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ENHANCING NIGERIAN ADVOCACY FOR A BETTER BUSINESS ENVIRONMENT (ENABLE)

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A- BACKGROUND

Enhancing Nigerian Advocacy for a Better Business Environment (ENABLE) is a 4.5 year DFID-funded Business Environment Reform (BER) programme implemented by Adam Smith International and the Springfield Centre. ENABLE is the first large-scale development programme to systematically apply the Making Markets Work for the Poor (M4P) approach to BER, working with a range of partners to improve the quality and quantity of business advocacy and Public-Private Dialogue (PPD) in Nigeria.

The overall vision for ENABLE is that by the end of the programme PPD will take place on a recurrent and sustainable basis between an ever-increasing number of Government Ministries, Departments and Agencies (MDAs) and Business Membership Organisations (BMOs) across Nigeria, resulting in an improved legal, policy and regulatory environment for business. This will be based on:

- Increased demand for BER by **BMOs** better able to engage in effective advocacy on behalf of the private sector;
- Improved ability and willingness of **MDAs** to consult and dialogue with the private sector;
- Nigerian **media** organisations acting as drivers and supporters of reform, a channel for important information and a platform for debate and discussion;
- Enhanced access to, and supply of, legal, policy and regulatory **information** and other services that serve to stimulate and inform dialogue; and
- The mitigation of formal and informal **rules and norms** that restrict effective dialogue.

Enhancing Nigerian Advocacy for a Better Business Environment (ENABLE)

- 4.5 year DFID-funded programme implemented by Adam Smith International and the Springfield Centre
- Initial 6 month re-design phase: From challenge fund 'instrument' to facilitator 'process'
- Operational phase March 2009 to March 2013
- Currently active in FCT Abuja, Lagos, Kano and Kaduna states, expanding to Cross River
- Programme purpose: Increased effectiveness of advocacy and PPD
- Programme goal: Improved policy and regulatory environment for business in Nigeria

ENABLE aims to catalyse **systemic change** in the ‘market’ for BER. Although ENABLE’s goal is to improve the business environment in Nigeria, ENABLE sees the development challenge not to get a certain number of new business-friendly bills passed per se, but to help **create a system** whereby the public and private sector engage in effective dialogue around business environment issues. If ENABLE is successful, this system will, of itself, generate business friendly regulation, but new regulation by itself is not the primary goal. Systemic change includes:

- Improved delivery (such as increased advocacy activities, research, position papers and dialogue events).
- Changes in practices, roles and performance of system players and functions (improved service delivery, governance, quality of editorial content).
- Changed attitudes of, and evident ownership by, market players.
- Demonstrated dynamism of market players and functions (for example, responsiveness to changed conditions in the system).
- Independent and continuing activity in the system (i.e. the extent to which changes are maintained after direct intervention support has ceased).

In seeking to achieve systemic change, a useful exercise has been to sketch out a vision of how the market system for business environment reform can operate better in the future. The future here means post-ENABLE. The key question is, in order for there to be substantive and on-going dialogue between the public and private sector, what support functions and rules need to be in place? **Who will perform these functions, and who will pay for them?** By envisaging the market post-ENABLE, we can guard against doing those things ourselves which should properly be performed by local actors, thus greatly improving the chances that the system we help to catalyse will survive after ENABLE has exited. Following the M4P approach, ENABLE acts as a **facilitator** in the market – it builds the capacity of local actors **but does not directly perform functions that should be performed by local actors themselves**. For example, in ENABLE’s partnerships with BMOs it provides extensive support to build the capacity of the BMO to engage in effective dialogue, but never steps in and advocates on their behalf, or organises and hosts a dialogue event. Rather, the focus is on the incentives and disincentives that exist for the private sector and government to participate in PPD, the transactional nature of the relationship, as well as the technical capacity required for each side to engage effectively with the other. The goal is to bring about sustainable change so that ENABLE’s partners are able to continue to engage in effective dialogue and advocacy long after the programme has finished.

B- CHALLENGES

- ENABLE works to address the underlying causes (rather than symptoms) of weakness in the market system for business environment reform and aims to facilitate, through local actors and where required, a fundamental realignment of relationships, rules, roles and dynamics. Working with and through national stakeholders is often challenging and time-consuming, but crucial to the success of ENABLE’s approach is resisting the temptation to “jump in and do it ourselves” and perform the functions of partners when progress is slower than expected. We must remain focused on providing

the right stimuli and market incentives, and must work at the pace of our partners and other local organisations to ensure that full ownership of improved practices is taken. In cases where progress with a given partner is not possible, we must be prepared to suspend or cancel certain partnerships.

