Institute for Small Business & Entrepreneurship Conference

Can the private sector successfully advocate change in public policy in Africa?

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November 2008

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This paper was presented at the Annual Conference of the Institute for Small Business & Entrepreneurship in Belfast in November 2008 where it won the award for the best practical paper.

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Abstract

Objectives: This paper reviews the competences and other factors which affect whether business associations are likely to be able to influence public policy in Kenya and Tanzania. It suggests that advocacy and institutional competences are essential pre-requisites, but that they are not sufficient by themselves; it assesses the extent to which competence can be measured and developed and concludes that business associations can, with just a little effort, considerably improve their chances of success.

Prior work: There is limited research reviewing the factors driving the success of public private dialogue and private sector advocacy in sub-Saharan Africa. However, the author is currently working with advocacy support initiatives in both Kenya and Tanzania. The World Bank is encouraging governments to improve their enabling environments; arguably, the people who are best placed to give such advice are based in the private sector, yet all too often they lack the skills and resources.

Approach: The author has reviewed the literature and has drawn conclusions about the key factors, of which competence is of primary importance. With a colleague, he has designed a diagnostic tool to assess advocacy and institutional competence. All business associations seeking support from the initiatives are required to undertake the diagnostic test, thus providing a baseline position. Associations will be re-assessed after 12 and 24 months.

Results: Early results suggest that the diagnostic tool gives a good assessment of competence and development needs. As a result of the capacity building support provided by the funds, the business associations are increasing their level of competence. This is reflected by increased levels of dialogue and advocacy and in the changes in public policy being achieved.

Implications: The study will be relevant to policy makers, particularly those based in donors and multi-lateral institutions, since it will demonstrate the extent to which business associations can improve their dialogue and advocacy skills and consequently make compelling proposals to change public policy. It will be of value to practitioners aiming to build the competence of business associations.

Value: This paper is one of the first to explore the nature of, and the extent to which business associations can develop, the skills and competences needed for effective advocacy in Africa.

Keywords: Africa, advocacy, dialogue, enabling environment, investment climate

1. Introduction

There is much encouragement these days for governments to improve the enabling environment and, particularly, the regulatory framework on the basis that this will lead to increased growth in economic activity – and thus to more wealth generation, more job creation and more poverty alleviation. There is encouragement, too, by institutions such as the World Bank to increase private public dialogue and private sector advocacy in the belief that this will assist in improving the enabling environment – though this is predicated on the belief that governments act rationally in their policy making and that they can be swayed by compelling evidence. Many governments now stress that they are only interested in making 'evidence based policy', though sometimes it looks more like they are looking for 'policy based evidence'.

Business membership organisations (BMO) engage in dialogue and advocacy to influence those making public policy. Public private dialogue is a pre-requisite for effective advocacy. It implies regular contact between the public and private sectors, to ensure that each party understands the other and that neither is taken by surprise when issues arise. Dialogue implies a desire to have a conversation, to understand each other's position and to reach a consensus about what is good for business.

Advocacy is the act of influencing, or attempting to influence, the way that someone else thinks about, and acts on, an issue. So private sector advocacy simply describes attempts by the private sector to influence the development and implementation of public policies in an effort to improve the business environment. Depending on the objective and the target audience, the advocacy may be intended to raise awareness of an issue, to seek support for a point of view or to impel someone to act. Advocacy implies a more adversarial relationship, though where the parties know each other, it does not necessarily have to be adversarial.

The ideal position is public and private sectors working together in a spirit of partnership, recognising that there will not always be a meeting of minds.

1.1 Governments and regulation

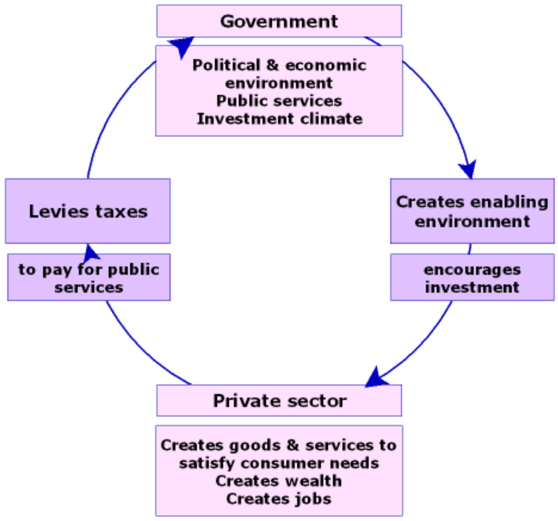
Governments create the political and economic environment in which their countries' businesses have to operate. They are responsible for providing, or ensuring the provision of, a range of public services. And governments legislate and regulate. Indeed, many politicians think that the specific reason that they were elected to Parliament is to legislate.

Regulations are a form of government intervention in the economy. The OECD (1994) explains that regulation covers "the full range of legal instruments and decisions through which governments establish conditions on the behaviour of citizens or enterprises". In this paper, 'regulation' is used to define all statutory requirements, whether enacted by Parliament or by local government or additional rules prepared by agencies such as the tax authority.

While there are costs associated with regulation, benefits also accrue, though generally it is society that gains from the benefits whilst business pays the costs. For example, imposing health and safety requirements on business creates costs for those businesses, but aims to reduce the risk (and the cost to society and to the business) of people having accidents at work. Governments, therefore, have a responsibility to weigh up the advantages and disadvantages of every viable response to any situation that may merit government intervention and recommend regulation when it is the best option. This involves balancing a number of different and often competing priorities such as public health and safety, environmental protection and sustainable development, economic efficiency and performance.

Governments generally recognise that the private sector is the engine of growth, creating wealth and jobs and providing tax revenue to pay for the public sector. As a result, governments are anxious to demonstrate that they are being responsive to business, that they are creating an enabling pro-business environment leading to more investment and more economic activity, and that, whilst regulation may be necessary from time to time, they are far more business friendly than other governments.

