


# TPSD Facility – How-to tools

## Supporting greater inclusivity in Public-Private Dialogue

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**About the TPSD Facility**

The TPSD/E Facility is an advisory service of the European Commission (EC) managed by DAI for the unit E2 in charge of Microeconomic Analysis, Investment Climate, Private Sector, Trade and Employment within the General Directorate for International Partnerships (INTPA).

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## LIST OF ACRONYMS

| | |
|---|---|
| ANWBN | Association of Nigerian Women Business Network |
| BER | Business Environment Reform |
| CBN | Central Bank of Nigeria |
| CBTA | Cross-Border Traders Association |
| CIPE | Centre for International Private Enterprise |
| CSO | Civil Society Organisation |
| FBO | Farmer-Based Organisation |
| KAM | Kenya Association of Manufacturers |
| KENASVIT | Kenya Association of Small Vendors and Informal Traders |
| MSMEs | Micro, Small and Medium-sized Enterprises |
| MSMEDF | Micro, Small and Medium Enterprise Development Fund |
| NWBA | National Women Business Agenda |
| PPD | Public-Private Dialogue |
| PSO | Private Sector Organisation |
| QBWA | Quintessential Business Women's Association |
| RBA | Regional Business Agenda |
| UNACOIS | Union Nationale des Commerçants et Industriels du Sénégal |
| WEE | Women Economic Empowerment |
| WIEGO | Women in Informal Employment: Globalizing and Organizing |

# 1 INTRODUCTION

This practical tool aims to provide INTPA and EU Delegations staff a collection of examples where development partners implement interventions to enhance participation of marginalized categories of economic actors in public-private dialogue (PPD) processes. Instead of adopting a theoretic approach, we opted for a pragmatic perspective allowing INTPA and EU Delegation staff to gain an understanding of **what can practically be done to support PPD inclusivity and improve the conditions in which formal or informal, micro, small and medium businesses owned by women and young people operate**. A special attention was given to identify successful projects facilitating social dialogue initiatives that include informal workers into collective bargaining processes. Our research also covered interventions seeking to support PPD at decentralized level, mostly involving farmer-based organizations.

**The aim of this paper is not to offer a comprehensive review of all projects supporting PPD inclusivity, but rather to focus on a series of concrete examples, showcase their specific features, detect success factors and draw lessons learnt.** Our collection of experiences is based on extensive interviews with key respondents from public and private organisations in partner countries, development partners (notably projects implemented by GIZ, DFID/FCDO and Danida– i.e. ENABLE in Nigeria and BUSAC Fund in Ghana) and literature review. Other organisations involved in facilitation of PPD and social dialogue such as Centre for International Private Enterprise (CIPE) or Streetnet and Women in Informal Employment: Globalizing and Organizing (WIEGO) were consulted as well. Business associations representatives also provided their perspectives, including UNACOIS (Senegal), KENASVIT (Kenya) and ANWBN (Nigeria).

# 2 PPD INCLUSIVITY : DEFINITION AND KEY CONCEPTS

In this paper, we will refer to the **World Bank definition of Public-Private Dialogue** (PPD) as "*PPDs bring together the government, private sector and relevant stakeholders in a formal or informal process to achieve shared objectives and play a transformational role for a particular set of issues*[1]*".*

According to Benjamin Herzberg and Lili Sisombat[2], **seven criteria can be used to define the type of PPD**: area (from national to local level), scope (from economy-wide to sector-specific), institutionalization (from a permanent institution to a temporary initiative), leadership (from public-driven to private-driven), ownership (from third-party brokerage/support to locally-led), focus (from many goals to specific changes), and participation (from many actors to few actors). The common objective of all forms of PPD remains to promote better governance practices and collective action solutions to development problems.

A series of risks can threaten the relevance of PPDs as a tool for Business Environment Reform (BER)[3]:

1) PPD can reinforce vested interests and encourage rent-seeking behaviours if it is conducted by an illegitimate group of stakeholders. **To mitigate this, efforts should be paid to ensure transparency and broad-based participation of a large spectrum of stakeholders** (including MSMEs, women entrepreneurs, informal sector, grassroot and decentralized private sector representatives)[4]
2) If planning is poor and focus of discussions low, unfruitful discussions might lead to fatigue and loss of credibility of a dialogue process. Hence, the importance of a well-planned and adapted design of PPD to counter this risk. The role of the media is also crucial to maintain the momentum and increase pressure on the public sector to follow-up the reforms and improvements put forward by the private sector

[1] The World Bank Group, State of Play – Public-Private Dialogue, Practical Notes Series, 2016, p11
[2] The World Bank Group, State of Play – Public-Private Dialogue, 2016, p12

[4] Regarding trade agreements which often aim at opening local markets to outside competition, PPD built on a broad-based participation of a large spectrum of stakeholders is even more important (including notably SMEs).

