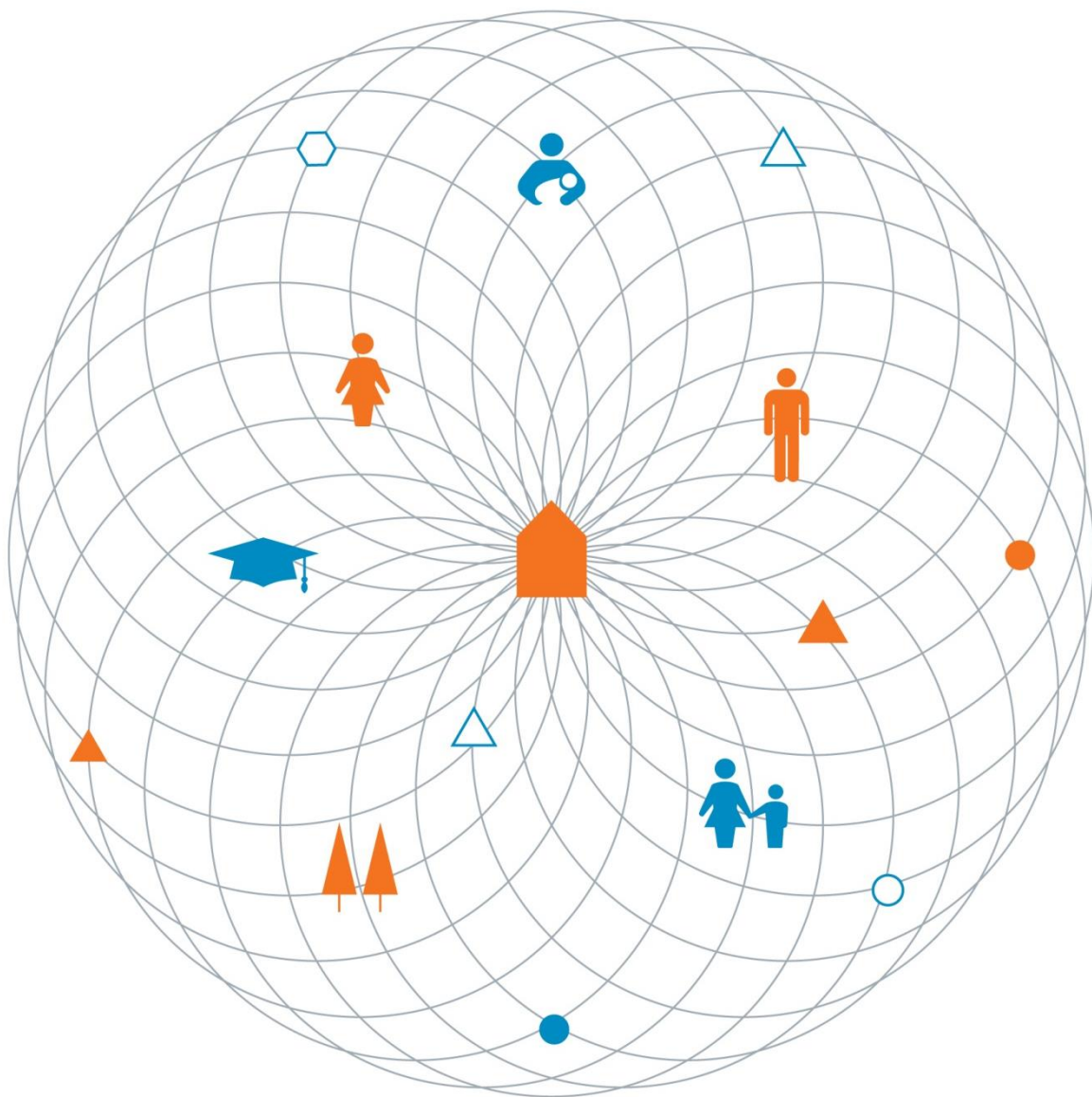




Best-AC Longitudinal Impact Assessment

Fourth Annual Report





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ABBREVIATIONS

ACT	Agricultural Council of Tanzania
ANSAF	Agriculture Non State Actors' Forum
ATE	Association of Tanzanian Employers
BRN	Big Results Now
CSO	Civil society organisation
CTI	Confederation of Tanzanian Industry
HI-LINE	Higher Learning Institutions Network
IMED	Institute of Management and Entrepreneurial Development
LIA	Longitudinal impact assessment
MDA	Ministry, department and agency
MNRT	Ministry of Natural Resources & Tourism
PMO	Prime Minister's Office
PSO	Private sector organisation
RIA	Regulatory impact assessment
SAGCOT	Southern Agriculture Growth Corridor of Tanzania
SAL	Serengeti Advisers Ltd
SAUT	Saint Augustine University of Tanzania
SUA	Sokoine University of Agriculture
SUGECO	SUA Graduate Entrepreneurs' Co-operative
TACTO	Tanzania Association of Cultural Tour Operators
TAMFI	Tanzania Association of Micro-Finance Institutions
TAMPA	Tanzania Milk Producers Association
TANEXA	Tanzania Exporters' Association
TATO	Tanzania Association of Tour Operators
TCCIA	Tanzania Chamber of Commerce, Industry & Agriculture
TOR	Terms of reference
TPSF	Tanzanian Private Sector Foundation
UDBS	University of Dar Business School
UDEC	University of Dar Entrepreneurship Centre
ZNCCIA	Zanzibar National Chamber of Commerce, Industry & Agriculture

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Summary findings

- There is evidence, both from this LIA and other programme reviews of BEST-AC, that the capacity to initiate, conduct and sustain advocacy has increased for a large number of PSOs as a result of BEST-AC. The use of the advocacy competence diagnostic assessment tool has helped to bring greater depth to measuring and understanding these capacity improvements in PSOs.
- BEST-AC has contributed to improved relationships between the PSOs and the government. The level of advocacy related activities has grown substantially – with more public-private dialogues, more invitations to consult, more alliance formation among PSOs, more research reports and policy position papers and, as a result, more changes in public policy.
- There is good evidence from some PSOs to show that their advocacy efforts have resulted in policy reforms, for some others the evidence provides less support. However, even for the successful advocacy initiatives that have resulted in policy changes, not all of these have policy reforms have been implemented by the Government - limiting the capture of wider changes in the business environment.
- The LIA is able to assess the plausibility of BEST-AC's inputs, namely from grantee funding to capacity improvements of PSOs, since it is backed by a range of evidence providing a sound basis for inferring causality. However, the latter parts of these change pathways (from improved advocacy to policy change and from policy change to improved business environment) were in general less supported by evidence.
- The econometric analysis has made an attempt to assess and distinguish between the main factors that contributed to changes in policy, and subsequent changes in economic performance of PSOs. Results for the last four years suggest that changes in policies initiated by the PSOs have had a positive impact on macroeconomic performance in the form of increased investment and jobs. However, this analysis was possible only for five policy changes which limit the generalisation of these results.
- Absence of a strategic framework meant that the BEST-AC grantee level theories of changes were not always consistent with the programme level theory of change. This resulted in project outcomes at the grantee level not always contributing to programme level impact indicator of improvements in the broader business environment.
- Evidence from the case studies shows that advocacy is most effective when PSOs are in regular dialogue with the government and hear about proposals at an early stage. The type of policy change is a key factor in determining the ability to estimate, quantify and attribute changes to the macro-economic environment.
- Although there are many piecemeal improvements in the regulatory framework, there is no overall or consistent improvement in the wider business environment. However, circa three-fifths of firms who are members of BEST-AC supported PSOs felt the ease of doing business has improved over the period of BEST-AC.
- Change is unlikely to take place according to a predictable, linear results chain and there are a few other actors that work in the same space as BEST-AC, including powerful non-traditional development actors. It is therefore important to recognise that BEST-AC is likely to contribute to change as part of a wider "causal package" of factors.
- The evaluation recognises the difficulty in assessing BEST-AC's contribution to changes in the national business environment. With limited data at the impact level and frequent changes in the context, it becomes more difficult to disentangle different contributions to change. Future programming would benefit from having increased emphasis on developing the evidence base around the factors that contribute to advocated change, allowing for improvements in contribution assessment.

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 (Phase II) progress against its goal to achieve a business enabling environment that 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

The Business Environment Strengthening for Tanzania – Advocacy Component (BEST-AC) is a multi-donor funded programme with the aim to support membership-based business organisations to become organisationally and technically competent to advocate to the government for regulatory changes that are beneficial to the business environment.

The ultimate goal is to contribute to a business-enabling environment in Tanzania that will stimulate investment and economic growth. The purpose is to achieve this goal by enhancing the quality and effectiveness of the Tanzanian private sector organisations to engage effectively in private public dialogue and to advocate improvements in the business environment. It seeks to achieve this by providing financial and technical support to private sector organisations (PSOs) to help them effectively engage in research and advocacy.

Phase I of BEST-AC was launched in 2003 and Phase II of the programme ran from July 2008 to June 2014. A third phase of the programme began in July 2014. The programme was renamed as BEST Dialogue to reflect the importance of public private dialogue. The third phase is funded by DANIDA.

The LIA focuses on Phase II of BEST-AC.

1.2 Purpose & scope of LIA

Phase II of BEST-AC had had many reviews during its implementation period. However, the scope of these reviews has been limited to assessing progress at the output and purpose level. The purpose of the LIA is to determine the plausibility of links between the output, purpose and goal level objectives of the programme. LIA will attempt to assess impact at the goal level and determine the extent to which BEST AC has contributed to the achievement of a better business enabling environment.

The terms of reference specify these questions to be addressed:

- What kinds 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 (such as businesses of a particular size, sector, formal/informal sector employees)?
- What is the significance of the effects on the private sector in terms of magnitude, reversibility and duration? (for example the magnitude of changes in the cost of compliance, or in business performance)
- Are these changes attributable to BEST-AC and if so to what extent?
- What are the common characteristics of successful advocacy projects that as compared with those that are not successful (such as type of PSO, issues 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 should be given where possible to:

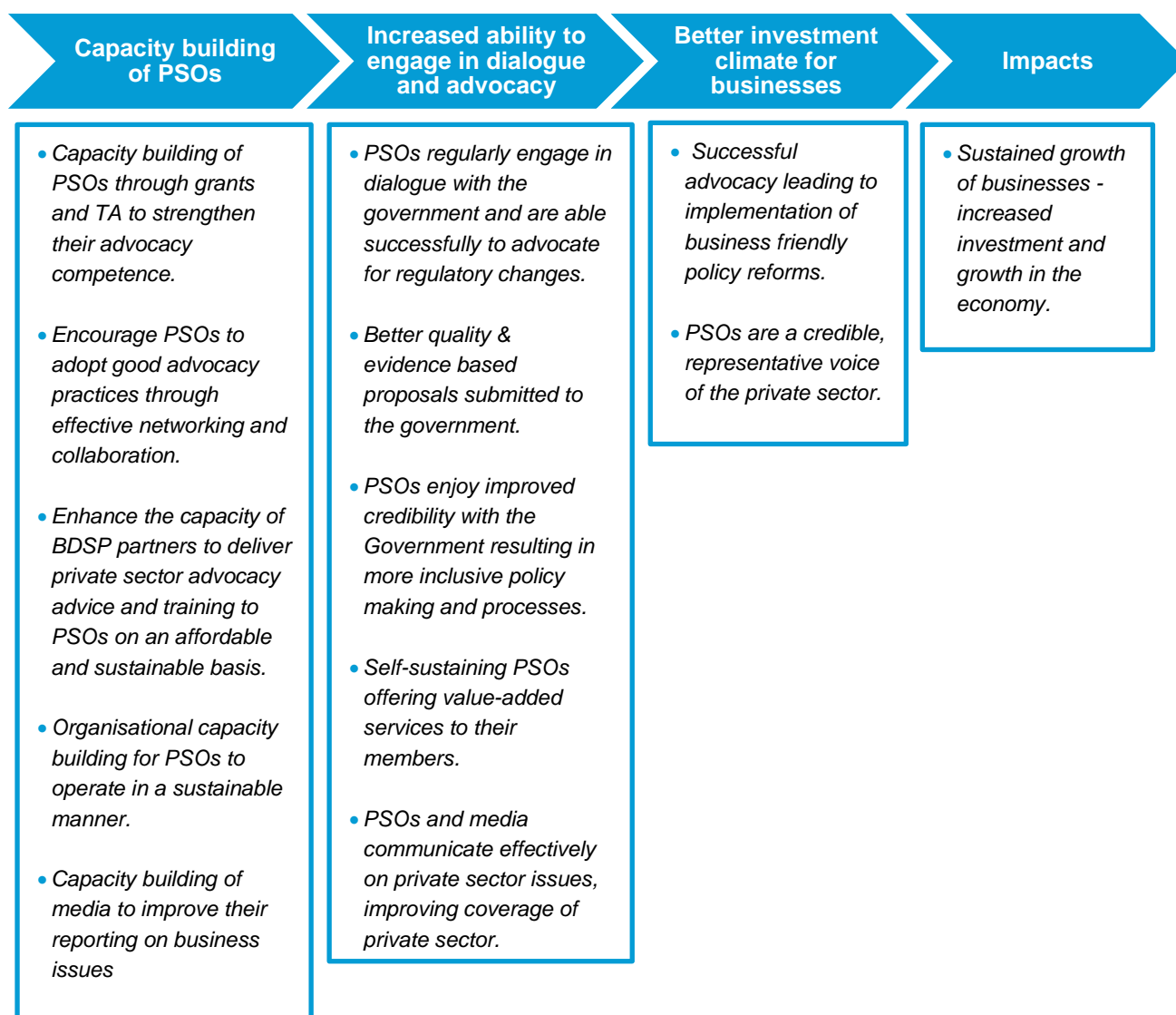
- The counterfactual – what would PSOs and other partners have achieved without BEST-AC?
- Before and after-status prior to BEST-AC support; progress against the baseline; and the sustainability of improvements after BEST-AC has ended (including whether PSOs supported by BEST-AC continue to engage in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

1.3 Theory of change

To help frame our evaluation approach, we developed an overarching theory of change (ToC) that explains BEST-AC's strategic objectives.