Figure 1: The virtuous circle



Source: adapted from an original idea by Clive Davis, KIPPRA, 2000

The problem for business is that regulations impose financial burdens – through the time taken to comply and to demonstrate compliance, through the initial cost and through recurrent costs. Furthermore, if the requirements become too extensive and complicated, there is a good chance that they will be ignored, whether consciously or just through ignorance. As a result, businesses get particularly aggravated by the regulatory requirements imposed on them – and become more vocal about them.

Sometimes, it is the financial cost that is the objective (for example, the requirement to pay tax or some sort of levy), imposed in order to stimulate a change in behaviour. Sometimes, little thought is put into the administrative burden (for example, preparing the paperwork to demonstrate compliance). Inevitably these burdens are felt disproportionately by smaller businesses. Large businesses can afford to employ people – who then build up expertise – specifically to ensure compliance. However, in the smallest business, it is usually the entrepreneur who has to do the work – on top of everything else required to generate sales and make a profit.

Ideally both the financial burden and the administrative burden should be mitigated, but often focusing on the administrative burden can provide the biggest dividends. There are a number of ways in which the burdens can be mitigated:

- Less new regulation;
- Improving existing regulation – to reduce the administrative burden, to reduce opportunities for corruption, etc;
- Providing guidance so businesses know what is expected of them; and
- Promoting a culture change so that (i) inspectors are seen as ‘coaches’, not ‘cops’; and (ii) there are fewer inspections.

1.2 Reducing regulation leads to economic growth

There is a growing body of evidence which demonstrates that investment climate improvements do make a difference to economic growth and that it can achieve far more than any number of poverty alleviation projects, typically promoted by NGOs (Chapman & Warneyo, 2001; Coates & David, 2002).

Reducing the burden on business is not the same as reducing the total number of legislative requirements. Kitching (2005) argues that business owners may benefit from the introduction of regulations, especially where they help to create a 'level playing field'. This may be true where governments are able to define the requirements in a way that minimises the administrative burden and does not miss any unforeseen consequences. Not many developed countries can claim total success; in Africa, typically, regulations are rushed in response to some apparently urgent need and, even when not rushed, are often poorly conceived, increasing the administrative burden for those firms who attempt to comply and leaving the door open to corrupt practices.

The World Bank (2004) report, "Doing Business in 2005", stresses that:

- Countries that reduce regulatory burdens tend to enjoy greater rates of business growth;
- The payoffs from reform appear to be large, with estimates that an improvement in the ease of doing business from the bottom quartile of countries to the top could add two percentage points to annual economic growth; and
- Heavy regulation and weak property rights exclude the poor – especially women and younger people – from doing business: countries with simpler regulations provide better social protections and a better economic climate for business people, investors, and the general public.

The World Bank goes on to suggest that regulatory reform produces economic and social benefits. Specifically, they say, it fosters non-inflationary growth; boosts consumer benefits; improves the competitiveness of export and upstream sectors; enhances flexibility and innovation in the supply-side of the economy, reducing vulnerability to economic shocks; creates jobs; strengthens regulatory protection for health and safety, the environment and consumers

These arguments are reinforced in the 2005 World Development Report (WDR 2005). It argues that investment, innovation and business creation are hampered by corruption, over-regulation, weak contract enforcement and inadequate infrastructure. Further it notes that a good investment climate encourages firms to invest by removing unjustified costs, risks and barriers to competition

The evidence, and the wording, is repeated more strongly in Doing Business 2008 in which the World Bank stresses the boom in new businesses that can follow regulatory reform (World Bank, 2007). They note, again, that "higher rankings on the ease of doing business are associated with more growth, more jobs and a smaller share of the economy in the informal sector". They cite the example of Mexico where the number of registered businesses rose by nearly 6 per cent and employment increased by 2.6 per cent following the cut from 58 to 27 days in the time required to establish a business. Clearly this increase would not all be due to the regulatory changes, but the World Bank argues that the changes made a significant difference.

The Netherlands Government has, since 2003, been working hard to reduce the administrative burdens imposed on business as a result of meeting regulatory requirements. Their efforts have been reviewed by the World Bank

(Ladegaard et al, 2007). Whilst the Bank notes that, compared to other countries, the level of administrative burdens is higher, they have nevertheless made huge improvements. Indeed, their regulatory reform programme was expected to eliminate €4 billion of administrative burdens on business by the end of 2007.

1.3 Success rates

Defining success is difficult since advocacy is not a zero sum game, though failure is usually more obvious. As noted above, it is unusual for an advocate to achieve all of their aims. A proposal for a new regulation may be modified or watered down but is still passed into law – so both public and private sectors can claim a degree of success. For example, in 2001, the UK's Secretary of State for Trade & Industry wanted to 'improve' the regulations for parental leave and to introduce a right for flexible working (that is, part time and flexible working hours) for parents with young children. Working on behalf of SMEs, I successfully argued that whilst staff should feel able to ask for flexible working, employers should be able to refuse such a request if they had justifiable reasons. En passant, my case was strengthened, I am sure, because I had previously been in the position of discussing and agreeing similar arrangements for staff (of both genders) when I managed an enterprise agency. The policy for which I argued was the eventual outcome, with employees given a legal right to ask for flexibility, but employers given a legal right to refuse.

2. Literature review

2.1 Success rates

It should be remembered, and as Mahoney (2007) stresses, that success does not prove influence. A trade association may see a change in public policy that accords with their wishes but which they did not bring about. Similarly, a trade association may lobby against a proposal and still see it pass into law, though they may have achieved some success at least in influencing the final policy.

