

Management response and follow-up note

Evaluation of the Business Sector Advocacy Challenge Fund, Ghana

This note contains the executive summary from the final report of the Evaluation of the Business Sector Advocacy Fund, Ghana and Danida's response and follow-up actions to the evaluation. The management response is presented after the conclusions and recommendations from the report.

The evaluation was commissioned and managed by the Evaluation Department in the Ministry of Foreign Affairs and conducted by Oxford Policy Management. The Evaluation was conducted from April to October 2014.

Executive Summary

The Business Sector Advocacy Challenge Fund (BUSAC) was established in 2004 to provide grants, training and technical support to Business Associations, Trade Unions and Business Media (BATUBMs) with the aim of helping them to advocate more effectively for a conducive business environment. The Fund was initially supported by the Ministry of Foreign Affairs, Denmark (Danida) under the Business Sector Programme Support (BSPS) and at a later stage DFID and USAID joined. By 2009, the first BUSAC phase (BUSAC I) had awarded 362 grants to BATUBMs and had advocacy grant activities in all of Ghana's 10 regions, working at the national, regional and district levels.

A second phase of BUSAC (BUSAC II) was initiated in 2010 funded by Danida (DKK 40 million) under its programme Support to Private Sector Development (Phase II) (SPSD II), additionally supported by USAID and the European Commission from 2011 under delegated cooperation agreements. In the second phase, BUSAC has increasingly funded advocacy activities of small business associations and farmer based organisations and promoted advocacy proactively on emerging issues of national strategic importance. BUSAC II is implemented by a fund manager (COWI Plc) through operational offices in Accra and Tamale.

Danida commissioned Oxford Policy Management Ltd (OPM) to complete an evaluation of BUSAC to the Organisation for Economic Cooperation and Development (OECD)/ Development Assistance Committee (DAC) standards and in accordance with Danida evaluation guidelines.

The purpose of the Evaluation is learning in order to draw lessons for future Danida support for business advocacy in Ghana and other countries. It is expected that the findings of the Evaluation will provide input to the preparation of the next phase of Danish support to private sector development in Ghana.

Methodology

The Evaluation examined BUSAC at two levels: level 1 focused on the functioning of the grant facility and level 2 which looked at the performance of individual projects funded. The Evaluation developed an understanding of the intervention logic (Theory of Change or ToC) at the facility and at the funded project levels as key intermediate steps. As this is a learning evaluation and given that considerable information is already available regarding the performance of the individual grant projects, the Evaluation predominantly focused on the effects of the grant projects on the conditions of private business in Ghana at large and the local business environment in particular, as well as the processes leading to the desired changes. The

Evaluation also focused on the ability of grant-supported organisations to fund advocacy at a high standard prospectively from their own resources.

The level 1 review looked at the environment for change through advocacy as well as the governance and management arrangements for the facility. The level 2 review comprised a detailed in-country review of 38 individual projects through interviews with grantees and other grant project stakeholders, focus group discussions, document review, and a review of various assessment exercises that have been carried out on the portfolio. The findings of the two reviews have been synthesised in the report.

Key Findings and Recommendations

Table 1 provides the overall assessment against the OECD/ DAC evaluation criteria for both level 1 (facility) and level 2 (funded project) reviews and

Table 2 provides a summary of the level 2 assessments. The assessment is against a five point scale: 1 = totally achieved; 2 = largely achieved; 3 = partially achieved; 4 = largely not achieved; 5 = not achieved; n/a = not applicable.

The assessment of each of the funded projects has been used as the basis for constructing an overall level 2 assessment, using a simple model that weights all completed projects equally.

Table 1 - Level 1 and 2 assessments combined

Evaluation areas	BUSAC as a facility	Funded projects	Strength of evidence*
Relevance	2	1.51	
Relevance and rationale to Danida	1		A
Relevance and rationale to Ghana	1		B
Appropriateness of programme design	2**		B
Effectiveness	2	2.13	B
Advocacy capacity building	1		A
Influencing government	3		B
Advocacy stimulation	2		B
Efficiency	2	1.74	B
Value for money	2		A
Timely activities	2		A
Management	2		A
Advocacy capacity building	1		A
Learning	1		A
Impact	3***	2.62	C
Organisational sustainability	2	2.32	A
Financial sustainability	4	3.12	A

* Where A is strong, B is fair, and C is weak.

** and *** These are blended scores that reflect strengths and weaknesses discussed in detail in the Key Findings chapter.