- Achieving a sizeable impact scale in the core market is also challenging since replication (the imitation of a programme-induced innovation by organisations or actors not directly targeted by the programme) can be harder to achieve compared, for example, to M4P value chain projects where the market sends signals to market players and the profit motive provides incentives to copy improved practices. It is therefore important to fully investigate and disseminate evidence of success, and develop the capacity of local actors to do the same, to encourage replication and guide future interventions. For reasons such as these, programmes like ENABLE can experience slower initial progress. This may require careful management of donor and partner expectations, as well as consciously promoting a culture that encourages calculated risk-taking in introducing innovations that allow such obstacles to be overcome.
- One of the striking features of the business environment reform market in many developing countries is the frequency of inconclusive, superficial, ceremonial meetings, which are used by government and private sector delegates as an opportunity to rub shoulders and take commemorative photos. This type of interaction rarely delivers any real change but is endemic and difficult to overcome. To respond to this challenge, ENABLE has identified market players (for example BMOs and MDAs) with demonstrated motivation (though not necessarily capacity) to engage in more effective advocacy and PPD. It is through these 'champions' and an enhanced market for supporting functions that improved practices can be replicated throughout the market system.
- Many of the organisations that approached, or were approached by ENABLE initially had expectations of full and direct financial support. While direct funding of partner functions and activities has the potential to yield tangible early results, sustainability is often compromised. ENABLE has worked to realign expectations, develop trust through long term partnerships and demonstrate results.
- Some BMOs have contested ENABLE's offer on the basis that advocacy is a "collective" good, where the costs for advocacy are borne by one group (fee-paying members), but the benefit (in terms of an improved business environment) accrues to more than the cost-bearing group. This "free-rider" problem is one of the arguments sometimes used by BMO managers to justify their lack of performance and weak membership base. To address these challenges ENABLE supports partners to develop strategies that are not solely focused on the advocacy objectives, but also provide material benefits in the course of the advocacy process. When a BMO carries out research, for example, this can be used for both feeding advocacy activities as well as to provide members with useful market information.

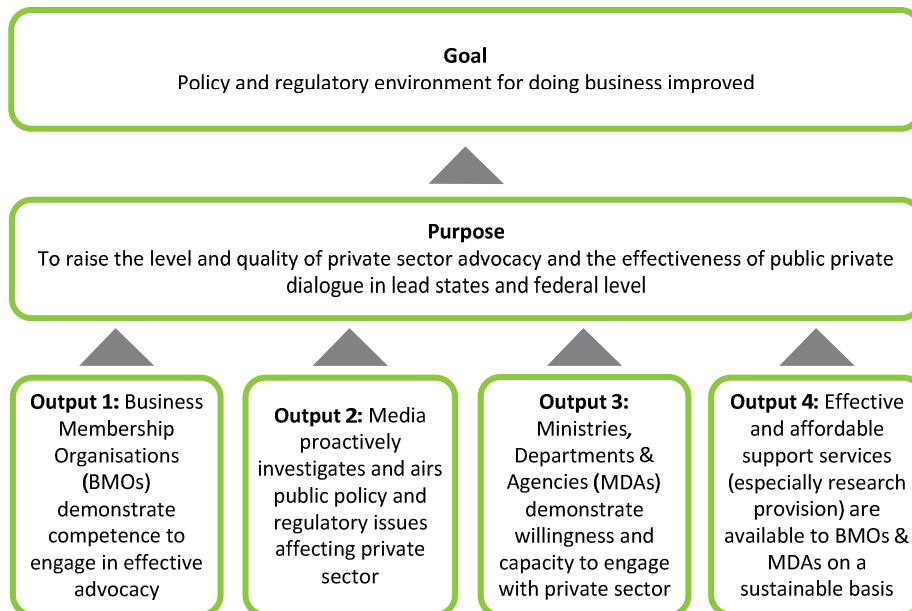
C- IMPACT ASSESSMENT

ENABLE takes results measurement seriously and impact assessment plays a crucial role in the overall approach. More than just measuring results, ENABLE’s impact assessment system is an integral part of project planning and allows coherent and robust strategic management of interventions.

Measuring high-level impact, such as the number of substantive dialogues convened, is not sufficient. It is also necessary to understand, for example, the capacity and incentives of local actors to convene substantive PPD beyond ENABLE’s lifecycle. This requires an impact assessment process that can measure the level of capacity of local partners, the degree of buy-in or commitment from key internal stakeholders, the profitability of commercial service providers (such as research institutions), and the institutionalisation (e.g. independent activity, without ENABLE’s support) of practice change. For these reasons ENABLE’s approach fully integrates impact assessment into the project management cycle. Right from the design phase, ENABLE ensures that:

- from the outset, every intervention has a clear results framework, setting out how the intervention will contribute to sustainable and systemic change and, ultimately, purpose and goal level impact; and
- during implementation, managers receive the right information at the right time, which leads to better decision-making and resource-allocation.

