



# EVALUATION OF THE BUSINESS SECTOR ADVOCACY CHALLENGE FUND GHANA

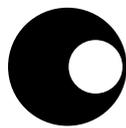
# EVALUATION

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**Evaluation of the Business Sector  
Advocacy Challenge Fund  
Ghana**



**Oxford** Policy Management

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Responsibility for content and presentations of findings and recommendations rests with the authors.

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## Abbreviations

<i>AGI</i>	Association of Ghana Industries
<i>BAC</i>	Business Advisory Centre
<i>BAF</i>	Business Advocacy Fund, Kenya
<i>BATUBMs</i>	Business Associations, Trade Unions and Business Media
<i>BDS</i>	Business Development Services
<i>BE</i>	Business Environment
<i>BEST-AC</i>	Business Environment Strengthening for Tanzania – Advocacy Component
<i>BMO</i>	Business Membership Organisation
<i>BSPS</i>	Business Sector Programme Support
<i>BUSAC</i>	Business Sector Advocacy Challenge Fund, Ghana
<i>BUSAC I</i>	The first phase of BUSAC
<i>BUSAC II</i>	The second phase of BUSAC
<i>CIOB</i>	Chartered Institute of Building
<i>COWI</i>	COWI PLC, a Danish Consultancy Company
<i>CPA</i>	Consumer Protection Agency
<i>CSR</i>	Corporate Social Responsibility
<i>CSU</i>	Customer Service Unit
<i>DAC</i>	Development Assistance Committee
<i>DB</i>	Doing Business Reports of the World Bank Group
<i>DFID</i>	Department for International Development
<i>DIIS</i>	Danish Institute for International Studies
<i>DKK</i>	Danish Kroner
<i>DNYSM</i>	Denugu Noor-yeni Soap Makers Association
<i>DP</i>	Donor Partner
<i>EC</i>	European Commission
<i>EMPRETEC</i>	A programme of the UN Conference on Trade and Development, represented in Ghana by the Empretec Ghana Foundation
<i>ENABLE</i>	Enhancing Nigerian Advocacy for a Better Business Environment
<i>EoD</i>	Embassy of Denmark in Accra
<i>ERG</i>	Evaluation Reference Group
<i>EU</i>	European Union
<i>Eval</i>	Evaluation Department of Danida/Ministry of Foreign Affairs
<i>FAN</i>	Fundo para Ambiente de Negócios, Mozambique
<i>FBO</i>	Farmer Based Organisation
<i>FGD</i>	Focus Group Discussion
<i>GCAC</i>	Ghana Contractors Association Council
<i>GCCSFA</i>	Ghana Cocoa, Coffee and Shea Nut Farmers Association
<i>GEA</i>	Ghana Employers Association
<i>GDP</i>	Gross Domestic Product
<i>GHS</i>	Ghana Cedi
<i>GIZ</i>	Deutsche Gesellschaft für Internationale Zusammenarbeit
<i>GJA</i>	Ghana Journalists Association
<i>GNAPF</i>	Ghana National Association of Poultry Farmers
<i>GNASSM</i>	Ghana National Association of Small Scale Farmers
<i>GNCCI</i>	Ghana National Chamber of Commerce and Industry
<i>GoG</i>	Government of Ghana
<i>GPHDA</i>	Ghana Progressive Hairdressers Association
<i>GPRS</i>	Ghana Poverty Reduction Strategy

## ABBREVIATIONS

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<i>ICT</i>	Information and Communication Technologies
<i>IMF</i>	International Monetary Fund
<i>IRR</i>	Internal Rate of Return
<i>KII</i>	Key Informant Interview
<i>LPG</i>	Liquefied Petroleum Gas
<i>M&amp;E</i>	Monitoring and Evaluation
<i>MDAs</i>	Ministries, Departments and Agencies
<i>METSS</i>	Monitoring, Evaluation and Technical Support Services
<i>MFA</i>	Ministry of Foreign Affairs, Denmark
<i>MMDAs</i>	Metropolitan, Municipal and District Authorities
<i>MoTI</i>	Ghana Ministry of Trade and Industry
<i>MoU</i>	Memorandum of Understanding
<i>MSME</i>	Micro, Small and Medium Enterprise
<i>NBSSI</i>	The National Board for Small Scale Industries, Ghana
<i>NDC</i>	National Democratic Congress
<i>NORLFA</i>	Northern Livestock Farmers Association
<i>NPP</i>	The New Patriotic Party
<i>ODI</i>	Overseas Development Institute
<i>OECD</i>	The Organisation for Economic Cooperation and Development
<i>OMOA</i>	Organic Mango Outgrowers Association
<i>OPM</i>	Oxford Policy Management
<i>PEA</i>	Political Economy Analysis
<i>PFAG</i>	Peasant Farmers Association of Ghana
<i>PPP</i>	Public Private Partnership
<i>PSD</i>	Private Sector Development
<i>PSO</i>	Private Sector Organisation
<i>PTA</i>	Progressive Traders Association
<i>QA</i>	Quality Assurance
<i>REP</i>	Rural Enterprise Project
<i>SADA</i>	Savannah Accelerated Development Authority
<i>SBA</i>	Small Business Association
<i>SME</i>	Small and Medium Enterprise
<i>SMIDO</i>	Suame Magazine Industrial Development Organisation
<i>SNFPBAG</i>	Shea Nut Farmers, Processors and Buyers Association of Ghana
<i>SPSD</i>	Support to Private Sector Development
<i>SSA</i>	Sub-Saharan Africa
<i>SYFL</i>	Somiriman Young Farmers League
<i>ToC</i>	Theory of Change
<i>ToR</i>	Terms of Reference
<i>TU</i>	Trade Union
<i>UN</i>	United Nations
<i>UCC</i>	University of Cape Coast
<i>UPSEG</i>	Union of Private Security Employees of Ghana
<i>USAID</i>	United States Agency for International Development
<i>VfM</i>	Value for Money
<i>WB</i>	World Bank
<i>WAN</i>	Wide Area Network
<i>WEN</i>	Women and Enterprise Network

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# Executive Summary

## Final Evaluation of the Business Sector Advocacy Challenge Fund, Ghana

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*
<b>Relevance</b>	<b>2</b>	<b>1.51</b>	
Relevance and rationale to Danida	1		A
Relevance and rationale to Ghana	1		B
Appropriateness of programme design	2**		B
<b>Effectiveness</b>	<b>2</b>	<b>2.13</b>	<b>B</b>
Advocacy capacity building	1		A
Influencing government	3		B
Advocacy stimulation	2		B
<b>Efficiency</b>	<b>2</b>	<b>1.74</b>	<b>B</b>
Value for money	2		A
Timely activities	2		A
Management	2		A
Advocacy capacity building	1		A
Learning	1		A
<b>Impact</b>	<b>3***</b>	<b>2.62</b>	<b>C</b>
<b>Organisational sustainability</b>	<b>2</b>	<b>2.32</b>	<b>A</b>
<b>Financial sustainability</b>	<b>4</b>	<b>3.12</b>	<b>A</b>

\* 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"<sup>1</sup> 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.

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

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) – 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 lobbyism 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.

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# 1 Introduction

## 1.1 Objective of the Evaluation

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

## 1.2 Scope of the Evaluation

The Evaluation examined all the activities of the Business Sector Advocacy Challenge Fund, Ghana (BUSAC) from its inception in 2004 to the evaluation date. The main evaluation questions to be answered by this Evaluation are:

- to what extent and how has BUSAC reached its objective of improving the business environment in Ghana and thereby enhanced private sector growth?; and
- what lessons can be learned for the design, implementation, monitoring and management of future Danish support that aims at improving the business environment?

The Evaluation applies the Organisation for Economic Co-operation and Development (OECD)/Development Assistance Committee (DAC) standard's five criteria: relevance, efficiency, effectiveness, impact, and sustainability to answer the main evaluation questions (see Annex B for a full list of questions asked and addressed under these criteria).

## 1.3 Evaluation Report Structure

The report starts by setting out the main characteristics of the BUSAC Fund since inception, and outlines the context in which it was taking place with a brief overview of Ghana's business environment (Chapter 2). Chapter 3 provides an overview of the methodology adopted by the Evaluation, including challenges faced. Chapter 4 then describes the main findings from the evaluation under each OECD/DAC criterion, and the report concludes with lessons learned and recommendations for future assistance. There are also a number of annexes which contain further information on the methodology of the Evaluation and evidence that supports its conclusions.

## 2 BUSAC – An Overview

### 2.1 Introduction

BUSAC was established in 2004 as part of Danida's broad business sector reform initiative – the Business Sector Programme Support (BSPS) – to provide grants, training and technical support to business associations, trade unions and the media with the aim of helping them to advocate more effectively for a conducive business environment. The first phase of BUSAC (BUSAC I) was initially supported by Danida, the UK's Department for International Development (DFID) and at a later stage US Agency for International Development (USAID), and was managed by a Danish consultancy firm, COWI. By 2009, BUSAC I had provided 362 grants supporting advocacy activities in all of Ghana's 10 regions, at national, regional and district levels. Training activities for grantee organisations commenced towards the end of BUSAC I.

A second phase of BUSAC (BUSAC II) was initiated in 2010, funded by Danida under its broad financing framework for private sector development (PSD) agenda entitled the Support to Private Sector Development (SPSD II). USAID and the European Union (EU) also provided funding for BUSAC II. BUSAC II provided a greater focus in the north of Ghana and with expanded eligibility criteria that included farmer-based organisations (FBOs) and has more proactively promoted advocacy on emerging issues of national strategic importance through the award of non-competitive invitational grants. BUSAC II is implemented by the same fund manager, COWI, operating out of offices in Accra and in Tamale. 363 grants had been approved by the end of May 2014, including 18 invitational grants, and a further invitational and competitive batch of grants is expected to be approved in 2014, in areas of strategic importance to Denmark's green growth agenda.

The SPSPD II business environment component, of which BUSAC II is a sub-component, has the objective of improving conditions for business including enhancing local and foreign investor confidence (Danish Ministry of Foreign Affairs, 2009). The other business environment sub-component comprised assistance to the Government of Ghana (GoG) private sector development strategy – a pooled funding arrangement under the Ministry of Trade and Industry – but, four years after design, the strategy is yet to reach implementation.

### 2.2 Expected Results

#### **The Theory of Change**

Neither BUSAC I nor II operated under a formally articulated theory of change (ToC). BUSAC I was designed at a time when donors had relatively little experience with support to private sector-related policy change processes through advocacy, nor had they applied ToCs to guide their interventions. The project description and the logframe reflected this lack of specificity. BUSAC I was seen as an integral part of a broader range of interventions aimed at strengthening the culture for business in Ghana. Together, the three sub-components of the business culture component were supposed to “contribute to an improved enabling environment for the private sector” by addressing: a) the limited nature of effective dialogue on private sector policy and reforms; b) a generally poor busi-

ness culture in the private sector; and c) a poor “customer service” culture in the public sector with regard to the private sector. BUSAC I was, through its competitive, demand-driven mechanism, designed to empower organisations to advocate for pro-business sector reforms.

BUSAC I was designed to encourage outreach efforts to attract organisations to apply for grants, especially at the district level. Special attention was to be given to marginalized groups who would not otherwise have a voice. However, it was emphasized that effective advocacy was also required at the national level, as policy decisions taken nationally could have a profound impact at the grassroots (BSPS Component 2 description, 2003). The BUSAC I logframe initially lacked indicators but they were subsequently defined during the course of the programme. Four outputs contribute to the stated purpose (i) developing capacity of associations; ii) sustaining their capacity; iii) the promotion of the debates on issues relating to the business environment; and iv) national coverage of grants and support to grantees achieved.

The BUSAC II logical framework provides seven outputs that contribute to the purpose “Advocacy actions contribute to improvement in the business environment at all levels”. The outputs are:

- advocacy actions achieve their objectives
- strengthened structures for dialogue and advocacy
- enhanced advocacy capacity of PSOs
- enhanced organisational capacity and competence of PSOs
- strengthened support service markets
- sustainable and effective coverage of business issues in the media
- efficient management and governance of the BUSAC Fund.

Assumptions are stated at the output level and the BUSAC monitoring and evaluation (M&E) system supports the chosen indicators. The BUSAC II logframe, programme performance to date and the end of programme indicator predictions are provided in Annex D.

An explicit ToC at programme and grant level was constructed by the Evaluation after discussions with the Fund Manager as shown below. The Evaluation tested elements of the causal chain and this analysis is discussed in Annex C.