Table 2 - Level 2 assessments by project

Achievement	Relevance	Efficiency	Effectiveness	Impact	Organisational sustainability *	Financial sustainability **
1= total	25	11	4	1	1	0
2 = largely	8	27	26	12	22	7
3 = partial	6	1	9	13	10	16
4= largely not	0	0	0	3	1	11
5= not	0	0	0	0	0	0
Not applicable	0	0	0	10	5	5
Total	39	39	39	39	39	39
Average***	1.51	1.74	2.13	2.62	2.32	3.12

* Organisational sustainability refers to the private sector organisation's (PSO)'s capacity to undertake structured advocacy actions in the future.

** Financial sustainability refers to the extent to which the PSO is dependent on external financial support for future structured advocacy actions.

*** The average of assessment marks excluding those that are marked "not applicable".

Relevance and Rationale

Both BUSAC I and II were relevant to Danida policies and objectives in Ghana and to Danish development objectives more generally. The private sector has been a consistent priority of Danish development cooperation during BUSAC's term. BUSAC was also largely coherent with, even if not directly focused on, cross-cutting objectives of Danida, particularly with regards to democratisation, through encouraging debate between government and representative organisations, as well as support for organisations representing relatively excluded groups. More recently BUSAC II has been aligned with the Danish Government's 2012 development agenda "The Right to a Better Life"¹ which emphasises inclusive green growth and a rights-based approach, through providing grants to projects that contribute to these objectives.

BUSAC I was also closely aligned to Danida's support to the Government of Ghana's (GoG's) agenda, the "Golden Age of Business", a key part of the GoG's Poverty Reduction Strategy (GPRS) and BUSAC II is a component of Denmark's bilateral pledge to support Ghana's Shared Growth & Development Agenda (GSGDA). More specifically, BUSAC II was aligned to the investment climate elements of GoG's Private Sector Development Strategy phase II (PSDS II).

Some of the doing business constraints that are constituent parts of the World Bank Ease of Doing Business (DB) reports are recognised within PSDS II's agenda. Ghana's performance, represented as a ranking against other countries, is one of the BUSAC II logframe indicators at the purpose level. However, in practice the specific initiatives that BUSAC has supported have tended not to be well aligned with these constraints.

The implicit ToC in BUSAC I lacked coherence with the intended objective of "contributing to an improved enabling environment for the private sector", as measured by improvements in the national business environment. It was based on the assumption that by strengthening the demand side of advocacy (e.g. representative business associations) the supply side – decision makers (called duty bearers in Ghana)

¹ "The Right to a Better Life" Strategy for Denmark's Development Cooperation – Government of Denmark, June 2012.

– would respond in a way that met the advocate’s objectives and their mutual actions would lead to improvements in the business environment through change in laws, regulations and practice. However, not only does the private sector have a complex relationship with duty bearers, and often lacks persuasive influence, many of the issues that BUSAC funded were not related to the national business environment.

BUSAC has evolved over the course of its life and BUSAC II’s implicit ToC recognised some of the limitations discussed above, by providing a greater emphasis on issues that were of relevance at a national level through the provision of invitational grants focused on national and regional issues. Concurrently, in response to donor priorities, BUSAC II also provided more focus on the north of Ghana, opening an office in Tamale and expanding grant eligibility criteria to accommodate Farmer Based Organisations (FBOs).

At the grantee level BUSAC has responded well to the issues that are prioritised by the grantee and hence grant project ownership was high. In general, representatives of grant organisations acknowledged the importance of the grant as providing the impetus that allowed them to advocate their concerns. To have maximum impact, it would be reasonable to assume that the grantees have identified the most critical issues that affect the well-being of its members or development of the grantee’s economic sub-sector. However, this assumption was not addressed explicitly in the selection of projects for funding and evidence of the review suggests that the most critical issues were not always addressed.

Effectiveness

There is clear evidence, both from this Evaluation’s analysis and other reviews that the capacity to conduct advocacy has increased for a large number of grantees as a result of BUSAC’s grants. In BUSAC II, the use of the Irwin Grayson capacity index was used to bring greater depth to measuring and understanding these improvements. It shows particularly large capacity increases for FBOs and trade unions.

Grantees also reported positive effects in terms of the sector or industry specific issues they were seeking to address. Advocacy actions addressing issues within the domain of local authorities and single advocacy issues with limited budgetary implications showed the most encouraging results. FBOs and small community-based associations appear to have been best at achieving the intended objective of the advocacy actions. Sub-sector or product-based associations such as associations of shea nut growers, livestock farmers, mango growers, taxi drivers and herbalists tend to have had a relatively high success rate, suggesting, perhaps unsurprisingly, that it is simpler to identify and advocate for a solution for single issues of limited complexity. Some positive results were also noted at the regional level.

The conditions for individual businesses within specific industries and sub-sectors of the economy are also believed to have improved as a result of advocacy actions supported by BUSAC. There were improvements in BUSAC II over performance in BUSAC I for district level projects and this is attributed to the increased success of FBO projects, where more effort was placed in BUSAC II.