A key tool to achieve this is the impact logic (or results chain). Each of ENABLE’s interventions, partnerships and portfolios has an impact logic, which sets out a causal “map” of expected changes. Change is mapped all the way from initial activities through to purpose level and goal level change. A simplified programme-level impact logic is given below:



The programme is half way through its four year implementation phase. Purpose and goal level impact to date includes:

Purpose level

ENABLE has so far achieved **12 cases of purpose level change** (number and quality of sustainable dialogues), some from government initiatives, others from pressure exerted by BMOs on government, and others from investigations of business environment issues conducted by the media and Research Institutions. These dialogues have been more evidence-based, inclusive and sustainable than previous dialogues in Nigeria. Notable examples include:

- Supporting Lagos Chamber of Commerce and Industry (LCCI) to create and host a series of business environment roundtables. ENABLE provided technical support to LCCI to host three roundtables. The events were very successful, providing LCCI and its members the opportunity to dialogue with senior policy makers (such as the President of the Central Bank of Nigeria). Thanks to marketing support delivered by ENABLE, LCCI has been able to attract sponsorship for each roundtable. LCCI has hosted a fourth roundtable without any support from ENABLE, and has plans to host three per year, pointing to a high degree of sustainability. ENABLE is now working to promote replication of the LCCI roundtable among other chambers.
- ENABLE is working with members of the House of Representatives to support the establishment of a PPD platform called the Business Environment Network (BEN). The platform will bring together members of the legislative, the executive, regulatory bodies, and the private sector to address key issues related to the business environment. The first BEN session was held in July 2010 on the topic of dispute resolution and arbitration. ENABLE is now working with the House to get BEN institutionalised.
- The Organised Private Sector (OPS) (a club of five national apex BMOs) met with President Goodluck Jonathan who agreed to reinstate the quarterly **President-OPS forum** and to increase private sector representation in the next cabinet (including two posts for the OPS), helping to ensure private sector access to policy-makers at the very highest level and creating a strong platform for future advocacy efforts.
- Institutionalisation of a **business promotion commission** in the South-East (called SENEC), which will provide another strong platform for PPD. It was not until the November Business Environment and Competitiveness across Nigerian States (BECANS) workshop, supported by ENABLE, that the idea gained traction among key stakeholders.

Goal level

To date, ENABLE recorded **eight cases of goal-level impact** (policy, regulatory, or legislative changes). Recent examples include:

- Fertiliser Producers and Suppliers Association of Nigeria (FEPSAN) contributed to a change in policy by the National Council on Agriculture (NCA) around **fertiliser distribution**, from direct provision towards a free market model supported by a voucher system for poorer farmers. Under the current arrangements very few farmers actually receive fertiliser on time or at all, leading to chronically low

yields. Yields would improve by an estimated 30% if fertiliser was available to farmers in sufficient quantities and on-time, potentially improving lives of millions of small-scale farmers in Nigeria.

- Following the first ENABLE-supported BER (on multiple taxation), held in January 2010, the **Local Government Levies Bill** was signed into law by the Lagos state governor in July. Once implemented, the Bill is expected to reduce the burden of multiple taxation, eliminate arbitrary or illegal taxation / collection (e.g. use of road blocks), and improve transparency in tax administration by LGAs.
- MBAN successfully lobbied the Central Bank of Nigeria (CBN) to make significant changes to the way the **mortgage industry** is regulated in Nigeria, reducing the minimum capital base for Primary Mortgage Institutions (from N5bn to N2bn) and to reclassify PMIs as Mortgage Banks, strengthening their regulatory position and allowing greater financial access.
- The FCTA **Transport Policy** was approved by the Federal Executive Council in October. A substantial number of recommendations from the consultation events were reflected in the final version of the paper. For example, the scope of the policy was extended to include the satellite towns around Abuja, where traffic congestion has been a significant problem for workers and local businesses.
- Following a dissemination event and an advocacy workshop by African Institute for Applied Economics (AIAE), in March the government of Enugu awarded two contracts for **industrial parks** in the state, meeting the demand from medium and small scale companies for provision of appropriate infrastructure and support services.

Author

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Gareth Davies is currently acting Programme Manager at ENABLE, an innovative business reform and advocacy programme (implemented by Adam Smith International and funded by DFID Nigeria). ENABLE is unique in that it is the first business environment reform programme to apply the principles of M4P to achieve systemic and sustainable change in the business reform system. ENABLE works with a range of partners, including business associations, government ministries and agencies, media houses, and research institutions. Prior to joining ENABLE, Gareth was engaged as a technical assistant to the Federal Inland Revenue Service, also in Nigeria. Gareth also has several years experience of competition (anti-trust) policy. Gareth was educated at University College London and Oxford University.