In this theory, as shown in Figure 1 below, PSOs understand their role in influencing public policy and want to engage in dialogue and advocacy. This requires strengthening their capacity and support for their dialogue and influencing. Success in advocacy will lead to Government making regulatory changes that are conducive for the private sector. Improvements in the enabling environment will promote increased investment and growth in the private sector resulting in increased job creation and income generation.

Figure 1: Theory of Change



The implicit ToC in BEST-AC has the intended impact level objective of “contributing to an improved enabling environment for the private sector”, as measured by improvements in the national business environment. This is based on the assumption that by strengthening the demand side of advocacy (capacity of PSOs), the supply side – decision makers (Government) will respond accordingly and their mutually agreeable actions would lead to improvements in the business environment through effective change in laws, regulations and practice.

1.4 LIA approach

This evaluation 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 (qualitative and quantitative) to estimate changes and attribution at each stage in the programme logic.
- Combine data gathering and interpretation by programme staff with external reviews.
- Use, and where appropriate adapt, internal monitoring systems already developed by and for BEST-AC.
- Be reasonable in requirements for additional data gathering by BEST-AC.
- Co-ordinate with other internal or external reviews.

1.4.1 Use of Counterfactuals

The ToR suggests the use of counterfactuals in the LIA. However, establishing causality and proving additionality through developing a counterfactual based on a control group of grantees proved challenging for a number of reasons.

Firstly, an attempt to identify a control group of grantees with similar characteristics to BEST-AC grantees proved difficult because comparable PSOs that had no donor funding were either in a different sector or a different location. Secondly, though the LIA's focus is on Phase II of BEST-AC, almost all national PSOs had been recipients of BEST-AC funding since 2004, when Phase I was operational. This ruled out the possibility of using a 'before' and 'after' counterfactual analysis.

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

1.4.2 Data Sources

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).
- Case studies of PSOs to understand the mechanisms whereby impacts are achieved – especially the influencing tactics – and the details of context.
- Semi-structured interviews with the public sector stakeholders.

- Primary survey with members of PSOs.

1.5 Caveats and limitations

The scope of the evaluation is extremely broad. It had to cover a very wide range of issues, instruments and initiatives at different levels, many of which could easily have been (and in some cases were) the subject of a dedicated evaluation of their own. As a result, the present evaluation had to be strategic and pragmatic about the effort that could be dedicated to data collection and analysis. It has had to rely heavily on secondary data, including existing reviews, implementation reports, monitoring databases of BEST-AC, which did not always provide a complete picture of the level of action and effectiveness. Absence of a high level strategic framework for BEST-AC and relevant impact level indicators meant that the programme was often pursuing outcome level achievements as an end in itself. This has also resulted in poor data capture at the higher levels in the theory of change, limiting our ability to assess impact.

We undertook primary research to complement and build on the available secondary data to the greatest extent possible, but due to the vast scope of the exercise and the limited resources, this could not always address all potentially relevant elements and aspects in the same amount of detail. Thus, the evaluation results are comprehensive in the sense that they cover relevant areas the evaluation was tasked to assess, but the depth and breadth of the impact analysis is severely limited by the available secondary data, as well as the time and resources at our disposal to collect additional primary data.

The ultimate impact of BEST-AC is challenging to measure and/or attribute to specific initiatives. The overall goal of BEST-AC is to achieve business enabling policy, but determining its precise effect on macroeconomic variables such as investment and growth is very challenging, since there are numerous other factors that also exert an influence. Due to the multitude of factors that influence macro-economic variables, and interventions at the various levels to attempt to address these factors; and the absence of any real counterfactual; it is methodologically extremely difficult to attribute any changes in the enabling environment to any one specific policy change initiated by a PSO.

A number of factors also limit the results of the econometric estimations:

- Data on the policy changes (partly because of the nature of the changes and partly because of lack of information) is also very basic which does not allow for a more detailed investigation of their impacts.
- Dearth of comparable, longitudinal macroeconomic data in Tanzania and limited data on firms and sectors did not allow us to use structural models.
- The time-period for this estimation is not long enough to allow for the change pathways to happen (from successful advocacy to policy changes being initiated; to implementation of policy changes; to having an impact in the wider business environment, and to pick up longer term effects. Most policy changes have only happened in the last two years and a smaller sample of these policy changes has been implemented.
- The models used only pick up the effect on the businesses in these models. An impact on employment will help the broader community and an increase in investment might be expected to have an impact on future growth, however, we are not able to pick up the wider community effects in a more comprehensive way because of lack of longitudinal macro data. This also implies that we are not able to understand the 'net' effects. For instance, if a policy causes a decrease in investment and an increase in employment as the CTI policy has done, what is the net effect of this policy on wider macro development outcome?

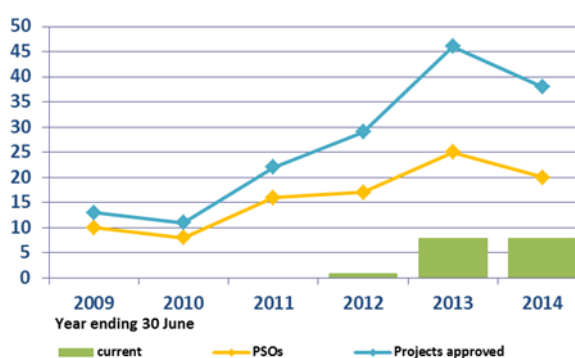
2 BEST-AC activity overview

2.1 Overview

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

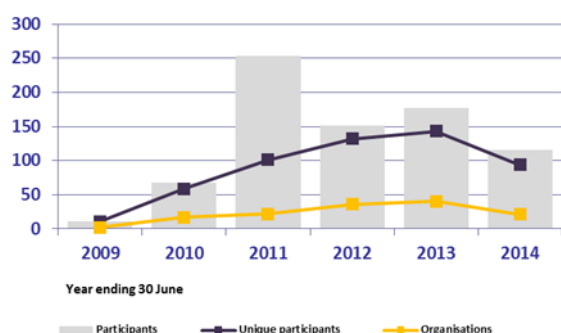
Activity in the year to 30 June 2014 included the provision of support for 38 projects managed by 20 PSOs compared to 46 projects from 25 PSOs in 2012/3.

Figure 2: Projects and PSOs supported



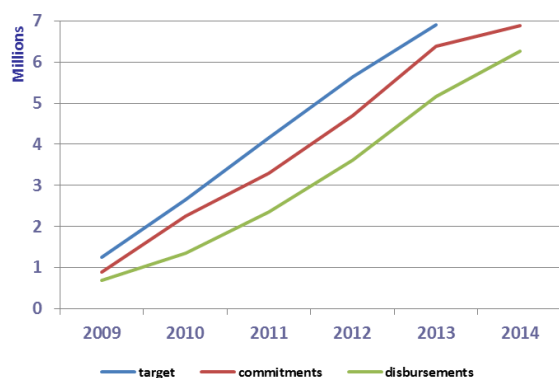
Since the beginning of phase II, 159 projects (110 advocacy and 49 institution building) were initiated by 40 PSOs. One has been cancelled, two have changed their focus. At the date of the field mission (June) some 17 projects were still active. During phase II, 141 projects were completed. A further 13 had been discussed but did not receive approval.

Figure 3: Training participation



Total training participation for 2014 decreased compared with earlier years. A total of 94 people from 21 PSOs were trained. A group of journalists also participated 115 times (not captured in Figure 3). In phase II, 386 people from 57 organisations participated 775 times.

Figure 4: Commitments & disbursements (cumulative)



To the end of June 2014, BEST-AC has made grant commitments of \$7.2m and had disbursed almost \$7.1m. 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. BEST-AC was exceeded this target, but with the extension of the extra year

3 Output and purpose level evaluation

The purpose of BEST-AC is to enhance the quality and credibility of private sector organisations to engage effectively in private public dialogue and to advocate improvements in the business environment. This section provides findings from the process evaluation, which assesses: whether the project was delivered as intended; whether the PSOs have increased their capacity; and whether there are intermediate indicators of success on advocacy projects. This is done through an analysis of:

- Capacity building of PSOs – measured using a advocacy competence diagnostic assessment tool;
- Level of activity – measured by the number of dialogues, alliances and networks, research commissioned, policy papers published and presented, and media coverage;
- Policy successes that have been achieved by partner PSOs, or are on track to achieve – measured through the data from BEST-AC; and
- Improvements in PSOs influence in eyes of public sector and of members – evaluated through the perception survey.

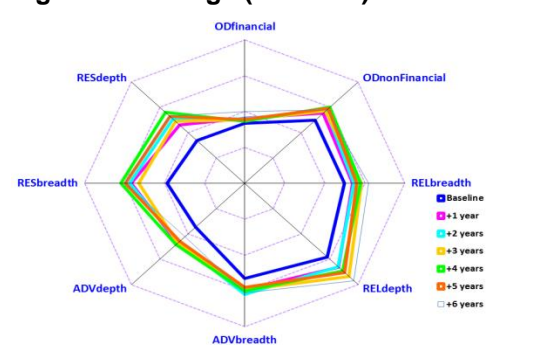
3.1 Capacity building of PSOs

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. This should then be repeated 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:

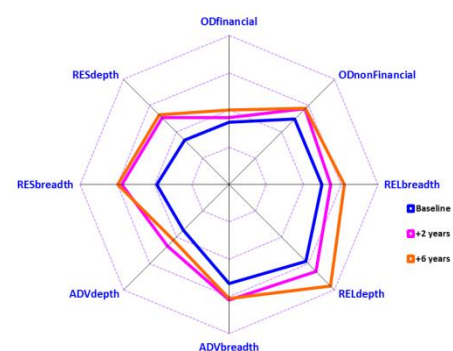
- Organisation development (OD), which gives an approximate measure of the resources available and the competence of the organisation to manage those resources;
- Relationships (REL), which looks at the processes used by the organisation to develop and maintain relationships and dialogue: it looks at 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, which 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: this 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.

Figure 5: Average (all PSOs)



Source: BEST-AC assessments (n=36 (baseline); n=9 (6 years))

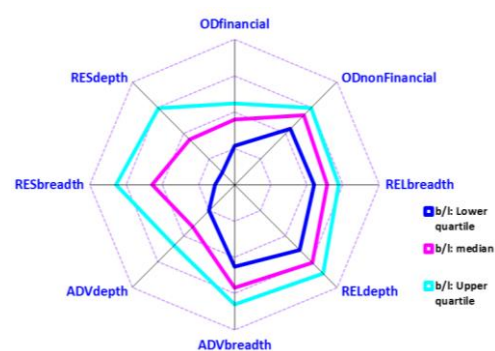
Figure 5 shows the annual average mean score for each of the indicators, demonstrating that there has been improvement in all aspects of PSO operation over a period of six years. It appears however that the greatest improvement comes in the first year of support.

Figure 6: Median (all PSOs)

Source: BEST-AC assessments (n=36 (baseline); n=9 (6 years))

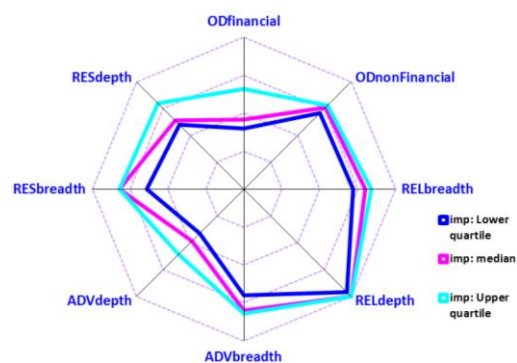
This is illustrated more clearly in Figure 6, which shows the median scores¹ and shows a clear improvement from the baseline position. All indicators have improved, but REL depth and REL breadth and OD financial are the only relationships that keep on improving after year 2.

This is explored further in figures 7 to 9.

Figure 7: Baseline interquartile range

Source: BEST-AC assessments (n=36)

Figure 7 presents the baseline inter-quartile range to give an indication of the spread of competence. As can be seen, it is quite wide, with the greatest difference in results. Indeed, this implies that small improvements in competence might lead to quite big improvements in results. This finding endorses BEST-AC's approach of supporting competence and institutional development. Additional interquartile information can be found in Appendix 2.

Figure 8: Interquartile range after 6 years

Source: BEST-AC assessments (n=9)

Figure 8 shows that after six years, PSOs which were initially in the lower quartile have made the greatest improvement, whilst those initially in the upper quartile have made smaller improvements (recognising that they may have less scope for improvement).