The general effect of the support by BUSAC on the organisational strength of the grantees varies, but tends to be most significant for smaller PSOs and FBOs. This is in line with the finding by the 2014 Impact Study by the University of Cape Coast (UCC). However, unlike this study the Evaluation did not notice any significant general organisational strengthening (e.g. financial management) of the grantee associations except in the cases for the women-dominated community-based associations where the principal objective of the grant project was organisational strengthening.

The production of evidence (research) is a key element of the BUSAC approach to advocacy. The interviewed grantees found that the availability of evidence to support their case had been highly useful

and added weight to their arguments. Analysis using the Irwin Grayson data suggests that the numbers of relationships a grantee has remains largely unchanged but that these relationships are deeper. Even in instances where the implementation of advocated agreements has been slow or where implementation has not taken place at all the advocacy process has often led to an improved climate for public-private dialogue. Several of the grantees interviewed mentioned that duty bearers have become easier to approach apparently appreciating the importance of consulting the private sector on issues affecting them.

Analysis of both in-depth interviews and focus group discussions (FGDs) strongly suggests that, without BUSAC support, grantees would not have been able to undertake the advocacy action in question. It is evident that for the smaller local associations the funding by BUSAC was a precondition for advocacy. For the larger national associations such as Association of Ghana Industries, Ghana Employers' Association and the Peasant Farmers Association, advocacy and lobbying are part of their routine activities. These better endowed organisations found that BUSAC support enabled the advocacy action to be more focused and better founded on evidence. They reported that the cost of developing evidence to support the advocacy position is too great to bear without financial support.

A key BUSAC grant funded activity is the provision of capacity building through the contracted use of Ghanaian experts, who have provided due diligence, monitoring, advocacy training and data collection services. These professionals continue to provide advocacy support services, including to organisations not supported by BUSAC. BUSAC management worked on a non-contractual basis with a group of business service providers (BSPs) who played a key role in developing interest in the fund and in assisting grantees to complete their advocacy projects. Many continue to take a role in the advocating institutions as advisers. There were some adverse comments in a Danida programme review and a BUSAC-commissioned sustainability study regarding the dominant role played by BSPs with smaller advocating organisations, which tended to undermine advocacy ownership and advocacy capacity sustainability.

Media representatives and some interviewed grantees reported that the media has increased reporting activity levels and demonstrate increased capacity and knowledge on business environment issues. Media benefitted both in terms of direct grants but also as a key part of the BUSAC advocacy model as the financial beneficiary from the media campaigns that were part of BUSAC grant projects. However, it should be noted that BUSAC II logframe targets relating to the journalist training and numbers of journalists accredited in business advocacy will not be achieved by large margins.

At the national level the business environment remains difficult as shown by continued constraints indicated in the DB reports and other studies. Despite some important successes for BUSAC grantees resulting in policy change or improved enforcement of existing policies, in general, the Evaluation found less evidence that BUSAC grantees were influential at this level; in part reflecting the lack of focus on such issues even within the invitational grant window. This reflects the difficult state-business environment, the diffuse political responsibility for business sector reform and organisational constraints around policy making in relation to the private sector issues. Even in situations where there is agreement on a specific issue, grantees often find it difficult to get firm commitments by duty bearers to act.

It is important to note the difficulty in assessing BUSAC's contribution to changes in the national business environment. Data availability in any ex-post evaluation such as this is highly challenging as duty bearers have moved on, and it becomes more difficult to disentangle different contributions to change. This Evaluation concludes that improvements can be made in contribution assessment in future programme design and implementation and there does need to be a greater focus on developing ways to improve the evidence base around the factors that contributed to advocated change.

Efficiency

In general, the BUSAC facility review was positive in terms of assessment of governance and management processes. BUSAC's management performed well in providing an efficient process for awarding and managing grants, although the Evaluation noted instances where valuable opportunities to improve efficiency and effectiveness were missed, specifically in the areas of assessing the size of grant to award as a percentage of project costs on a proven needs basis and considering whether the grant project was additional in terms of attribution to indicators chosen to measure BUSAC outcomes. Improvements were made for BUSAC II in focussing later calls for proposals on priority thematic areas.

Non-grant programme costs are high compared to the total value of grants awarded, but the ratio of non-grant costs to facility costs provides for good value for money (VfM) benchmarked against similar grant facilities. However, the average non-grant cost per BUSAC II grant equates to USD 21,900 (approximately GHS 50,000), and this Evaluation questions whether the benefits from smaller grant projects can ever justify this cost. Indeed the Evaluation questions whether grants to organisations that are not sustainable and that deal with issues that have little or no economic impact represent an effective use of donor funds.