*Grant project theory of change*

1. **Organisations that receive BUSAC grants and apply the grants to fund advocacy activities according to the BUSAC advocacy model will strengthen their capacity to advocate.** Key assumptions: i) the organisation will be strengthened to the point that it is able to advocate in the future to a high professional standard without external financial assistance; ii) the persons who are benefitting from advocacy capacity strengthening stay with the organisation.

2. **The issues that are advocated, if agreed by decision makers (called duty bearers in Ghana), will economically benefit, or are in the best interests of, the members of the organisations that advocate.** It is assumed that: (i) the advocated issues will not benefit specific members of the advocating organisation at the cost of other members; (ii) there are sufficient financial resources to implement the advocated change.
3. **The economic benefits arising from successful advocacy will strengthen the contract between a representative organisation and its constituents, resulting in increased membership and payment of membership dues.** It is assumed that: i) the advocacy had the support of the members; ii) non-members will know of the efforts of the advocating organisation and feel inclined to join the organisation; iii) members pay their subscription and other fees in appreciation of the benefits obtained from the advocacy.
4. **The economic benefits of successful advocacy contribute positively to the Ghanaian economy.** It is assumed that: i) the benefits are measurable; ii) other economic actors do not suffer disproportionately as a result through diversion of funds that were earmarked for their benefit.

*Programme level theory of change*

1. **If activities in BUSAC contribute to building capacity in many stakeholders who are involved with business advocacy then the quality of advocacy will be maintained.** The major assumptions here are: i) that sufficient numbers of organisations that carry out business advocacy, and the members of those organisations, use or are aware of the BUSAC advocacy model and are convinced by its cost effectiveness; ii) a sufficient number of duty bearers are aware of the benefits of listening to business advocacy and the importance of inclusive decision-making; iii) advocating organisations are able to fund these advocacy efforts going forward; and iv) lasting capacity is built in the associations to enable high quality advocacy actions in the future.
2. **If the quality of business advocacy and dialogue improves then the business environment should improve.** The primary assumptions are: i) the advocated issues, if implemented, would result in a better business environment; ii) that decision makers are able and willing to listen to advocates and appreciate the evidence presented by them and make balanced decisions relating to the issues based on persuasive and sensible arguments and the supporting evidence; iii) if decision makers are convinced of the advocate's arguments, to make the funding and support available to enable these changes; iv) the changes are made and v) produce the desired results.
3. **Building consensus on priority business environment areas for improvement and funding projects that advocate successfully for improvements will improve the business environment.** The primary assumptions are: i) advocating organisations can identify and agree on the issues that need to be addressed to improve the business environment; ii) the advocacy will provide additional compelling evidence for action that the government is not already aware of; iii) the change actions that arise from agreement with government are affordable and are funded; iv) the changes result in improvements for businesses operating in the environment.

4. **If the business enabling environment improves then this will support and accelerate private sector growth.** There are many risks that relate to the fragility of the economy, including poor physical infrastructure, limited access to financial services and a lack of enforcement of regulations. There are also specific sector challenges; for example, within the agricultural sector, there are climate-related challenges, uncertain yields, poor financial returns on private investment, and short-term investment horizons.
5. **If there is private sector growth then poverty should reduce.** Primary assumptions are that growth will create jobs, although there are significant risks around jobless or even job-loss growth and around a low or containable inequity in incomes that allows the poor to benefit.

## 2.3 Business Advocacy in Ghana – the Wider Context

### Ghana's economy

Ghana has exhibited relatively strong growth since the 1980s, with an average annual growth rate of 5% and notably higher growth rates in the 2000s, albeit this is now slowing and is forecast to slow further. The growth has allowed Ghana to transition to become a lower middle-income country.

The most recent International Monetary Fund (IMF) Article IV consultation notes that despite this growth, a quarter of the population still lives below the poverty line, and six to seven million jobs will have to be created in the next 20 years to absorb new entrants to the labour market (IMF, 2014). The IMF suggests that success will be contingent on complementing extractives industry growth with diversified, private sector growth in labour intensive sectors.

The structure of the economy has evolved in the last 20 years, with significant growth in the service sector, although agriculture remains important (see Table 3). Employment is heavily dependent on agriculture, with 80% of employment in informal activities. The economy is vulnerable to terms of trade shocks on three key products, gold, cocoa and oil (IMF 2014).

**Table 3: Structure of the economy (% GDP)**

	1992	2002	2011	2012
Agriculture	45.0	39.2	25.3	22.7
Industry	17.4	28.2	25.6	27.3
Of which: Manufacturing	9.4	10.1	6.9	6.9
Services	37.6	32.6	49.1	50.0

Source: Development Economics live database (World Bank).

Relative to other countries in the region the investment climate is favourable, and has improved over the last decade. But there are concerns that more stringent local content regulations in the petroleum sector could serve as a signal of future efforts to constrain how foreign capital may be used.

The World Bank's governance and business indicators – one indicator for measuring the long-term success of BUSAC – suggest that Ghana also performs well above its peers in Africa and regionally on business environment. The World Bank Doing Business (DB) Indicators and the Global Competitiveness Index consistently rank Ghana among the best countries in Sub-Saharan Africa (IFC 2014), although the pace of reform has slowed in recent years (both in comparative and absolute terms). Businesses continue to face constraints, the most critical of which are access to finance and to electricity, with access to water and suitable land as additional notable constraints. See Annex E for more in-depth description of Ghana's performance described by the DB over the last decade.

The current constraints on access to finance are partly due to the Government's own requirement for short-term finance, but may improve in the future as government liquidity demands reduce. Fiscal imbalance is at the heart of the problem, with shortfalls in tax collecting and state wage over-run. In 2014, there have been some adverse macro-economic impacts including currency devaluation against hard currencies and high inflation.

### **Private sector development policy and political context**

The GoG's current strategy is to leverage the oil and gas resources to help create a robust manufacturing sector and high value agriculture, all of which require significant infrastructure investment and the removal of bottlenecks to growth, which include financing and electricity. During BUSAC's term, the GoG's strategy towards the private sector was governed by the National Medium Term Private Sector Development Strategy (2005-2010) and its successor, the Second National Medium Term Private Sector Development Strategy for 2010-2015 (PSDS II). This strategy sought to promote trade and investment (through improvements in the business and investment climates) at the macro level, combining this with developing the capacity at the firm level. It also sought to develop Government's processes and policy functions in relation to the private sector. The Government itself concedes that, despite a number of successes (e.g. the establishment of the Tariff Advisory Board in 2009 which conducts research and audits), the economy remains broadly the same, with continued constraints related to productivity, small size of firms, and narrow investment base (Tackie, 2012).

The second phase of this strategy, which Danida provided support to, focuses on five main initiatives:

- establish an investment climate that helps to broaden investment and encourages greater enterprise and innovation
- support transformation into a diversified, efficiency-driven economy
- increase productivity, especially amongst small businesses
- provide greater incentives to create formal jobs
- increase economic opportunity for the poor especially in underdeveloped regions.

Despite political stability and consensus around the role of government in promoting private sector led growth, implementation of this second phase has not yet occurred. There are a variety of reasons for this, including uncertainty concerning the placement of the programme and policy direction within the GoG. For example, one commentator noted that there are ambiguities between the President's Office and the Ministry of Trade and Industry in who has the ultimate mandate for pushing forward the private sector agenda.

The Danida 2012 review of SPSD II noted that the promotion of the PSDS II could have strengthened the policy environment and these delays raises concern that the development partners might lose interest and commitment to supporting the PSDS II Action Plan. The review concluded that SPSD II is “being implemented in a context of a constrained macro-economic and business environment which could continue to challenge solid private sector development in the years to come” (Danida 2012).

This slow pace is also indicative of the general limitations in influence of the private sector on policy reform, in part reflecting the overlaps between public and private spheres in the economy. The Government continues to be the country's largest employer, investor and provider of goods and services, and is, in reality, uncomfortable with the idea of a strong private sector. Or as Ackah et al. (2010) state, *“even though successive governments in Ghana have shown some commitment to supporting a viable private sector that commitment has, at the same time, been undermined by Governments' own fear of a strong private sector acting as a countervailing force and thereby weakening their monopoly over patrimonialism.”* In addition, even when reforms have occurred, the entrenched nature of political patronage has led to a process of adaptation by bureaucrats and political office holders, with minimal impact on the governance of public goods (Atampugre, 2012). In turn, business leaders view the public sector as “unfriendly” and bureaucratic (GIZ, 2013)

Further, given links between political parties and business, productive entrepreneurs lack overall influence, with individual capitalists able to gain insider favours at the expense of more formal business collaboration (Whitfield 2011). These characteristics have tended to remain constant throughout changes in political leadership (Killick 2008; Booth et al. 2005).

A recent mixed methods study into Ghana confirms this. It concludes that the private sector has not had a significant impact on changes in regulatory quality. What relations existed were of a closed type, which tend not to push for more broad based reforms (Ackah, et al. 2010). This is explained by the fact that the majority of private enterprises in Ghana are small and informal and the government-business relationship is patronage-oriented. As noted below, this conclusion has important implications for the ability of BUSAC grantees to influence decision makers.

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## 3 Evaluation Approach and Methodology

The Evaluation evaluated the programme in terms of its relevance, efficiency, effectiveness, impact and sustainability in line with OECD/DAC criteria for evaluating development assistance.

According to the Evaluation's terms of reference (See Annex N) this is a learning evaluation. Hence the evaluation focused on strategic lessons learned that can inform future Danida support to business advocacy initiatives. Danida is supporting related programmes in Tanzania, Kenya and Mozambique.

### 3.1 Overall Approach

The Evaluation of BUSAC's performance involved understanding BUSAC as a facility for funding projects, and the aggregate performance of individual projects and other BUSAC activities. This required understanding the intervention logic (referred to here as the ToC) for both the overall facility, as well as for the individual funded projects. As this is a learning evaluation and given the fact that considerable information is already available regarding the performance of the individual grants, the Evaluation predominantly revolved around the effects of the BUSAC-funded advocacy activities 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 – and for those that failed, the likely reason for failure. Another important issue has been the capacity and preparedness of grantees to engage in advocacy initiatives after the BUSAC ends. Consequently, the Evaluation of BUSAC was carried out on two levels of analysis:

- Level 1 – Review the intervention logic for the BUSAC, the environment for advocacy and change as well as of the governance and management arrangements for the operation of the fund; and,
- Level 2 – Detailed in-country reviews of 38 individual projects with 36 grantees, focus group discussions, file reviews and interviews with various categories of informants and stakeholders.

#### **Evaluation matrix**

The main evaluation questions and their sub-questions analysed by the Evaluation to review the facility is captured in an evaluation matrix, set out in Annex B, covering the five OECD/DAC criteria (relevance, effectiveness, efficiency, impact and sustainability), along with in-depth findings and data sources. This forms the basis for the analytical work and for preparing more detailed research instruments. In order to answer the key evaluation matrix questions, key informant interview (KII) checklists and focus group discussion (FGD) research questions were prepared (see Annex A).

#### **Triangulation**

Throughout the Evaluation, evidence was collected to provide a robust narrative or a plausible performance story. The Evaluation aimed to triangulate data using multiple sources including: secondary literature; centrally collected self-assessment data from grantees; discussions with other stakeholders such as industry representative bodies, the Government and other decision makers; and the BUSAC advisory committee.

Key to the level 1 analysis were two primary data sources, i) a database of 644 completed BUSAC projects stored on the BUSAC management information system, and ii) a database of responses to advocacy capacity building questionnaires that form the inputs for an advocacy capacity model prepared for BUSAC by a consulting firm, Irwin Grayson Associates. The Irwin Grayson tool looks at grant applicants in four dimensions (financial and human resources; advocacy processes; advocacy outputs; and results) and provides longitudinal data for both successful and unsuccessful grant applicants. Other key documents reviewed for the level 1 analysis include a range of Danida and externally-led reviews of BUSAC I and II as well as Government of Denmark and GoG policy documents. In addition, the quality of the advocacy and financial management training was cursorily reviewed from a review of training materials and a variety of internal BUSAC reports, for example, steering committee minutes, and procedures manuals, were reviewed to test the quality of management and supervision. See Annex L for a full list of these documents.

Evidence inspected as part of the level 2 (funded projects) analysis that provided triangulation included: minutes of the selection meetings; documents supporting the selected projects, including concept notes, full applications, due diligence and expert reviews, grant contracts and amendments, project monitoring reviews and logical frameworks, grant claims and project correspondence; telephone and in-person interviews with grantees and duty bearers; FGDs; and interviews with industry stakeholders, business service providers, evaluators and monitors.

