median of 50. Rwanda is still the best performer. However, this demonstrates that the difference between the countries of the EAC is not as great as the rankings might imply. It suggests that four of the countries have now converged. Crucially it demonstrates that Tanzania has not deteriorated, as implied by the rankings, but rather improved (from 33.7 to 36.8).

Figure 40: Ratings derived from Doing Business data



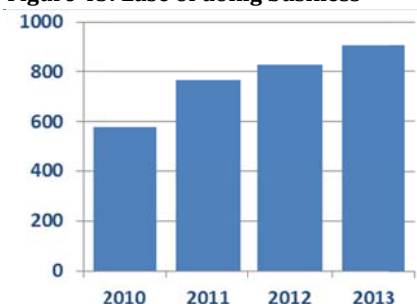
Source: prepared by the authors from data provided in the World Bank Doing Business database (see www.doingbusiness.org)

This is borne out by respondents’ view of different aspects of the enabling environment. With the exception of access to skilled labour, which has become a greater constraint in 2013, most factors have either stayed about the same or have improved. It is worth noting that infrastructure, cost of regulatory compliance, access to land and lack of demand have all improved markedly during 2013.

Figure 41: Respondents' view of factors that constrain business

6.4 Significance of impact

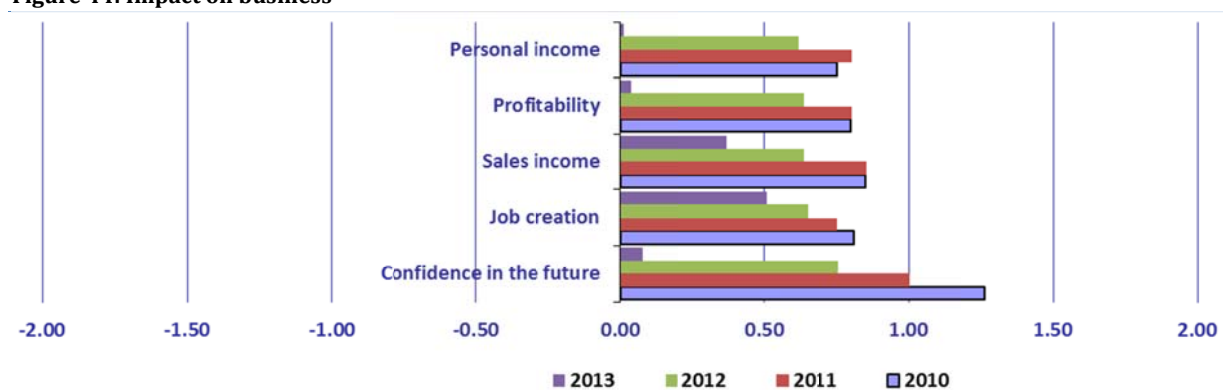
Most (59%) respondents say that it is easier or much easier to do business compared to last year – and that is an improvement on last year's response.

Figure 42: Ease of doing business compared to previous year**Figure 43: Ease of doing business**

Indeed, 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) and adding them.

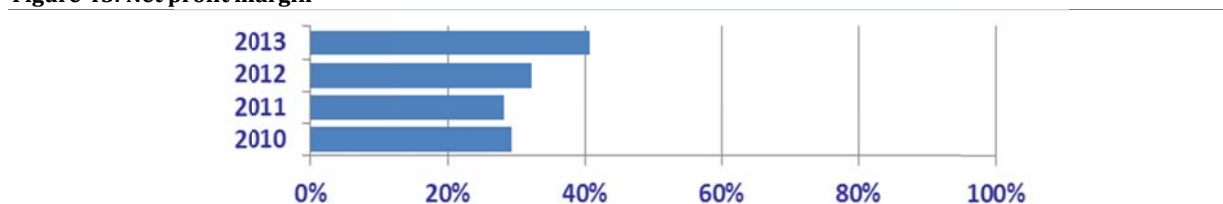
Respondents are positive about all aspects of running their business, though only just in three areas. Despite saying that it has become easier to run their business, respondents are more negative every year about personal income, profitability, sales income, job creation and confidence in the future. It is not entirely clear why there should be this contradiction though it is in the nature of entrepreneurs to be pessimistic. The responses on profitability and job creation suggest that this is simply pessimism.