Grant selection, award, monitoring and grantee capacity building activities were highly structured and, on balance, provided good value for money. The wholesale nature of the BUSAC facility and its nationwide coverage does not lend itself to close grantee activity supervision by the management team. The costs of providing this would far outweigh the benefits. Instead management operates through quality control of intermediaries, especially trainers and training materials, project monitors, due diligence exercises, etc. Quality control in BUSAC I was evidenced through the dismissal of some monitors for non-performance. The decision to fund a large number of grants has forced the application of the advocacy capacity building model down highly efficient and economical lines, for example through the provision of training courses attended by multiple grantees. Some have criticised the "one size fits all" approach, although it is difficult to see how tailoring of capacity building could be cost effective and the response of BUSAC management to group participants based on needs assessment is a good compromise.

The governance of BUSAC has evolved over its life, from uncertain beginnings in BUSAC I to a well-established and effective current system. The direction and oversight of BUSAC I was almost totally in the hands of the three donors, Danida, DFID and USAID with insufficient strategic input from Ghanaian representatives. It was also largely reactive to events. The governance for BUSAC II provided a very different face, with greater involvement of Ghanaian stakeholders and a more proactive stance. BUSAC II steering committee members largely served throughout the life of the programme.

Activity milestones were set and largely adhered to in BUSAC I. Where there were slippages, these were handled through proactive management effort. In BUSAC I the majority of delays was due to greater than anticipated demand for grants. There were fewer problems in BUSAC II.

BUSAC's monitoring and evaluation capability has also evolved over the life of BUSAC, with particular improvements from BUSAC I to II in regards to log-frame and other reporting processes. However, in general it has been playing catch-up with the advances in donor standards on evaluation and attribution, particularly with regards to evidencing longer term outcomes and impact.

Impact

The causal impact chain constructed by the Evaluation looked at both the grant funded project level and at BUSAC as a programme. In general, the Evaluation found that the impact chain from input to outputs largely plausible, with strong evidence that the capacity to advocate had improved. However, evidence also

suggests that even where this capacity has improved, it is sometimes focused on the type of dialogue that would not lead to improvements in the broader business environment, instead being focused on distinct local issues. Moreover, the political economy analysis undertaken suggests that connections between duty bearers and advocates are likely to be weak, with a relatively poor state-business relationship, specifically for small businesses and associations.

In BUSAC II the chain in leading to final impacts is more coherent, reflecting its greater national focus but evidence that it is achieving large scale reform is scarce. This reflects the sometimes 'niche' national areas chosen for grant funding and in almost all instances it is too early to generate robust evidence. As noted in Chapter 3 of this report, it was not possible for this Evaluation to fully assess and distinguish between the main factors that contribute to changes in policy, and subsequent changes in economic performance. There are simply too many multifaceted influences at play.

The above casts doubt therefore on any strong causal claim that BUSAC has contributed to changes in the private sector through improved national level enabling environment. However, given the scarcity of evidence and challenges in detangling the multiple influence at this level, this conclusion is not a rejection of the claim but rather a reality check that it has yet to be proved.

The 2013 UCC impact assessment of BUSAC makes a number of positive assertions, which this Evaluation suggests should be treated with caution, reflecting the methodology chosen. The UCC study highlighted a number BUSAC supported issues that eventually led to the improvement in doing business indicators such as the time spent in the registration of business and land title registration.

Interviews by the Evaluation confirm that BUSAC has contributed to create a more conducive climate for public-private dialogue and made duty bearers appreciate the value of consulting private business representatives on issues affecting these. But it is not possible to establish a clear link between BUSAC-funded advocacy actions and the overall business environment and the link is even more tenuous to growth and employment.

Sustainability

Sustainability of high quality advocacy is a major issue for many of BUSAC's grantees and without further financial support as many as 95% of grantees will not carry out advocacy at this standard, in the opinion of the Evaluation. This is at odds to a BUSAC management survey where 38% of the interviewed grantees think they have the capacity to conduct focused advocacy action without external support. The variation between the survey and the Evaluation opinion relate to methodological differences for example in the estimated cost of advocacy actions. Some PSOs indicated that to improve on the sustainability of their group and to grow their members businesses, BUSAC should link successful applicants to available non-BUSAC technical and financial resources. This is consistent with the 2012 sustainability study which noted that the lack of an exit strategy as part of the programme design was a significant weakness.

Conclusions

BUSAC has performed well on two OECD evaluation criteria, relevance and efficiency, and has also been very effective at developing advocacy capacity in grantees. Where this Evaluation has found it is less effective is in relation to higher level objectives – that is effectiveness in contributing to improvements in the overall business environment and subsequently economic growth. As noted below this conclusion needs to be tempered in respect of (i) deficiencies in the programme design which set high level goals, objectives and indicators that were not fully linked to the activities that were designed. The deficiencies might have been overcome had the intervention logic been better articulated as the outcomes and

performance benchmarks that would have reflected a plausible set of assumptions (ii) whilst the complexities of disentangling the influence of advocacy on national projects means it is not possible to measure the attribution to BUSAC of impact, it does also mean that the Evaluation has not found concrete evidence that BUSAC is not having such impact (iii) the Evaluation found evidence to support intermediate outcomes such as improved public-private dialogue and this is due to the application of robust advocacy process tools providing convincing arguments that duty bearers have listened to.