#### **Level 1 assessment**

Articulating the BUSAC ToC as expressed in the logframe for BUSAC I and BUSAC II is an important step towards understanding the thinking of those who designed the programmes as well as how it operates in practice. Between the two BUSAC phases, the logframe underwent substantial revisions but no formal ToC has been developed. The Evaluation therefore constructed an explicit ToC for BUSAC based on discussions with BUSAC management, and agreed its relevance and accuracy with a wide group of stakeholders at an in-country validation meeting to test the theory and the assumptions. The constructed ToC is included as Annex C.

The BUSAC facility analysis was designed as a 'lighter' touch exercise comprised of a desk review supplemented by a limited number of meetings with relevant stakeholders. The analysis concentrated specifically on the governance, management and operational arrangements that defined the performance of the BUSAC as a mechanism for funding individual projects with an emphasis on the provision of value for money (VfM) and the fitness for purpose of the arrangements for achieving BUSAC's objectives. For example, in answering the question on whether BUSAC management optimally exploited synergies, the facility analysis examined whether there were processes and systems in place that were conducive to exploiting synergies, whereas the question as to whether they were in fact exploited belongs in the level 2 analysis of projects. An important source of information for the facility analysis is the comprehensive body of reviews of the two phases of BUSAC.

The facility review also looked at non-grant-funded activities that supported grantees including advocacy training, and training for grantees on financial management, with special attention to the role of service providers in the design and implementation of the projects.

#### **Level 2 – detailed assessment of 38 BUSAC-funded grant projects**

The large portfolio of 725 funded projects and the practical limitations imposed by the Evaluation's resources has meant that only a small proportion of the total projects could be evaluated. Annex G provides a list of 38 projects with 36 grantees that were selected from a list of grant funded projects with limited information relating to grant amount, location, sector and sub-sector and phase using the process outlined in the annex. The selection of the projects was agreed in the inception phase by the Evaluation Reference Group (ERG).

#### **Gender, climate change, CSR and other cross-cutting issues**

Inclusive green growth and rights-based economic development are key priority areas for the Danish development assistance. However, many of BUSAC activities took place before the Government's current strategy provided in Denmark Development Cooperation's "The Right to a Better Life", was enacted by parliament. It is therefore not appropriate to evaluate BUSAC against the priorities and principles of this document. However, concerns related to climate change and the effect on women is among the issues highlighted in the BUSAC sub-component outline.

#### **Sustainability**

In addition to reviewing key documents relating to grantee sustainability, including the draft sustainability study (Jeavco Associates, 2012), BUSAC management has developed the Irwin Grayson tool for assessing changes in the capacity of grantees to carry out advocacy which might also serve as a proxy for sustainability as well as providing evidence of capacity building if this was a grant project funded activity. The results of the analysis of the data provides additional evidence around sustainability. An important aspect looked into is the comparative performance between small, usually resource-weak PSOs, and the more resourceful PSOs with a national coverage.

#### **Challenge Fund VfM analysis**

A VfM process analysis tool was used to assess VfM in the policies, practices and processes of BUSAC as part of the level 1 review. The process tool classifies opportunities to demonstrate challenge fund VfM in terms of the economy, efficiency, effectiveness and equity and provides a best-practice statement for each opportunity based on processes and practices adopted by multiple challenge funds (see Smith et al., 2013 for more information on this tool). The tool analysed 43 opportunities to demonstrate VfM across twelve challenge fund activity categories.

For each opportunity, the Evaluation assessed the practices adopted for BUSAC and classified them as one of the following – "not relevant", "best practice", "good or suitable practice", "sub-par practice", "poor practice", and "not practiced".

#### **Validation**

The Evaluation presented early key findings and assumptions at a validation workshop attended by key stakeholders on 18 June 2014 and has incorporated feedback from these discussions and earlier versions of this report into this document.

## 3.2 Evaluation Challenges

Two methodological approaches that were presented as part of the inception report were eventually abandoned as discussed below:

### **Additional project portfolio analysis**

It was intended that an additional analysis of up to 15% of the phase 1 and early phase 2 projects was to be cursorily reviewed with the BUSAC managers to conduct an outcome-based analysis from the perspective of the decision or law/regulation makers and other duty bearers. This reflected the hypothesis that many categories of projects are expected to fail based on lack of enforcement of existing laws and competing pressures on government financial resources for enforcement and investment. This selection and review was abandoned after discussions with management and others, given the complexities of duty bearer decision making in Ghana, the lack of availability of the duty bearers (given many of them had moved on during the course of BUSAC) and the grant project selection criteria that did not provide for the above issues.

Instead further analysis was carried out on database of 644 projects, comprising all BUSAC I projects and those in BUSAC II that had been completed by the time of the review. Projects were classified based on existing data fields in the database, and additional fields created based on the purpose of the advocacy project, for example, “infrastructure” and “access to credit”. The reported outcome of the project, the grantee’s self-perceived status of achievement of the original advocacy objective, was taken as a proxy for duty bearer agreement or lack of agreement, and the portfolio was analysed based on this success status.

It was also intended that some in-depth episode studies would be carried out, based on case studies of successful policy change. Again the ability to carry this out in full was severely limited by the historic nature of some of these changes and key stakeholders having moved on to new roles, although some examples from KIIs with duty bearers around specific policy and regulatory issues are provided.

### **Measuring the impact on enterprise growth and employment**

The development objective (long-term result) of BUSAC II is enterprise growth and job creation. Among other things, the 2014 impact assessment commissioned by the BUSAC Management looked into this (UCC 2014). This Evaluation did not intend to address this question in detail beyond the information already available through the impact evaluation and what information can be extracted from the BUSAC monitoring and evaluation (M&E) system.

It had been hoped that enterprise growth and employment could be analysed by looking at grants from a perspective of expected economic impact, however, on closer examination, this had not been a leading factor in the selection of projects. The issue was instead looked at from a VfM perspective, and reported on accordingly.

## 4 Key Findings

### 4.1 Summary Assessment

Table 4 provides the overall assessment against the OECD/ DAC evaluation criteria for both level 1 (facility) and level 2 (funded project) reviews and Table 5 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 project assessment, using a simple model that weights all completed projects equally.

**Table 4: Level 1 and 2 assessments combined**

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

\* 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.

## 4 KEY FINDINGS

**Table 5: 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 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".

The sections below synthesize the findings of the evaluation questions by OECD/DAC criteria. A more in-depth overview of evidence against each of these questions is provided in Annex B, along with the main sources where the evidence has been derived from.

### 4.2 Relevance and Rationale

#### Relevance to Danida

Both BUSAC I and II were relevant to Danida policies, objectives and cross cutting issues. BUSAC I was designed fully in line with Danida objectives that reflected the then-contemporary Danish Government policy. The Government of Denmark has been involved with the Ghanaian private sector since 1992, working initially with the financial sector and a business-to-business programme from 1993. In 2003, Danida commenced a Business Sector Programme Support (BSPS), initially for five years. This arose from the "Partnership 2000" strategy for development policy adopted by the Danish parliament in October 2000, whereby business development in developing countries was made a strategic priority. Ghana had been at the forefront of the design of the Partnership 2000 strategy. The BPSP contained four components, one of which was the component to strengthen the culture of business. Under this component, business advocacy was one of three subcomponents. An earlier evaluation also found that BSPS fully complied with the criterion of relevance to Danida.<sup>2</sup>

In the design of BUSAC I Danida formulated a vision based on a demand-led fund supported by outreach and capacity building for successful applicants. BUSAC grants would support surveys, skills training and policy development. Counterpart funding was not seen as essential although right from the start, a 10% cash contribution requirement

2 Joint Evaluation of the Ghana – Denmark Development Cooperation from 1990 to 2006, Final Thematic Paper on Private Sector (Thematic Paper no. 5) Particip GmbH.

from grantees was built in to the competitive process. The governance arrangements for the fund were in line with best practice for challenge funds, involving a local selection panel of non-conflicted private sector experts.

Danida's cross-cutting objectives of gender, HIV/AIDS and democratisation were adequately reflected in the design of BUSAC I operations. However, this design recognised that BUSAC I would be a demand driven facility and hence concentration on these issues was not guaranteed. For example, awareness raising materials were supportive of applications from women's associations, but these were not specifically targeted nor were their applications treated differently. Democratisation was at the heart of the BUSAC I process, encouraging debate between government and representative organisations as well as organisations of relatively excluded groups.

BUSAC II was envisaged as a small but key component of Denmark's bilateral pledge to support Ghana's Shared Growth & Development Agenda (GSGDA). Danida's pledge totals approximately DKK 2 billion, of which support for private sector development under SPSD II is approximately DKK 400 million. SPSD II is providing support to Ghana's PSDS II and targets improvements in the business environment and enhanced local and foreign investment, as well as supporting sustainable strategies for business growth and job creation.

SPSD II activities to help implement the GoG's private sector strategy agenda have however not occurred and this may have hampered some BUSAC II advocacy projects as the Government has not been able to draw down on SPSD II resources to implement changes. Various parts of government have not been able to agree on the split of responsibilities to implement the strategy despite high level discussions. Changes were noted in governance and processes through BUSAC I and II that reflected Danida's own changing agenda evidenced in the Danish Government's 2012 development agenda "The Right to a Better Life"<sup>3</sup> which emphasises inclusive green growth and a rights-based approach, through providing grants on projects that aimed to meet these objectives. A number of grants are expected to be approved in the latter stage of 2014 that are directly related to the inclusive green growth and the rights-based agendas.

BUSAC has evolved over the course of its life through alignment with changing Danida and stakeholder objectives and Government priorities and through a strong embedded management culture of "learning by doing". While it has showed continued relevance to Danida objectives, these changes have increased the relevance to the fund's activities of broad improvements in Ghana's business environment. Objectives and activities were reviewed formally at the end of BUSAC I and aspects arising from a strategic stakeholder workshop held in May 2009 were included in the design of BUSAC II. These aspects included:

- Allocating 25% of BUSAC resources for issues of critical national strategic importance.
- Allowing FBOs to apply for grants and targeting advocacy projects with traditional authorities especially on land issues.

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

## 4 KEY FINDINGS

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- Placing more emphasis on sustainability of advocating organisations.
- Reforming the appraisal/approval process to make it more rigorous.

Other notable mandated changes in BUSAC II including opening an office in the north of Ghana (Tamale) to strengthen awareness raising and operations for FBO projects and making a greater effort to capture results through an initiative to measure grantee and non-grantee association capability before grants were made and at the end of the grant projects, and through commissioning studies on grantee sustainability and grant project impact.

Other BUSAC donors' wishes were accommodated within the BUSAC strategy and operations. USAID was largely interested in supporting agriculture in the north of Ghana in order to support their own work on agricultural value chains, and the design of BUSAC II reflects this, through work with FBOs in the north of Ghana, as noted above.

### **Relevance to the Government of Ghana**

Generally, BUSAC's strategy encompasses the national government's priorities for private sector development, but the majority of its grant-funded projects deal with issues faced at regional and district levels.

By providing grants to a high percentage of all Ghana business representative associations, BUSAC is clearly of relevance to the Ghana private sector, although there is evidence that BUSAC may not have been supporting the most critical issues facing the economic sub-sectors that advocating institutions represent (see below). The move to a greater national focus in BUSAC II, albeit still quite limited, was however, an important step in improving its relevance to the national agenda.

In terms of national government priorities, BUSAC I was closely aligned to Danida's support to the GoG's agenda – the “Golden Age of Business”, a key part of the GoG's Poverty Reduction Strategy (GPRS). Danida's BSPS, of which BUSAC was a part, pursued a pro-poor strategy in line with the GPRS and was designed to create “equitable growth in production and employment achieved through development of a competitive and vibrant business sector.”

The BUSAC I 2009 annual review found that BUSAC was relevant to the GoG, in particular supporting the delivery of the PSDS where BUSAC was explicitly acknowledged as an instrument to support public-private dialogue. BUSAC Management was part of the PSD Sector Working Group chaired by the Ministry of Trade and Industry (MOTI) and BUSAC Management participated in half yearly joint review meetings of the PSDS I.

BUSAC II evolved as part of the 2010 SPSD II. Programme design work foresaw BUSAC II as part of the business environment subcomponent of SPSD II alongside work on developing and supporting a fresh private sector development strategy (PSDS II).

The blueprint of GoG's priorities for private sector development as detailed in the PSDS II includes improving the investment climate, enhancing access to finance through financial innovation, promoting/facilitating business linkages and promoting export diversification. BUSAC II contributes to the first of these aims. Detailed planning

under PSDS II has been carried out but implementation plans and details are incomplete. A key component of the investment climate reforms aim to enhance Ghana's position in global and regional markets and improving efficiency of national markets (business registration, commercial courts, efficient labour market, introduction of insolvency and competition regulation), the latter list representing some of the constraints that are measured as part of the WB Doing Business (DB) surveys.