3) Lack of coordination between development partners, as well as misalignment with local public policies and institutions jeopardize the coherence and sustainability of PPD. On the contrary, donor coordination and institutional / political alignment allow to build complementarities and enhance sustainability

**In the Charter of Good Practice in Using Public-Private Dialogue for Private Sector Development and Inclusive Growth,** Principle IV stresses that **"***PPD should have a solid structure and a representative participation. The structure should be manageable while flexible, enable participation to be both balanced and effective, reflect the local private sector context and stakeholders' interests"*[5]. It further states that **"***Participation of relevant representative stakeholders should be agreed on in a transparent manner and be balanced, practicable and inclusive, so as to best serve the objectives of the dialogue and mitigate the risk of reform capture".*

**An inclusive approach that truly translates the diversity of the private sector and does not exclude from the consultation process any important group is critically important for the success of a PPD**. Private sector is diverse, and public-private consultations should reflect this granularity. Marginalized groups such as women entrepreneurs, youth entrepreneurs, informal sector account form major parts of economic activities but are frequently unorganized and underrepresented in PPDs. PPD platforms should also include the voice of civil society organizations, labour unions and disfranchised groups, and collaborate with them to ensure a more balanced and inclusive reform process.

**The Bannock Consulting " Reforming the Business Enabling Environment" article highlights the diversity of the private sector** : "*The private sector brings a myriad of different actors to the dialogue table. Larger firms generally are deemed to have the biggest voice in the policy arena. Micro- and small-scale enterprises (MSEs) make up the bulk of firms in all assisted countries, but they rarely have a large voice in dialogue, due to difficulties in allocating time to such efforts. Small businesses' voices often are drowned out, even in well-established systems with formal structures. The large companies will always have better informal links to policymakers, so SMEs need to be very well organised in order to make a difference. Even in formal, mature business associations, smaller firms can disappear."*[6]

**Dialogue platforms can be marked by inequitable representation since some businesses have a greater capacity to represent themselves within these processes than others**. Traditionally, large, urban, formal sector, male-managed firms have more important financial, technical and organisational capacity to participate to PPD than smaller, rural, informal, and women-owned firms. Grassroot organizations are often neglected as well in talks related to the business environment reforms. Letting them participate to PPD is challenging as these have weak organizational structure, are likely to be unable to institutionalise knowledge, and their financial sustainability is low since their members are informal enterprises.

**What is at stake when seeking to support greater inclusivity in PPDs, is to a support a favourable business environment for all private sector actors**. To achieve this, it is key to adopt a locally-led approach to business environment reform which requires to take into account the priority constraints for different private sector entities in realising their potential to contribute to pro-poor economic growth. According to the OECD, "*Targeting services to poorer entrepreneurs, mostly composed of micro, small and medium-sized enterprises (MSMEs), informal firms and workers and smallholder farmers, is one approach towards accelerating pro-poor growth and generating employment"*[7].

[5] Charter of Good Practice in Using Public-Private Dialogue for Private Sector Development and Inclusive Growth, 2015, p8

[6] Bannock Consulting, Reforming the Business Enabling Environment, Mechanisms and Processes for Private-Public Sector Dialogue,2005, p8

[7] OECD, Promoting Pro-poor Growth, Policy Guidance for Donors, 2007, p122

Finally, one should mention that there might exist a **trade-off between effectiveness of PPD in demonstrating rapid results to improve the business environment and its inclusivity since it may be necessary to limit participation to make true dialogue practical**[8]. As the Charter of Good Practice in Using Public-Private Dialogue for Private Sector Development and Inclusive Growth puts it, *"Smaller numbers of participants tend to generate greater trust and produce more effective dialogue, but this must be balanced against the need for inclusivity and representativeness*[9]*"*. **Achieving greater inclusivity is particularly challenging in fragile contexts where bringing additional participants to dialogue might require important efforts**[10].

## 3 GENDER-INFORMED PPD

**Gender-based inequalities are still widespread in developing economies and generate significant development costs**. Dan Hetherington stresses that "*globally, only 17% of firms are managed by women ; fewer women work for formal firms, they receive lower salaries and they do more unpaid care work than men. At least 155 countries still have at least one law impeding women's economic opportunities*[11]*"*. The marginalization of women not only happens in the economic sphere, but also takes place at the political or decision-making level : Women tend to be under-represented in BER processes.