Mahoney (2007) has reviewed success rates of advocacy initiatives by surveying 149 interest groups in Washington DC and Brussels. I contributed to survey design in Ghana (2003) and Nigeria (2007) and undertook some analysis on the data. In Ghana, the survey covered more than 1,600 private sector associations and 200 trades unions. In Nigeria, the survey covered more than 2,000 private sector organisations.

It is interesting to note that organisations in all countries claim success (or partial success) for a little over 50 per cent of their advocacy projects.

Table 1: Success rates

	US	EU	Ghana	Nigeria
Fully attained goal	23%	17%	53%*	58%*
Partially attained goal	31%	43%		
Did not attain goal	46%	39%	47%	42%

* Respondents defined success but no attempt was made to assess whether success was partial

Sources: US/EU: Mahoney (2007); Ghana: Irwin (2003); Nigeria: Irwin (2007) and Okpudo (2008)

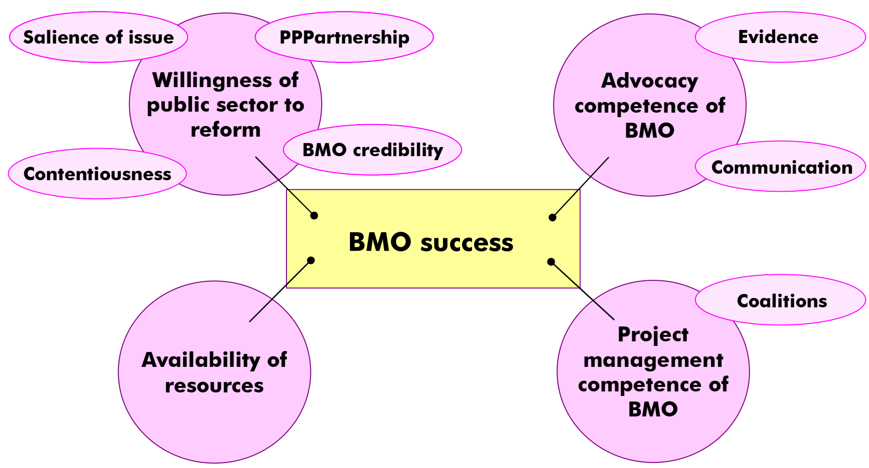
Irrespective of success in stimulating or blocking a public policy, Dür and de Briève (2007) note that interest group participation in policy making can improve public sector decision making. However, as they also note, this can result in public policies that are less efficient than they might otherwise have been. Policies ideally favoured by business and trade associations, whilst rarely being the opposite of public preference, do not always resonate closely either.

2.2 The success factors

Mahoney (2007) argues that gaining an understanding of why interest groups sometimes succeed and sometimes fail requires consideration of the institutional structure in which they are operating; the characteristics of the specific issue; and the characteristics and advocacy strategy of the interest group itself. That view is too simplistic. She goes on to postulate that three characteristics stand out as important: the level of the financial resources, simply because more resources means that they can devote more effort to advocacy (and she sees staff size as a proxy for financial resources); size of membership, because having more members suggests greater credibility to policy makers; and, the type of organisation (with Mahoney (2007) speculating that policy makers are more responsive to citizen groups than to business associations). However, the author's practical experience suggests that there are four major factors that affect the likelihood of success; one is external to the BMO and the other three are internal:

- Willingness of the public sector (to listen and) to act (which is affected by political leadership, by the salience and contentiousness of the issue, by the effectiveness of existing partnerships between private and public sectors and by the credibility of the BMO or the coalition seeking the policy change);
- Advocacy competence of the BMO (if it cannot gather evidence or cannot communicate a compelling proposition, then it is unlikely to succeed);
- Institutional competence (if it cannot sustain itself or cannot manage projects effectively and within budget, then it is unlikely to succeed, even if it has the necessary advocacy competence); and
- Resource availability (which is more than just money).

Figure 2: Success factors



In short, effective advocacy requires a thorough understanding of the particular issue being addressed, the ability to prepare evidence based policy proposals and the opportunity to meet with and persuade policy makers and implementers to do something differently or, occasionally, not to do it at all. In addition to influencing and communication ability, advocates will also require tenacity and persistence.

2.3 The political environment

The political environment makes a big difference. If there is a clear lead from the top, if government and policy makers publicly state a desire to engage in public private dialogue and if they are seen to be reforming, then it is more likely that government will listen to proposals from private sector organisations. However, as Bradstock et al (2007) observe, contentiousness, institutional pressures, vested interests, attitudes and incentives among officials, officials' room for manoeuvre, power relations and history all influence policy reform.

For example, Tanzania was a top ten performer in the World Bank's Doing Business survey (2006) and is publicly committed to improving the enabling environment. The Government's economic strategy – set out in Tanzania Development Vision 2025 (2004) and the National Strategy for Growth and Reduction of Poverty (2005) – to stimulate private sector growth specifically includes the objective of creating a legal and institutional framework that is conducive to business. The government has launched Business Environment Strengthening for Tanzania (BEST) to pursue a number of reforms. However, there is recognition that the most appropriate organisations to advise the Government are businesses themselves, through their trade associations and private sector organisations. It would be easy for the Government simply to listen to a few, well-connected businesses or business associations and ignore the rest, many of which are weak and under-resourced, so one element of their approach, the 'Advocacy Component' (AC), is intended to support any private sector organisation with a credible proposal.

Specifically, BEST-AC's purpose 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 in Tanzania in order to achieve the programme's goal of making the regulatory environment more conducive to private sector growth. They support BMOs through the provision of grant aid to contribute to the costs of undertaking an advocacy project and through delivering advocacy training.

A similar programme, the Business Advocacy Fund is operating in Kenya – with funding from the Danish International Development Agency (DANIDA) – and the UK's Department for International Development (DFID) has launched the Nigerian Growth Challenge Fund with the specific objective of supporting private sector advocacy in Nigeria.