As discussed later, BUSAC's economy-wide and regional and district approach means that it is only partially aligned to issues measured in the DB survey which are national in nature. As the review into SPDS II noted, the broad eligibility criteria for organisations mean that most issues can receive funding, with the review noting examples that have little to do with the business environment. Notwithstanding certain limitations of the DB,<sup>4</sup> the Evaluation has only identified three grant projects that might directly improve Ghana's comparative ranking in the DB survey, assuming that the Government acts positively on the advocacy relating to streamlining licensing requirements; reducing costs of doing business at ports and borders; and bringing a corporate insolvency bill into law. BUSAC management's statistics suggest that only approximately 20% of grants support advocacy in topics that are aligned to DB topics, and only 11% deal at the national level. The specific changes that are advocated may be aligned to the topic without ever being likely to impact the DB analysis, including regional and district level projects. The focus on the north of Ghana and FBOs in BUSAC II further diluted the impact on DB issues.<sup>5</sup>

BUSAC II provided the majority of its grants without significant government engagement but provides the invitational grant scheme to overcome this. In identifying invitational grants, the MOTI and PSDS Secretariat were invited by BUSAC management to high level workshops in 2013 to identify key priorities and reach convergence in the priorities set by the GoG and PSD actors. Subsequently BUSAC management developed a pipeline of invitational grants that were confirmed as being aligned with government priorities. Six invitational grants were approved in 2010 of which four have been completed. In 2013 a further 12, and during the first half of 2014 10, more were approved. However, the invitational grants awarded to date focus on a variety of issues and not only on issues of strategic national importance. Those that do are more investment climate related rather than business enabling. The ongoing advocacy by Association of Ghana Industries (AGI) on power for the manufacturing industry has not had any significant influence on this key constraint. BUSAC has supported projects that are aligned with these critical agendas, but are at district level for example focused on access to credit or electricity for limited populations.

4 The DB agenda covers key impact areas for SMEs worldwide and ranks countries against each other. The agenda very much looks to laws and regulations as written, and their implementation normally only in a major economic centre, and in terms of actual business practices, ignores informal practices, see, <http://www.doingbusiness.org/methodology/common-misconceptions>

5 There are also definitional issues. The WB DB deals with the investment climate, which includes all aspects that shape opportunities and incentives to invest, primarily at the national level, including the macro economy, rule of law, infrastructure, political stability, and skills development. The DAC definition of the business environment considers it as a subset of the investment climate dealing with policy, legal institutional and regulatory conditions that govern business activities. BUSAC was set up to improve the business environment, but has, for example, funded nine projects that relate to access to electricity. The choice of the WB DB as a primary outcome level indicator within BUSAC also provides tension.

Under the invitational grant process, BUSAC II has supported i) meta-advocacy projects such as “Using Sustainable Radio and Television Platforms to Articulate the Concerns of Business” and “Promoting Business Advocacy through Comedy”; ii) single sub-sector issues to be advocated through a joint advocacy effort rather than a series of projects with advocates representing different interest groups. Projects here looked at medical herbalists, small scale mining and regulating Fulani herdsmen; and iii) during the recent 2014 round of invitational grants, “Green Growth”. “Climate Change” as well as “Rights Based Advocacy” were added to the focus areas of the invitational grants, representing priorities of Danida. In general, these projects are still ongoing, which makes it difficult to assess the extent to which they have or will be successful.

### **Appropriateness of design**

The programme design as a challenge fund provides positive and negative aspects when viewed from the perspective of appropriateness in the Ghana context.

The implicit ToC (which as noted above was never fully articulated) in BUSAC I appears to be somewhat misaligned to the intended objective of “contributing to an improved enabling environment for the private sector”. It was based largely on strengthening the demand side of advocacy (associations, media) based on the assumption that the supply side – the duty bearers – would respond in a way that met the advocate’s objectives and improve the business environment. But there was less interrogation (at least explicitly set out in documentation) of the mechanisms through which this would occur. For example, whether areas in which BUSAC could add value, such as a lack of a duty bearer’s knowledge or in developing evidence, were key limits to reforms, or whether other factors (funding constraints, different priorities etc.) largely outside of BUSAC’s control dominate. This was further complicated by BUSAC’s decision to adapt to Ghana’s decentralisation agenda by working at the district level. Whilst this is a valid strategy for achieving success at a grantee project level, given the often narrow and localised advocacy expectation issue this would not necessarily lead to successes at the chosen outcome level i.e. the impact on the overall enabling environment for private sector development and economic growth.<sup>6</sup>

BUSAC II’s implicit ToC recognised some of these limitations, by providing more emphasis on issues that were of relevance at a national level and therefore in theory, addressing business environment enabling issues. However, there is still limited alignment between the sum of the results of BUSAC’s overall grant project portfolio and the higher level (purpose and goal) objectives represented by the indicators chosen to verify those objectives.

On the positive side, grantee representatives interviewed were clear in their view of BUSAC as an important facility supporting their voice on matters of concern. As a demand-led facility it allowed the grantees themselves to define the advocacy issues warranting attention hence project ownership was high. However, to have maximum impact, the ToC then would require the grantees to have identified the most critical issues that affect the well-being of its members or development of the sub-sector. This assumption in the theory was not addressed explicitly in the selection of projects for funding.

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6 It is true that such grantees may have had an impact on local economic growth dynamics but there is little available evidence to test this. In addition much of the BUSAC I documentation, including the choice of indicators such as the DB index refer to national impacts.

### 4.3 Effectiveness

#### Output Performance

No baseline indicators were defined for BUSAC I outputs. All of the target end-of-project output indicators were set during implementation and were activity indicators. These targets were achieved and in many cases over achieved.

The Evaluation assessment of the output performance of BUSAC II, including predictions of end of programme outcome, is provided in Annex D. One output “Enhanced organisational capacity and competence of PSOs” will be achieved in full, based on predicted outcomes of the four indicators compared to the end of programme target, and one output, “Strengthened Support Service Markets” is not predicted to achieve any of its three indicator targets. Other output performance is mixed.

#### *Output 1 – Achievement of funded advocacy project objectives*

An analysis of whether BUSAC-funded advocates achieved their stated objectives from the database of 644 completed projects is shown in Table 6 and Table 7. In the completed project database, BUSAC management and the grantee rate the project outcome as “achieved”, “partially achieved”, or “not achieved”. Partial achievement typically considers whether subsidiary goals were achieved, or the outcome fell short of planned achievement. Very few projects did not show some level of achievement. The percentage performances provided from the portfolio of all completed projects will not provide comparability with the results of the projects selected for in-depth analysis interviews and FGDs due to sampling bias detailed in Annex G which favoured larger national projects for in-depth work. Despite this sampling bias, there was strong correlation between i) achievement assessed as a result of the in-depth evaluations and ii) the achievement as reported for the same projects in the database of completed projects.

**Table 6: 644 completed BUSAC projects by BUSAC phase, by achievement at district, regional and national level**

Objective	BUSAC I				BUSAC 2				
	Dist.	Reg.	Nat'l	Total	Dist.	Reg.	Nat'l	Total	
Achieved	30%	40%	46%	131	47%	35%	40%	122	<b>253</b>
Partially Achieved	37%	45%	34%	137	38%	56%	46%	120	<b>257</b>
Not Achieved	33%	15%	20%	94	16%	9%	14%	40	<b>134</b>
Grand Total	186	78	98	362	174	43	65	282	<b>644</b>

There were noticeable 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.

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**Table 7: Reported achievements on district level projects by type of grantee in BUSAC I and BUSAC II**

	BUSAC I				BUSAC 2			
	Achieved	Partial	Fail	Total	Achieved	Partial	Fail	Total
Business Association	31%	36%	33%	112	44%	38%	18%	87
FBO	30%	30%	40%	43	57%	35%	8%	72
Media	27%	55%	18%	11	50%	50%	0%	2
Labour union	21%	47%	32%	20	8%	54%	38	13

Source for Table 6 and Table 7: BUSAC Fund completed project database.

There are numerous factors that influence whether an advocacy action has achieved its objectives, from internal, organisation related issues to external factors such as the political agenda at the time of advocacy, the complexity of the advocated issue, and the very different environment for district, regional and national projects.

The following were the most common factors influencing success cited during Evaluation interviews and FGDs:

- The complexity and cost implications of the advocacy issue:* In general, single issue advocacy actions involving relatively few stakeholders, and with limited budgetary implications, tend to be the ones that are mostly likely to achieve their objective within the stipulated timeframe. The topic of these advocacy actions typically relate to weak enforcement of existing legislation, inadequate delivery of public service, or simple sensitization of the public about a particular issue. Hence district level projects involving 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. Some positive results were reported at the regional level, e.g. concerning bush fires, felling of trees and control of various plant and animal diseases.
- Sector or industry specific advocacy brought by sector-representative associations* were cited by those interviewed as more successful, and furthermore, attribution of success to the advocacy was more certain.
- Whether new legislation is required:* Policy and regulatory issues involving new legislation or where many stakeholders are affected have a tendency to be more complicated and time consuming. The time allocated by BUSAC for the dialogue and post-dialogue parts of the advocacy process is often too short for national level policy issues, and this needs to be looked at further (see Chapter 6)
- The level of authorities involved:* It is relatively easier to agree actions that are in the domain of district, metropolitan and municipal assemblies than the national level. This is especially the case where there are no financial resource issues and the issue is, instead, one of prioritization/agenda setting. Attribution of results to BUSAC-supported advocacy is stronger at both district and, to a lesser extent, regional administrations. Duty bearers interviewed acknowledged this attribution given their direct dealings with the advocating associations, their ability to take decisions

directly, and the lack of competing advocacy or interests. Illustrative examples include the issue of foreign Fulani herdsmen which is currently being addressed by the Tamale Metro Chief Executive and the Tamale Central Market.

- *Whether protectionism is a factor:* Advocacy actions aimed at protecting the interests of a particular group of business operators against what is perceived unfair competition are less likely to achieve their objective, and this is possibly because the issues tend to be politically controversial or are in conflict with the prevailing political economy.
- *The timing of the advocacy action:* As pointed out during the FGDs, timing is key, especially where the advocacy had budgetary implications, in which case agreeing an advocated change before the passing of the relevant budget and well before elections or a predicted change of duty bearers was a critical success factor.
- *Dedication of the leadership of the PSO and ease of access to relevant duty bearers* were other factors, according to those interviewed.

For national level advocacy, stakeholder interviews and FGDs provided some further insights:

- *Attributing change to advocacy is problematic:* Although BUSAC has had some important successes at the national level, such as the Ghana National Chamber of Commerce and Industry successfully advocating for a reduction in ancillary taxes impacting businesses, advocacy at this level faces a number of challenges. Attribution to BUSAC in the case of already established issues is very difficult, although the contribution of advocacy research may be evident where the debate has been nuanced to encompass issues raised in the research.
- *Action or commitment to act based on persuasive evidence is hard to achieve:* Even in situations where agreement has been reached on an advocated issue, grantees often found it difficult to get firm commitments by duty bearers in MDAs to act. In reality, national level issues are normally multidimensional and advocacy is likely to be just one part of the complex set of interactions that lead to change.
- *Lack of common agreement around priorities for change:* Inaction at the national level is reflected in the lack of progress in implementing the PSDS II. As a result, the GoG has not identified priorities except in general terms, nor has it provided the resources to implement change.

#### *Output 2 – Strengthening structures for dialogue*

From Table 6 and Table 7 it can be seen that there have been many instances where partial success was recorded. Often, the advocacy process has led to an improved climate for public-private dialogue. For example, several of the grantees interviewed identified that duty bearers are now easier to approach apparently appreciating the importance of consulting with the private sector in advance on proposed changes that might affect them.

A joint workshop between BUSAC and STAR Ghana in the first quarter for 2014 provided some evidence of coalition-building between advocating institutions, although the likely quality of these partnerships in the medium term is not known.

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*Outputs 3 and 4 – Enhancing advocacy and organisational capacity and competence in PSOs*  
 BUSAC has been very effective in increasing the capacity of private sector institutions to advocate and there is a wealth of evidence to support this. Many PSOs interviewed are convinced of the effectiveness of the BUSAC advocacy model, especially in the development of evidence through research. The interviewed grantees found that the availability of evidence to support their case had been highly useful and added weight to their arguments. In a few instances the research led to a change of the direction of the advocacy or even its abandonment, as in the case of the project “Ensuring enactment of ECOWAS Common External Tariff on poultry imports” by Ghana National Association of Poultry Farmers.