¹ The "median" is the "middle" value in the list of numbers and is used to avoid outliers skewing the results

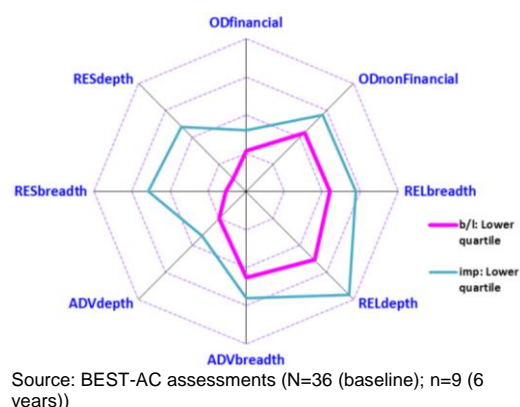
Figure 9: Lower quartile after 6 years

Figure 9 brings out more clearly the improvement in the lower quartile PSOs, showing significant improvement from baseline to six years. There has been all round improvement and this has resulted in an apparently large improvement in results.

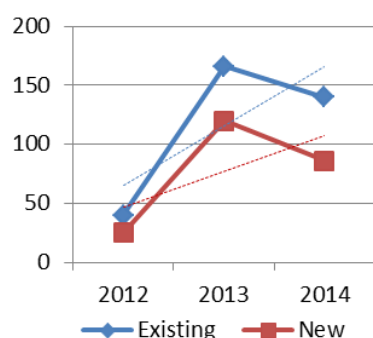
In addition to looking at the average scores we have this year looked at improvements by individual PSOs and have focused specifically on improvements during phase II. We have data for 35 PSOs who have had at least two diagnostic assessments undertaken during phase II.

The measure of competence has been calculated by taking the average score for the three independent variables (OD, REL and ADV) and omits RES the dependent variable, which is not a contributor to competence. Where PSOs have had more than two diagnostic assessments, we have used the better results rather than the most recent results, as far as possible to eliminate bias. We noted differences in interpretation from different members of staff and to eliminate an issue that arose whereby some facilitators interpreted questions about success to relate to a specific project rather than generally to the work of the PSO as the diagnostic intends. On this basis, 67 per cent of the PSOs have recorded improved competence.

3.2 Advocacy activities of PSOs

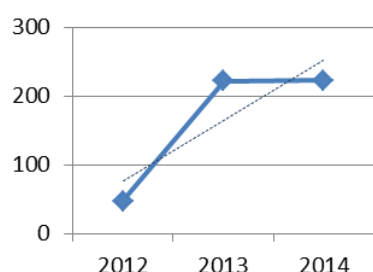
BEST-AC introduced a new quarterly reporting system in 2011, which allows us to report in more detail on the activities being undertaken by PSOs in relation to their advocacy. Data is almost complete for the year ending 30 June 2012 and complete for 2013 and 2014². There are some shortcomings in this reporting however: only PSOs that have current projects are asked to report. They report on more than just the BEST-AC supported project(s), which gives a better indication of total activity, but this does not extend to PSOs no longer in receipt of support. There is no validation of their reports (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 do therefore have to be treated with a degree of caution, but they do provide at least some indication of the level of activity. The figures show a strong increase in activity overall during the period to the end of June 2013, that is, the expected end-date for BEST-AC. There appears to have been a reduced level of activity during the extension year, though in all cases the trend remains upwards (as shown by the trend line in each of the charts below).

² Note that 'years' in the charts relate to the BEST-AC project anniversary, i.e. to year end 30 June

Figure 10: Dialogues

Source: BEST-AC quarterly reports

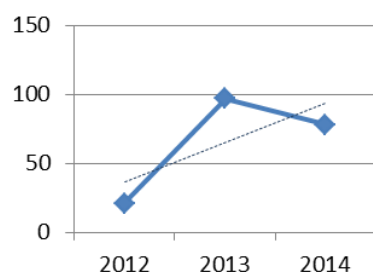
Figure 10 shows the number of dialogues in which BMOs are participating and the number of new dialogues. The trend lines show that PSOs are contributing to an increasing number of dialogues. We would comment, however, that PSOs have a tendency to count every meeting as a separate dialogue whereas some should be classified as a continuation of an existing dialogue.

Figure 11: Invited to dialogue

Source: BEST-AC quarterly reports

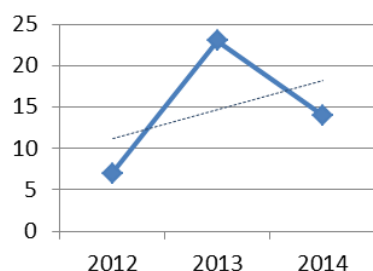
PSOs are now perceived to be more credible than before by public officials and are increasingly being invited to express their views on important policy issues – this is confirmed by discussions with public officials.

TPSF, in particular, is now being asked much more frequently to offer a private sector view on a wide range of policy issues, with 21 requests in the last quarter alone.

Figure 12: Alliances & networks

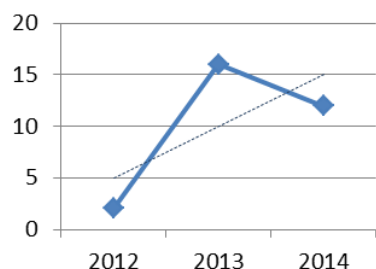
Source: BEST-AC quarterly reports

Figure 12 shows that PSOs form more alliances, both with other PSOs and with public sector agencies compared with 2012. For example, TCT has worked closely with the Tanzania Tourist Board and the Ministry for Natural Resources and Tourism; TAMFI has worked with a Parliamentary committee; TAMPFA has worked with the Tanzania Dairy Board. However it is still rare for PSOs to commission research jointly or to create formal coalitions, other than those implicit in apex bodies.

Figure 13: Research studies completed

Source: BEST-AC quarterly reports

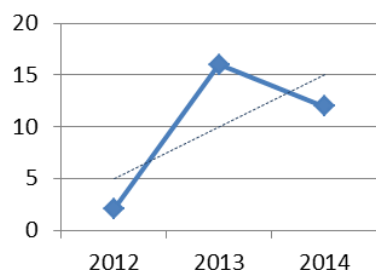
PSOs claim that they have completed more research reports than have been provided for detailed examination so either there is some double counting or else PSOs are reporting on research that has not been supported by BEST-AC.

Figure 14: Policy papers published

Source: BEST-AC quarterly reports

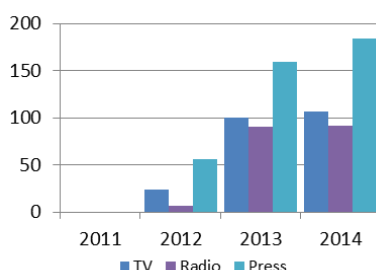
PSOs say that they are publishing policy position papers. As we reported in our briefing last year, we believe that PSOs generally produce poor quality documents such as fact sheets that cannot be counted as policy position papers.

Appendix 3 provides more detail on research and policy papers quality.

Figure 15: Policy positions presented

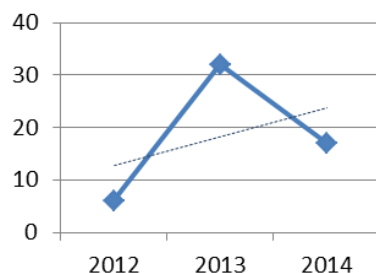
Source: BEST-AC quarterly reports

There is no doubt that PSOs are presenting their policy positions to government. However, it seems that PSOs count every time they present a policy to a different branch of government, rather than counting that as just one policy stance. Where this has been spotted in the quarterly reports, the figures have been adjusted, so we believe that the figures shown in Figure 15 are reasonably accurate.

Figure 16: Coverage in media

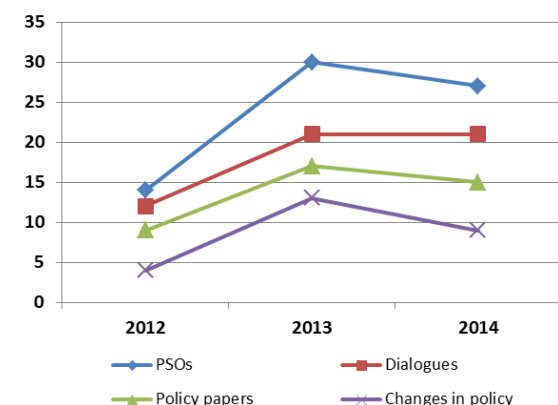
Source: BEST-AC quarterly reports

Media coverage for the year (Figure 16) included 184 articles in the press, 91 items and 845 minutes of radio coverage and 107 items and 496 minutes of TV coverage. It appears that media coverage is growing. It should be noted that the indicator does not measure quality. Our view is that about half the organisations assessed are making good use of the media, though all could be more focused and effective.

Figure 17: Changes in public policy

Source: BEST-AC quarterly reports

PSOs claim that they have achieved 17 successes in the year. PSOs generally define success as occurring when government agrees to a policy or regulation change. This does not take account of the loss in impact that often happens during implementation

Figure 18: Active PSOs

Source: BEST-AC quarterly reports

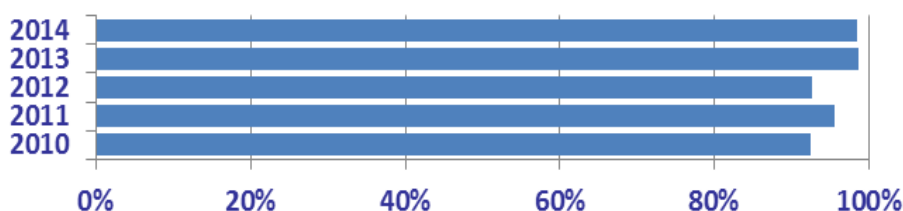
As well as looking at the total level of activity, we have looked at the number of PSOs which have been active in dialogue and advocacy. This is based on quarterly reports from the PSOs, so should cover all the PSOs that are receiving support from BEST-AC to engage in dialogue and advocacy. The year to 30 June 2013 saw the greatest level of activity, with 30 PSOs being supported, active in 21 dialogues, generating 17 research reports and 13 changes in policy. The number of policy proposals and policy changes tailed off in the year of the extension, possibly because less support was available.

Further information on interquartile differences in activity and outputs between PSOs is identified in Appendix 2.

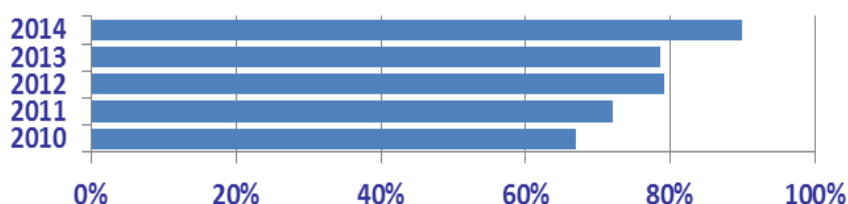
3.3 Perceptions of PSO effectiveness

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

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

Figure 19: Member assessment of importance of issue

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

Figure 20: Member satisfaction with PSO

3.4 Summary of output and purpose level evaluation

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

- BEST-AC has funded 140 projects. Some 99 advocacy projects and 19 out of 41 institution building projects have been completed.

- The diagnostic tool suggests that PSOs have strengthened their capacity on all dimensions over the analysis period of six years. Improvement is particularly noticeable in the first year of funding, and for the PSOs who are initially the weakest.
- PSOs have built relationships with government. In the last 21 months PSOs have engaged in more than 200 dialogues with government. The level of activity has grown substantially – with more dialogues, more invitations to consult, more alliance formation, more research reports and policy position papers and, as a result, more changes in public policy.
- PSOs claim to have achieved 43 changes in public policy.

4 Goal level evaluation

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

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

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

4.1 Policy success

There have been 55 changes to public policy and 236 new dialogues with Government in the last quarter. Appendix 1 provides information on the impact of selected BEST-AC projects.

Our estimate is that projects supported by BEST-AC have saved industry or contributed to the economy some \$1.1bn, which compares favourably with the \$12m cost of BEST-AC.

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

The benefit varies widely across projects, with some projects affecting entire sectors, and other projects benefitting only a small group of businesses. There are very few advocacy initiatives that impacts across all sectors, making attribution at the macro level challenging.

A successful outcome of a public-private dialogue is one that results in either a change in public policy, in new or amended legislation, or in changes in the way that regulation is interpreted, or in changes leading to improvements in the way that regulation is administered. However, further stages are necessary for a successful dialogue to translate into impact on the ground. The policy change needs to be adopted and implemented in a way that respects the original intentions. Success is not the same as influence. Whilst it is relatively easy to see if government has in some way changed policy or changed the rules, it is much harder to pinpoint the precise reasons and to be able to assert that this came about largely or wholly as a result of the efforts of a particular interest group – or even a coalition of interest groups. However, there are some examples in Tanzania where it would appear that the business association has indeed been influential. Understanding the tactics of influence helps in identification of attribution or rather contribution analysis, but also with capturing learning to strengthen future advocacy.

Examples of policy success include:

Legislation

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

Enforcement of legislation

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

Administration of regulation

- CTI has been lobbying to speed up all the procedures at the Port of Dar es Salaam. They had succeeded in bringing the dwell time down from 21 days to 9 days (though it is now back up to 11).
- Farmers had an issue because they did not have phyto-sanitary certification which complied with international requirements. TAHA worked with the Ministry of Agriculture (MAFC), reviewed the requirements, found some areas where the certification was inadequate and proposed revised certification in line with international standards. This was adopted by the government and exports to the UK were able to resume.

Change in interpretation of regulation

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

Change in public policy

- ACT has been lobbying for many years for the creation of an Agricultural Development Bank. This has finally been agreed and is likely to be launched early in 2015.