As a consequence, **a specific approach is required to ensure that BER supports women economic empowerment** (WEE), defined as follows[12]: A woman is economically empowered when she has both the ability to succeed and advance economically and the power to make and act on economic decisions:

- To succeed and advance economically, women need the skills and resources to compete in markets, as well as fair and equal access to economic institutions
- To have the power and agency to benefit from economic activities, women need to have the ability to make and act on decisions and control resources and profits

More specifically, **WEE interventions from development partners can target several areas of BER**:

1) **Policy and legal framework** : Legal equality such as the women's ownership of productive assets and ability to access and own property or land, sign legal documents on one's own behalf and the existence of equality provisions in the constitution
2) **Childcare :** Gender-sensitive BER can improve laws related to maternity and paternity leave (how much is a statutory requirement and how the cost is divided between employers and government), and fiscal policy towards childcare, i.e. whether childcare services receive any form of tax incentive or subsidy
3) **Business formalisation:** Barriers to business formalisation, lengthy and complex registration, incorporation, and licensing practices, have a disproportionately negative effect on women, in some cases making it impossible for them to formalize. In many countries, business formalisation gives access to important benefits such as maternity leave and paid breastfeeding breaks. Whilst these may be critical to female participation in the workforce, if they are employer-funded they can also act as a disincentive to the employment of women of childbearing age

[8] Business Environment Reform Facility, Dan Hetherington, Public-Private Dialogue Interventions in Sub-Saharan Africa, October 2016, p25

[9] Charter of Good Practice in Using Public-Private Dialogue for Private Sector Development and Inclusive Growth, 2015, p8

[10] Business Environment Reform Facility, Dan Hetherington, Public-Private Dialogue Interventions in Sub-Saharan Africa, October 2016, p27

[11] Dan Hetherington, Business Environment Reform Facility, Gender and Business Environment Reform: What is Best Practice?, 2016, p4

[12] International Centre for Research on Women, Understanding and Measuring Women's Economic Empowerment: Definition, Framework and Indicators, 2011, p4

**Due to gender-based stereotypes, women have a limited voice and lower participation in decision-making, especially in developing countries.** They suffer limited ability to influence decisions at national and decentralised level, which translates into low representation in parliament, public institutions, and managerial positions in companies or corporate boards[13]. To redress gender inequalities, empowering women's voices in the policy-making process is critical to ensure that any business environment reform programme will benefit from a more informed understanding of the situation female entrepreneurs and workers face.

**Consequently, women are traditionally underrepresented in PPD processes**, both in formalised PPD platforms and informal processes. According to the World Bank paper *Gender-Informed Public-Private Dialogue*[14], **a gender lens can be applied to a PPD** at both the ***policy level*** – applying a gender lens to laws, regulations and other reforms, and at the ***process level –*** by ensuring active gender engagement in PPD structures and applying a gender lens as part of a PPD's evaluation.

**At the policy level**, the rationale for adopting a gender perspective to design laws, regulations and other reforms is that the latter would benefit women if their interests are considered at the policy level. Hence, it is recommended to identify key reform areas, design solutions, and ensure that reforms are implemented in order to benefit both women and men. To do so, various solutions exist such as harnessing gender-disaggregated data on investment climate constraints, as well as adapting data collection methods so that these are appropriate to reach women. To include a gender perspective at policy level, the World Bank proposes a 3-step framework along the PPD value chain[15] :

1) **STEP 1: Diagnostics**

a- Understand the roles of men and women in the economy:
- Analyze the business sector through a gender lens
- Take account of nonmarket work and time use

b- Identify key differences in access to, and control of, economic assets and resources:
- View Investment Climate Reform within the broader social and cultural Context
- Analyze the legal status of men and women
- Identify laws, regulations, procedures, and business obstacles perceived differently by men and women
- Ensure women's voices are heard and issues facing women in business are raised

2) **STEP 2: Solution Design**

a- Test political/cultural acceptability
b- Involve women as well as men in developing appropriate solutions
c- Link with existing reform strategies of the government
d- Draw on in-country resources and expertise

3) **STEP 3: Implementation and M&E**

e- Establish baselines
f- Integrate gender-focused indicators into reform program M&E Systems

**At the process level, improving women's participation in PPD platforms starts by looking at a series of aspects[16] :** Assessing the level of gender inclusion in PPD stakeholders (Private Sector Organisations - PSOs, government, civil societies and donors) ; analysing the gender balance of intermediary organisations ; identifying women in business associations exclusively representing women ; evaluating their advocacy capacities ; detecting the services provided by PSOs to women and evaluating their relevance.

[13] World Bank, Gender Dimensions of Investment Climate Reform, 2010, p9

[14] World Bank Group, Gender-Informed Public-Private Dialogue, Practical Note on Inclusion of Women Entrepreneurs' Voices, 2016

[15] World Bank Group, Gender-Informed Public-Private Dialogue, Practical Note on Inclusion of Women Entrepreneurs' Voices, 2016, p21

[16] Dan Hetherington, Business Environment Reform Facility, Gender and Business Environment Reform: What is Best Practice?, 2016, pp19-20

When applying a gender lens to the PPD process, **a series of indicators can be used to monitor women's representation and participation in PPD platforms and fix gender participation criteria**[17]:

- Number of women represented in Working Groups.
- Number of women's business associations in the PPD
- Number of women as PPD spokespersons
- Formation of gender-based or women-only Working Groups
- Application of gender criteria when identifying and pursuing specific reform proposals to ensure inclusion

**After this, several actions can be undertaken to ensure that women are represented in PPD**: Including in PPD groups not yet involved but having an in-depth knowledge of constraints faced by women such as grassroot organisations, microfinance institutions, and businesswomen associations. Development partners can build advocacy capacity of women's groups and build coalitions to influence and participate to PPD processes. This implies supporting the establishment of Women's business associations (for instance, Chambers of Commerce) and building their capacities.