Both BUSAC I and II were highly relevant to Danida policies, objectives and cross-cutting issues, as well as those of the GoG, as evidenced by their policy statements. Although in practice, the role of government in pushing this private sector development agenda has fluctuated over the course of BUSAC's life. While the sheer volume of grants provided by BUSAC make it relevant to the private sector there is evidence that BUSAC may not have been supporting the most critical issues in sub-sectors, and, until recently, providing assistance that will have little impact on the broader business environment. Indeed this seems to be a tension within the design of the Fund, where empowerment of smaller local organisations is clearly part of the mandate. BUSAC has subsequently evolved throughout, responding to its own and external learning. For example, the move to a greater national focus in BUSAC II was an important step in improving its relevance.

In terms of effectiveness, numerous factors that contribute to successful advocacy projects were identified. Overall, advocacy projects with grantee associations at sub-national level, focused on narrow interests appear to have been relatively successful at achieving the advocacy aims. All available evidence pointed to a significant strengthening in the advocacy capacity of each type of grantees. BUSAC has also been effective at building business services around such advocacy with service providers, and also with the media.

BUSAC II was benchmarked against contemporary practices in challenge fund design, management and governance, viewed from a VfM perspective. The results of the benchmarking are mixed overall, although largely on the positive side. BUSAC II was also benchmarked against other programmes providing large numbers of small grants, and the benchmarking was favourable. Management costs per grant are largely the same and the Evaluation questioned whether small grants were justified. BUSAC I and II management performed well in delivering a programme that kept to predefined timetables. The governance of BUSAC, including its monitoring system has evolved over its life primarily from a culture of internal review and adaptation and has achieved a good balance of grant project oversight that demonstrates efficiency. The advocacy model supported by BUSAC cannot be sustained by more than 70 or so PSOs in the opinion of the Evaluation.

Lessons Learned

The main lessons learned arising from the Evaluation's analysis:

- BUSAC has evolved and strengthened through “learning by doing”. This reflects both the need to respond to the challenges of a complex sector and set of objectives, but also the substantial learning that has developed in relation to both understanding how business advocacy can create improved business environments.
- BUSAC's wide range of advocacy support is both a strength and weakness of BUSAC. Hundreds of FBOs and small PSOs have been empowered to advocate and it has given a wealth of information on determining what works in advocacy that can be tapped for future analysis.
- High level impacts of BUSAC are hard to measure and attribute. An ex-ante construction of a programme theory of change may have given rise to a choice of outcome and impact indicators

that were both measurable and attributable, as well as providing stronger evidence of contribution or attribution.

- Advocacy alone is insufficient for the development of most economic sectors and sub-sectors and implementation of negotiated advocated issues is difficult in Ghana due to a lack of resources available to duty bearers. There were several instances where stakeholders interviewed, including grantees, called for BUSAC to play a more proactive role in providing resources to help implement agreements.
- Focussing on strategically important matters in a challenge fund context requires significant up-front investment in research to attract the best concepts, and the invitational grant idea goes a long way to achieving that.
- The choice of World Bank Doing Business indicators was not a suitable purpose (outcome) level indicator for a programme where the vast majority of the programme funding supports regional, local and national sub-sector initiatives.

Recommendations

For the next phase of BUSAC

- Where agreement in principle for an advocated change is reached BUSAC should i) offer to provide resources to the duty bearer's office to develop the business case that supports the change to help in discussions with the relevant government funding agency and ii) legal and other services needed to commission to enact changes to regulations and legislation.
- BUSAC should insist that applicant associations provide more evidence that the issues to be advocated are those which are the most critical for their sector or sub-sector, or clearly contribute to those issues.
- To improve understanding of impact, more consideration needs to be given to the M&E process, including monitoring of the post-dialogue phase and assessing contribution to change.
- If BUSAC donors wish to continue the engagement with small and weak organisations working at a local level, then a clear theory of change, attainable goals and expected outcome and suitable indicators of success need to be formulated separate from engagement on sectoral, sub-sectoral or national issues.
- More attention could be given to strategic business-related research as an alternative to the present issue-focused research. This may have the form of support to relevant think-tanks, possibly in partnership (or twinning) with selected large PSOs. This could, in line with practice in BEST-AC in Tanzania, include increasing strategic support to selected large national PSOs aimed at strengthening their general advocacy and organisational capacity, including their capacity to conduct issue-focused research.
- BUSAC might want to restrict the large numbers of applicants through defining well-researched themes at a sector or sub-sector level. These sectors would be chosen based on government policy priorities or other criteria that relate for example to the receptivity of the government stakeholders to change.
- In line with BEST-AC in Tanzania, provide rapid response grants so that advocating organisations could respond quickly to government initiatives and opportunities for reform.
- To overcome sustainability concerns BUSAC should consider ways in which it can further encourage or facilitate the formation of district and regional networks and coalitions of associations to provide stronger voices and improve the chance of being heard.
- The future governance structure should provide for a more proactive engagement for Ghanaian government stakeholders.