- ATE (and others, including CTI and TPSF) has lobbied for years to reduce the Skills Development Levy. Last year they were successful in that the levy was reduced from 6 per cent to 5 per cent, though they continue to lobby for it to be reduced further.
- TCT and the tourism sector have supported government proposals to introduce a tourism development levy, provided that it is administratively simple, transparent and that the proceeds are clearly seen to go to support tourism development. Working closely with HAT, they have been successful in ensuring that the levy is set at a rate (of \$1.50 per bed per night) that is not too onerous. It is not yet clear, however, whether the fees will go towards tourism development rather than core funding of the TTB.
- TCT worked closely with MNRT to develop a tourism marketing strategy. This was agreed by government and TCT is now working to raise awareness within government and beyond of the strategy and to encourage all parties to align their activities.
- TCT has persuaded TNBC to recognise tourism as a major contributor to the economy and to set up a task force with the objective of adopting a tourism policy and then persuading government to adopt that policy. TCT has commissioned the drafting of that policy.
- CTI has been successful with a number of measures to change tax regimes (including reducing the levy on paper and paper products from 25 per cent to 10 per cent, tightening the levy on imported construction materials and changing the way in which a financial transaction tax will be levied (from a percentage of the sum transacted to a percentage of the bank charges relevant to the transaction)).
- CTI has succeeded in persuading the Weights & Measures Agency that they should not weigh bulk raw materials when they are imported, but leave the risk to the buyer (and forego the fee of 0.2 per cent of CIF, costing importers as much as \$11m).
- TPSF sought to persuade the government to abolish the Alternative Minimum Tax (a tax on turnover imposed after a business had made losses for three consecutive years). They compromised on an extension to five years.
- TPSF was asked by the government to contribute to the preparation of a new National Private Sector Development Strategy.
- TPSF (and others) persuaded the Government to reduce the number of road blocks (ie, 'toll' points on the central corridor).
- TPSF persuaded the President to reinstate meetings of the TNBC leading to the decision, in November 2013, to hold a lab on the business enabling environment as one of a series of labs held as part of Big Results Now.

4.2 Monetising impact of policy changes

We have made a preliminary attempt to monetise possible gains from some policy changes that can be attributed to BEST-AC. Examples of valuing some these specific cases include:

- TCT has collaborated closely with government to develop a tourism marketing strategy, which it is now helping to implement. It is perhaps too early to assess the likely impact. However, the OECD reports that Tanzania attracted nearly 7 million tourists between 2001 and 2012 (with a record of 1 million tourists for 2012 alone), corresponding to total tourism revenues of TZS 615 billion (\$ 380 million). The Bank of Tanzania (BoT) estimates earnings from tourism for the year to June 2014 at almost \$2bn, and comments that it has overtaken gold to become Tanzania's largest earner of foreign exchange. The marketing strategy's objective is to raise its share of specified tourists from 11 per cent to 14 per cent, in other words, to increase the number of tourists by 27 per cent within five years. Based on the BoT figures, this would generate an additional \$1.5bn over the five year period.
- TCT has also worked closely with government on the introduction of the Tourism Development Levy. Our calculations suggest that this could raise \$2m in the first year, and then rise rapidly, to provide more effort to market Tanzania as a tourist destination and thus achieve the target set out above.

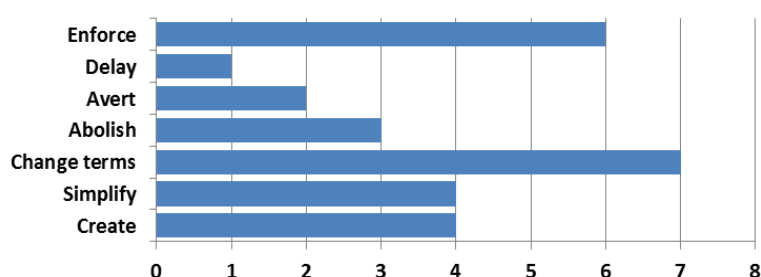
- TAHA has achieved a number of policy changes. Some of the changes achieved seem minor, such as improving access to the airport at Nairobi or allowing biological control agents, but together they have safeguarded an important industry. Horticulture is worth \$380m per year. It exports 40 per cent of all Tanzania's agriculture exports and 9 per cent of all Tanzania's exports. One recent success has been in relation to the use of specialist fertilisers which has saved the sector around \$2.4m.
- CTI has been lobbying hard for improvements in efficiency of the port of Dar es Salaam. The Tanzania Revenue Authority has taken up the challenge. The dwell time has reduced from around 21 days and is currently at about 9 days (having improved further and then deteriorated again). Dwell time is only one cost indicator. However, Dar handles about 9 million tonnes per annum. The port has a rather complicated tariff structure but broadly allows goods 15 days free storage and then charges \$1/tonne/day. The reduction in dwell time thus saves industry around \$54m per annum. Savings will be higher from reduced turn-around time (the times ships are waiting) and from being able to transfer more goods through the port. Furthermore, there is pressure on the port to increase throughput, ideally without expanding, so reducing dwell time will have advantages to government. And moving more goods through the port increases the tariffs collected by government. In the case of the ports in Mozambique, a similar improvement in dwell time led to an increase in government revenue of 25 per cent.
- ACT has finally secured agreement from the government to launch the Tanzania Agricultural Development Bank (TADB). A report in the Guardian newspaper (6 Jun 14) suggests that this could lead to an increase in national income of 10 per cent, that is c. \$2.8bn. Although the OECD does not believe that this will make much difference to poor farmers, and thinks that it would make more sense to focus support on SACCOs and MFIs.
- It is perhaps encouraging then that TAMFI has secured agreement from the government to put in place a more detailed regulatory regime to govern MFIs. We estimate that it might raise \$8m which might then support additional 15 - 30,000 borrowers per annum.
- ATE, CTI, TPSF and others have lobbied for a reduction in the skills development levy. They achieved a reduction last year from 6 per cent to 5 per cent. This is estimated to have saved businesses around \$10m, though the cost to government should have been less, as the PSOs believe that fewer businesses would seek to avoid the levy as the size of levy reduced.
- TPSF persuaded the President to restart meetings of the Tanzania National Business Council, after a long period of inactivity. At the meeting, TPSF then persuaded the President that the enabling environment should be a priority for Big Results Now and, as a result, a lab was held at the beginning of 2014. It is too early to see results from this, but it has reinvigorated a desire to improve the enabling environment.

Our estimate of total impact is that advocacy projects supported by BEST-AC have contributed gains to the extent of \$1.1bn to the economy (or, if one includes the forecast for the TADB, \$3.9bn). This figure should however be validated by a formal cost-benefit analysis.

4.3 Nature of policy change

Policy change was quantified by the nature of the activity and the policy sector or area. The analysis below included both successful and unsuccessful approaches to change the terms (of proposed) or simplify (existing) policy or legislation. It is worth noting the large number of attempts to simplify or create policy or legislation.

Figure 21: Nature of policy change (projects)

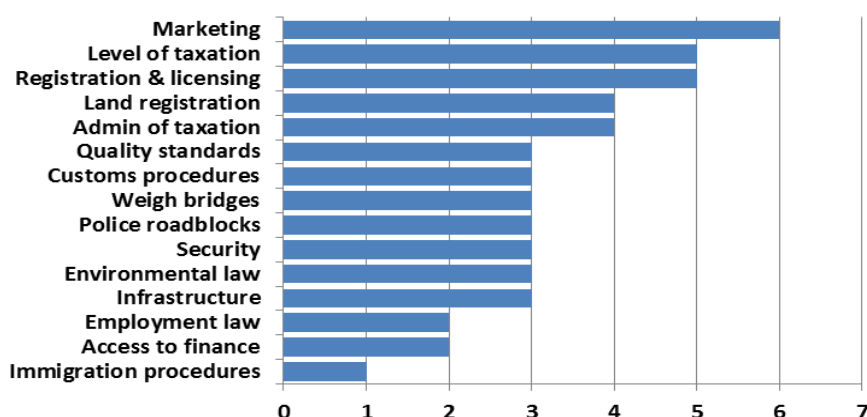


We have analysed policy areas, based on the number of projects pursued by PSOs.

Of 27 policies analysed, 22 per cent of policy changes have been related to enforcement and 26 per cent are described as policy change in terms.

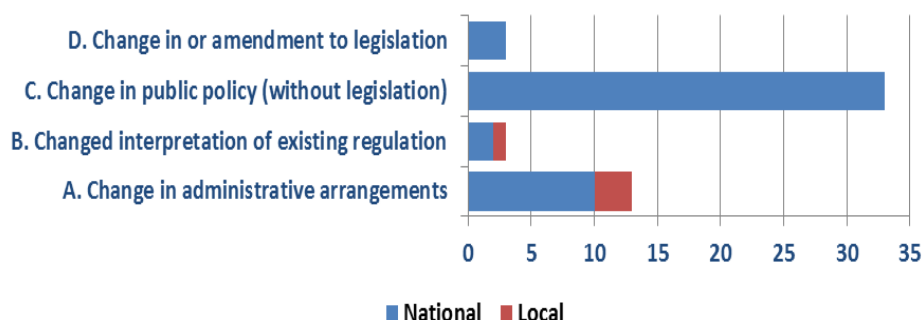
The results need to be treated with a degree of caution since there may be a small number of projects, for example on power or the ports, which will have a large impact, and a larger number of projects, say on VAT, where every PSO wants to negotiate an exemption for their sector, but which ultimately will have much less of an impact.

Figure 22: Policy area (projects)



We have also analysed the policy changes that have been included in the impact table and count as successes for the PSO and BEST-AC. Figure 23 shows that changes in or amendments to legislation are rare, though changes to public policy could be a precursor to and intermediate indicator of this. While there might be a lagged effect between seeking and gaining legislative change, it is also reasonable to conclude, based on this data, that simplifying, creating or abolishing legislation has a lower chance of being successful whereas efforts to change policy that do not require legislative change seem to be more effective.

Figure 23: Nature of policy change (results)



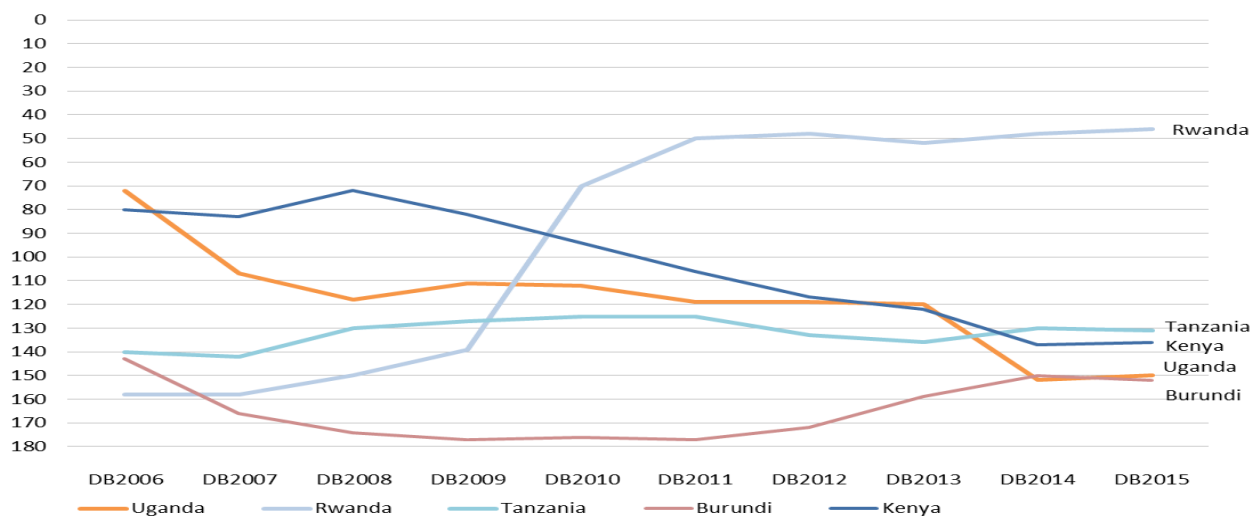
It would appear, *ipso facto*, that business associations are able to influence policy. Whether this is instrumental in initiating a change or only influences the direction of change is not always evident.

Associations report that the key elements in success are:

- Undertaking objective and comprehensive research: ensuring that facts are at their fingertips when required and they can develop compelling arguments.
- Persistence: advocacy can take a long time. It is easier with champions in government, at all levels; the associations can keep the champions informed and they can make the case for the associations.