2.4 The issue

The policy being advocated makes a difference. Mahoney (2007) notes that the greater the scope and salience of an issue, and the greater the level of conflict, the less likely it is that the lobbyists will achieve their aim. Mahoney suggests that it is no surprise, therefore, that interest groups seeking to influence policy in contentious areas are less likely to be successful.

It is easier to lobby to retain the status quo than it is to promote a change in public policy, especially if that new policy requires regulatory reform (Jones & Baumgartner, 2005). In Iringa, Tanzania, for example, the local Chamber of Commerce successfully lobbied for enforcement of the law requiring grains to be sold by weight (rather than by volume), resulting in increases in farmers' income of around 80 per cent. A musicians' initiative, RULA Arts, persuaded the government to enforce the performing rights regulations, giving musicians royalties whenever their music is played on the radio.

Objectives need to be set at an appropriate level. An interviewee in Guthrie et al (2005) observed that organisations with less experience of advocacy work are over-ambitious, typically setting narrow definitions for their advocacy activities, focusing only on the adoption of new policies and overlooking other opportunities for engagement.

Multiple objectives can be helpful where they encourage more buy-in, flexibility in response, internal learning and more opportunities to claim success. It is important, however, that objectives are prioritised (Davies, 2001).

Dür and de Briève (2007) assert that interest groups are deprived of an opportunity to exert influence if their favoured issues are not on the political agenda. Mahoney, however, suggests that interest groups can wield influence not only through advocating specific policies but also through agenda setting, grass roots mobilisation and electoral support of political candidates. I agree and would argue that it is up to the interest groups to create the agenda. That is certainly the objective of Adedapo Adelegan, founder and CEO of Celtron Group, and Council Member of the Nigerian British Chamber of Commerce. He argues that it is impossible to influence public policy if there is no political agenda and so the Chamber deliberately aims to set the agenda by bringing together representatives from both private and public sectors to discuss specific topics, often with invited speakers. Adelegan explains that there is such a void in (Nigerian) public thinking that it is not unusual for civil servants to take away much of what they have learnt and for it subsequently to become public policy.[1]

2.5 Partnerships for success

There is a close link between public private dialogue and regulatory reform, since an effective dialogue can ensure either that Governments do not regulate in the first place or, if they must regulate, do so in a way that minimises burdens on business. Clearly, both public and private sectors must be willing partners. Effective dialogue builds mutual understanding between private and public sectors to address issues of concern such as the capricious nature of taxation, the opportunities for corruption in most regulatory requirements, and the need for consistency and transparency in the implementation of regulations.

A report by Phillips (2001) for UNCTAD stresses the importance of effective public–private interaction and dialogue, which they see as contributing to creating an enabling environment and fostering policy coherence. They even suggest that "the quality of such a working relationship … might be a competitive advantage for a country in its own right".

Many countries have put in place formal arrangements to promote dialogue. Herzberg and Wright (2005) call these mechanisms "competitiveness partnerships". They provide a regular communication channel; they stress that communication is vital for private sector development. Governments that listen to the private sector are more likely to design credible and workable reforms, while entrepreneurs who understand what their government is trying to achieve with a programme of reforms are more likely to accept and support them.

They go on to suggest that competitiveness partnerships can improve the quality of governance – both public and corporate – in three ways: by setting an example; by shedding light on the workings of institutions; and by improving the quality of advice which the government receives from the private sector.

Formal arrangements do not always make a difference, since they only provide a framework. However, champions – from both the public and

[1] From an interview by the author with Adedapo Adelegan on 14 Sep 2007

private sectors, who invest in the process and drive it forward – can make a real difference (Charter of Good Practice, 2006)

One of the reasons for success in the Netherlands regulatory reform programme cited by the World Bank was the establishment of ACTAL (the Dutch Advisory Board on Administrative Burden) as an independent watchdog. It is interesting, however, that the World Bank recommends that there should be permanent business representation in ACTAL and holds up the UK's Better Regulation Commission with its strong and permanent business sector representation as an exemplar.

Ideally, trade associations should aim for regular contact with key public sector officials and not just when advocating change. Effective dialogue is a pre-requisite for effective advocacy. Dialogue implies regular contact between private and public – sometimes because the private sector wants to influence a particular policy or particular decision, but often just to ensure that each party understands the other. This is important not only because it can provide advance notice when the public sector is thinking of regulating but also because there are ready channels of communication already established which can be used to ensure that each can quickly understand the position of the other.

The Government of Tanzania has established a Better Regulation Unit (BRU) as part of its BEST initiative, which aims to identify priorities and to ease the path for BMOs wanting to advocate change. The Government of Kenya has created a Business Regulatory Reform Unit (BRRU) to vet the quality of proposed regulation and review new licences to ensure that they conform to internationally accepted regulatory practices and standards. These are both positive steps, and both encourage some liaison between public and private sectors – but neither is a substitute for effective and regular dialogue between BMOs and the relevant Ministries and Government Agencies.

It is important not just to complain about policies but to make positive proposals. CIPE (2003) goes further commenting that the "message must appeal to the audience's self interest".

2.6 Credibility

It is important that associations are seen to be credible or, at least, that they are not perceived to lack credibility. Credibility is increased by, for example, being able to represent a significant number of businesses in a sector or a significant proportion of the sales value in a sector or, sometimes, just by having been effective previously or having built a reputation for thorough research. Chapman and Fisher (1999) note that legitimacy may also come from the transfer of practical experience to the policy arena, grassroots support or being involved in alliances and networks. In Ghana, for example, the 10 largest apex associations have now started meeting every month to promote networking.[2] Forming alliances or coalitions can therefore increase an organisation's credibility.

2.7 Advocacy competence

Advocacy competence encompasses the ability of an organisation to prepare and implement an advocacy strategy, to research the issue and report the evidence in a way that is logical, concise and compelling, to prepare and communicate to all stakeholders a well-argued policy position, to influence the public sector effectively and, once agreement is reached, to monitor progress towards implementation.