**Women's chambers of commerce aim to expand economic opportunity for women** by addressing to the collective needs of their women entrepreneur members. Frequently, the motivation to establish Women's chambers originates from the perception among businesswomen that their concerns are not being addressed in the existing chamber setting. Once established, such chambers can more efficiently advocate for the reduction of barriers to doing business faced by women in business, especially MSMEs, and put forward legal or regulatory reforms. Another reason to support the establishment of women's chambers of commerce is to enhance the economic participation of women by supporting entrepreneurship, leadership, and business management education through the provision of practical tools, knowledge, and advice to start a business.

**It is frequent in developing countries that the creation of women's chambers is hindered by challenges,** especially related to legal barriers (for instance, the legislation regulating the creation and operation of business associations) and patriarchal social attitudes leading to resistance from traditional male-dominated chambers of commerce and other business associations. When these barriers are overcome, women's chambers of commerce can provide their members with much-needed assistance: access to information, training, networking, business promotion, as well as access to technical, commercial and financial partners. In some instances, women's chambers of commerce can also perform business formalisation trainings, as this is the case in Tanzania[18].

**Business associations and chambers of commerce play a major role in advocating for the needs of the business members in PPD**. However, women's participation in traditional business associations is weak and the participation of women business associations in policy dialogue is traditionally low. The presence of women-focused associations and networks is key for women to express their concerns, however, most of these organisations are weak – with low membership, weak secretariat and very limited resources, making it hard to conduct advocacy efficiently. In addition, women's associations can suffer low structuration and fragmentation. The lack of a collective voice and the absence of a common advocacy agenda reduces their chances to succeed influencing the adoption of enabling laws and regulations.

Box 1 below presents the intervention of CIPE in Nigeria, that aimed to build a coalition of women business associations and adopt a national businesswomen agenda.

**Box 1: Association of Nigerian Women Business Network**[19]

Women-owned businesses (WOBs) constitutes 60% of small and medium sized businesses which perhaps are the most vital part of Nigeria's real economy and their ability to flourish will largely define whether the country can achieve these goals of sustainable growth, job creation and diversification. From street-side hairdressers and fast-moving consumer goods retailing through to farmers and film companies, WOBs span a dizzying array

[17] World Bank Group, Gender-Informed Public-Private Dialogue, Practical Note on Inclusion of Women Entrepreneurs' Voices, 2016, p26

[18] https://www.twcc-tz.org/our-services/advocacy/

[19] Based on the interview with Mrs. Nkiru Joy Okpala, Chairwoman, ANWBN, April 23rd 2021

of products and services. Yet despite their dominance in Nigeria's real economy, remarkably little is known about this universe of entrepreneurs, most of whom are informal and unregistered.

The Association of Nigerian Women Business Network (ANWBN) was established with the assistance of the Centre for International Private Enterprise (CIPE) in 2013. Initially gathering 20 businesswomen's associations, this coalition has hugely extended its membership to crowd in more than 100 of them today, representing more than a million Nigerian businesswomen. The primary objective of ANWBN is to sustain Women Economic Empowerment, building leadership skills, increasing access to finance, as well as creating a gender friendly environment for women in Nigeria.

With the support of CIPE, ANWBN developed the first **National Women Business Agenda** (NWBA) in 2015 as a guide to addressing the major challenges business and professional women face, that constituted huge impediments to their growth and sustainability. The NWBA also offered concrete recommendations and reforms to remove these barriers and improve the business climate for women. The NWBA was based on a research conducted through desk research, interviews, focus group discussions and fieldwork in Nigeria. Out of this research, ANWBN identified the following four key issues affecting WOBs:

- **Key Issue 1 - Lack of Government Priority Patronage for Made-in-Nigeria Goods**: - According to the data from the National Bureau of Statistics, Nigeria has 37 million MSMEs, contributing 47 percent to GDP, while creating 60 million jobs. Above 60% of the MSMEs in Nigeria are women-owned. Most women-owned businesses are micro and small enterprises. Consistent importation of goods that can be made locally affects the manufacturers mostly, as they can hardly compete in such a market laden with cheap and sub-standard products preferred by consumers
- **Key Issue 2 - Poor access to finance**: In the absence of bank loans, WOBs finance themselves through personal savings, reinvested profit, loans from friends, families, or "angel investors". The research findings reveal that 47% of respondents fund their businesses from personal savings. Personal savings ranked number one source of funds for the WOBs followed by family and friends.
- **Key Issue 3 – Insufficient consultation and inclusion of WOBs and women business associations in policy making**: In Nigeria, due to cultural and religious norms in some regions, there is a belief that a woman should only be seen and not heard. Thus, the girl child lacks proper education. From the research, only 31% of respondents are card carrying members of a political party in Nigeria. Out of this 31% only 10% have run for election in a public office. Women associations are hardly consulted in policy formulation even when these policies have a direct impact on these WOBs
- **Key Issue 4: Illegal, arbitrary and double taxation:** From the research, 78% of respondents pay tax. However, the main issues are that some taxes are duplicated (VAT and sales tax in some states); some are illegal (most local government levies) and others are arbitrary (tax based on the discretion of tax officials). Lack of access to up to date information about the various taxes is also problematic.

**Thanks to this National Women Business Agenda, ANWBN emerged as an interlocutor for many Nigerian Ministries, Departments and Agencies**: the coalition is now part of the think tank of the Federal Ministry of Trade and Investment, in regular contact with the Federal Ministry of Women Affairs (where it participates actively for instance by submitting advisory notes), with the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the Nigerian Export Promotion Council and Nexim Bank – Nigeria export-import. "At least our voice is now heard, but whether it is followed by actions is another question", stresses Nkiru Joy Okpala.

Also, as a result of the National Women Business Agenda, the coalition could contribute to improve the marketing of goods produced by women entrepreneurs. Indeed, based on the key issue 1 (see above), its recommendation to promote **Made-in-Nigeria Goods** received particular attention from the Government, with a particular focus on WOBs' goods. During the COVID-19 pandemic, for instance, the Federal Ministry of Women Affairs has implemented a project funded by UN-WOMEN to supply palliatives (sanitary face masks, rice, grains) to poor households through the adoption of an affirmative procurement system inspired by the 'Made-in-Nigeria Goods' policy. Finally, as regard to the key issue 2 (see above, access to finance), the Central Bank of Nigeria agreed to conduct large-scale trainings to women entrepreneurs on financial management and inclusion.

**To conclude, the National Women Business Agenda has been updated in 2020**, and launched officially in a webinar with the Federal Ministry of Trade and Investment, the Federal Ministry of Women Affairs and the Office of the Vice-President in charge of the Nigeria Economic Summit Group[20]. Since the initial study, several changes have taken place within the women business community as well as the socio-economic and socio-political environments across Nigeria. In addition, the onset of the COVID-19 Pandemic and the unprecedented global response it necessitated has required further revision of the NWBA[21].

**Box 2: ENABLE facilitates women's access to finance in Nigeria[22]**

ENABLE was a DFID-funded business advocacy programme designed to promote improved PPD and business environment in Nigeria. It was implemented in two phases[23]:

- ENABLE1 (2008 to 2014; 13 million EUR) worked with partners at the federal level as well as Lagos, Kaduna, and Kano.
- ENABLE2 (2014 to 2017; 12 million EUR) ended work with Lagos but added new focal states in Northern Nigeria (Jigawa, Katsina, and Zamfara).

**As opposed to a donor-led reform programme, ENABLE avoided hosting its own dialogue events, or advocating directly for reforms. Instead, following a market systems development (MSD) approach, ENABLE sought to strengthen the process of reform within existing Nigerian institutions and organizations; supported them to better research and advocate on issues related to business environment. Instead of directly performing a function in the system** (such as hosting and funding a public-private dialogue platform), ENABLE's objective was to promote a systemic change of the BER system. More precisely, ENABLE supported all the stakeholders of the BER market[24]:

- Strengthen private sector demand for reform by supporting PSOs to engage in effective advocacy on behalf of the private sector
- Enhance the BER reform supply (quality and quantity of reforms) by building the ability and willingness of Government Ministries, Departments and Agencies to dialogue with the private sector
- Strengthen the role of the Nigerian media as a driver and supporter of BER, a channel for information, and a platform for debate and discussion
- Supporting research Institutions, both public and private, to improve the supply of policy research and information in order to promote informed, evidence-based dialogue.