Figure 44: Impact on business



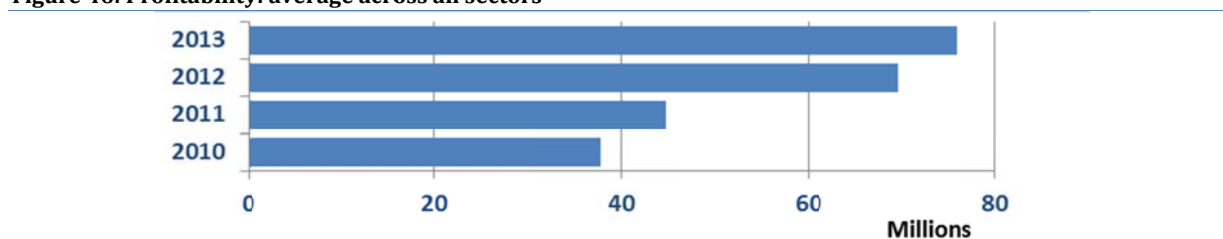
The average profit margin has been improving and seems to be quite high. It should be noted however that many respondents, whilst being very open in relation to every other question, are reluctant to provide financial information. The responses from those that are willing to share with us suggest a positive trend.

Figure 45: Net profit margin

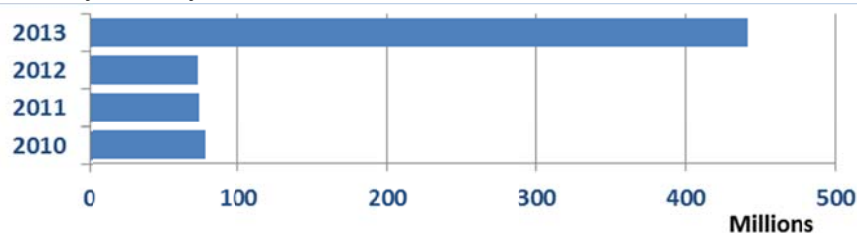


Profitability averaged across all sectors is growing and has doubled over the last three years.

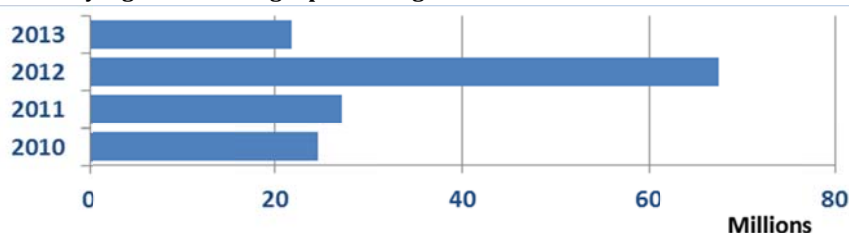
Figure 46: Profitability: average across all sectors



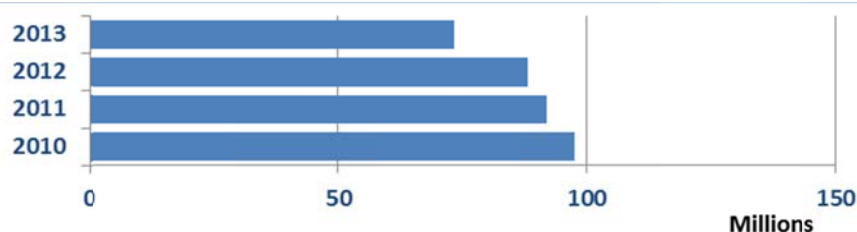
Industry, which was largely stagnant, has become much more profitable during the last year. It is not possible to attribute this entirely to the availability of power, but this almost certainly is a major contributor.

Figure 47: Profitability: industry

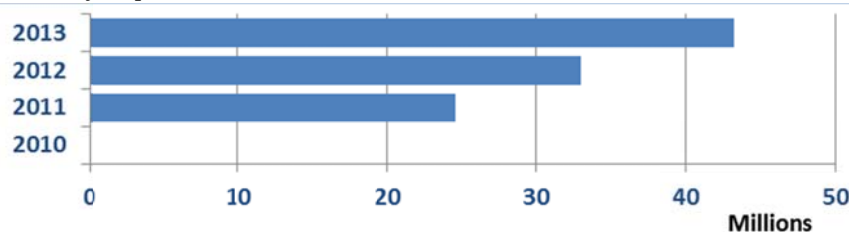
Agricultural profitability grew strongly in 2012 but has since fallen back.