- BUSAC will need to continue to critically assess the role of BSPs in connection with the preparation of applications and the actual advocacy process to overcome concerns on sustainability and ownership of advocacy projects.
- Increasing the efficiency of donor funds through increasing the cash contribution of most future grantees on a suitable assessment basis.

For the formulation and implementation of other business advocacy programmes

Several recommendations relating to BUSAC above also apply more generally to other programmes of a similar nature, especially i) in the provision of additional support to duty bearers and their institutions to implement agreed change and ii) improved monitoring at the outcome and impact level. In addition:

- Elaborating the intervention logic at the start of programmes will help in constructing monitoring frameworks. The closer such monitoring frameworks are aligned to the causal chains in such intervention logic the more useful they will be for prospective impact evaluation.
- Adding economic additionality as a highly weighted criterion for grant selection. The use of the tool assesses the likely economic impact of the grant, and would favour advocacy projects with: low expected deadweight; low leakage; low substitution; low displacement; high potential economic multiplier benefits; and other benefits such as crowding in, increasing membership, and accessing other sources of funding. The impact of introducing an economic additionality appraisal at the time an application is considered is likely to lead to a smaller number of qualified partners and issues to advocate and funded projects will be more closely aligned to economic growth.

Danida's general comments to the evaluation

The Ministry of Foreign Affairs (MFA) appreciates the work of the Evaluation Team has performed in an effort to evaluate the results of almost two programmatic cycles of support to Business Advocacy in Ghana. With more than 750 grants allocated to more than 600 private sector organisations during the last 9 years of existence of the fund it is acknowledged that the nature of this assignment is rather complex.

The evaluation provides a critical analysis of the performance of BUSAC over the years and the Ministry of Foreign Affairs (MFA) appreciates the evaluation's effort in identifying specific and tangible lessons learnt. The recommendations are constructive and forward-looking and the Ministry agrees to a large extent with the recommendation.

The MFA finds that the evaluation questions have been addressed in a detailed manner given the availability of a wealth of information from BUSAC monitoring, various reviews and studies done underway. Similarly the model used to provide a detailed assessment of the efficiency of BUSAC is appreciated. However, a more systematic and consistent analysis along the line of the Theory of Change (ToC) developed as well as a more in-depth analysis of the views of the duty bearers involved in the process of business advocacy would have been welcomed by the MFA.

The MFA notes that the Evaluation concludes that BUSAC is highly relevant, and has performed well in terms of efficiency. BUSAC was also effective in developing advocacy capacity of grantees.

The MFA agrees with the analysis and evidence presented in the report concluding that the capacity to conduct advocacy has increased for a large number of grantees and that the conditions for individual businesses within specific industries and sub-sectors of the economy are also believed to have improved as a result of advocacy actions supported by BUSAC.

The evaluation concludes that where BUSAC is less effective is in relation to higher level objectives – that is effectiveness in contributing to improvements in the overall business environment and subsequently economic growth. The MFA agrees with the evaluation team that such shortcomings are mostly due to a number of factors such as deficiencies in the programme design, the complexities of disentangling the influence of advocacy at the national level. Additionally the MFA finds that a more in-depth analysis of the importance of a public-private dialogue platform, which predominantly has been absent, would have been useful in understanding the difficult environment that BUSAC has faced during the last 4-5 years.

Impact of BUSAC is assessed by the evaluation as partly achieved, and this is explained by a deficiency in programme design, with a limited articulated intervention logic not fully linking high level objectives to a plausible set of assumptions. The MFA agrees to the overall conclusion on impact and the need for BUSAC to have indicators that are both measureable and attributable and better in evidencing contribution and attribution to change.

The MFA agrees to the overall assessment that the organisational sustainability of BUSAC referring to the grantee's capacity to undertake structured advocacy actions in the future may not be fully achieved. Furthermore, MFA acknowledges the fact that business advocacy is not financially sustainable at the current level provided by BUSAC, but that there are opportunities to improve the sustainability both organisationally and financially going forward.