**The interventions of ENABLE 2 had a strong focus on MSMEs, especially women-owned enterprises, and on the four Northern Nigeria States** (Jigawa, Kaduna, Kano, Katsina). This started by identifying potential business environment reforms that would benefit micro-enterprises and workers, especially women. ENABLE2 sought to empower women and other groups socially excluded in northern Nigeria. ENABLE2 meaningfully mainstreamed this objective in its work. ENABLE2 considered how it can improve gender equality and social inclusion when conceptualising, designing and implementing and monitoring interventions, issues and partnerships. **An illustration of this is ENABLE2's intervention to support women's access to the Small and Medium Enterprise Development Fund, described below.**

**In a 2016 ENABLE2 survey, micro-enterprises cited access to finance as the single most important business environment constraint they face**. In 2016, just 16% of Nigerian adults had accessed credit in the past twelve months, excluding money from family and friends. Most of these borrowers are in urban areas; poor

[20] The Nigerian Economic Summit Group (NESG) is a non-profit, non-partisan private sector organisation with a mandate to promote and champion the reform of the Nigerian economy into an open, private sector-led globally competitive economy. It is the host of a public-private dialogue platform in Nigeria.
[21] https://www.anwbn.org.ng/wp-content/uploads/2020/09/Women-National-Business-Agenda-II.pdf
[22] Based on the interview with Mr. Kevin Conroy, Former Team Leader, ENABLE, April 2021
[23] https://beamexchange.org/practice/programme-index/114/
[24] ENABLE, Case Study, Making Business Membership Organisations work for the Poor, p2

people, rural people and women were the least likely to access financial services. By region, people in north-west Nigeria suffer greater financial exclusion than Nigerians as a whole.

**In August 2013 the Central Bank of Nigeria (CBN) launched a nationwide access to finance initiative, the Micro, Small and Medium Enterprise Development Fund (MSMEDF)**. CBN subsidised loans from the fund, so that MSMEs only have to pay 9% annual percentage interest rate, much less than prevailing market rates. CBN earmarked 60% of this credit for women-owned MSMEs. CBN began disbursing funds to banks, which on-lent to MSMEs. However, few banks decided to participate, leaving funds unallocated. Furthermore, few of the businesses accessing MSMEDF credit were micro-enterprises; poor, rural women were particularly under-represented.

**The Quintessential Business Women's Association (QBWA) sought to change this, by helping CBN to find micro-finance banks willing to participate and by linking rural women to the MSMDEF**. Around 85% of QBWA's members are women and 75% are smallholder farmers. In two states, QBWA identified creditworthy borrowers among its members, formed these members into groups to encourage each other to repay the loans, and monitored repayment. QBWA wanted to perform these services in more states but was unable to get CBN's endorsement. ENABLE2's Diagnostic Study identified two main problems in QBWA's advocacy which contributed to this: QBWA did not use evidence in its advocacy to the CBN and did not document the outcomes of its meetings with CBN officials, resulting in CBN back-tracking on agreements.

**ENABLE2 built QBWA's advocacy capacity, focusing on addressing the constraints mentioned above. QBWA created a Position Paper with evidence of their value added to the MSMEDF and presented this to CBN. QBWA also began agreeing on minutes of its meetings with CBN officials. QBWA's new advocacy approach culminated in CBN endorsing QBWA's involvement with MSMEDF in 16 more states. In the sixteen states QBWA has since persuaded additional micro-finance banks to access MSMEDF and lend its subsidised credit to QBWA members. Across the sixteen states QBWA has facilitated N1.6 billion of loans from the MSMEDF, benefiting 6,000 micro-enterprises, most of which are women-owned.**

Despite QBWA's efforts to encourage loan repayment, low repayment rates remain a challenge both among QBWA members and the MSMEDF as a whole. Although difficult to confirm, ENABLE2 believes this is from a prevalent misconception in Nigeria – that government-backed loans are "free money" and people are "finally getting their share" of the nation's oil wealth. Nonetheless, given how rarely women micro-entrepreneurs access credit in Nigeria, the CBN has praised QBWA's role in the MSMEDF. Elenwor Ihua, a CBN official overseeing the fund, notes that "QBWA was a very important intervention. They brought a fresh perspective about how to target women[25]."

QBWA now also facilitates its members' access to a second low-interest credit scheme, the Bank of Industry's Government Enterprise and Empowerment Program (GEEP). QBWA members are becoming mobile money agents, disbursing GEEP loans to other micro-enterprises. QBWA's Chief Executive Officer Shimite Bello acknowledges ENABLE2's role in persuading her to seize this opportunity, saying "when we had problems with CBN, if ENABLE2 hadn't stepped in, we'd never have gone near banks again."

## 4 MICRO, SMALL AND MEDIUM ENTREPRISES AND INFORMAL SECTOR

The case to support BER for Micro, Small and Small Enterprises (MSMEs) is that on the one hand they contribute greatly to national economic and social development, but on the other hand are more vulnerable to a poor business environment than larger enterprises. Smaller firms are more vulnerable to the external threats coming from poor business environment in virtue of the fact that they pay a proportionally higher cost for doing business than do large firms and have fewer means to address these external factors[26].