Figure 48: Profitability: agriculture & agri-processing

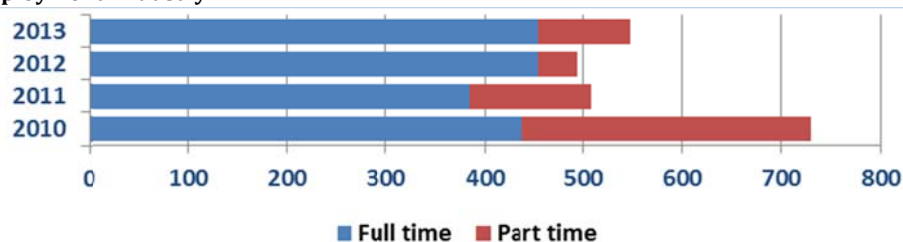
Tourism is the only area where profitability has fallen every year, possibly due to the new levies frequently being imposed on the industry allied with increasing competition.

Figure 49: Profitability: tourism

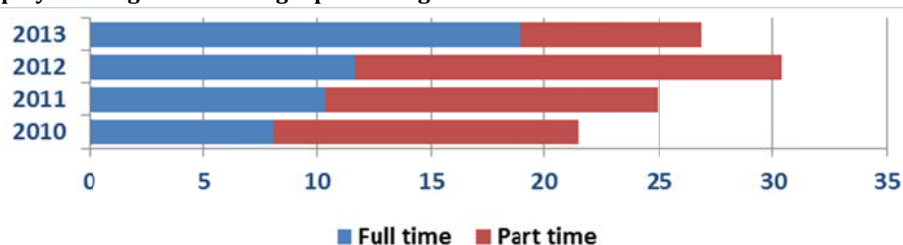
An outlier in the results for the exporters of more than TZS5bn loss skewed the results so much that we have assumed that the figure was inaccurate. Ignoring it gave an average profit of just TZS 50,000 in 2010. Profitability since then has grown substantially.

Figure 50: Profitability: export

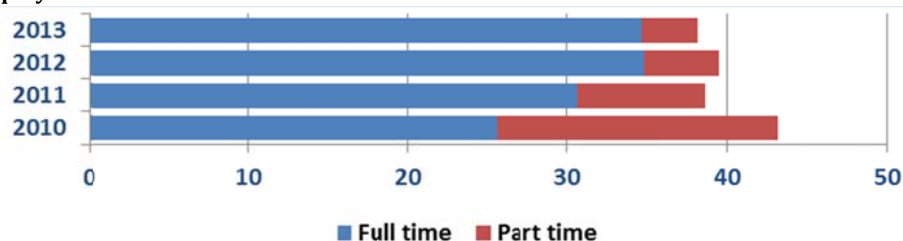
Businesses employ people on a full time and part time basis, but it is difficult to combine the results without more detailed questioning. Figures have therefore been shown separately. Full time employment in industry, after a small drop in 2011, has been increasing. Part time employment reduced, possibly reflecting those part time jobs being converted into full time jobs. However, part time jobs are now increasing again as well.

Figure 51: Employment: industry

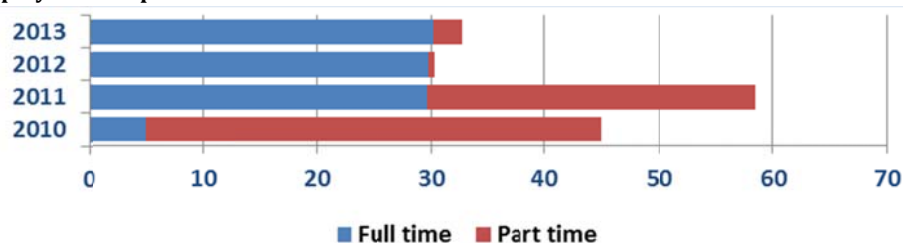
Agriculture has shown a steady increase in full time employment every year. There was a decrease in part time employment in 2013, but a large increase in full time employment, with average employment rising from 12 to 19.

Figure 52: Employment: agriculture & agri-processing

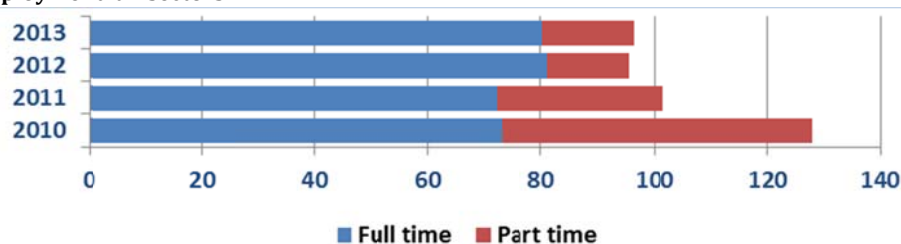
Despite the fall in profitability, the number of people in full time employment in tourism has been rising. Indeed the fall in profitability almost certainly reflects this rise in employment as the tourism industry recognises that it has to employ more staff to deliver the service demanded by its customers.