The Irwin Grayson capacity measurement tool suggests with a high degree of confidence that capacity of private sector institutions has increased – see Table 8 – Median Irwin Grayson composite index score for grantees by grantee organisation type and non-grantees. During BUSAC II’s implementation, there can be very few advocating institutions that have not heard of BUSAC and the majority have applied for a grant. The capacity tool suggests that the median score achieved for institutions that received a grant in BUSAC II showed increased capacities compared with those who did not receive a grant. Further analysis of the Irwin Grayson data reveals that the number of relationships a grantee has remains largely unchanged but that the relationships are deeper.

**Table 8: Median Irwin Grayson composite index score for grantees by grantee organisation type and non-grantees<sup>7</sup>**

	Population	Baseline assessment	Latest assessment	Change
<b>Associations receiving a grant:</b>				
Business Association	160	45.83	59.27	+13.43
FBO	92	38.43	57.93	+19.50
Media	8	57.70	57.80	+0.10
Professional	3	53.93	60.13	+6.20
Trade union	10	38.73	58.80	+20.07
Total	10	44.60	58.33	+13.73
<b>Associations not receiving a grant:</b>				
Total	29	49.33	50.27	+0.93

7 “Composite index score” is defined by the Evaluation as the average of six constituent results obtained from Irwin Grayson model relating to the depth and breadth of “Advocacy”, “Results” and “Relationships”. Irwin Grayson defines these terms as follows:

- “Advocacy” looks at number and experience of staff, processes used to identify and prioritise issues, approaches to researching and understanding issues and utilisation of a range of advocacy tools and approaches.
- “Results” or outcomes, shows whether the organisation has been successful: it covers media coverage (scale and accuracy), perception of the support of stakeholders for an issue, perception of the extent to which policy makers have been influenced (from changing the way that they see an issue through to legislating) and an assessment of improvement by the organisation in competence.
- “Relationships” gives an indication of the processes used by the organisation: it looks at links and frequency of contact with policy makers, knowledge of and contacts with other interest groups and type and frequency of contacts with members.

Increasing the capacity to conduct advocacy was an activity for a considerable number of grant projects. The activities included member sensitisation, advocacy training and financial management training. The effect appears to be more significant for smaller organisations such as FBOs. The large national umbrella PSOs acknowledged that BUSAC has introduced them to a more systematic and professional way to advocate and lobby.

Other evidence is consistent with the finding that advocacy capacity has increased:

- The UCC Impact Study confirmed that 97% of the grantee associations (sample size 63) stated that their advocacy capacity had been enhanced by the BUSAC intervention, with 60% of grantee associations experiencing an increase of dues collected (albeit often from a low starting point) following the advocacy and attributed the increase to the BUSAC-funded project.
- The BUSAC I 2009 annual review reported that there was anecdotal evidence that that grantees had increased their capacity to advocate significantly over the life of the project, especially those receiving advocacy training.

Increases in advocacy capacity are greater in district level organisations that have been supported by BUSAC II compared to those at the regional and national level. This not unexpected result, using Irwin Grayson data, is demonstrated in Table 9 – Median composite indices for national, regional and district associations<sup>9</sup>. This analysis suggests that grantees operating on district level have improved their advocacy capacity comparatively more than national or regional advocacy grantees. Evidence from the Evaluation grantee interviews tends to support this contention.

**Table 9: Median composite indices for national, regional and district associations**

	No. of grantees	Median baseline Irwin Grayson assessment	Median post-grant project Irwin Grayson assessment	Change
National	59	53.93	61.07	+7.13
Regional	38	50.37	62.83	+12.47
District	176	39.60	56.77	+17.17

Through the interview and FGD process, the Evaluation did not note any direct evidence to support significant general organisational strengthening of the grantee associations except for the cases of women-dominated community-based associations where the principal objective of the grant project was organisational strengthening. The smaller organisations explained that the experience acquired from being part of an advocacy exercise has helped them to get a better understanding of how run the organisation in a professional and transparent manner which in turned has benefitted their individual businesses. All interviewed grantee organisations regardless of size stated that without external financial support they would not be able to conduct systematic fact-based advocacy actions (see Section 4.6).

*Output 5 – Strengthened support service markets*

As well as providing grants BUSAC has been effective in contributing to building business services that support advocacy. BUSAC has accredited and trained 65 business

service providers (BSPs), 20 grant project monitors, 38 trainers and 21 due diligence and data collectors, all of whom are subject to continuous performance assessment. These professionals are providing various services to all advocacy groups, including for organisations not supported by BUSAC.

BSPs have played a key role in developing interest in the fund and in assisting grantees to complete their advocacy projects. Grantees interviewed in general expressed appreciation of the quality of the services rendered by the BSPs stating that without their assistance the actual results would not have been achieved. The BSPs interviewed as part of the FGDs continue to advise advocating institutions although evidence around capacity building of BSPs is not collected by BUSAC management. The role of BSPs has, however, been subject to some adverse comment. The dominating role of the BSPs especially in relation to smaller PSOs was highlighted in the Jeavco Sustainability Study, which criticised the application process for being too BSP-driven (p. 13). The 2012 Danida SPSP II Review also commented that there is a tendency among BSPs to seize the application process and to generously assign time for themselves in the project budget. This in turn risks reducing the ownership and sustainability of the grantee's actions.

### *Output 6 – Sustainable and effective coverage of business issues in the media*

Media representatives and some grantees interviewed reported that the media has increased activity levels and has increased capacity and knowledge on business environment issues, borne out from media training and the large number of media reports collected that were not supported by BUSAC. 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 was involved with most BUSAC grant projects. A representative for Ghana Journalists' Association stated that the grant to the association has provided an opportunity to improve economic and financial reporting skills of 100 journalists. He found that "the grants have had a tremendous effect on the way the situation of the private sector, especially SMEs, is addressed by the media"<sup>8</sup>. However, it should be noted that the targets in the logframe relating to journalist training and numbers of journalists accredited in business advocacy will not be achieved by large margins.

### *Output 7- Efficient management and governance of the fund*

This is discussed in Section 4.4.

## 4.4 Efficiency

### **Efficiency in governance and management processes**

BUSAC II was benchmarked against contemporary design, management and governance practices for challenge funds, viewed through a VfM lens. The results of the benchmarking are mixed overall although largely on the positive side. The benchmarking tool looks at 43 opportunities to demonstrate VfM, with the opportunities classified into four groups: economy (relating to the cost on inputs); efficiency (relating to how the inputs are converted to outputs); effectiveness (relating to results or achievements); and equity (relating to target beneficiaries). The full benchmarking study is shown as Annex I.

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8 The Ghana Journalists' Association has received two grants: "Using the media to promote Small Scale Business concerns" and "Using Sustainable Radio and Television Platforms to Articulate the Concerns of Business".

Where opportunities to demonstrate VfM were practiced, Danida and the BUSAC II Manager performed well against the benchmark, with five practices assessed as “best practice”, 15 as “good practice” and only two practices considered “below par”, the latter relating to i) the use of a standard grant percentages rather than assessment of grant need, and ii) evaluating the grant size against expected impact on logframe indicators.

13 of the 43 opportunities were not practiced providing some consideration for future programming.<sup>9</sup> The most critical of these is the assessment of the likely economic additionality of grant projects as part of the selection and marking criteria, which could have significantly increased advocacy effectiveness and equity. With economic additionality, an assessment is made of the likely economic impact of the grant programme, and this might favour projects which lead to import substitution, which directly favour beneficiary groups, and which do not divert resources from other economic programmes.

Danida adhered to best practice in the conduct of the competition to select the fund manager and in funding an independent impact evaluation. The BUSAC II manager adhered to best practice by ensuring that governance and management structures were structured to align accountability with responsibilities and that job descriptions were clear and documented. Grants were provided to grantees that were assessed as managerially competent and grants were structured to ensure relevant conditionalities were met. The BUSAC II Fund Manager adopted some processes that improved VfM over BUSAC I, particularly in raising the qualifying mark for concepts and in focussing later calls for proposals on priority thematic areas.

### **Cost efficiency**

Management costs associated with running a facility providing a large number of grants are high compared to the total value of grants, but the ratio of non-grant costs<sup>10</sup> to facility costs provides good VfM compared to similar facilities that provided large numbers of grants.

With a 32.8% overhead cost to total facility cost ratio, (see Table 10) BUSAC II performed well against similar large grant providing programmes. It is not reasonable to benchmark BUSAC’s overhead costs against other challenge funds which tend to give small numbers of much larger grants. Instead, BUSAC is benchmarked against facilities providing large numbers of small grants; two World Bank export grant facilities that provided matching grants to exporters to fund technical assistance and an EU Sub-Saharan Africa matching grant scheme for businesses, and the results are shown in Table 11. It is noteworthy that BUSAC II performs well considering cost inflation since the 1990s when the other benchmark programmes were operating. This reflects the careful use of in-country resources for due diligence and project progress reporting and the non-cost elements provided by business service providers, which carried out grant origination services on a contingency basis.

9 The 13 opportunities that could be considered for programming may not be appropriate for all challenge funds.

10 Non-grant costs include the cost of the management contract, the costs of the steering committee, costs of national subcontractors for providing grant project monitoring services, financial training and other capacity building initiatives and external evaluation.

**Table 10: Analysis of BUSAC II facility total costs**

USD millions	Budget	Actual to May 2014
Total BUSAC II facility cost	19.83	17.28
Grants	12.90	11.62
Non-grant costs	6.93	5.66
% of non-grant costs to total cost	34.9%	32.8%

Source: BUSAC Management

**Table 11: Comparative study of BUSAC against other similar facilities**

Fund	Non grant cost as a % of fund value	Typical grant size USD 000's	Number of projects
WB – First Indonesia Export Development project <sup>11</sup>	32%	10-100	685
BUSAC II	32.8%	8-40	325
WB – Kenya Export project (KEAS) <sup>12</sup>	36%	7	603
EU ACP Business Assistance Scheme <sup>13</sup>	42%	25	893
Ghana STAR programme	22.6%	117	155 <sup>14</sup>

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 for smaller grant projects can ever justify this cost. The operating model for BUSAC grants suggests a relatively flat cost base per grant, with grant-related activities for due diligence, grant contracting, grant accounting, grant payment service and grant project monitoring generally the same regardless of grant size. The median grant size for BUSAC overall is GHS 35,476, for BUSAC I was GHS 22,367 and in BUSAC II GHS 48,600. Two thirds of all grants were for less than GHS 50,000.

#### *Management capability*

BUSAC I and II management performed well in delivering a programme that kept to predefined timetables. Activity milestones were set and largely adhered to in BUSAC I. Where there were slippages, these were handled through proactive management effort. There was a strong culture of activity planning and the BUSAC I fund manager was held accountable for performance against agreed timetables of events, and for rectification plans. The reporting against activities was comprehensive and open. BUSAC I grantees were also provided timetables and performance against this was tracked. In BUSAC I

- 11 World Bank. 1993. Indonesia – First and Second Export Development Projects. Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/1993/07/727863/indonesia-first-second-export-development-projects>.
- 12 World Bank. 1995. Kenya – Export Development Project. Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/1995/06/733840/kenya-export-development-project>
- 13 Integration – Final Evaluation of the EBAS Programme 2005 accessed at [http://www.valuechains.org/dyn/bds/docs/434/EBAS%20Draft%20Final%20Report%20\(without%20TOR\).pdf](http://www.valuechains.org/dyn/bds/docs/434/EBAS%20Draft%20Final%20Report%20(without%20TOR).pdf)
- 14 Based on STAR Ghana annual reports for the first two years of operations. Year 1 106 grants valued at USD 10.635 million and in year 2, 49 grants worth USD 7.5 million.

the majority of delays were due to greater than anticipated demand for grants leading to delays in assessing concepts of one month in round three, and a one month delay in carrying out due diligence in rounds two and three. Knock on delays put the implementation dates for early rounds back up to six months.

At the commencement of BUSAC I, the management norms for challenge funds were not established. The selection process provided a clear and acceptable methodology especially on marking against eligibility and selection criteria, and the process was workable given the demand for grants. The idea to start the programme with a smaller region and for a later national roll-out also provided a sensible compromise in terms of the unknown demand. Innovative management solutions around the delivery of management services, including the use of business development partners, the introduction of trained part-time due diligence experts and evaluators, supplementing a core team, also provided a sensible balancing of resources.