[25] ENABLE, Enhancing Nigerian Advocacy for a Better Business Environment, 2017, p18

[26] DCED, Creating Better Business Environments for Micro and Small Enterprises, 2018, p4

The informal sector is dominant in most developing countries, and in some of them, informal business accounts for up to 80% of enterprises. Unregistered and informal enterprises are also highly vulnerable, and lack opportunities (such as access to finance, public infrastructure and markets) to strive and contribute further to economic and social development. On the other hand, informality inhibits economic growth since it leads to loss of fiscal revenues and unfair competition to formal enterprises. Informality is also a risk factor for employment as informal workers often lack contracts, decent working conditions and access to social security.

The informal sector is, by definition, traditionally unorganized and uninvolved in dialogue. A PPD will therefore not include specific interests of informal entrepreneurs unless special efforts are made by PPD facilitators. It is indeed crucial that small, micro and informal entrepreneurs participate to public-private consultations, and their capacities should be built to allow them to express their interests in a coherent and analytical manner. Informal worker associations do exist in some countries and represent sectors such as petty traders and small street vendors.

According to the OECD, two types of interventions should be implemented to support MSMEs and informal sector to participate to BER: a) supporting the establishment of intermediary organisations representing micro and informal enterprises and stimulating linkages and cooperation between them; and b) encouraging existing private sector organisations to become more representative and strengthening their understanding of micro and informal enterprises' constraints[27]. In the boxes below, we present examples of interventions from development partners to organize the voice of MSMEs and informal businesses in Senegal, DRC and Kenya.

**Box 2 : UNACOIS in Senegal – including MSMEs and informal sector in PPD[28]**

**The Union Nationale des Commerçants et Industriels du Sénégal (UNACOIS) is a private sector organisation established in 1998 to represent the interests of mostly informal MSMEs**. It has become an influential player in the PPD in Senegal, thanks to the simultaneous support from GIZ and CIPE. It now gathers more than 70,000 members across the country, including women and young entrepreneurs.

**In 2014, GIZ implemented in Senegal a project called the SME-oriented PPD**. As opposed to the national PPD established in 2002, the Presidential Investment Council (CPI), that did not address the specific constraints faced by the SME sector, the SME-oriented PPD differed in that its scope was restricted to SMEs and their concerns, and focused solely on issues relating specifically to SMEs. The SME-oriented PPD was conducted as a combination of national and regional PPD: a national PPD mechanism was established in Dakar, and three other regional PPD forums were set up in the regions of Kaolack, Thiès and Saint Louis. While the SME-oriented PPD in Dakar dealt with subjects relevant to Senegalese SMEs in general, the regional PPDs have addressed SME issues by regional stakeholders and their respective agendas[29].

**In the same time, CIPE has provided to UNACOIS assistance in various aspects of association management, including governance improvement, membership development and retention, and basic advocacy**. This support has upgraded UNACOIS's capacity as a leading private sector association in Senegal, often at the forefront of policy dialogues about issues that affect its members and the broader private sector. CIPE assisted UNACOIS to adopt an approach segmenting its membership by region, brought technical assistance to develop a member survey to be used during regional dialogue sessions, supported UNACOIS to collect information on members' policy needs, and contributed to prepare the white paper on tax reform. CIPE moderated group discussions at the regional dialogue forums. Lastly, CIPE provided technical input to help UNACOIS prepare for meetings with the Ministry of Tax and Customs and the PPD roundtable.

CIPE's assistance to UNACOIS has allowed to achieve two concrete results[30]: Firstly, we can mention the **adoption of the SME tax reform recommendations by the Ministry of Tax and Customs**. The Ministry submitted UNACOIS's reform proposals to Parliament as part of the Parliament's comprehensive review of the

[27] OECD, DAC Guidelines and Reference Series, Promotion Pro-Poor Growth, Policy Guidance for Donors, 2007, p129

[28] Based on the interview with Ousmane Sy Ndiaye, Executive Director of UNACOIS, April 2020

[29] Ansgar Cordier, Approach and impact of SME-oriented public-private dialogue in Senegal supported by German cooperation, 2014

[30] Ousmane Sy Ndiaye, Executive Director of UNACOIS, Senegal / SME & informal sector, Business and Service Sector Public-Private Dialogue, May 2017, pp2-3

Senegal Tax Code. In 2012, the Parliament of Senegal passed a legislation to reform the Senegal Tax Code, including all UNACOIS's recommendations. This resulted in a more conducive tax code for SMEs in Senegal with tax rates being now more proportional to their profit margins. Importantly, a progressive tax code for the SME sector will support business formalisation in Senegal, which in turn will expand the government's tax base and promote accountability and transparency.

**As a consequence of the new tax regulations, informal sector operators report less disputes with local authorities**. Prior to the legislative changes, one of UNACOIS's main services to members was to intervene in court on behalf of informal sector members whose businesses were shut down or goods confiscated by the police due to their informal status and for not paying any taxes. On average, UNACOIS's national headquarters intervened in over 200 cases per year. Within one year of the new Code taking effect, UNACOIS has been involved in only two such cases. Now that these informal members have an avenue for complying with local business regulations, such as payment of taxes, they are able to operate more freely and without fear of interference by local authorities.