4.4 Impact on the investment climate

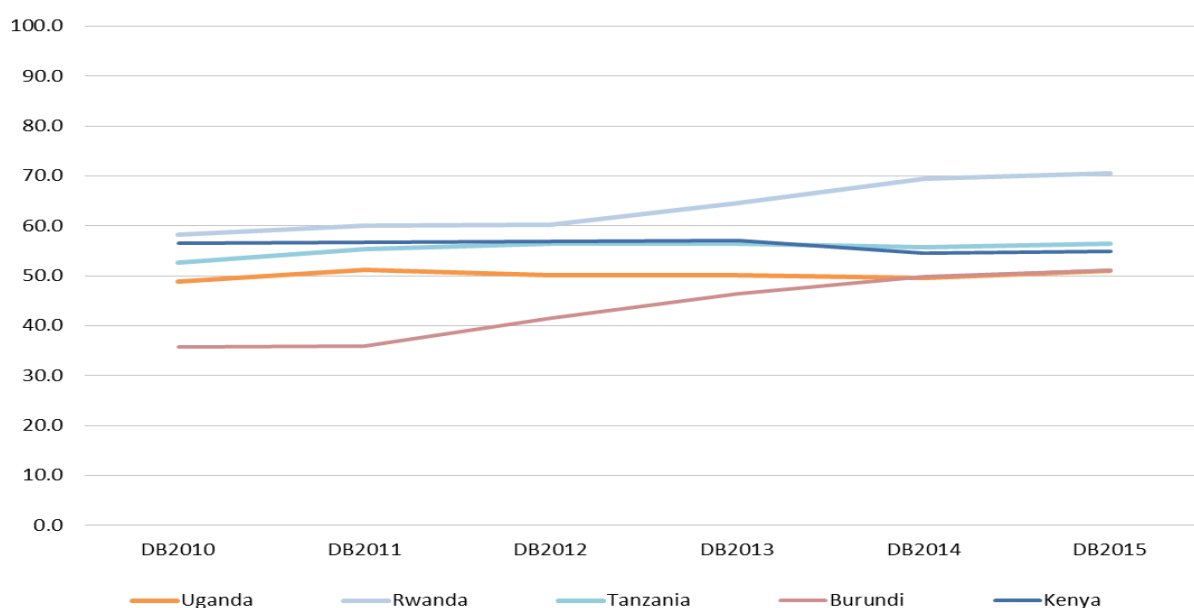
Doing Business 2015 was published on 29 October 2014 and so we are able to provide up to date results.

Figure 24: Doing Business Rankings

Source: based on World Bank Doing Business Reports (DB2006-DB2015)

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 has a marginal improvement. After methodological changes in the preparation of the ranking in DB2015 and a consequent change in Tanzania's rank for 2013 (i.e. in the rank reported in DB2014), Tanzania is ranked at 131 in DB2015 and, as a result, is second only to Rwanda in the EAC.

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, since DB2010, has scored countries on their 'distance to the frontier', though this is still dependent on the performance of the best. This suggests that Tanzania made very small improvements in the enabling environment in the period 2009 to 2012 (i.e. DB2010 to DB2013), deteriorated a little in 2013 and then rebounded in 2014, with a score of 56.4, almost exactly its score in 2012. In other words, irrespective of how Tanzania's rank has changed over the years, its actual performance in improving the enabling environment has remained almost static.

Figure 25: Distance to Frontier

Source: based World Bank Doing Business database (see www.doingbusiness.org)

4.5 Impact of selected policy changes on the business enabling environment - results from the econometric estimation of impact (2010-14)

One of the objectives of the LIA is to test for any likely impacts the advocacy initiatives of BEST-AC have had on firm performance through sales, investment, employment etc in the sector. As part of our quantitative analysis to test for impacts, we estimated a number of econometric models at business level, using various outcome variables such as sales, employment etc.

Model specification

We had data on 475 firms from eight PSOs over five years, giving us a total of 1687 business-time data points. Since we had data over both time and across firms, we have been able to use panel estimations. We tested for whether random or fixed effects estimates were better and the test revealed that the fixed effects coefficients were more consistent. The latter include dummy variables across firms and time, thus allowing us to capture the effect of all firm level variables for which we do not have explicit data. The section below describes the model used and discusses the results from the estimations. The results from the regression analysis are presented in Appendix 5.

We include fixed effects for firm (unique ID), sector, year. We have included no firm or industry level controls and in this sense, these models are not structural in any way. For example, we do not have wages in the employment model or output or interest rates in the investment model. This is because we do not have sufficient data to estimate a complete structural model.

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

Variable description

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

- CTI policy:

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

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

- TAHA policy: in 2012, TAHA managed to get through a large number of duty reductions, amongst other changes.
- TAMPA policy: after 2012, there was to be zero VAT rating on milk and all milk products.
- TCT policy 1: After 2012, a new marketing strategy was introduced.
- TCT policy 2: in 2011, a new system was put forward for paying park fees

Test for robustness

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

Results

Our results indicate the following:

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

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

- **TAHA Policy:** As mentioned earlier, TAHA was successful in getting a fast tracking window opened up and also in a number of duty reductions in 2012. Surprisingly again, there is a reduction in the probability of a firm investing in this period. Note that we cannot establish causality but only association so that we cannot be sure whether the policy changes caused the reduction in investment or, as might be more logical, the latter caused the former. In the case of TAHA businesses, the changes do not seem to have impacted on their sales, employment or other measures of performance yet.
- **TAMPA policy:** which involved a reduction in VAT on milk and milk products was associated with increased investment probability and amount. However, once again, the policy does not seem to have affected sales or incomes. We would generally expect the immediate impact of tax reductions to be on sales and expenditure and a later impact on investment.
- **TCT policy:** We have two potential TCT policies to test for – those that were initiated in 2011 (a new park payment system) and in 2012 (new marketing strategy). Our results indicate that the first policy change had no significant impact on sales, investment or employment. However, the second change (the new marketing strategy) was associated with a decrease in sales and expenditure but an increase in the amount of investment by firms.
- **HAT, TANEXA and TATO:** In addition, we find that policies advocated by these three PSOs also led to increase in the probability of investment in these sectors, but have had no effects on output or employment.

As far as the year and sector controls are concerned, we find that both investment probabilities and investment amounts are decreasing since 2010 (our base year). Across sectors, we find that sales, employment and investment are all lower in almost every sector compared to the manufacturing sector (our base sector). There is some evidence that the probability of investment is higher in trade than in manufacturing.

The above indicates the changes in business performance associated with various policies. However, we were only able to test very few policies for a range of reasons. Drawing on our classification of the advocacy projects discussed last year we are able to conclude the following in terms of impact:

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

The impact of policies in policy change 2 (TAHA) is the easiest to estimate and quantify the level of impact because the policies are precise and so are their beneficiaries. Having said this, the impact of these policies will vary on different aspects of the firm's performance (sales, investment, employment etc.). The impacts of policy changes in 1 (CTI) and 3 (TAMPA) are harder to pin down given the data that we have because: i) the time period is very short relative to the change being contemplated; ii) the information on the exact policy change is often hazy; and iii) the

beneficiaries are likely to be spread across the economy and we can only capture those effects in the longer run with longitudinal macroeconomic data rather than with firm or even industry level data.

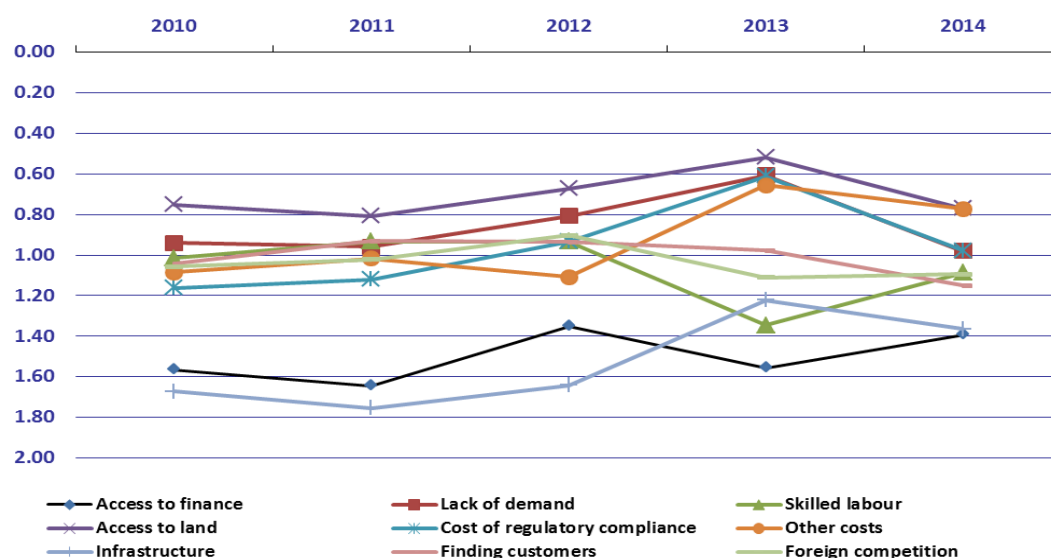
4.6 PSO member perceptions of the business environment - results from the LIA survey

As part of the LIA, we undertook to survey 50 businesses who are members in each of the case study PSOs. We surveyed 391 businesses from eight PSOs. TAHA is used as a proxy for ACT, since ACT is an apex; HAT is used as a proxy for TCT for the same reason though tourism businesses that are not members of HAT or TATO are also interviewed.

Wherever possible the same businesses are surveyed each year. Of the 391 businesses surveyed, just 31 were new interviewees this year. This should mean that the results are a good indicator of trends. This analysis uses this cohort as an indicator for the performance of the business environment.

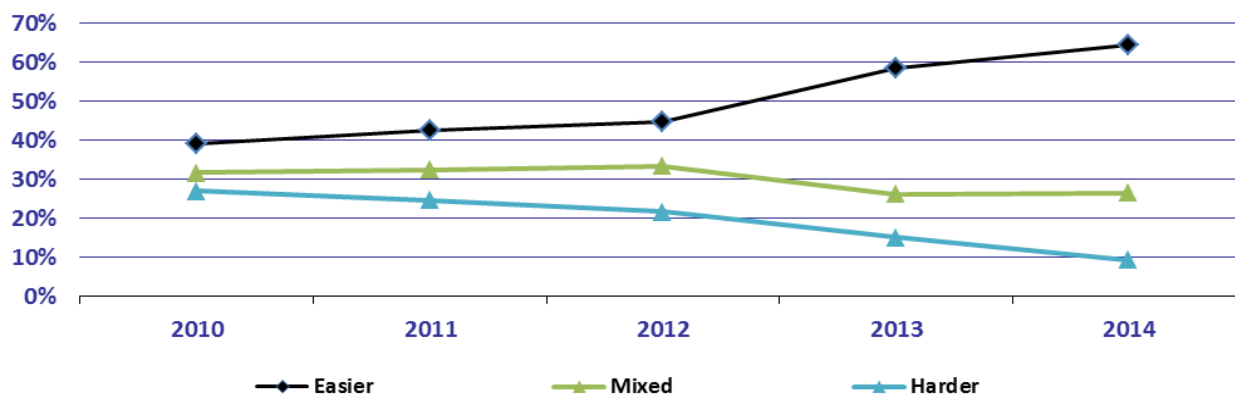
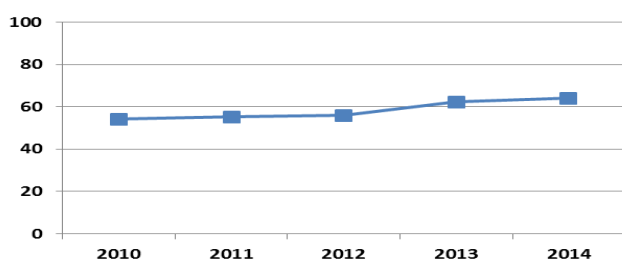
Access to land, lack of demand, finding customers, cost of regulatory compliance and other costs all deteriorated. Overall, it seems that most factors have deteriorated, though access to finance and access to skilled labour have both improved since 2014.

Figure 26: Respondents' view of factors that constrain business

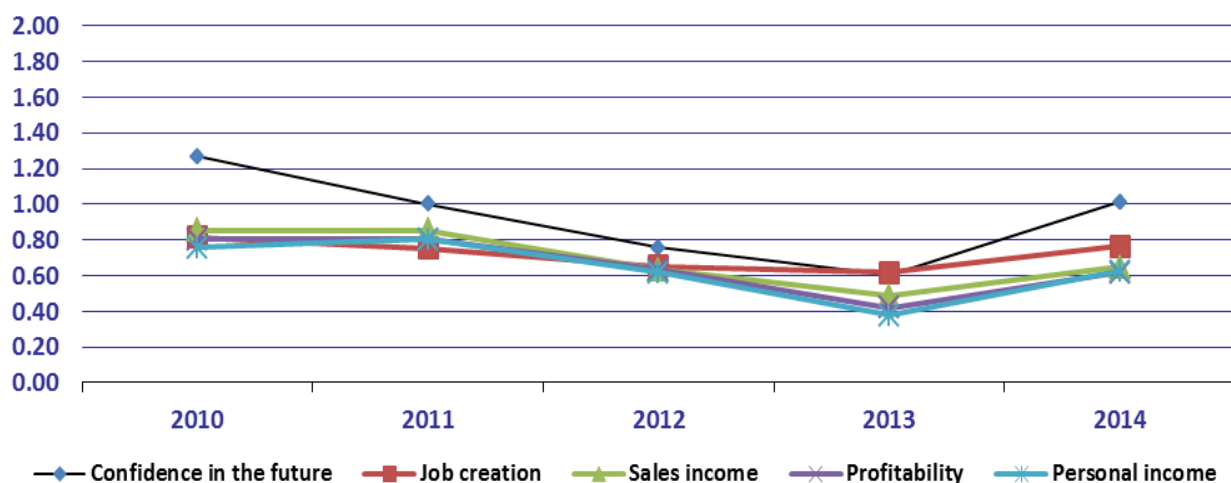


Note: the lower the score, the better the view, so the scale has been reversed so that improvements are shown by a rising line

However most (64%) 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 – and just 9 per cent say that it is harder or much harder. This is presumably because the improvements in accessing finance and labour and possibly other aspects of the business environment improved beyond the constraints examined above.