The Evaluation provides a number of lessons learnt which are followed by 13 recommendations, most of which the MFA finds pertinent and relevant especially looking forward into a possible continued and final support to Business Advocacy in Ghana. The current BUSAC support will complete in 2015 and the

recommendations will assist the MFA in considering possible continued support that could consolidate results achieved and enhance future impact.

Specific comments on recommendations and follow-up actions

Recommendation 1:

Where agreement in principle for an advocated change is reached BUSAC should i) offer to provide resources to the duty bearer's office to develop the business case that supports the change to help in discussions with the relevant government funding agency and ii) legal and other services needed to commission to enact changes to regulations and legislation.

The Danish Embassy in Accra agrees that additional support over and above advocacy support alone may have a more significant effect on the implementation of legislation and policies amended through advocacy thereby strengthening the outcomes and contributing to the improvement of the Business Enabling Environment in Ghana. In fact BUSAC already offers the possibility to use legal advice as an integrated part of the grants provided. Furthermore, Originally, BUSAC was conceived as one of two sub-components to support the Business Enabling Environment under Danida's Support to Private Sector Development, Phase II (SPSD II). In formulating the concept note for a possible continued support to Business Advocacy in Ghana (2016-2020), the Danish Embassy is proposing to increase the scope of the support and to establish a stronger link between BUSAC, public institutions and the Government of Ghana.

Recommendation 2:

BUSAC should insist that applicant associations provide more evidence that the issues to be advocated are those which are the most critical for their sector or subsector, or clearly contribute to those issues.

The Danish Embassy in Accra believes that the Business Advocacy support has been demand responsive, but agrees that continued attention is required to ensure that the most critical issues are addressed. In formulating the concept note for a possible continued support to Business Advocacy in Ghana the Danish Embassy is among others proposing to address such challenges by increasing the PSOs own contribution and hence decreasing the grant element. Furthermore, in the detailed formulation following in 2015 emphasis will be given to ensuring that future applicants provide such evidence in their applications, and that this issues is part of the BUSAC's assessment criteria and evaluation of grant applications (given that the concept note is endorsed by the Programme Committee).

Recommendation 3:

To improve understanding of impact, more consideration needs to be given to the M&E process, including monitoring of the post-dialogue phase and assessing contribution to change.

The Danish Embassy in Accra agrees that it is important to monitor and even considers supporting post-grant activities to facilitate and document contribution and attribution. In formulating the concept note for a possible continued support to Business Advocacy in Ghana the Danish Embassy is therefore proposing the mandate of BUSAC to have a more direct involvement with key Government partners (MDAs) via Sector Working Groups. Post-advocacy support will be considered and lessons learned from BEST-AC

will be included when the detailed formulation of the continued support to Business Advocacy is undertaken in 2015 (given that the concept note is endorsed by the Programme Committee).

Recommendation 4:

If BUSAC donors wish to continue the engagement with small and weak organisations working at a local level, then a clear theory of change, attainable goals and expected outcome and suitable indicators of success need to be formulated separate from engagement on sectoral, subsectoral or national issues.

The Danish Embassy in Accra agrees that it is a laudable recommendation and possible continued support to Business Advocacy will consider this recommendation.

Recommendation 5:

More attention could be given to strategic business-related research as an alternative to the present issue-focused research. This may have the form of support to relevant think-tanks, possibly in partnership (or twinning) with selected large PSOs. This could, in line with practice in BEST-AC in Tanzania, include increasing strategic support to selected large national PSOs aimed at strengthening their general advocacy and organisational capacity, including their capacity to conduct issue-focused research.

The Danish Embassy in Accra agrees that focusing on strategic business related research is important which has increasingly become the focus of BUSAC including among others invitational calls to address issues of higher strategic importance to Ghana. Indeed research is an important component of individual business advocacy grants provided by BUSAC. Strategic business related research should not be seen as an alternative to the existing practice, but rather as a supplement to Business Advocacy and in line with the priorities of Government of Ghana. This is especially relevant to strategic national business advocacy issues expressed by the needs of the business community as well as government. In formulating the concept note for a possible continued support to Business Advocacy in Ghana the Danish Embassy is proposing to re-think the organisation of BUSAC to include a broader representation of hosts to ensure that partnerships such as twinning is considered.

Recommendation 6:

BUSAC might want to restrict the large numbers of applicants through defining well-researched themes at a sector or subsector level. These sectors would be chosen based on government policy priorities or other criteria that relate for example to the receptivity of the government stakeholders to change.

The Danish Embassy in Accra disagrees that the large number of applications should be restricted, as this may defeat the purpose of this engagement being a challenge fund. The Danish Embassy however, agrees to the importance of aligning with Government policy priorities and identifying areas where MDAs are receptive to change is important. In formulating the concept note for a possible continued support to Business Advocacy in Ghana, the Danish Embassy is therefore proposing to strengthen the mandate of BUSAC to have a more direct involvement key Government partners (MDAs) via Sector Working Groups, paving the way for better aligned and higher priorities interventions and grants.