Figure 53: Employment: tourism

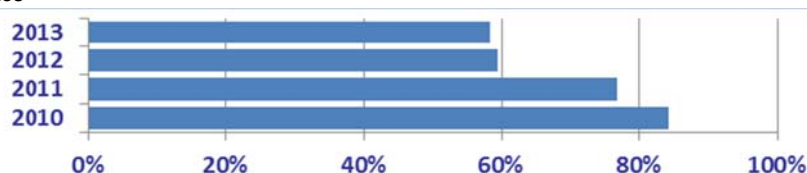
Exporters saw a rapid rise in full time employment in 2011 but, since then, employment has been constant at 30 staff on average.

Figure 54: Employment: export

The figures for the entire sample population suggest that full time employment is rising, albeit modestly from 72 to 80, and that part time employment is falling.

Figure 55: Employment: all sectors

The reduction in constraints to doing business, the overall improvement in profitability and the overall increase in employment is not, however, reflected in a growing confidence. Indeed, the opposite is true. Fewer respondents each year are confident or very confident in the future.

Figure 56: Confidence

6.5 Attribution to BEST-AC

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 have already been reported by DFID¹:

- 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.

The LIA uses these methods to test attribution:

- The evaluator reviews 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 includes looking closely at the timing when actions were taken.
- Quarterly reports provide factual information on the level of contact between PSOs and MDAs.
- BEST-AC evaluation and the LIA each contain 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 asks specific questions to measure capacity. The diagnostic tool measures four aspects of capacity development: organisation development including resources;

¹ 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.

relationships and the development of dialogue; advocacy techniques and approaches to influencing; and results.

- The case studies include detailed questioning and conceptualisation of 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 probe and tests the theory of change behind PSO's actions.
- The econometrician is expected to examine the database of information to see if there are 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.

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.

6.6 Characteristics of advocacy projects

The brief for the LIA asks: "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)?" This paper provides our early thoughts on a way of classifying 'types of advocacy issues' and thinking about their critical success factors. Three years into the LIA, we can distinguish three broad types of advocacy project:

- **Harmonisation projects**, in which PSOs wish to reduce multiple regulation and multiple oversight. E.g. CTI multiple regulation, CTI food processing, and TAMPA harmonisation of regulations.
- **Tax and other cost reduction projects**, in which PSOs wish 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.
- **Systemic change projects**, in which PSOs wish to change the government's role in markets. E.g. CTI counterfeit, CTI electricity, CTI port, TATO tourism police, ZACPO deregulation, ACT inputs, ANSAF cashews and TANEXA credit and export guarantee schemes.

6.6.1 Harmonisation

Our work so far suggests the following challenges for harmonisation projects:

- Harmonisation projects naturally involve a large number of interests. It can be difficult to bring the agencies together, and even more difficult to get them to engage in a discussion that can be perceived as challenging to their position.
- Even where agencies can see a problem, the solution can be unclear to them.
- Projects take time, and might require incremental change or division into sub-projects, which can be difficult to communicate effectively to PSOs' members.

Experience so far suggests the following lessons for harmonisation type projects:

- Projects need to involve agencies from early on so that they feel ownership of the process.

- Dialogue needs to acknowledge the purpose behind the regulations. Persuasive arguments can be around the inconsistency between regulations and the costs of compliance.
- Documentation needs to go beyond data on the problem to show a clear way forward that continues to address the purpose.
- Evidence and recommendations need to distinguish clearly between regulations that are constraints specifically on the PSO's sector and those that are a problem for all sectors. The latter should be tackled collaboratively with other PSOs as a separate project.
- Recommendations need to be very specific and practical e.g. drafting a layman's law, and need to be justified with compelling arguments
- Work can be phased, starting with the core agencies.
- Work should start with the less contentious issues, which are about reducing the cost to the private sector and agencies by reducing duplication and strengthening coordination e.g. sharing of laboratories and inspection results. Reducing cost is a win-win subject. Issues of reducing fees, which would hit the income of the agencies, should be deferred.