Orsini et al (1996) suggest that achieving policy reforms in democratising countries requires increased capability of stakeholders to engage in policy

[2] From correspondence to the author from Dale Rachmeler, Director of BUSAC, 8 Dec 2007

dialogue, but note that donor support had traditionally provided support to governments to achieve better policy analysis, design and implementation rather than supporting external bodies to advocate policy change. Businesses typically lack the ability to articulate their interests and communicate them to policy makers. Coates & David (2002) also note the lack of capacity generally amongst NGOs in sub-Saharan Africa to engage successfully in advocacy. Orsini notes the importance of early successes in motivating people to continue and suggests that capacity building of organisations will be more effective when they decide for themselves the policy issues on which they wish to focus.

Researching the effectiveness of advocacy techniques, at least in countries like Kenya and Tanzania, can be hampered by the fact that a lack of competence in the techniques can itself be responsible for lack of success rather than the techniques being inappropriate. Reviewing whether techniques can be successful requires that there is a large population of organisations, competent in a range of techniques, actively attempting to influence public policy. In the next section, I explain what we have been doing to assess and develop competence. In the following section, I describe the success that we have achieved in increasing competence and illustrate this further with examples of where business associations have succeeded in changing public policy.

2.8 Resource availability

Mahoney suggests that financial resources and membership do not appear to have a clear relationship with advocacy success. However, Dür and de Brième (2007) believe that resources do make a significant difference – though they define resources quite widely to include, inter alia, information on the issue, information on the opinions of other policy makers and specific expertise in the topic. For many associations in east Africa, resources is a major need since, without the resources, they are incapable of doing anything seriously.

Olomi et al (2007) note that rural actors in developing countries tend to have weak institutions and limited access to assets and suggest that the forms of association that would help them interact with political, administrative and economic institutions are relatively undeveloped, though this largely applies to urban actors as well.

Bradstock et al (2007) describe some case studies from the work of Farm-Africa. In Tanzania, they spent 10 years gathering and presenting research results and project experiences and eventually secured a change to national legislation. In Ethiopia, they learned that showing successful examples in other countries can have a big effect on changing attitudes. In Kenya, they discovered just how complex the policy making process can be and, therefore, the importance of having sufficient human and financial resources to meet the many challenges that arise during the process of trying to influence change. They conclude that policy engagement is a complex, long-term process requiring investment for any chance of success and observing that organisations that do not appreciate this and simply treat trying to influence policy as an adjunct to existing project activities are unlikely to succeed and risk wasting the resources they do commit.

2.9 Research questions

The literature review raises a number of possible questions relating to:

- Understanding the nature of regulation and its impact on developing countries;
- The perception by the private sector of the enabling environment and its impact on investment decisions;

- Assessing the potential impact on the economy from alleviating the regulatory burden imposed on business;
- The factors that make policy makers more susceptible to external influencing;
- Exploring whether business membership organisations can really influence public policy and, if they can,
- Considering which factors are the most important in achieving success;
- Assessing which advocacy tools and techniques make the most difference; and
- Exploring what external support might assist BMOs to be more effective in their dialogue and advocacy activities?

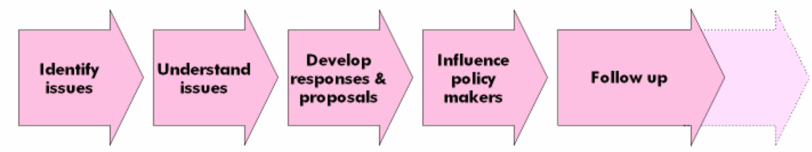
A pre-requisite, however, is that business membership organisations have the skill and experience to prepare compelling propositions for changing public policy. The rest of this paper reviews a small project intended to assess their competence.

3. COMPETENCE LEARNING PROGRAMMES

Working with training organisations in Kenya and Tanzania, we have developed two learning programmes as follows:

- Advocacy competence
  - Introducing advocacy and the five step approach, intended to assist business associations split an advocacy project into simple steps

Figure 3: Steps in the advocacy process



Source: Irwin Grayson Associates

  - Research for advocacy – believing that the quality, rigour, credibility and presentation of research is important in influencing public policy; that research which provides solutions is likely to be more effective; and that credibility can be enhanced depending on the reputation of the researcher(s)
  - Influencing skills – believing that the way in which associations seek to influence policy makers and negotiate with public servants will make a difference
  - Communications and public relations – believing that the ability to communicate a compelling message will be more likely to influence policy makers and secure the support of other stakeholders; that people are more likely to be influenced by those that they know and trust; and therefore that regular dialogue between private and public sectors provides the groundwork for much advocacy
- Institutional competence – believing that organisations must be able to manage their organisations effectively in order to manage advocacy projects effectively
  - Role and purpose of business membership organisations – assists associations to think through the total service that they should be providing to their members if they are to be sustainable and how advocacy fits within the mix
  - Leadership and values – believing that it is important for associations to lead from the top

- Project management – believing that associations need to be able to plan, resource, implement and control projects effectively
- Costing and exercising financial control – believing that it is essential to prepare accurate budgets for projects and to manage the funds transparently and honestly.

This rest of this paper focuses on whether BMOs can develop the competence to become better advocates and then exploit that competence successfully.

4. Evaluating advocacy and advocacy competence

Chapman and Warneyo (2001), drawing from a framework developed by the Institute for Development Research, suggest that the impact of advocacy should be measured against three critieria:

- policy – the degree to which changes in public policy have been achieved;
- civil society – the degree to which the capacity and trust of civil society organisations to engage in advocacy has been strengthened (though with our narrower focus on the investment climate, it would be sensible to restrict this to business membership organisations, especially as there is a view, at least in Kenya, that NGOs and CSOs advocate policy changes that would not necessarily lead to improvements in the investment climate); and
- democratic – the extent to which advocacy work opens up channels for civil society organisations to be involved in future decisions.