Figure 27: Ease of doing business compared to previous year**Figure 28: Ease of doing business**

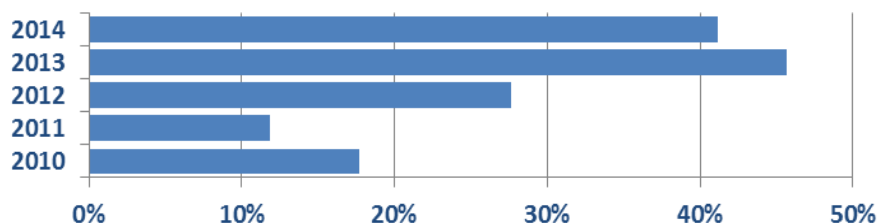
Indeed, the numbers reporting that business is easier has been growing each year. This is clearly demonstrated by coding the results (from 0 for much more difficult to 4 for much easier), adding them and normalising to give a score out of 100 for the ease of doing business.

Figure 29: Impact on business

Average profit margin

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 with some decline in the last year.

Figure 30: Net profit margin

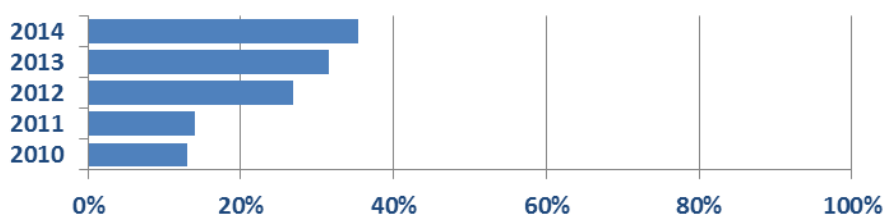


Profitability across select sectors

Profitability averaged across all sectors is growing and has doubled over the last three years. There were insufficient responses from members of CTI so we have not been able to provide manufacturing sector results. We can however show results for the other sectors.

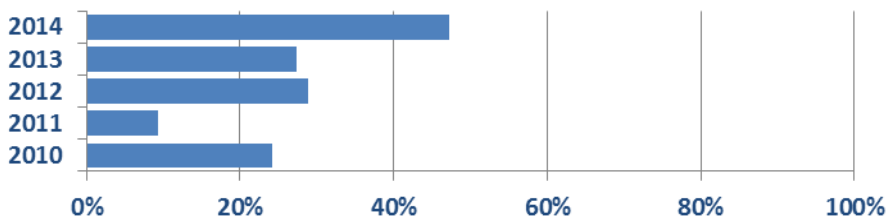
Profitability grew strongly in 2012 and has continued to grow.

Figure 31: Profitability: agriculture & agri-processing



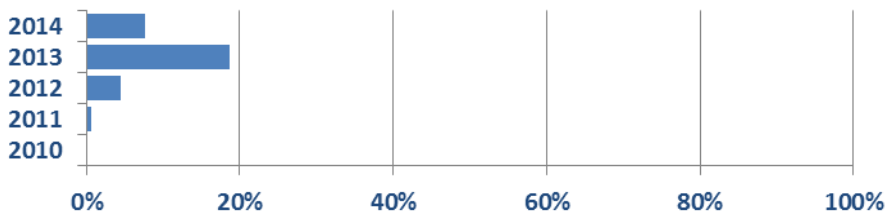
Profitability in tourism has been more volatile but seemed to grow strongly in 2014.

Figure 32: Profitability: tourism

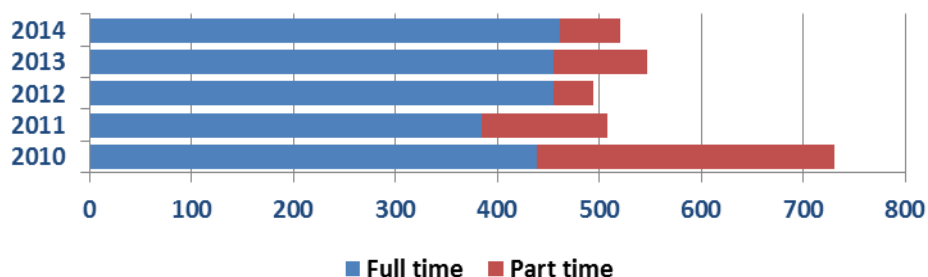


After removing an outlier in 2010, the results suggested an improvement in profitability by 20 per cent in 2013, but has since then fallen back to 8 per cent.

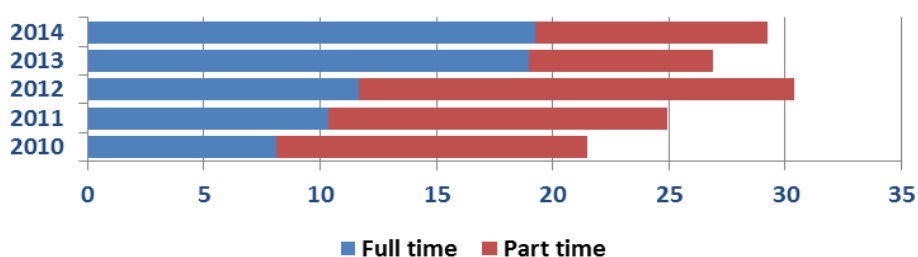
Figure 33: Profitability: export



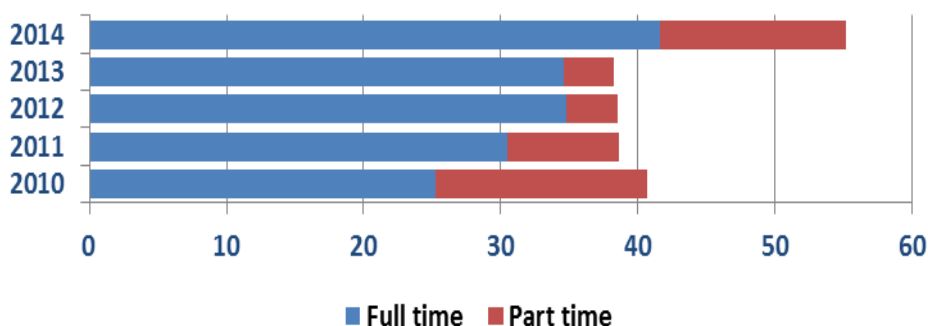
Businesses employ people on a full time and part time basis; to combine the results would require more detailed questioning. Full time employment in industry, after a small drop in 2011, increased in 2012 and since then has been almost static.

Figure 34: Employment: Manufacturing

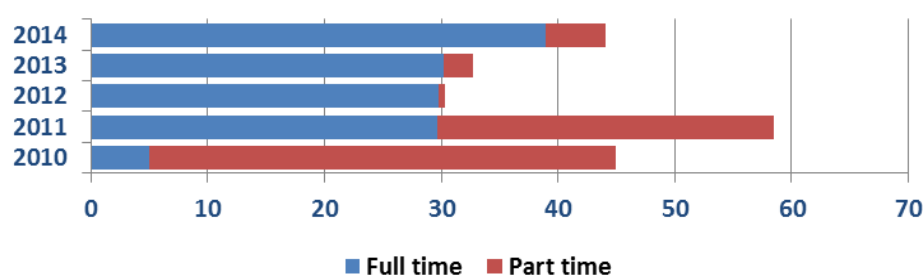
Agriculture has shown a steady increase in full time employment every year. There was a decrease in part time employment in 2013, but a large increase in full time employment, with average employment rising from 12 to 19. Full time employment barely rose in 2014 but part time employment increased.

Figure 35: Employment: Agriculture & agri-processing

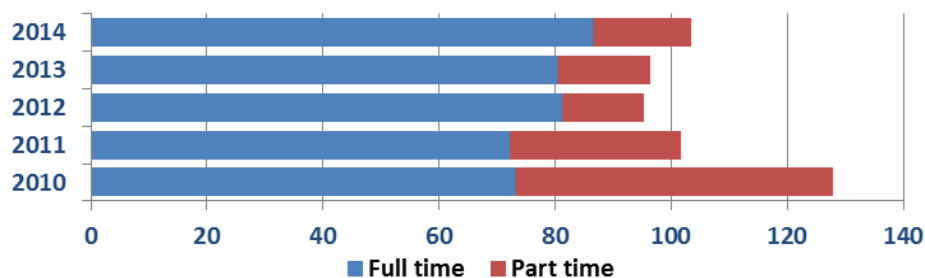
The number of people in full time employment in tourism resumed its upward trend after a pause in 2013 and the number of people in part time employment soared.

Figure 36: Employment: Tourism

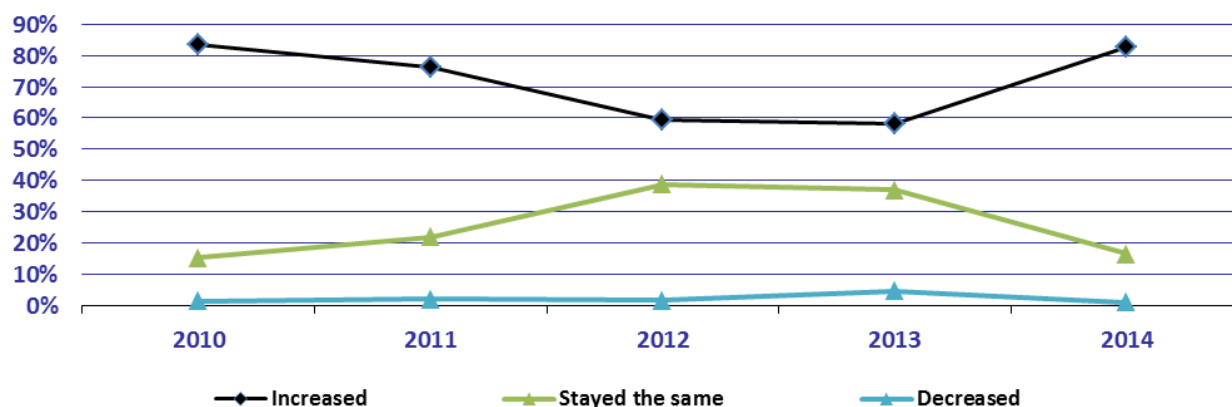
Exporters saw a rapid rise in full time employment in 2011. Full time employment barely changed till 2014 when it rose substantially.

Figure 37: Employment: Export

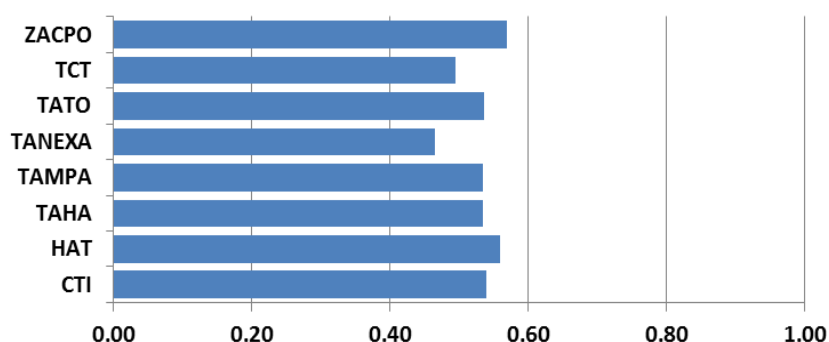
The figures for the entire sample population suggest that full time employment is rising, albeit modestly from an average of 73 to 86, and that part time employment which fell to a low of 14 in 2012 is rising very slowly, reaching 17 in 2014.

Figure 38: Employment: All sectors

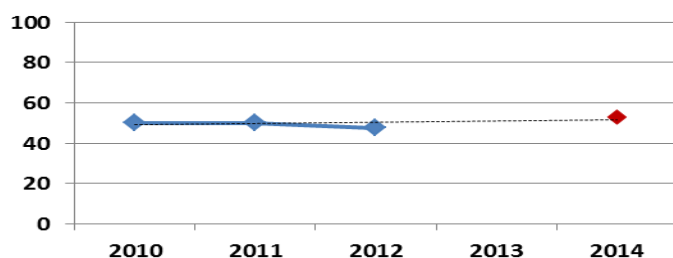
Until 2013, the proportion of those confident about the future had decreased every year. In 2014, however, it returned to its 2010 level of around 83 per cent. This is consistent with the view that it is getting easier to run a business and with the other impact indicators.

Figure 39: Confidence

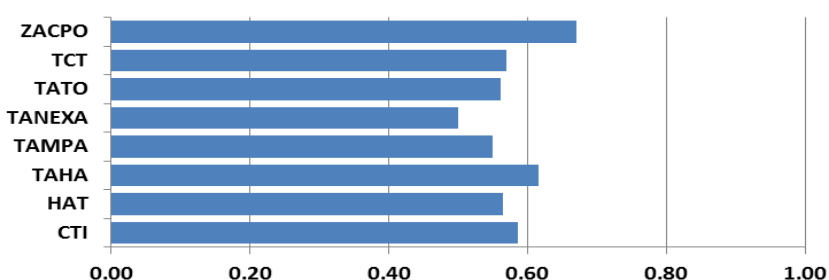
BEST-AC did not undertake a Business Leaders' Perception survey in 2014 (and the one published in 2013 was undertaken in 2012). So we added two questions this year to the survey: respondents were asked if they perceived that the government wants to create a positive business enabling environment and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

Figure 40: Perception that government wants to create positive BEE

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

Figure 41: Perception that government wants to create positive BEE

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

Figure 42: Perception that government is open to dialogue

There is a perception that the government is open to dialogue, with an average score of 58 per cent. This question was included for the first time in this round of interviews and hence are not able to report on the trend.