6.6.2 Tax and other cost reduction

Our work so far suggests the following challenges for tax reduction projects:

- PSOs can be placed in competition with each other, where government is trading off favours to one sector with another.
- Projects risk communicating the message that the private sector is simply trying to avoid tax. Businesses and PSOs should recognise that governments need to generate income to pay for public services.
- PSOs need to make good use of representation at the committees in the budgeting cycle and other formal mechanisms.

Experience so far suggests the following lessons for tax reduction type projects:

- Advocacy arguments need to be clear why a particular tax increase is more damaging than others.
- Advocacy arguments can be for delay of imposition or increase, especially where the private sector cannot pass on increases to their customers (e.g. the long-term contractual relationships in the tourism sector).
- Advocacy arguments can refer to the damage to the competitiveness of Tanzanian firms, especially given the opportunities and risks of the EAC.
- Advocacy arguments can refer to the scope to increase income through raising collection rates rather than introducing new taxes. The PSO can offer to help with implementation.
- Advocacy success tends to build on and require a political imperative.
- PSOs need to demonstrate that the private sector has been willing, and is willing, to pay tax in other ways.
- PSOs need to be aware that tax increases can be reintroduced in the future: the battle is continuous. They need to gather data continuously to show how government revenues have increased as a result of previous positive decisions.
- The ideal strategy is to communicate and get government understanding of the scope to grow the sector in the future: to trade off short-term loss (in tax revenue) for greater long term gain (in tax revenue or jobs or both). TCT's marketing strategy is a sophisticated approach to this.

Our representative from the TRA points out that just asking to remove a tax because of the cost to business is not a good argument. Stronger arguments refer to:

- The disproportionate effect on the poor.
- Ways of streamlining procedures so that the same amount of money is collected with less work from the private sector and the TRA.
- Comparisons with other sectors, which demonstrate unfairness and, for businesses that are competing internationally, comparisons which demonstrate a loss of competitiveness.
- Arguments that are not about reducing the rate of tax but about demanding that increases are matched with improvements to public services.
- Arguments about simplifying the processes of collection so as to reduce the burden on businesses and reduce the opportunities for corruption.

6.6.3 Systemic change

Our work so far suggests the following challenges for systemic change projects:

- Reports tend to be very detailed which can make them impenetrable, and also appear muddled in their thinking.
- There is a tendency for recommendations simply to tamper with existing systems rather than look beyond current assumptions and suggest more wholesale change.
- Change can be difficult because of vested interests and corruption.

Experience so far suggests the following lessons for systemic change type projects:

- Research needs to analyse causality so that it is relatively confident that a change will have the desired result.
- PSOs need to be aware of what else is happening. Solutions might be implemented without the PSO being involved e.g. TANEXA credit and export guarantee schemes and ZACPO deregulation.
- PSOs need to monitor implementation so that solutions can be changed if they are not working.
- PSOs benefit from framing the systemic change positively and simply (e.g. marketing of the tourism sector).

We have less to say on systemic change projects because there have been fewer successful projects.

6.6.4 Conclusion

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

- Harmonisation projects tend to be implemented incrementally as sub-projects about regulatory processes and structures. It is important to balance the likely effort against the likely impact for members and the business community.
- Tax reduction projects 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. They can provide quick wins.
- A systemic change project can be a powerful way to create the framework for later smaller advocacy projects. They can build relationships and commitment that help to make the case for further work.

Each of these types of projects benefits from having clear information about the impacts of advocacy problems and alternative solutions for businesses, the government and the public. An impact way of thinking can help PSOs:

- 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.

6.7 Stage at which advocacy is most effective

The case studies suggest that advocacy is most effective if PSOs hear about proposals at an early stage because:

- Commitment to the advocacy project is likely to be less, and less formal, so easier to change.
- 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.

The ideal from the point of view of the PSO is to be in regular dialogue with the government. Dialogue between partners who have trust and confidence in each other will lead to government sharing thoughts for new and changed 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.

6.8 Legacy of BEST-AC

Taking all the sources of evidence together, suggests that BEST-AC will leave a strong legacy:

- PSOs have a greater knowledge of advocacy, and a track record in achieving government support on their advocacy projects.
- PSOs have greater capacity to carry out advocacy, although much of this is not sustainable.
- PSOs have a stronger relationship with government and a stronger, although less positive, relationship with agencies.
- Some government departments have changed their culture towards an appreciation of the private sector as a resource and partner.
- The pool of researchers is greater, although quality remains an issue.
- The pool of business journalists is greater, and the readership for business environment subjects more developed.
- PSOs have an important and skilled champion in the form of TPSF.