The last criterion is interesting. Organisations that have been successful in their advocacy may well be invited to participate in future decisions (as the Tanzania Confederation of Tourism has managed – see below) or may have upset the public stakeholders so much that there is a desire to keep them out of future decision making; on the other hand, engaging in dialogue, and recognising that dialogue can build confidence amongst the stakeholders, can often make it easier to engage in advocacy.

Guthrie et al (2005) suggest that funders and NGOs involved in policy and advocacy struggle to assess whether they are making a difference. Indeed, at organisational level, it can even be difficult to assess the unique impact of that organisation on policy change. Evaluating advocacy is difficult because:

- The complexity of issues often makes it difficult to determine cause and effect;
- Timescales are long and unpredictable. Coates and David (2002) note that "change often occurs in sudden leaps, in unexpected ways, and in response to the most unlikely circumstances."
- Successful advocacy needs to balance (lack of) success on a specific issue with (potential) longer term success in future, perhaps more important, advocacy campaigns
- Outright victory, in the sense of achieving all the objectives of a campaign, is rare. Compromise is often necessary. Indeed, goals may shift both as views evolve of what is possible and also as advocates increase their understanding of the issue
- Advocacy is often achieved through coalitions, so objectives need to be set in such a way as to help rather than hinder coalition building;
- The use of control groups is often difficult or irrelevant (Guthrie et al, 2005)

Guthrie et al noted the lack of written documentation and the challenge that, despite a substantial amount of practical literature on evaluation, very little of it directly addresses the specific challenge of measuring policy change and advocacy.

Chapman and Warneyo (2001) suggest some principles for evaluating advocacy work including:

- Identifying the different dimensions of advocacy work and their outcomes;
- Recognising that advocacy can work at different levels which might, but do not necessarily, reinforce each other;
- Monitoring processes as well as outcomes;
- Incorporating unintended outcomes as well as intended outcomes;
- Evaluating policy implementation as well as policy change;
- Acknowledging that success has many parents rather than getting caught up in issues of attribution; and
- Applying evaluation processes that are consistent with the values of advocacy.

Guthrie et al (2006) emphasise that organisation learning for both organisations and funders should be a key goal of any evaluation and that organisations should be encouraged to undertake self-evaluation. They encourage evaluators to focus on understanding the steps that contribute to policy change rather than focusing on change itself and to consider how an organisation's activities might lead to achieving long term outcomes and, in particular, to include outcomes relating to the building of capacity to become more effective advocates.

To assess the capacity of trade associations, based on our beliefs about what is important, an advocacy competence assessment diagnostic tool has been developed by the author working closely with Annabel Jackson. The intention was both to be able to assess the development needs of the BMOs and also to be able to measure change in competence during the period that they are being supported, though it would be hard to claim that any improvement is entirely due to the support.

The tool aims to reflect the key aspects of competence required to engage successfully in advocacy initiatives and asks some 38 questions. The answers are grouped in four themes:

- Organisation development (OD), which gives an approximate measure of the resources available as well as the competence of the organisation to manage those resources;
- Relationships (REL), which gives an indication of the processes used by the organisation to develop and maintain relationships and its success in so doing;
- Advocacy (ADV), in this case, a measure of outputs related to its prioritisation of issues, research, preparation of policy papers, use of advocacy techniques and approaches to influencing; and
- Results, or outcomes (RES), which shows the extent to which the organisation has been successful.

Relationships, advocacy and results are further divided into 'breadth' and 'depth' and organisational development is divided into 'financial' and 'non-financial' to give eight scores for each BMO. The results are presented as a spider diagram.

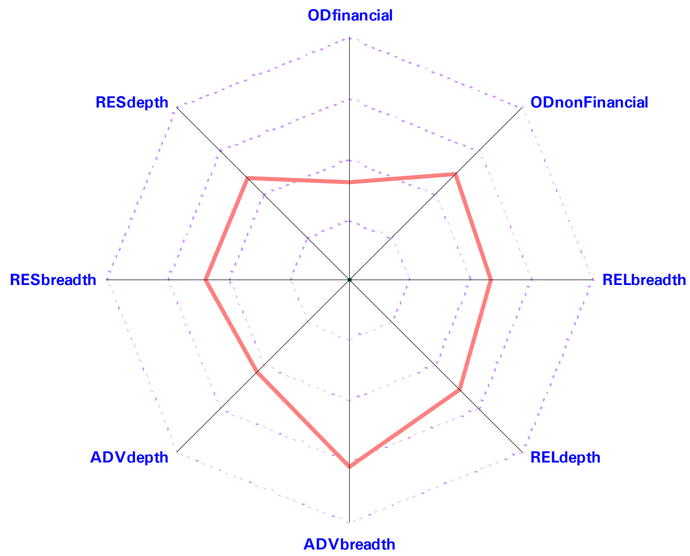
5. Results

Business member organisations which are seeking grant aid and capacity building support are assessed using the diagnostic at a very early stage of their contact with the advocacy fund; of course, some may already have some experience of advocacy. The first assessment gives the baseline for any individual organisation. Approximately a year later, a further assessment is undertaken. It is intended to undertake a further assessment after another year to explore whether competence continues to increase.

5.1 Kenya

In Kenya, some 31 organisations have had a baseline assessment and 9 have had a 12 month follow up. The average profile is shown in figure 4.