Respondents are positive about all aspects of running their business. The chart shows respondents' comparison with the previous year – on every factor they are positive. However, the degree of positivism deteriorated every year from the baseline – until this year, when it improved for every factor.

4.7 Illustrating attribution and demonstrating value

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 DFID³:

- 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; and
- 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.

³ 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.

- 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; 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 test the theory of change behind PSOs' actions.
- The econometric analysis analyses the database of information to see if there are significant patterns between the BEST-AC projects achievements 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.

Measuring the impact of advocacy projects is complex because:

- Attribution is likely to be complex and multi-dimensional. Influence can be diffuse and hidden. Also, in some cases PSOs are enlisted by government agencies or departments to help progress issues of joint interest, so influence is two-way;
- Changes in legislation or policy are likely to be complex and lagged. The impact lies not just in the sum of the agreed changes, but also in how these play out during implementation;
- Objectives for advocacy projects naturally evolve during the negotiation process. Having to compromise, (especially sacrificing some short-term goals so as to maintain a relationship that promises long-term benefit) is not an indication of failure, as might be the case in physical or service delivery projects;
- Especially in business environment work, impact is often preventative and repetitively preventative: successes consist in delaying changes proposed by the government that business perceive as damaging; and.
- Impact is not always positive. Some PSOs pursue anti-competitive projects that might have an overall negative effect on job creation in the sector

BEST-AC does not routinely gather data on impact and has not sought to evaluate projects on completion to determine the extent of the impact. We consider impact analysis to be essential and have made some attempt to produce measurements. Details of all completed projects are provided in appendix 1. In section 4.1, we summarise the successes achieved by PSOs.

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 charges 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.	*	*
	Agreed and implemented (2011): The government agreed that VAT should be removed from some agricultural products that are harvested to be processed e.g. tea and sugar.			
	Agreed but not implemented: ACT gained an in-principle agreement from the Prime Minister that there will be no more cess.			

	Agreed: Following pressure from ACT, the government has agreed to revoke the Export Control Act, Cap 381 and Agricultural Product (Control of movement) Act, Cap 78 of 2002.			
	Agreed: The Government is in the late stages of establishing an Agricultural Development Bank, run by the private sector. Will be launched in 2015 (see Guardian 6/6/14)	No impact yet but will ultimately will have capital of \$500m and is expected to lead to an increase in national income of 10% (Guardian 6/6/14), ie, c. \$2.8bn		
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 Jan 13).	*** PSO named	** BEST-AC project
	Agreed: two out of three warehouses in one district that had been transferred under dubious circumstances were returned for use by farmers	Without warehouses farmers have to sell cashew nut straightaway rather than waiting for price to rise. Average farmers harvests 7 bags: at harvest might earn TZS45,000/bag, but three months later, might earn TZS80,000/bag, with rent to pay of TZS2,000/month. Total impact equals c. \$140,000		
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. Agreed: The Social Security Regulatory Authority Bill was amended with ATE's inputs to include private sector representation and interest. The bill was passed by Parliament with ATE's changes included.	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 ** PSO took leading position	** BEST-AC project ** Institutional support
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. Roughly, \$1 per tonne, per day in excess of 15 days, at 9 million tonnes, equates to \$54m.	* Many other actors	* Institutional support
	Agreed: to tighten levy on imported construction materials			

	Agreed: to reduce the proposed levy on financial transactions, so that rather than being levied on the amount transferred, it is levied on the associated bank charges			
	Agreed: reduce import duty on imported paper from 25% to 10%			
	Agreed: WMA to stop weighing imports of raw materials.			
	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 publicly 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 (2013): TANESCO has signed contracts with power generators to increase power generation. Power has been agreed to be a priority in BRN.			

	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			
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 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.</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
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TACECA	<p>Agreed: The government has agreed to review the Policy and look for better ways to implement it. (Letter from Joseph Nyamhanga, Permanent Secretary Ministry of Works dated 30 May 2013).</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>	No impact yet however, 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	** PSO took leading position	** BEST-AC project
TACTO	Local government authorities levy fees, when they can, on tourists passing through their area, which can make it expensive for cultural tourists. Eg, they explained that visitors to Lake Natron currently need to go through three LGAs each of which levy \$15 per person. As a result, the number of tourists is falling – and some operators are closing camps.	No impact yet. TACTO estimates that there are as many as 100,000 cultural tourists per annum and expects that they can double this if they can reduce the excessive LGA levies. Cultural tourists pay a village development levy of \$10 to the village that they are visiting – used to build schools and community facilities – so there could be an increase in income to small villages of \$1m/ year.		
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.	*** PSO took leading position	** BEST-AC project
	Agreed: review of fertiliser act, with short term solution of fast tracking approvals of fertiliser which have been tested and approved for use elsewhere	savings to industry: c \$30,000 per fertiliser x 79 fertilisers = \$2.4m, but potentially much bigger contribution from increased yields and/ or higher quality		
	Agreed: In May 2011, GoK banned the import of cut flowers, supposedly to protect Kenya from pests and diseases. TAHA persuaded GoK to implement its own farm inspection regime in Tanzania which has resulted in the ban being lifted.			

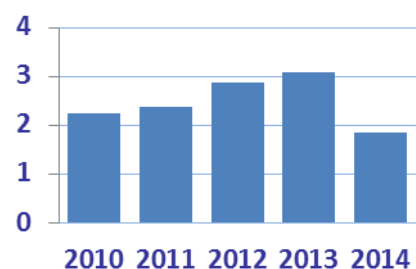
	Agreed: Kenya had a levy of KES2/kg on all fruit and vegetables exported to or via Kenya (technically levy was KES4 but the buyers agreed to split it with the farmers, though usually this simply means that the price paid to farmers reduces). More than 80% of Tanzanian exports of fruit and vegetables go via JKIA: about 25 tonnes per day. TAHA's lobbying brought the GoT and GoK together and GoK agreed to abolish the levy.			
	Delayed: The Meru District Council agreed to delay administering an increased land rent fees while confusing guiding policies and regulations are clarified.		** PSO took leading position	* PSO has other support
	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).		*** PSO named	* PSO has other support
	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.	Abolition of the import levy saves farmers about \$200,000 pa.	*** PSO took leading position	* PSO has other support
	Agreed: Amendment of Finance/VAT Act to include special relief for horticultural farming and trade as follows: 45% VAT relief on agri-nets. 45% VAT relief on greenhouses for horticulture. VAT relief on spare parts for combined harvesters, planters, trailers, power tillers, tractors, sprayers, irrigation equipment, sprinkler, dripper, seal, pipe, pump, motor, engine, plough, cultivator, implements and harrows. Reference: Finance Act, 2012 Amendments.			

	<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>			
TAMFI	<p>Seems now hav agreement to introduce legislation to regulate the micro-finance sector</p>	<p>TAMFI argue that this could double the amount of capital available to MFIs, though a straw poll of one MFI suggests that this is very unlikely. Let us assume that it increases capital by 30%. TAMFI has 79 members but not all are MFIs; assume 50 are MFIs. Average portfolio is estimated to be less than \$1m but this is pulled up by the big ones, such as BRAC and FINCO, who do not need regulation to raise funds, so let's say real average is \$0.5m; so additional capital may amount to \$8m.</p>		

Appendix 2: Detailed results from the diagnostic assessment

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

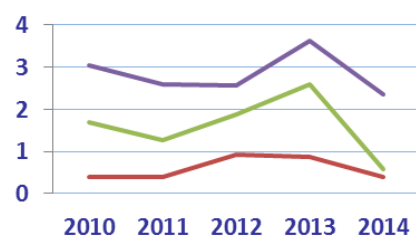
Figure 2: Governance



Source: BEST-AC diagnostics

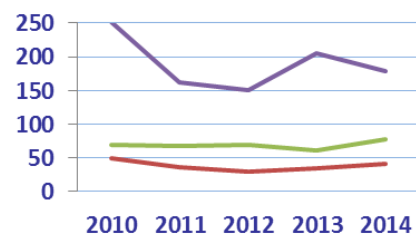
All organisations had been scoring reasonably on governance and accountability but there appears to have been some deterioration during 2014.

Figure 3: Membership



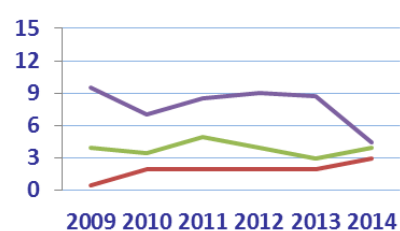
Source: BEST-AC diagnostics

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 and, after improvement in 2012/13, seem to be deteriorating again.

Figure 4: Members

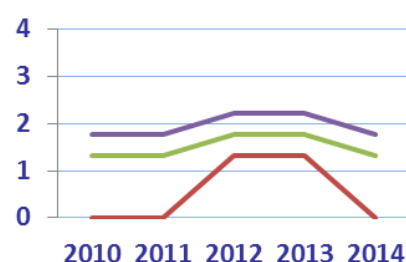
Source: BEST-AC diagnostics

Most PSOs have maintained their members. It is only those in the upper quartile that have seen a reduction.

Figure 5: Staff

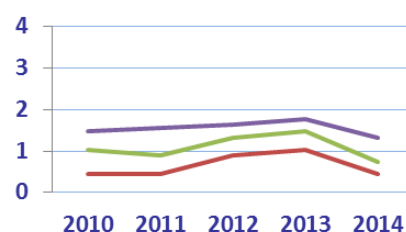
Source: BEST-AC diagnostics

We use staff numbers as a proxy for resources – on the basis that the higher the level of resource, the greater the number of staff who will be employed. The median is low, implying that most PSOs are weak on staff resources though most PSOs have been able to maintain their staff numbers, with modest increase in the median and lower quartile. Again, it is the upper quartile that seems to be losing staff.

Figure 6: Services

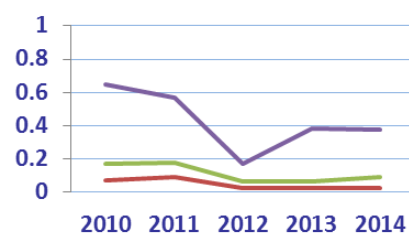
Source: BEST-AC diagnostics

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

Figure 7: Revenue

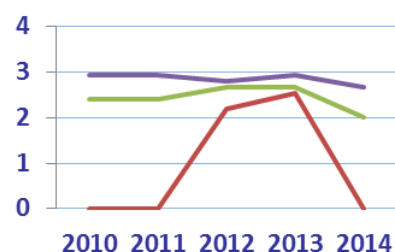
Source: BEST-AC diagnostics

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 8: Subscriptions as a per cent of income

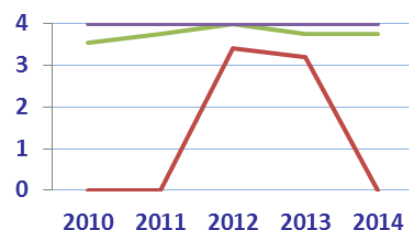
Source: BEST-AC diagnostics

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

Figure 9: Communication with members

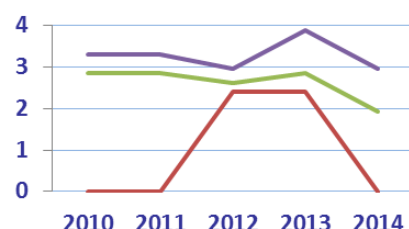
Source: BEST-AC diagnostics

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. The worse performers have deteriorated.

Figure 10: Relationship with MDAs

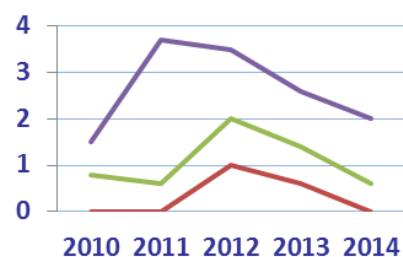
Source: BEST-AC diagnostics

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

Figure 11: Relationship with other PSOs or CSOs

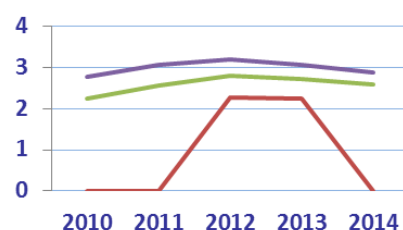
Source: BEST-AC diagnostics

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 12: Approach to research

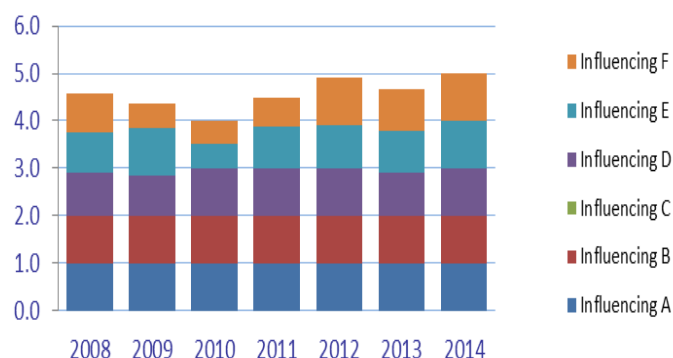
Source: BEST-AC diagnostics

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

Figure 13: 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.