7. Conclusions

BEST-AC has worked hard to build the capacity of PSOs so that they are fundable, and to broaden its geographical coverage. Some 54 projects have been completed, which is sufficient to give an indication of the impact of the fund. A further 56 are in progress.

PSOs have taken their advocacy projects seriously and have engaged in dialogue and consultation with their members. They have also, with BEST-AC's support, built a media presence.

In the last 21 months PSOs have engaged in more than 200 dialogues with government, and claim to have achieved 38 changes to public policy. There is evidence that PSOs' projects have affected thousands of businesses and safeguarded thousands of jobs.

Attribution to BEST-AC is relatively high because most PSOs have no other sources of funding and were far less effective before BEST-AC. In case studies PSOs frequently reference BEST-AC's support in describing their successes.

Our business surveys suggest that the average net profit margin of our case study sectors has increased consistently over the time of the LIA. Industry, which was largely stagnant, has become much more profitable during the last year. It is not possible to attribute this entirely to CTI's power project, but this almost certainly is a major contributor. The surveys suggest that full time employment has risen, albeit modestly and that part time employment has fallen.

Business confidence has fallen over the time of the LIA, perhaps because PSOs have had to fight harder in order to avert new proposed taxes and regulations. Although 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 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.

Appendix 1: Impact table

PSO	Policy change	Business & economic impact	Attribution	
			To PSO	To BEST
ACT	Agreed and implemented (2010): 13 VAT exemptions 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.	** PSO took leading position	** BEST-AC project
	VAT exemptions for transport of some agricultural products from the farm to the processing location; machines and equipment used in the collection, transportation and processing of milk products; animal feed and seed cake; agricultural implements; airfreight changes for the transportation of flowers; breeding services through artificial insemination; supply of packaging materials for fruit juices and milk products.	No impact yet.	*	*
	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 cooperative unions; supply of building materials and construction services to EPZ developers.	No information given.	*	*
	Zero rated supplies: the supply of locally produced edible oil using local oil seeds.	No impact yet.	*	*
ANSAF	Agreed (2013): The Cashew Nut Board has an agreement with ANSAF to enhance cashew nut sector in Tanzania, with the first action being to jointly run an event to attract investors. Investors' conference will be held in Dar es Salaam, 4-5 November 2013 .	Report commissioned by ANSAF estimates that Tanzania is losing USD110m through exporting raw cashew nuts, and would gain 45,000 jobs from processing. (Advocating for effective regulation of the cashew nut industry in Tanzania, 12 January 2013).	*** PSO named	** BEST-AC project
ATE	Agreed and implemented: Following ATE's advocacy, the government reduced the Skills and Development Levy from 6% to 5%, to be reviewed in a year.	The government collects around US\$ 66 million from the Levy so reducing by one percentage point should save businesses in excess of US\$ 10 million.	** PSO took leading position	** BEST-AC project
	Agreed: The Social Security Regulatory Authority Bill was amended with ATE's inputs to include private sector representation		** PSO took leading position	** Institutional support

PSO	Policy change	Business & economic impact	Attribution	
	and interest. The bill was passed by Parliament with ATE's changes included.			
CTI	Agreed (2010+): CTI is on the Port Decongestion Committee and worked with other PSOs to reduce congestion at the port	The average transition delay was reduced from 21 days to 9 days in 2012.	* Many other actors	* Institutional support
	Agreed and implemented (2012): 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.	The Government agreed to reduce the proposed minimum wage for the industrial sector from Tsh. 150,000 to Tsh. 80,000. (Government Notice)	*** PSO took leading position	** BEST-AC project
	Agreed and implemented (2011): The Parliamentary Session on 2011 agreed to the establishment of 2011 Regulations of the Merchandise Act of 1962 which empowered Fair Competition Commission (FCC) to deal with counterfeit goods. A Pre-shipment Verification of Conformity to standard (PVoC) was established under TBS. The Tanzania Bureau of Standards entered into an agreement with three multinational companies to check imports and impound counterfeits. Checking started in September 2012.	The impact on counterfeit fight has been minimal, presumably because raw materials, imports and domestically produced goods are coming through unofficial channels.		** BEST-AC project
	Agreed and implemented (2012): The government proposed to suspend the supply of natural gas to industries, with the gas instead going to TANESCO for power generation, which was 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.	** PSO took lead position	** BEST-AC project There is other support: electricity is a priority in Big Results Now
	Agreed (2012): TANESCO publically announced that it would set up five more power sub-stations in Dar es Salaam to meet increasing demand.	Average capacity utilization was below 50 per cent and has now increased to 53 per cent in part because of assured electricity.	** PSO took leading position	** Institutional support
	Agreed (2012): The Fire Department agreed to increase their July 2013 fees to industry by a maximum of 50 per cent instead of their initially proposed figure of 2000 per cent			