Recommendation 7:

In line with BEST-AC in Tanzania, provide rapid response grants so that advocating organisations could respond quickly to government initiatives and opportunities for reform.

The Danish Embassy in Accra agrees that a rapid response facility would be conducive to supporting especially the smaller PSOs and in taking swift advocacy action on opportunities showing up along with Government interventions. This type of facility could be extended at different stages to meet urgent advocacy opportunities/emergencies i.e. at times, where the business environment is confronted with sudden changes in (the implementation of) regulation which need immediate action or where opportunities for positive change, with a little extra effort, can be responded to swiftly. In formulating the concept note for a possible continued support to Business Advocacy in Ghana, the Danish Embassy is proposing to include a rapid response facility.

Recommendation 8:

To overcome sustainability concerns BUSAC should consider ways in which it can further encourage or facilitate the formation of district and regional networks and coalitions of associations to provide stronger voices and improve the chance of being heard.

The Danish Embassy in Accra acknowledges the fact that regional networks and collaboration is important, hence cross-cutting workshops are organised across Africa approximately every 2nd year with other sister programmes, such as BEST-AC. The possibility to merge smaller organisations into district or even regional networks is an interesting but also challenging idea, which already has been subject to discussion in the BUSAC Steering Committee. It was agreed that the idea should be further investigated in a possible third phase of BUSAC, but keeping in mind that past experience has shown that business advocacy among the larger organisation is maintained in a more sustainable way whereas smaller grantees have limited capacities, and their advocacy issues are specific to the needs of the local communities, with very limited impact to the wider community.

Recommendation 9:

The future governance structure should provide for a more proactive engagement for Ghanaian government stakeholders.

The Danish Embassy in Accra agrees that continued engagement with Government partners (MDAs) is important. BUSAC has been coordinating with relevant ministries on priorities of business advocacy issues to be addressed, and has organised a number of regional workshops targeting the local district assemblies to emphasise the benefits derived from enhancing the business environment of the local businesses, and encouraged the public private dialogue platforms. In formulating the concept note for a possible continued support to Business Advocacy in Ghana, the Danish Embassy is proposing to strengthen the mandate of BUSAC to have a more direct involvement key Government partners (MDAs) via Sector Working Groups.

Recommendation 10:

BUSAC will need to continue to critically assess the role of BSPs in connection with the preparation of applications and the actual advocacy process to overcome concerns on sustainability and ownership of advocacy projects.

The Danish Embassy in Accra acknowledges that the relationship between the service providers, the grantees and BUSAC needs continuous attention and notes that BUSAC has continuously strived to improve the work of the service providers in terms of quality, and scope of services, as well as their role in advising private sector organisations. The detailed formulation of a possible BUSAC phase III will re-investigate the lessons learned from BUSAC I & II as far as the BSPs are concerned and ensure that future roles and responsibilities of the BSPs are carefully deliberated and agreed to.

Recommendation 11:

Increasing the efficiency of donor funds through increasing the cash contribution of most future grantees on a suitable assessment basis.

The Danish Embassy in Accra agrees that increasing cash contribution is important and actions will be taken as described under recommendation 2.

Recommendation 12:

Elaborating the intervention logic at the start of programmes will help in constructing monitoring frameworks. The closer such monitoring frameworks are aligned to the causal chains in such intervention logic the more useful they will be for prospective impact evaluation.

The Danish Embassy in Accra agrees that a robust intervention logic is important and believes that the BUSAC interventions from 2010-2015 have been guided by a solid log-frame. The Danish Embassy acknowledges that improvements may be incorporated in a possible continued support to Business Advocacy in Ghana, for which reason the formulation of the possible next phase will be accompanied with dedicated and specialised TA as regards the results framework and the programme logic.

Recommendation 13:

Adding economic additionality as a highly weighted criteria for grant selection. The use of the tool assesses the likely economic impact of the grant, and would favour advocacy projects with: low expected deadweight; low leakage; low substitution; low displacement; high potential economic multiplier benefits; and other benefits such as crowding in, increasing membership, and accessing other sources of funding. The impact of introducing an economic additionality appraisal at the time an application is considered is likely to lead to a smaller number of qualified partners and issues to advocate and funded projects will be more closely aligned to economic growth.

The Danish Embassy agrees that including economic additionality as a criterion in assessing the grant proposals is important. In formulating the concept note for a possible continued support to Business Advocacy in Ghana, the Danish Embassy is proposing that economic additionality must be an integrative part of assessing the grants feasibility; hence economic additionality must be proven.