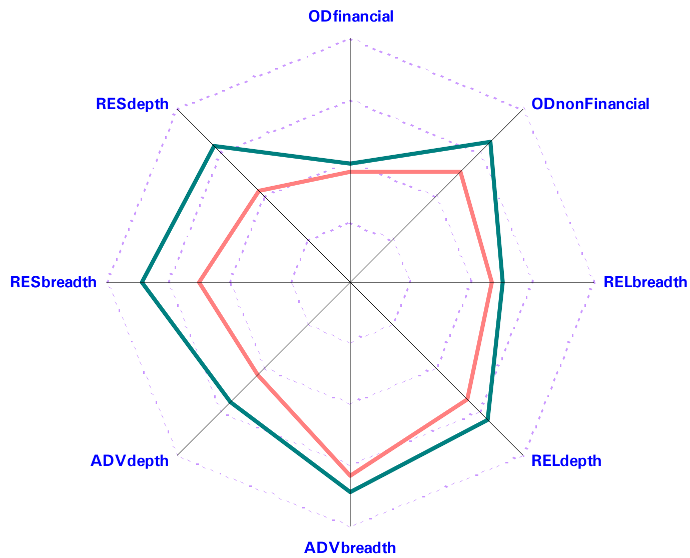
Figure 4: Kenya BMOs average competence: baseline



Source: Kenya Business Advocacy Fund (n=31)

As can be seen from figure 5, there has been improvement in the average on all of the measures, though note that the score on finance has not risen as much as the other characteristics. Note that the baseline profile has been amended to show the average position for the 9 organisations that have had a follow up assessment, though it does not differ very much from the baseline for the larger sample.

Figure 5: Kenya BMOs average competence: baseline & 12 month follow-up assessment



Source: Kenya Business Advocacy Fund (n=9)

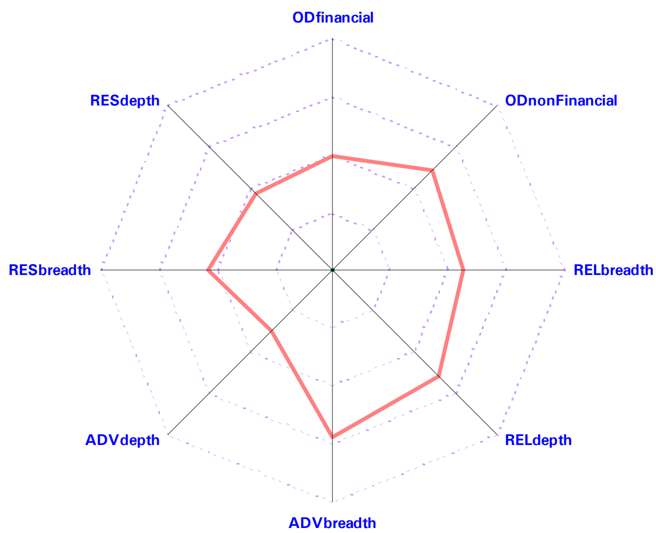
The Fresh Produce Exporters Association of Kenya (FPEAK), for example, mobilised support from the retail sector in Europe for its members' products, consulted with Ministries of Agriculture in the Netherlands and UK, talked to the EU, and influenced the formulation of the Transition Agreement (a forerunner for an Economic Partnership Agreement) between the EU and 17 East & South African countries (ESA).

In the first six months of 2008, BMOs supported by the Business Advocacy Fund say that they started 40 new dialogues with government and that they have achieved two changes in public policy: FPEAK persuaded the Kenya Bureau of Standards to accept KenyaGAP (developed by FPEAK and approved by EurepGAP in 2007) as an alternative to the national standard, and the Kenya Shippers' Council has persuaded the Kenya Port Authority (KPA) to implement the Kilindini Waterfront Automated Terminal Operating System (KWATOS).

5.2 Tanzania

In Tanzania, some 25 organisations have had a baseline assessment and 10 have had a 12 month follow up. This is very similar to the baseline position for Kenya, though note that Tanzanian BMOs claimed to be better at finance and worse at the depth of advocacy relative to the rest of their profile.

Figure 6: Tanzania BMOs average competence baseline

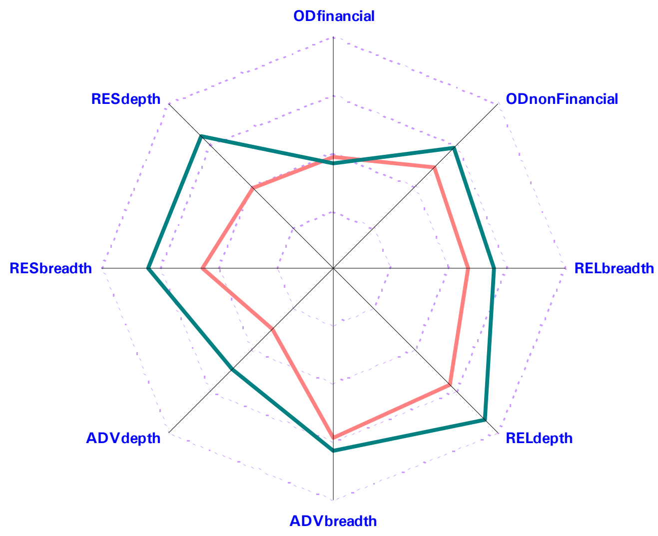


Source: BEST-AC (n = 25)

In the next figure, we show the 12 month follow up position compared to the baseline[3]. Again, the baseline profile has been amended to show the position for each of the 10 organisations that have had a follow up assessment.

[3] The timing is approximate. Some baseline interviews were carried out four months after start, and some of the follow ups were carried out ten months after the baseline, both of which will understate improvement.