PSO	Policy change	Business & economic impact	Attribution	
HAT	Delayed since 2011: HAT is contesting TANAPA's imposition of concession fees in court, which has delayed the increase in charges.		** PSO took leading position	** BEST-AC project
RULU	Agreed (2011): A copyright bill went through Cabinet but has been delayed by a requirement for further consultation with strategic stakeholders.	1,386 members were recruited by (Copyright Society of Tanzania) COSOTA as of March 2009. 8,994 of music works were registered with COSOTA Up to March 2009, COSOTA has been able to collect and distribute TZS.306,327,040.33 (~US\$ 233,837) to 956 members in three instalments, being royalties for public performances from bars, hotels, restaurants, etc.	** PSO took a leading position	** BEST-AC project
SUGECO	<p>Agreed (2013): The President pledged to contribute Tsh 5 billion (\$3.5 mil) to the initiative as cash cover to CRDB to expand disbursement of loans to SUGECO entrepreneurs. The team has been asked to prepare a plan for scaling up the program submits it to the Ministry before being presented to the cabinet (Press release: Directorate of Presidential Communications 10/04/2013).</p> <p>Agreed (2013)- The Prime Minister convened a meeting with SUGECO on 17.08.2013 together with seven other Ministers (Livestock, Finance, Trade, Community Development, Agriculture, Labour, Empowerment), has designated the National Economic Empowerment Council (NEEC) as the one stop centre for SUGECO.</p> <p>Agreed (2013) – In the same meeting, the Morogoro regional Commissioner was directed to identify and locate land specifically for SUGECO investment purposes. The Deputy Minister for Community development proposed and accepted to identify pieces of land in all 52 Community Development Colleges for leasing to SUGECO entrepreneurs for investment.</p> <p>The Prime Minister gave directives to the Ministry of Finance through its Deputy Minister to give tax holidays</p>	<p>A program proposal (plan) to support 200 projects for 2013/2014 budget year has been written, reviewed, mentioned and passed in the parliament during the 2013/2014 Ministry of labour budget session (Tanzania Parliament Hansard June 2013)</p> <p>There will then be an economy wide impact in terms of employment</p>	PSO is named	BEST-AC project

PSO	Policy change	Business & economic impact	Attribution	
	to all SUGECO agribusiness investments for at least five years. SUGECO is following this very closely in collaboration with NEEC and the progress is good.			
TACECA	<p>Agreed: The government has agreed to review the Policy and look for better ways to implement it. (<i>Letter from Joseph Nyamhanga, Permanent Secretary Ministry of Works dated 30 May 2013</i>).</p> <p>Agreed: 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. Regulations are due to be published before end 2013.</p>	<p>No impact yet however,</p> <p>The policy change in the next two years will impact more than 7,000 contractors, more than 300 Engineering Consulting firms and more than 190,000 employees</p>	**	**
TAHA	Agreed: The government approved TAHA's proposals to fast track registration of biological control agents for use in horticulture.	TAHA's policy position paper from February 2012 states that: the industry earns the country about US \$ 380 million; which is equivalent to 40 per cent 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.	***	**
	Delayed: The Meru District Council agreed to delay administering an increased land rent fees while confusing guiding policies and regulations are clarified.		**	*
	Agreed and implemented: MAFC agreed to set aside funds for TAHA to establish green house facilities and collection centres. The funds will be disbursed to TAHA during the next government financial year (2012/2013).		***	*
	Agreed: The government agreed to exempt plastic packaging of export fresh produce from the pre-shipment Verification of Conformity to Standards (PVoC) programme. Reference: TBS letter, Ref. No.TBS/QMD/PVoC/G.54/1705 dated 31 October, 2013.		***	*
	Agreed: Amendment of Finance/VAT Act to include special relief for horticultural farming and trade as			