The selection of the same fund manager for BUSAC II allowed for a relatively seamless transition between the two phases. BUSAC II has experienced less implementation delays than in BUSAC I, reflecting experience coupled with strong operational management. In BUSAC II, the main delays were experienced in the second and third calls for proposals, where timetables slipped by three months in the case of round two and six months in the case of round three. These delays were again a result of significant demand for grants and the very high level of grants approved. Plans for some periphery activities were also shelved in 2011 because of the demand for grants. These included networking, peer-to-peer grantee sessions, and planned links the ENABLE programme in Nigeria.

Management style and practices evolved over the life of BUSAC. The main processes for improvement have been the application of “learning by doing” and quality control exercised by COWI both of which have served the programme well. Applying the Evaluation challenge fund VfM opportunities tool, best management practices were noted as follows: providing competitive call for proposal rounds in accordance with an agreed timetable; providing quality selection processes; due diligence; strong contracting arrangements; effective monitoring arrangements; and strong and transparent financial controls over grant disbursements. Issues that arose during the course of BUSAC I led to changes in BUSAC II included quality control over part time resources; an audit of BSPs leading to a reassessment of their role and those approved for the task; the introduction of improved fund awareness raising techniques; and the development of monitoring and evaluation tools and techniques including the design and use of the Irwin Grayson capacity assessment tool.

In general, resource controls were suitable for a multi-donor fund, with inter-donor agreements in place, and a clear management contract issued to COWI for both phases of BUSAC. There do not appear to have been any issues around internal or external reporting of the financial status of the project, and external audit reports were clean. Financial resources have been well managed other than problems during BUSAC I relating to approvals that committed more financial resources than were available at the time.

#### *Governance capability*

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 BUSAC I 2009 annual review found that the governance mechanisms for BUSAC did not appear to provide optimum strategic guidance and oversight and grant approval process. A working BUSAC I steering committee comprised representatives of the donors, and these representatives were also observers to the BUSAC board, and a representative from the private sector who did not attend meetings after 2006 and Government, whose attendance was sporadic. Turnover of donor staff who fulfilled the donor member role may have led to a lack of institutional memory. Meetings initially were planned to match the call for proposal cycle, but in fact the steering committee met on an ad-hoc basis according to the urgency of the agenda. Notably, two meetings of the steering committee were chaired by the BUSAC fund manager, which is against best practice, although no decisions relating to grant approvals were made at those meetings. The topics considered by the steering committee are appropriate at that level. The board comprised three representatives of media, labour, and the private sector, and two of these were retired civil servants. The board acted as an intermediate stage grant project selection panel with final approvals in the hands of the steering committee.

The governance for BUSAC II provided a very different outcome, with a much greater involvement of Ghanaian non-government stakeholders and a more proactive stance. BUSAC II steering committee members largely served throughout the life of the programme. BUSAC II was designed to have a steering committee comprising four individual members representing private sector interests, two members representing government ministries, and one member (Danida) representing the three BUSAC II donors (Danida, USAID and EU). A selection subcommittee to approve grants was set up from members of the steering committee and this core group served unchanged for a majority of the approvals. Representation by government departments was again sporadic, and part of the reason is likely to relate to the lack of attendance incentives based on discussions on the matter in steering committee meetings. Despite the large number of agenda items at the selection subcommittee, the minutes reflect proactivity and good process. At the steering committee the topics considered again were appropriate at that level.

### *Monitoring, evaluation and lesson sharing*

Management has created an M&E capability which is mostly fit for purpose although it struggles to provide robust data that can be used for impact evaluation. In support of efficiency, project progress monitoring was devolved relatively early during BUSAC I, and this devolved function, although innovative and designed well, produced patchy reporting by the monitors, to the point that progress on a number of individual grant projects were delayed as fund advances were contingent on receiving progress reports. The quality of monitoring reports from the devolved monitors was relatively poor in BUSAC I and a number of completion reports relating to the latter stages of BUSAC I were either lost or not completed. The logical structure of BUSAC I (outputs and purpose) did not have verifiable performance measures until late in the life of BUSAC I.

Issues around monitoring were acknowledged and the final meeting of the BUSAC I steering committee called for the early adoption of certain changes and incorporation in the design for BUSAC II. The changes included: a revised logframe in BUSAC II with performance indicators at each level; a programme budget linked to the logframe; an M&E system that responds to the logframe and will become the basis for a knowledge management system; the introduction of an advocate capacity measurement tool; and changes to the management and simplification of the monitoring processes.

In BUSAC II many of these changes were adopted. An M&E “Framework and Systems” manual was adopted that provided that clearly delineated roles and responsibilities for the monitoring and evaluation functions, responsibilities for collecting and sources of logframe indicators; the detailed design of the capacity diagnostic tool; and grantee and monitor reporting templates.

Despite this evolution BUSAC’s M&E capability it is still playing catch-up with the advances in donor standards on evaluation and attribution; it still faces challenges to demonstrate or measure attributable impact, as acknowledged by staff. Comparative programmes, such as in Tanzania have recently initiated longitudinal studies to assess how grantees influence duty bearers over time, as well as sophisticated economic analysis to assess the impact on the economy.

BUSAC II management has prioritised lesson learning for the remainder of the programme and has a dedicated communication expert for the task. The BUSAC model provides an opportunity for associations, government lawmakers and decision makers to learn lessons between what has worked and what has not. Up to 2013, BUSAC shared success stories and lessons through narrative in the annual reports and on the website. The volume of unique address website hits is good for a technical site, with 1,700 unique users from January to May 2013 of which 50% were returning users (Google Analytics, 2013), suggesting an efficient method of broadcasting. In 2013 BUSAC managers commenced a more intensive process that looked at sector and sub-sector issues and drew out lessons in order to further inform debate but also to encourage partnerships between advocacy organisations. This was done through workshops with key advocacy stakeholders. BUSAC management introduced a system to share lessons from failures, primarily to inform processes but also avoid repetition. Management held annual meetings with BSPs and monitors to share experience from failures and with the Steering Committee to provide insight and advice for the selection of grant projects. Simple “do’s and don’ts” based on experiences in the past are shared with applicants. The BUSAC Manager plans to make available comprehensive lessons learned to be shared with a wider audience including donors.

#### *Efficiency in grant making and in the use of grants*

The BUSAC standard advocacy engagement model has been refined during the life of BUSAC I, and efficiently applied towards the end of BUSAC I and throughout BUSAC II and this has efficiently assisted BUSAC to achieve capacity development in grantees (see Table 12 below). The large numbers of grants has forced the application of the advocacy capacity building model down efficient and economical lines, primarily through provision of training courses attended by multiple grantees. The engagement model is primarily aimed at providing capacity building in key areas to allow effective advocacy but also to build sustainability in advocating institutions. At the institutional level, the training provided on how to advocate and financial capability strengthens capacity. Some have criticised the “one size fits all” approach, although it is difficult to see how tailoring of capacity building could be cost effective.

BUSAC has been efficient in providing grants to organisations that needed the financial support to advocate and it is highly unlikely that the advocacy would have gone ahead without it. There is strong evidence to support the contention that BUSAC’s grant funding was a pre-requisite for the vast majority of BUSAC’s grantees, with exceptions perhaps for larger, well established advocating organisations, but even these reported difficulties in funding research. Using data from the Irwin Grayson capacity tool data-

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base, the Evaluation suggests that with a median grant size in BUSAC II of GHS 48,600, and using a suggested “rule of thumb” that associations could afford to spend 20% of their annual income to advocate a single issue, then only 5.1% of applicants in BUSAC II could afford to advocate without a grant, and 3.9% were both in this category and making a surplus at the date of application. A further 2.6% might be able to afford to advocate based on reporting a large surplus. 84.5% of applicants have annual income smaller than the cost of a single advocacy exercise.

**Table 12: Self-reported financial condition of 690 applicants to BUSAC II**

Annual income band (GHS)	Total	Large loss	Small loss	Breakeven	Small surplus	Large surplus
> 1 million	1.2%	0.0%	0.3%	0.0%	0.6%	0.3%
250,000 – 1 million	3.9%	0.3%	0.6%	0.0%	1.3%	1.7%
50,000 – 250,000	10.4%	0.4%	1.0%	1.9%	4.5%	2.6%
< 50,000	84.5%	4.6%	13.3%	6.2%	25.2%	35.1%
	100.0%	5.4%	15.2%	8.1%	31.6%	39.7%

More than 30 of the interviewed PSOs (approximately 80%) stated that without the support by BUSAC they would not have been able to undertake the advocacy action in question. It is evident from Table 12 above and from all of the Evaluation interviews that for the smaller local associations the funding by BUSAC was a precondition for the advocacy action. For the larger national associations such as AGI, Ghana Employers Association (GEA) and the Peasant Farmer’s Association advocacy and lobbying is part of their routine activities. The difference for the latter seems to be that the funding from BUSAC allowed the advocacy action to be more a focused and better founded on evidence through utilizing more directed research.

The need for a grant was evident even for associations representing economic sectors where members are well resourced. The response by AGI, GEA and PEF, amongst others, was that although they have some of Ghana’s biggest and most resourceful companies among the members, the organisations’ financial resources are insufficient to pay for the research to support the advocacy issue.

The Jeavco Sustainability Study notes that ‘A critical aspect of sustainability is funding and institutional capacity however, most PSOs are not willing to commit funding to advocacy. The only source of funding for most associations is through membership dues. However, members do not pay dues because they do not see benefits from the association. They will therefore not be able to pay for the services of a consultant without BUSAC support’ (p. 23)

### *Efficiency of risk management*

Risk management was a focus of BUSAC I activities. Risks (e.g. vested interests capture BUSAC; excess or limited demand; insufficient accountability of grants; and a lack of government engagement) were outlined in the BSPS component description document and management reported against its risk management in annual reports. Danida’s February 2010 project completion report for BUSAC I stated that all of the main risks that were identified as part of the design did not materialise, although as noted above some delays occurred from managing large numbers of concept notes.

The risk profile for BUSAC II largely addressed business environment risks rather than those associated with internal operations. The risks have materialised, adversely impacting BUSAC II's objectives and partially affecting operations. The BUSAC II design document listed the following risks:

- poor macroeconomic management outcomes will cause private sector development to suffer and, the targeted expansion in production and employment will not be achieved. This risk has materialised, but was outside of the control of the programme management
- funding for PSDS II was not secured at the outset which would leave BUSAC II exposed without the support of government side interventions – again this risk has materialised
- weak public sector capacity/lack of resources at the national and decentralised levels with attendant delays and ineffectiveness in implementing reform programmes – again this risk has meant that some of BUSAC II advocacy “wins” remain unfunded
- GoG may also not be committed to implementing reforms – partially found to be the case
- the BUSAC II manager will perform as efficiently as the BUSAC I manager and that the demand experienced in the first phase will continue to drive implementation. This risk event did not occur.

## 4.5 Impact

According to BUSAC's definition an advocacy action is successful when the objective stated in the grant application has been achieved. Typically the objective is passing of a certain piece of legislation or a bye-law, signing of a MoU between the relevant authorities and the PSO, or completion of a training event, radio programme or a capacity building exercise. The BUSAC reporting system does not capture the effect of the achieved objective on the situation of the members of the PSO or other affected groups. The impact and sustainability studies were commissioned in order to shed light on this.

### **BUSAC's contribution**

Assessing the degree of BUSAC's contribution to changes in the national business environment (which comprise all of the outcome measures) resulting from advocated changes is highly challenging. One approach used by the Evaluation was to infer causality from testing a set of plausible causal chains (Stern et al., 2012). By setting out the programme's results logic and the assumptions behind it, the Evaluation assessed if these assumptions held for each chain in the logic. For example, the assumption that the quality of business dialogue was a causal factor behind policy change. By testing the chain from BUSAC inputs to final impacts, it provides one set of evidence to building a credible story around the impact of BUSAC. The causal analysis is discussed in detail in Annex C.

### **Input to output causal chain**

In general, the Evaluation found that the impact chain from input to outputs largely plausible, with strong evidence that grantee 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.

### **Output to outcome causal chain**

The lack of strong causal link between BUSAC-funded advocacy and overall business environment is explicit in the constructed ToC in Annex C, which recognises a large number of assumptions in the steps between improving the quality of advocacy and how this relates to the overall business environment. The assumptions includes the appetite of the Government to address concerns of the private sector, how the Government might respond to the need to change laws, regulations, taxes and regulatory practices, especially in terms of cost and convenience, that form the basis for many of the DB indicators. At a higher level of the ToC, the linkages between an improved business environment and increase private sector growth and employments are subject to a number of risks that are listed in Annex C. Many of these risks are prevalent still in Ghana, especially around agricultural risks and dependency on small scale industry and the lack of a deep service sector because of insufficient demand.