Figure 7: Tanzania BMOs average competence: baseline & 12 month follow-up assessment



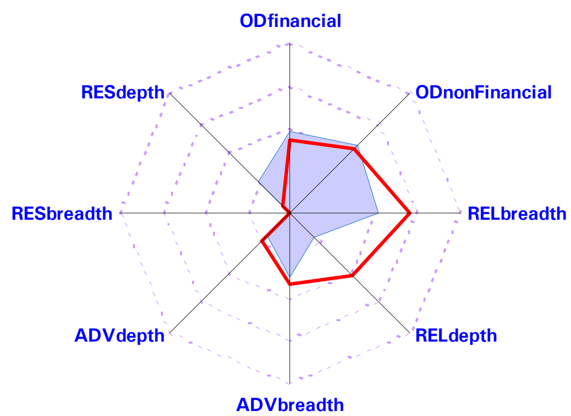
Source: BEST-AC (n = 10)

Again, note that the baseline position for these 10 BMOs is very similar to the baseline position for the larger population of 25. Progress has been made on all indicators apart from finance where the score is marginally worse. The answers provided by the assessors were reviewed and suggest that this apparent regression is due to greater self-awareness and greater accuracy, possibly reflecting the stringent financial control requirements imposed by BEST-AC when it awards a grant.

It is interesting that the comparable results for Kenya show a similar 'dip' in the follow-up finance score, but also show a 'dip' in the baseline for the whole population, which tends to support the thesis about greater self-awareness and suggests that it is not an artefact of the tool itself.

In neither Kenya nor Tanzania is it appropriate to attribute all the improvement to the advocacy programmes, but there is no doubt that BAF and BEST-AC have contributed significantly. In Tanzania, one assessment was undertaken with a BMO that did not subsequently receive a grant – giving a control group of one. They agreed to undertake a 12 month follow up and had showed no improvement between the baseline follow up.

Figure 8: Baseline and follow up for unsupported PSO



Source: BEST-AC

It is too early to draw conclusions on whether some types of BMOs (for example, urban v rural or industrial v agricultural or successful v less successful) are more likely to improve their scores. However, it is hoped that BAF and BEST-AC will continue to undertake diagnostic assessments, both for BMOs being offered support for the first time and for supported BMOs, providing the chance to undertake much more analysis.

BMOs in Tanzania reported during a recent evaluation, and have also told BEST-AC, that they value the feedback from the diagnostic assessment. It is useful to them to receive feedback instantly and the scores can give a strong basis for discussing further support needs with the assessor.

The Tanzanian Association of Freight Forwarding Agents advocated change in freight forwarding administration resulting in agency fees being reduced from $600 to $200, the ability to solicit more jobs without restrictions and a ban on shipping companies engaging in clearing & forwarding activities.

Kilicafe, representing coffee growers, advocated change in the way that taxes and levies were charged, resulting in abolition of the Tanganyika Coffee Board's levy of 1% (and additional VAT) of gross auction sales, reduction of district tax from 5% of gross auction price to 3% of farm gate price and abolition of blind auctions, thus encouraging quality improvement.

Tourism Confederation of Tanzania advocated against the unexpected and dramatic increase in game park entrance fees and hunting fees. As a result, the government delayed by a year, fee increases and agreed to raise them by less than had been proposed. In addition, TCT and the Ministry of Tourism have agreed to meet every six months with representatives from all the tourism associations and all the Ministry's departments and agencies. The Chair of the Parliamentary committee commented that TCT had managed to change the relationship dramatically through its dialogue process, exemplifying the improvement in TCT's advocacy competence.

5.3 Ghana

In Ghana, the BUSAC (Business Sector Advocacy Challenge) Fund has not been using the diagnostic tool. However, they too have been having some success with the BMOs that they have been supporting. Between its launch in late 2004 and Nov 2007, BUSAC supported 331 projects. By 1 Nov, 2007, some 66 have been completed with another 30 or so scheduled to finish by the end 2007. A survey in May 2007 (10% sample of 214 projects, examining 23 projects in detail) estimated that 80% of all projects had some level of impact; 30% with impact already achieved; 25% with probable impact; another 25% with possible impact. About 18% will have no impact at all.

6. Conclusion

Governments, at least in Kenya, Tanzania and Ghana, believe that a healthy and vibrant private sector is key to economic growth – and recognise publicly (through poverty reduction and private sector development strategies) that they need to improve the enabling environment to encourage more investment. However, they are not always clear about what needs to be done or how to do it – and have additionally to overcome the challenge that not only does public sector culture not encourage the changes that would make a difference, but often militates against them.

It appears, both from the diagnostic assessments in Kenya and Tanzania and from evaluative case studies undertaken by BEST-AC, that supported BMOs are seeing an all-round improvement in their competence. Whilst care needs to be taken not to claim all of the credit, it does seem that the advocacy funds are at least making a significant contribution – perhaps not only because of the support to raise their competence but also in raising the confidence of the

BMOs that they can be successful. There is still considerable scope, however, for BMOs to improve much further the way that they go about their dialogue and advocacy activities. They need to become better at gathering and sharing intelligence about public policy. And they need to become better at gathering and collating evidence and making compelling proposals for change in public policy.

More BMOs are becoming involved in more dialogues and advocacy activities, though it is still only a minority achieving success. However, as BMOs do start to succeed more often, it will provide opportunities to consider more closely how issue characteristics (enforcement of existing v new legislation, salience, contentiousness, etc), BMO characteristics (experience, use of alliances, etc) and techniques affect the outcomes of advocacy initiatives.

The answer to the question posed by the title of the paper is yes, the private sector can successfully advocate change in public policy. The answer to the bigger question about whether change can lead to an improved enabling environment is – maybe. Improving the enabling environment requires that the majority of businesses feel that it is 'easier' to do business evidenced by greater levels of investment and larger numbers of people starting in business. This will require sustained effort over a number of years. BMOs are making a good start – but there is much more to do.

On the basis of experience to date, a lesson for development partners (that is, bilateral and multi-lateral donors) is that the provision of both financial and capacity building support to BMOs can make a difference in their ability to be better advocates on behalf of the private sector and that they should continue to make such support available.

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