PSO	Policy change	Business & economic impact	Attribution	
	<p>follows:</p> <p>45% VAT relief on agri-nets.</p> <p>45% VAT relief on greenhouses for horticulture.</p> <p>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.</p> <p>Reference: Finance Act, 2012 Amendments.</p>			
	<p>Agreed: TRA waiver on import duty on boxes imported from Kenyan companies which were previously categorized 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>)</p> <p>remove import duty of KSH. 2 per kg of fresh produce.</p> <p>reduce road toll fee from US \$ 32 to US \$ 15.</p> <p>remove transit fees (KSH. 1,000 per truck).</p> <p>remove import ban of cut roses.</p>			
	<p>Agreed: Both import duty on fresh produce and import ban on cut roses were removed. Road toll and transit fees issues have not yet been removed.</p>			
	<p>Agreed: the government has given the industry the window to register the products through fast-tracking process. In addition, as a long-term solution, the government will immediately review the Fertilizer Act, 2009.</p>			
TAMPA	<p>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</p>	<p>Some milk producers have promised to reduce the prices of their milk products by about 10 per cent; or increase the price of raw milk paid to farmers hence increasing farmers' income.</p>	<p>***</p> <p>PSO took leading position</p>	<p>***</p> <p>BEST-AC project</p>

PSO	Policy change	Business & economic impact	Attribution	
	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."			
TANEXA	Agreed: The Government has reduced the roadblocks to Rwanda from 54 to 15.	No information given.	*	**
			Other actors	Institutional support
TAOA	Agreed and implementation: All Committees formed by TCAA, TAA and TMA have private sector participation.	No information given.	***	***
			PSO took leading position	BEST-AC project
TATO	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, The 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."	**	***
			PSO took leading position	BEST-AC project
TCCIA – Morogoro	Agreed and implemented: The government made some practical changes to the use of Electronic Fiscal Devices (EFD) e.g. connectivity and equipment, as recommended in the research report.	The market was closed for a week during the crisis. The MOU gives a precedent for future regions.	**	**
	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.		PSO took leading position ***	BEST-AC project ***
			PSO signed MOU	BEST-AC project
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).	**	***
			PSO took leading position	BEST-AC project
	Agreed and implemented (2011): Ngorongoro Conservation Area Authority amended the systems for a new payment system for park fees to incorporate private sector comments.		**	**
			PSO took leading position	Institutional support
	Agreed and implemented (2012): The Tourism Board and TCT jointly		**	***

PSO	Policy change	Business & economic impact	Attribution	
	commissioned a marketing strategy for the tourism sector, which has been officially adopted.		PSO took leading position	BEST-AC project
	Agreed and implemented (2013): The government agreed to withdraw proposals to impose VAT on tourism services.	Business costs would have risen by 18%.	** PSO took leading position	** Institutional support
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 beer companies cutting production from four shifts to three.	*** PSO took leading position	** PSO has other support
	Agreed: Alternative minimum tax time period (0.03% tax deducted from the turnover of a business declaring no profit) was changed from 3 years to 5.	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.	*** PSO took leading position	** PSO has other support
	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.		*** PSO took leading position	** PSO has other support
	Agreed: TPSF has facilitated private sector involvement in drafting a new National Private Sector Development Policy.		*** PSO took leading position	** PSO has other support
	Agreed: The OECD IPR documents for Tanzania were amended to allow for private sector consultation.		*** PSO took leading position	** PSO has other support
	Agreed: The number of roadblocks on the main road to Zambia and Malawi was reduced from 30 to 15.		*** PSO took leading position	** PSO has other support
TAWOMA	Agreed: The government has increased the budget from Tsh2.5 billion (\$1.54 million) in 2011/12 to Tsh8.9 billion (\$5.50 million) this year to support small scale miners. 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 organization structure of the Ministry of Energy		PSO took leading position	BEST-AC Support

PSO	Policy change	Business & economic impact	Attribution	
	and Minerals (MEM). Agreed: Establishment of a loan scheme under MEM to issue soft loans to small scale miners.			
VIBINDO	Agreed/delayed): The government BARA-Act 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. The Ministry of Industry and Trade has agreed on Private sector recommendations and have forwarded to the Attorney General Office in 2012. Agreed (2012): The government accepted the arguments that the registration fee should increase by no more than 150% rather than by BRELA's proposal of more than 1000%. BRELA to submit new proposed fees to MIT for gazette.	No impact yet. No impact yet.	** PSO took leading position ** PSO took leading position	** BEST-AC project ** BEST-AC project
ZACPO				
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.	Exact figures not yet provided but thought to be high	** PSO took leading position	** Institutional support