Figure 14: Use of influencing styles

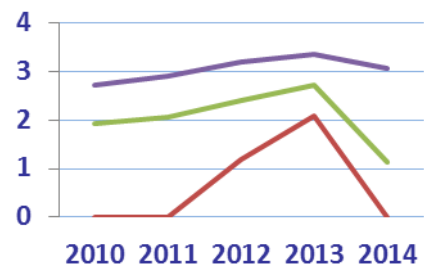
Source: BEST-AC diagnostics

It seems that most organisations are using a range of influencing styles, which is positive. The diagnostic asks whether PSOs use any of six influencing styles:

- A. Trying to find win/win solutions that match public policy agendas
- B. Presenting proposals positively rather than critically to public policy makers
- C. Communicating the issue in a way that encourages coalitions
- D. Framing the proposed solution with enough flexibility to allow negotiation
- E. Building coalitions which support the issue even if the interest of individual organisations differ
- F. Responding opportunistically to changes in public policy

It seems that most organisations are using a range of influencing styles, which is positive

Figure 15: Credibility



Source: BEST-AC diagnostics

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

Appendix 3: PSO research and policy position papers

Introduction

BEST-AC has a target to improve the quality of research papers and policy position papers prepared by PSOs. As noted earlier, it was anticipated that BEST-AC would cease at the end of June 2013. Following two extensions, it continued until June 2014. As noted in section 3.2, during the period from July 2013 to March 2014, PSOs reported, through their quarterly reports, that they had published 12 research papers and 11 policy position papers. However, only eight research reports and four policy position papers were submitted to BEST-AC and this review is therefore based on those papers.

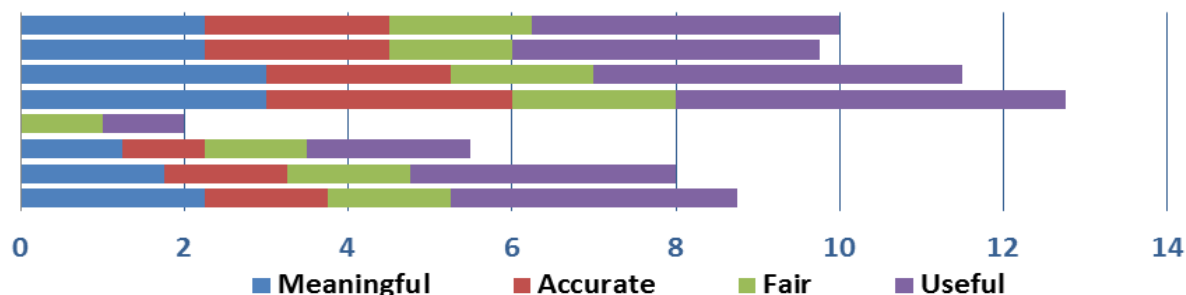
Methodology

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. 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.

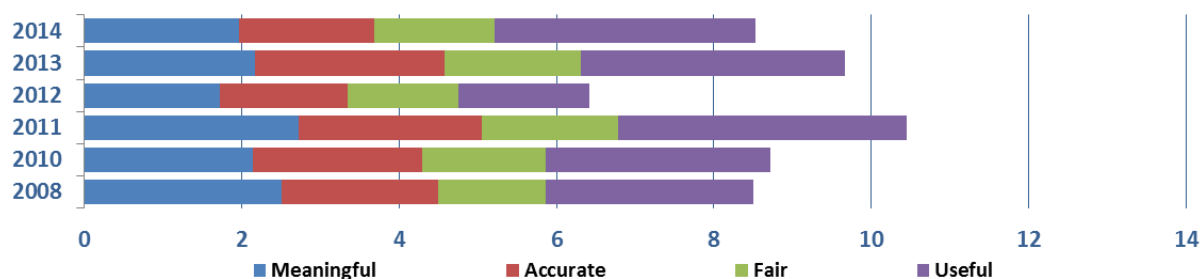
Research in 2013/14

The quality of research has fallen dramatically in 2013/14 compared to 2012/13. The results of the assessments are shown in Figure 16. Only one report scores more than 12 and two reports score less than six.

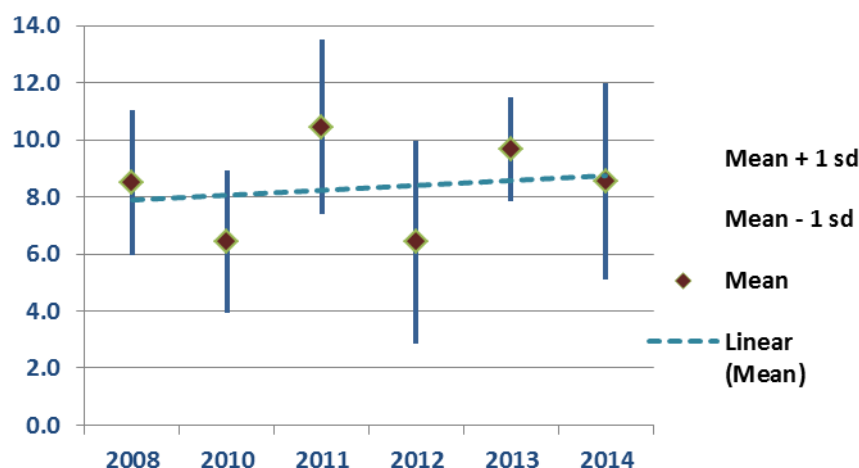
Figure 16: Research reports assessment 2013/14



It appears that the quality of reports is deteriorating. By 2010/11 the quality was improving – with an average score of 10.4. In 2012/13, it was close at 9.7. In 2013/14, however, it has fallen to 8.5.

Figure 17: Quality of research reports: comparison

The spread is high with a standard deviation of 3.4 (see Figure 18). The spread reached its maximum in 2012 and then improved dramatically in 2013 but has now widened almost to the spread of 2012. This is almost certainly due to differences in researchers and we would encourage BEST Dialogue to be more discerning in the researchers used by PSOs. The trend line confirms that quality has improved over the period that BEST-AC has been providing support, but the improvement is small.

Figure 18: Trend in quality of research reports

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

Reports tend to provide unnecessary detail, to be repetitive, to use statistics rarely and badly (one report explained that it had used SPSS, but there was no real statistical analysis), to offer conclusions not rooted in the evidence and without any argumentation to support the recommendations. They do not include costs to government or benefits both to business and to government even though this would lead to significantly stronger justification. It seems also that some reports still take a very long time from commissioning to publication. In short, reports could be more compelling and we would encourage BEST-D to focus on improving the quality of research reports.

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.

As noted, we have reviewed four policy papers and additionally a letter from HAT to the Minister of Finance which, although not a formal policy paper, is a plea for the Minister to address a number of policy issues and makes a

good case, though is somewhat repetitive. One of the papers was effectively the executive summary from a research paper. It made a reasonable case, though could have made a better case – and the date on the front cover was mistyped. The policy paper for ANSAF in relation to cashew has some excellent content and is well formatted, but could be written to be more persuasive. Two of the papers however failed clearly to articulate the issue and, as a result, it was not clear how the recommendations would make a difference. As with the research papers, recommendations tend not to be sufficiently precise and so more likely that they will be ignored by policy makers. We would encourage BEST-D to focus on improving the quality of policy position papers.

Appendix 4: Results from Regressions – Impact of policy on business performance 2010-2014

VARIABLES	(1) sales_income	(2) jobs_ft	(3) jobs_pt	(4) tot_expend	(5) tot_expend	(6) invest_amount	(7) invest_amount	(8) invest
year2014	209868837.29 (314068246.60)	8.22 (11.29)	-46.10 (41.00)	174275807.93 (295111772.12)	102072681.78 (288479085.50)	-1.36e+08* (75493023.21)	-1.35e+08* (74870338.66)	-2.42*** (0.30)
year2013	128160737.45 (216642609.10)	5.65 (8.51)	-22.52 (29.13)	112415395.18 (203859619.73)	47978220.65 (197866228.08)	-71345619.36** (35550610.53)	-71625367.84** (35247085.57)	-1.15*** (0.17)
year2012	109022788.36 (189963438.89)	4.86 (7.52)	-20.14 (21.69)	92135304.23 (178463578.73)	35517290.73 (172954310.29)	-30169145.81 (21505204.57)	-29960783.93 (21321879.81)	-0.47*** (0.13)
year2011	194619768.04 (161519337.99)	1.75 (6.73)	4.32 (17.62)	191050169.97 (152071610.53)	158063816.96 (147526062.20)	-32091738.93* (18986243.19)	-31624191.47* (18823033.07)	-0.26** (0.12)
Dairy	-1.66e+08 (308434326.82)	76.55 (63.31)	-457.29*** (171.86)	-88104304.23 (289380165.69)	-3.48e+09*** (940054656.44)		32412376.55 (694665311.26)	-1.06*** (0.27)
Agric	-6.21e+08 (2.67e+09)	24.22 (158.48)		-7.11e+08 (2.50e+09)	-3.78e+09*** (939377710.86)		-67016086.98 (785806510.83)	-1.36*** (0.26)
Foodproc		73.29 (62.12)	-429.57** (168.57)		-3.35e+09*** (949121388.96)	-92231700.83 (66278620.11)	-59542523.30 (695215148.83)	-0.81*** (0.27)
Hort	97096979.68 (2.06e+09)	121.38 (136.59)	-960.05*** (369.55)	93914865.74 (1.93e+09)	-3.54e+09*** (942908391.51)		-40696355.64 (700170635.71)	0.32 (0.26)
Plastics		124.49 (95.29)	-983.50*** (273.30)		-3.13e+09* (1.65e+09)		188282276.35 (1.99e+09)	0.07 (0.64)
Services	293060779.31 (684819887.51)	8.44 (56.14)	-124.27 (182.88)	364452650.53 (643507701.75)	-3.19e+09*** (951121044.98)	2,560,679.36 (82217496.25)	486093310.78 (640398151.47)	-0.70*** (0.25)
Textiles	-1.29e+08 (1.68e+09)	24.10 (42.12)	-33.55 (150.09)	-1.23e+08 (1.57e+09)	-2.53e+09*** (931496292.42)	44035501.37 (118016234.83)	43468412.05 (116281507.44)	-0.05 (0.27)
Tourism		1.89	-120.01		-3.28e+09***		492244851.11	-0.61**

		(61.96)	(202.52)		(911074529.92)		(638369821.79)	(0.24)
Trade	-34547834.79	20.23	-14.52	-36280811.20	-2.62e+09**		14742295.81	0.69*
	(2.42e+09)	(58.35)	(161.21)	(2.27e+09)	(1.21e+09)		(1.03e+09)	(0.36)
CTIpolicy2010	-1.49e+08	142.42***	-1,082.40***	-1.15e+08	-1.33e+09		-45429460.57	0.50**
	(1.36e+09)	(16.77)	(81.86)	(1.69e+09)	(837026611.05)		(691077930.67)	(0.21)
CTIpolicy2012	-42877149.11	5.96	-43.32	-73020294.28	-85197203.07	289253880.43*	285191809.15**	-1.13***
	(611153640.04)	(12.88)	(40.99)	(576470122.65)	(548716070.73)	(146801119.91)	(144992050.37)	(0.31)
HATpolicy	-1.12e+08	10.69	53.47	-80445458.23	-2.64e+08		-4.04e+08	0.38
	(1.79e+09)	(16.29)	(85.26)	(1.68e+09)	(1.16e+09)		(2.69e+09)	(0.59)
TAHApolicy	-1.37e+08	19.48	13.83	-1.00e+08	-84592408.15	41169892.63	41531507.09	-1.03***
	(346299601.87)	(12.56)	(40.72)	(325163086.79)	(315021497.20)	(70442035.82)	(69849197.42)	(0.30)
TAMPApolicy	-2.40e+08	0.01	11.40	-1.67e+08	-1.65e+08	132266801.40*	132457091.45*	0.53*
	(356505965.76)	(14.66)	(51.01)	(334547318.26)	(327120418.26)	(76179437.84)	(75461138.98)	(0.30)
TANEXApolicy	-1.21e+08	-4.23	18.01	-1.10e+08	-2.25e+08	46603264.39	46233169.13	1.16***
	(566103893.76)	(15.60)	(55.70)	(543584868.98)	(510837415.99)	(99775601.32)	(98946184.15)	(0.36)
TATOpolicy	-1.22e+08	-0.14	37.36	-75561049.69	-88591109.72		-4.63e+08	1.29***
	(566225258.74)	(14.56)	(54.61)	(543688822.92)	(527100870.42)		(1.92e+09)	(0.39)
TCTpolicy2011	-5.06e+08	-4.23	26.12	-5.62e+08	-4.24e+08	12907104.78	12638234.53	6.49
	(440653784.95)	(14.27)	(38.52)	(436485915.56)	(409732343.97)	(42392229.16)	(42009820.15)	(245.42)
TCTpolicy2012	-8.45e+08*	-5.40	23.38	-8.09e+08*	-7.41e+08	147723094.75*	148520315.80**	-6.35
	(491570677.68)	(14.85)	(53.78)	(474425268.90)	(460789309.91)	(75387555.69)	(74756402.78)	(245.42)
Constant	376783668.06	26.93	491.12***	359863867.22	3.70e+09***	192031941.80***	113416523.08	0.69***
	(897969436.45)	(48.79)	(125.10)	(850093013.66)	(844682561.11)	(17637031.20)	(575485735.32)	(0.22)
Observations	944	1,578	1,125	937	937	397	397	1,687
R-squared	0.02	0.09	0.23	0.03		0.10		
Number of urn	320	418	389	320	320	233	233	421

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