In BUSAC II the causal chain that leads to final impacts is more coherent, reflecting it 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, it was not possible for this Evaluation to fully attempt to 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 enabling environment. However, given the scarcity of evidence and challenges in detangling the multiple influences at this level, this conclusion is not a rejection of the claim but rather a reality check that it has yet to be proved.

### **Performance against outcome level indicators**

All of the indicators at outcome level are national level indicators. Ghana's ranking in the WB DB country index is currently better than end of programme target, but as discussed above this is not attributable to BUSAC, which funded a very small number of advocacy projects that might have changed the ranking. A second indicator relating to the rank of factors in the business perception of the investment climate is not appropriate as an indicator because no target value was set. A third indicator, the ratio of credit to the private sector as a percentage of GDP has been achieved but is not attributable to any efforts funded by BUSAC – AGI now rates access to credit as the second major concern, with cost of credit as the main business concern. A fourth indicator relating to Ghana's competitiveness in the global context shows an alarming deterioration, but this decline is also not attributable to BUSAC. A final indicator relating to trade in goods and services as a percentage of GDP will not reach target by the end of the programme and is similarly non-attributable.

Ghana's progress regarding its comparative position against other countries in the World Bank DB indicators has stalled since 2008, except in "getting credit".<sup>15</sup> Representatives for AGI, GEA and PEF suggested that the reason for the lack of general improvement of the business climate is the result of a combination of the current government's lack of appreciation of the importance of the private sector as the engine of economic development (the slow progress of PSDS II was quoted as an indication of this) and, more recently, the financial constraints encountered by the country. Furthermore, as discussed above, without committed PSOs with strong leadership there is little BUSAC can do in terms of contributing to improvement of the broader conditions of the private sector.

At the top of the causal chain, it is not possible to draw any conclusions relating to employment generation due to a lack of data. GoG's concerns are to develop the economy through diversification starting from a base of 80% informal employment, with a high dependence on agriculture. The Ghana Statistical service suggests that only 7% of employment in 2010 was formal private sector, and as much as 83% informal sector.

On a qualitative level, given that the BUSAC II outcome is worded as "Successful advocacy actions contribute to improvements in the business environment at all levels" there are many examples of where the role of the private sector has been enhanced in the formulation and preparation of initiatives relating to the business environment, and most projects marked as successful will provide examples of this. The 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. Several associations stated that the training they have received through BUSAC has made them more confident and provided them with tools they can apply when dealing with duty bearers and other stakeholders. For example, the Somiriman Young Farmers' League, a woman member FBO concerned with pig-raising reported that they have used the acquired advocacy skills to negotiate a loan with a local bank and the Denugu Noor-yeni Soap Makers Association had applied to World Vision for tools to expand their activities.

Efforts to gauge the contribution of BUSAC advocacy were attempted by the Evaluation based on the concept of plausible contribution. In general, plausible contribution is strongest for non-national projects, especially district level projects given the lack of alternative plausible reasons for the negotiated change in the absence of other interested stakeholders. Instances were noted of overstating of attribution/contribution outcomes during FGDs, the most egregious of which was where the representative of small and localised microfinance access project stated that the BUSAC grant had "led" to the creation of a the microfinance credit agency – an issue raised by the IMF in the 2013 Article IV consultation. Two in-depth exercises carried out by the Evaluation related to the creation of a regulatory body for the construction industry and the management of foreign Fulani herdsmen in the North and the findings of these are shown in Table 13. The two studies illustrate that agreement can be reached but implementation will be lengthy and might be governed by resources available. The studies demonstrate that at least some of the points advocated were incorporated into policy.

15 Whilst DB indicators are comparative in nature, and thus not completely dependent on the performance of the country in question, the trend rate in improvement of specific indicators (e.g. no. of days to acquire a license) in Ghana has also slowed in recent years.

**Table 13: Two in-depth grantee studies**

	<b>Study 1 – Construction industry</b>	<b>Study 2 – Fulani herdsmen</b>
Advocacy action	Call for the establishment of regulatory body for the construction industry.	Call for cattle ranching legislation to regulate Fulani herdsmen in Northern Ghana.
Proponents	GCAC, CIOB and ABCECG.	The Northern Cereal Growers, Processors and Marketers Association.
Duty bearer	The Deputy Minister, Water Resources, Works and Housing.	Ministry of Food and Agriculture, Regional Office, Tamale.  Regional Coordinating Council.  Planning Department of Tamale Metropolitan Office.
Quality of research	The Deputy Minister found the research “spot on”.	Everyone found the research useful but the key challenge was how to apply the findings in practice.
Post advocacy progress	Several of the aspects coming out of the research have been incorporated into policy that has been sent to cabinet.	Progress has been very slow according to the advocate. There are issues around Ghana Fulani who can be controlled and those from outside who cannot. Cases sent to the police have dragged on for six years.
Expected implementation and outcome	After approval the legislation will be drafted by the Attorney General’s office which contains clauses that will create a regulatory body.	Duty bearers plan to implement recommendations as a pilot in two-three districts. Resources will be an issue.
Expected timeline	The Deputy Minister was not able to give a timeline for the introduction and passage of legislation.	The timeline appears to be resource dependent.

Through a number of publications BUSAC has presented what is perceived as success stories. Success examples at the local level include:

- In 2011 The Rural Organisation of Women Farmers and Agro Processing Development (ROWFAD) underwent BUSAC training in leadership, advocacy, effective dialoguing, record keeping and entrepreneurial skills. As a result the 1,200 female members “have broken out of the mould carved for them by culture”. “They now know where to go for assistance, and have the skills to advance their cause before duty bearers”. “The training emboldened us to demand our rights from duty bearers. We have been able to knock on the doors of the District Assemblies and the Regional Coordinating Council and they have no option but to take us

seriously”<sup>16</sup>. The advocacy also made the organisation more visible to development partners who are queuing up to offer the women support.

- The Evaluation was told an almost identical story by the 30-strong Gambaga Traditional Caterers’ Association whose fees are set by the district assembly. An exorbitant increase in this led to a severe downturn in demand, customers could not pay. After advocating, the district assembly allow members and other business groups to take part in fee-fixing exercises.
- At the national level, the Ghana Chamber of Mines has successfully been fighting against illegal small scale mining activities, largely by foreigners, within the mining sector with BUSAC support. Research had supported the landowner and community compensation guide used by the Chamber which helps solve significant and often violent disagreements. The Evaluation noted that BUSAC has supported a number of other actions addressing the sensitive issue of mining rights through support to the Ghana National Small Scale Miners’ Association whose one million members struggle to be treated correctly by law enforcers, as their methods of operations and equipment are similar to illegal miners. It has also affected their ability to access investment capital, and technological advancement. The hoped for outcome is an amendment of the Mining Act to reflect the current technological conditions on small scale mining operations and representation by small scale miners on all committees and bodies that deal with these issues.

#### **Issues relating to existing impact studies**

BUSAC management commissioned an impact study of BUSAC II, conducted by UCC. The Evaluation does not consider all of the conclusions to be rigorous. The UCC study is a mixed methods study heavily reliant on quantitative analysis. The Evaluation has some concerns about the validity of the approach, especially around the counterfactual analysis and these issues are discussed under the counterfactual section below.

There is value in some of the observations. The UCC study found that BUSAC made a “meaningful, lasting and useful contribution” to the promotion of business, which is likely to outlive and outlast BUSAC. According to the study BUSAC has “opened the eyes” of PSOs regarding the power of advocacy and also built their capacity to undertake effective advocacy. The study looked at the regularity of interaction between grantees and duty bearers arguing that this interaction is essential as duty bearers influence issues of planning and policy. Evidence from analysis of data regarding regularity of interaction showed that 86% of PSOs met regularly with policy makers (39% more regularly, 47% regularly) after the BUSAC Fund intervention while 10% of PSOs interacted less regularly with duty bearers (p. 45). Before the BUSAC grant, some individuals and organisations did not have the capacity to do advocacy, some were capable but diffident, some were nervous to approach policy makers and people in authority while others did not even know they had the right to undertake advocacy actions.

The study also found that i) the capacities of PSOs have been built to effectively advocate policy makers and other influential individuals and organisations ii) BUSAC has resourced PSOs in terms of capacity to continue to advocate in terms of knowledge and funds to engage in private-public dialogue. The inferiority complex in some PSOs

16 Quotes from Yaanaa Yahaya, Chairman of ROWFAD.

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and individual members of the PSOs has been removed and their competence and confidence built to approach, engage with and convince policy makers address their business-related challenges (ibid. p. 82).

The Jeavco sustainability study made a number of assertions based on a limited investigation, and the Evaluation considers these to be additional opinions that positively support BUSAC's role although the Evaluation could not find strong evidence around some of these assertions. The specific assertions highlighted by the Evaluation are shown in Table 14.

**Table 14: Jeavco assertions and the Evaluation's comments on those assertions**

Assertion	Evaluation Comment
Advocacy is a strategic priority to private sector development where the economy is driven by small scale informal private sector and that the ability to stand up and speak to influence government policies is the beginning of the growth of a vibrant driver of the economy.	A statement that would form part of a theory of change. The Evaluation does not think this point is made.
BUSAC supported issues that eventually led to the improvement in the growth indicators of the economy such as the time spent in the registration of business and land title registration.	The point is not agreed in a material sense.
The variation in the type of organisations it supported: small farmer based organisations, market women groups and grasscutter rearing associations alongside large industrial players is relevant.	This is a matter of design and donor aims.
Its geographical spread to the North to meet the needs of smaller-scaled business groups are considered laudable and relevant.	A matter of programme design choices.
Furthermore, the Government now takes inputs from the public into the national budget on sections that deal with the private sector.	The Evaluation could see there was some government response but the case for attribution to BUSAC is not made.
Budget implementation is also monitored to ensure that what was planned for the private sector in particular is being achieved.	Not a BUSAC activity.

### Counterfactual

Establishing causality through developing a counterfactual, based on a control group of grantees with similar characteristics as BUSAC's grantees, is highly challenging, as noted in the Evaluation's analysis of the UCC study below. Attempting to use such methods retrospectively was also outside the scope of this Evaluation. However, as part of the ToC analysis conducted (Annex C), this Evaluation did assess the plausibility of BUSAC's inputs (i.e. investments and broader support to service markets) would lead to changes in the business environment. As discussed above, the Evaluation found that part of the impact pathway, namely from grantee funding to capacity improvements was backed by a range of evidence providing a plausible basis for inferring causality. However, towards the latter part of these pathways (e.g. from improved advocacy to policy change),

the assumptions contained in the intervention logic (for example, organisations advocating politically salient topics; public expenditure being directed to grantee issues etc.) were in general less supported by evidence.

There is some evidence based on counterfactual analysis (although not through robust control groups) to suggest that BUSAC grants have helped advocacy organisations to improve their capacity to advocate, based on the self-reported experiences of organisations that were unsuccessful in applying for a grant in BUSAC II. The evidence is that grantees that have not received grants have later reported no significant improvement (or even deterioration) in the advocacy capacity. Results for the mean of composite Irwin Grayson scores reported under the various dimensions are shown in Table 15.

**Table 15: Longitudinal changes in composite Irwin Grayson dimension indices reported for grantees and non-grantees.**

Irwin Grayson Dimension	Breadth/depth	Non-grantees	Grantees	Difference
Number of reporting entities		29	273	
Relationships	Breadth	0.0	+2.0	+2.0
Relationships	Depth	+8.0	+8.0	+0.0
Advocacy	Breadth	0.0	+4.0	+4.0
Advocacy	Depth	-12.4	+6.4	+18.8
Results	Breadth	+8.0	+28.0	+20.0
Results	Depth	+2.0	+34.0	+32.0

The Evaluation has looked at the counterfactual evidence provided in the UCC impact report, but would advise caution in its interpretation. In particular this Evaluation notes:

- The rationale of using a difference in difference approach is to establish a counterfactual when approaches have not been randomly assigned. However, a key facet to the approach is that it is assumed that the treatment and control groups would be on similar trajectories (even if starting points may differ). That is they would be affected similarly by unobserved outcomes. However, it is not clear if this would be the case as the control group seems to be made up of very different groups in different sectors subject to the vagaries of such sectors (e.g. political environment/ climate/sector trends etc.).
- Relatedly it is not clear how selection bias of BUSAC grantees was mitigated in establishing a control group. For example, it could be reasonably assumed that those grantees that received BUSAC money had higher capacity (i.e. to put forward a robust application), more entrepreneurial spirit (to apply in the first place), better networks (to know about such funding) or were in more amenable sectors (for BUSAC to fund based on some expectation of successful outcomes etc.).
- Whilst stating that BUSAC II led to a number of changes in policy/regulatory environment in a wide range of sectors, the contribution story of what caused these changes, and the role of the grantee in influencing these is not discussed.

A strongly evidenced argument that supports the validity of BUSAC based on counter-factual analysis relates to the poor financial condition of advocating organisations. Without a grant, most, even at a national level, would not have been able to advocate to the BUSAC standard and hence advocated changes would not have occurred. An analysis that justifies the grant based on grantee financial status is provided in Section 4.4.

### **Cross-cutting agendas**

Danida cross-cutting agenda items were peripheral to the main agenda and assessing impact has not been possible.

BUSAC does not have a gender strategy as such, but a considerable number of the supported community-based business associations are female-dominated or even exclusively organising women. It should be mentioned that targeting women-dominated PSOs/FBOs does not necessarily imply targeting poor segments of the (rural) population. Indeed, the members of several of the interviewed women's FBOs were considered well above the poverty line and possibly enjoying income above the local average.

BUSAC has not directly acted to encourage advocacy related to corporate social responsibility or corporate governance. For instance, none of the invitational grants deal with this topic. One of the sub-components of BUSAC I was to establish a business code of conduct. However, several advocacy projects have indirectly addressed issues such as transparency of government transactions and anti-corruption, but except for child labour no grants have focused on the ethical behaviour of private business. Also, many of the grants to labour unions during BUSAC I did one way or another deal with the situation of organised labour which may relate to ethical business practice.

## **4.6 Sustainability**

Despite sustainability being part of the considerations at application stage, with three evaluation criteria related to this, sustainability of high quality advocacy is a major issue for many of BUSAC's grantees and without further financial support the Evaluation estimates that as many as 95% of grantees will not carry out advocacy at this standard.

Table 16 shows the most recently reported Irwin Grayson data for 690 BUSAC II applicants, showing their "next period" income and their most recent assessment of their actual financial results. Using a rule of thumb that only associations with significant financial resources can afford to advocate successfully, 9.9% of the 690, or 68 applicants would be able to apply and fund the whole advocacy model. The majority of these are national based institutions.

**Table 16: Most recently reported projected annual income for 690 BUSAC II applicants and their most recent actual financial results**

Projected Annual income range (GHS)	Total	Large loss	Small loss	Breakeven	Small surplus	Large surplus
> 1 million	2.2%	0.2%	0.1%	0.0%	1.0%	0.9%
250,000 – 1 million	5.4%	0.2%	0.7%	0.6%	2.6%	1.3%
50,000 – 250,000	12.9%	0.7%	1.7%	1.9%	4.5%	4.1%
0 – 50,000	79.5%	2.6%	12.0%	6.2%	24.3%	34.4%
Total	100.0%	3.7%	14.5%	8.7%	32.4%	40.7%

The BUSAC I final report flagged sustainability as a key issue for consideration in BUSAC II. A Danida review of SPSD II, in 2012, also highlighted that all organisations face funding and capacity constraints. Advocacy for business associations was assessed than as sustainable by business associations only on a smaller scale than that achieved under BUSAC I. In particular, research, media and M&E costs comprised the burden of advocacy costs and the then current asset structures of the majority of business associations could not bear these costs.

A short sustainability study was carried out as part of BUSAC II, carried out by Jeavco Associates. The study notes that the lack of an exit strategy for donor support to business advocacy as part of the project design was a fundamental weakness. As a result of this, there is no opportunity to smoothly taper the project and consolidate the gains sustainably. The capacity of grantees had not been built in specific areas and grantees are still dependant on the continuous flow of donor support to be able to undertake evidence-based advocacy in a structured fashion. In addition to the lack of financial sustainability, the study concluded that the model did not build sufficient capacity internally for advocacy to be carried out without access to external expertise, which was invariably expensive. The ability to prioritise advocacy institutionally was also seen as a major shortcoming of the reviewed associations.

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## 5 Conclusions and Lessons Learned

### 5.1 Conclusions

BUSAC has performed well on two OECD evaluation criteria, relevance and efficiency, and is also very effective at developing advocacy capacity of 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, however, this latter conclusion needs to be tempered somewhat.

Both BUSAC I and II were highly relevant to Danida policies, objectives and cross-cutting issues, as well as those of the Ghanaian Government, 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 however 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.

There was limited impact level information captured at grant project level (e.g. contribution to changes in the business environment). This is especially true for regional and national based advocacy. It has therefore not been 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. The Evaluation draws attention to impact studies that have been already carried out which are largely positive, although in the opinion of the Evaluation, the findings should be treated with caution.

The Evaluation's own testing of the intervention logic found that the various assumptions and pathways at this outcome and impact level were less supported by evidence.

However, this overall conclusion on impact needs to be caveated; on one hand it reflects a deficiency in programme design, with a limited articulated intervention logic not fully linking high level objectives to a plausible set of assumptions. This has led to the tension of a broad-based demand-responsive fund, willing to work as all levels of the economy, being judged against performance benchmarks that do not correspond to this model. Second, whilst the Evaluation has generally found a lack of evidence that the fund is having significant impact at this national level (or indeed even at the local level in terms of economic growth), it should be noted that the complexities of disentangling the influence of advocacy on such impacts, also mean that the Evaluation has not found concrete evidence that the fund is not having such impacts. Moreover, the Evaluation has found some evidence to support more 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.

The advocacy model supported by BUSAC cannot be sustained by more than 70 or so PSOs in the opinion of the Evaluation.

### 5.2 Lessons Learned

BUSAC has evolved and strengthened through "learning by doing, as have other Danida supported advocacy funds in Kenya and Tanzania. 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 market environments, as well as how to effectively run business advocacy programmes. The Evaluation supports the contention that the effectiveness has increased from BUSAC I to BUSAC II through this approach.

There is a significant range of issues and advocates that have been financed by BUSAC, with the number of grants significantly exceeding those awarded by advocacy funds that tend to favour providing grants on national issues. This is both a strength and weakness of BUSAC. Hundreds of FBOs and small PSOs have been empowered to advocate. The variation has provided a wealth of findings that are useful for future programming, especially if this is to support smaller advocating organisations or localised issues. The expected economic impact of a planned successful advocacy, although this was not a selection criterion, is hard to ignore if improving the benefit to the association's members is a desired outcome. The economic aspects may be in direct conflict with the agenda of empowerment and this conflict needs to be rationalised in the choice of indicators.

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 role of BSPs has been subject to some adverse comment in previous reviews although in general this Evaluation found that grantees appreciated the quality of their services stating that without their assistance the actual results would not have been achieved. However, the dominating role of the BSPs especially in relation to smaller PSOs projects does mean that capacity building is strictly limited.

## 5 CONCLUSIONS AND LESSONS LEARNED

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The dialogue and post-dialogue parts are the most difficult steps of the advocacy process according to those interviewed. Tight schedules of duty bearers have in some cases prolonged the dialogue process. However, the research findings of the process has been cited as very valuable and informative for duty bearers to take the issues forward. The challenge is the actual implementation of the changes/reforms agreed on.

The adoption of the Irwin Grayson model for capacity assessment has significantly improved results measurement and it was well received by grantees (consistent with findings in other advocacy programmes such as BEST-AC). The use of the model should be the standard for measurable indicators for future advocacy programmes.

BUSAC management has developed a highly efficient computerised administrative systems and well-functioning approval and monitoring procedures.

High level impacts of BUSAC are hard to measure and attribute and BUSAC's contribution to these is unclear. Effects of BUSAC on the national business environment are very difficult to solidly demonstrate but are probably limited due to factors beyond the control of BUSAC. Furthermore, few of the supported advocacy actions address issues relate to the DB indicators, the benchmark set out in the logframe for gauging the success of BUSAC at the outcome level. The construction of a theory of change before the selection of indicators may have provided indicators that are both measurable and attributable, as well as more elaborate assumptions of how change may occur.

It is also clear that advocacy alone is insufficient for most sectors and sub-sectors. There were several instances where stakeholders interviewed, including grantees, called for BUSAC to help link associations to sources of finance and playing a greater role in linking associations with entry points of influence. BUSAC has a limited responsibility and no specified agenda here. Even under circumstances where the implementation has been slow or not taken place at all, the advocacy process has often led to an improved climate for public-private dialogue and made the duty bearers appreciate the value of consulting the private business on issues affecting them.

Representation by government departments has been sporadic throughout and part of the reason is likely to relate to the lack of attendance incentives.

Expected sustainability measured by whether future advocacy will be performed to BUSAC standards is not high, based primarily on the advocate's own financial resources available for advocacy. The lack of weighting provided for sustainability in the concept note assessment criteria has given rise to a majority of grantees which are unable to carry out future advocacy to this standard without further assistance.

The choice of World Bank Doing Business indicators and other country macroeconomic indicators were not suitable for use as outcome level indicators for a programme where the vast majority of the programme funding supports regional, local and national sub-sector initiatives.

It encouraging that other development partners have provided funding for BUSAC, including USAID and EU. The Evaluation understands that it is the first such delegated agreement ever entered into by USAID.

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## 6 Recommendations

### For the next phase of BUSAC

#### *Strengthening outcomes and attribution*

Where agreement in principle for an advocated change is reached between an advocating organisation and a relevant MDA, BUSAC should offer to provide resources to the MDA for i) the development of a business case that supports the change and helps in its discussions with the relevant government funding agency and ii) legal and other services that MDAs need 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.

More consideration needs to be given to the M&E process, including monitoring of the post-dialogue phase. At present BUSAC have limited impact-orientated information about the actual implementation of the agreed changes (the success stories tend not to be a reliable indication of this). Lessons could be learned from BEST-AC's longitudinal study, which traces through robust case studies, the full cycle of advocacy influence. This also reflects the difficulty, shown in the recent impact assessment, of trying to statistically show such impacts given the numerous confounding variables present. Undertaking an in-depth longitudinal case-based study will however, have resource implications.

If BUSAC donors wish to continue with 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. For example, this could include increasing strategic support to selected large national PSOs such as PEF, GEA, AGI and PFAG aiming at strengthening their general advocacy and organisational capacity, including their capacity to conduct issue-focused research. It could also include, as per the recommendations of some grantees visited for BUSAC points of contact to be established in relevant MDA's to follow up on post dialogue processes, as well as exploiting linking (through Danida's presence) with other activities within SPSD II.

BUSAC might want to further 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.

Some lessons from BEST-AC in Tanzania could also be applied. These lessons included:

- creating strategic relations with large umbrella PSOs, as recommended above, although care will have to be taken to ensure the independence of BUSAC is not compromised
- providing a rapid response fund offering small grants of up to USD 5,000. This has been strongly welcomed, and in the main, used effectively by the PSOs in Tanzania, allowing them to respond to issues when windows of opportunity at the political level open up as well as responding quickly to new government initiatives and policies.

### *Sustainability*

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. Some of this has already started through the sharing of success stories.

### *BUSAC governance and management*

Future governance structure should provide for a more proactive engagement for Ghanaian government stakeholders. Representation by government departments during BUSAC's life was sporadic, and part of the reason is likely to relate to the lack of attendance incentives. Donors should work at finding a solution to this, given the upside benefits of engagement.

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.

### *Improving value for money*

Increasing the efficiency of donor funds through increasing the cash contribution of most future grantees by one or more of i) introducing the percentage of cash contributed as a selection and marking criterion ii) providing a narrow range for expected contribution as part of the term sheet for a call for proposal round iii) providing different rules for different types of grantees iv) tagging the grant to a narrower range of advocacy activities especially those which are expected to have the most impact.

## **For the formulation and implementation of other business advocacy programmes**

Several recommendations relating to BUSAC above also apply more generally, 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.

### *Programme logic*

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 logics the more useful they will be for prospective impact evaluation.

### *Improving value for money*

Adding economic additionality as a highly weighted criterion for grant selection: This assesses the likely economic impact of the grant programme, and this might favour advocacy projects with: low deadweight (what would happen in any case without the grant); low leakage (impact is closely associated with the target beneficiaries); low substitution (other key activities of the advocating organisation are not abandoned or resources diverted); low displacement (advocacy benefits the advocates members but at the same time another group loses out); high potential economic multiplier benefits; and other benefits such as crowding in, increasing membership, and accessing other sources of funding. The impact of introducing economic additionality appraisal is likely to lead to a smaller number of qualified partners and issues to advocate and will be more closely aligned to economic growth.

Three focus groups discussions (FGD) were organised by the Evaluation, in Tamale, Kumasi and Accra. Each FGD had 15-20 participants, lasting two hours. More information is available in the notes of FGD included as Annex G.

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