**The second major impact of CIPE's assistance to UNACOIS was the establishment of regular PPD meetings between UNACOIS and the Government on issues related to the SME sector, economic development, and food security challenges**. The quality of recommendations on the tax code and the process that led to the recommendations, made UNACOIS a credible interlocutor and valued partner in the eyes of senior government officials including the Minister of Tax and Customs, the Minister of Commerce and Industry, and the Prime Minister of Senegal. Now, the Government of Senegal regularly engages UNACOIS to identify solutions to address the country's food security challenges. As a result, Government officials now hold regular meetings with local UNACOIS members and branches throughout Senegal to obtain SME input on agricultural policy.

**Other improvements obtained from involvement of UNACOIS in PPD include**:

- Deregulation of exports of Senegalese rice via the removal of the equalization and price stabilization fund, which failed to respond to consumer's needs
- Stabilization of the local market for Senegalese rice, while also improving the competitiveness of locally grown rice
- Liberalization of sugar imports to meet national consumption
- Reaching consensus around the lowering prices of critical commodities
- Increased representativeness in dialogues concerning economic, industrial, and commercial policies
- Streamlining the support and training for MSMEs into Government actions
- 75% reduction in the Bordereau de Suivi de Cargaison (BSC) tariff, collected by the Senegalese Shipping Council (COSEC).

**Interestingly, UNACOIS also achieved policy reforms through dialogue with government at the regional level**. In April 2011, UNACOIS members from the Central region organized a meeting with the Tax and Customs Bureau of the Mbour district to discuss how multiple and random taxation represents a major burden to their businesses. The meeting led to the suspension of tax payments in the district until the tax code had been effectively streamlined and the mode of payment clarified. Similarly, UNACOIS members from the West Region hosted a series of meetings with the regional Tax Department Office to highlight the issue of multiple taxation among UNACOIS members in the region. As a direct result of a series of meetings with UNACOIS, the regional Tax Office eventually suspended a number of taxes, before the results of an investigation about their legality.

**Finally, the COVID-19 pandemic has highlighted the fact that small firms, MSMEs and the informal sector - disproportionally impacted by the crisis[31] - were less consulted than usually by the Senegalese Government** (as well as in many other African countries). During the outbreak of the crisis, UNACOIS advocated to the Government for an improved access of MSMEs to the emergency fund through which 1.5 billion EUR were made available to businesses to mitigate cash flow shocks. The proposition made by UNACOIS was to allow ECOBANK – which already finances informal businesses without requiring collaterals – to access the emergency fund[32]. At that time, these efforts did not lead to any result but recently in April 20201, ECOBANK signed a partnership agreement with UNACOIS to make available an envelope of 22.5 million EUR to finance the

[31] Ousmane Sy Ndiaye, Executive Director of UNACOIS, believes that the small traders were the hardest hit by the COVID-19 crisis and the resulting restrictions imposed in Senegal. According to him, 45-50% of them have reported issues to renew their stock and reimburse bank or microfinance loans.

[32] http://reussirbusiness.com/actualites/post-covid-19-ousmane-sy-ndiaye-unacois-lheure-du-changement/

commercial activities of UNACOIS members (mostly small traders) and support post-COVID economic recovery[33]. This stresses the importance of such business associations and reveals their role in crisis periods.

**Box 3 : The work of ELAN-RDC with Cross Border Traders associations[34]**

**ELAN-RDC[35] is a private sector development program funded by DFID and implemented in Democratic Republic of Congo (DRC) that follows the Market Systems Development (MSD) or M4P** (Making Market Work for the Poor) approach, that was launched in 2015, initially for a period of 5 years, then extended until January 2022.

**In DRC, as well as in many developing countries, cross-border trade is not only a source of income for a large number of economic actors** (mainly women in the informal sector - 86%[36], as well as many people with disabilities), but also an activity to cement stability and peace between neighboring countries, which is of crucial importance in the Great Lakes Region.

A study by International Alert on trade between Goma (DRC) and Gisenyi (Rwanda) argued that "***this [cross-border] trade is at the basis of the survival economy of at least 22,000 small traders and their relatives on either side of the border***. *It also allows the survival of many farmers and herders (Congolese and Rwandan), wholesalers and warehouse workers and - to a certain extent - border agents on the Congolese side. This trade also generates significant revenues for the provinces and states. It constitutes visible proof of the strong economic interdependence of the two cities and of the border regions. Thus, strengthening the bonds of trust between small traders and promoting small cross-border trade is an important step for the consolidation of peace in the region[37]*".

**Small cross-border trade is therefore a source of income for tens of thousands of traders on the eastern borders of the DRC and also contributes to stability in the Great Lakes Region**. However, the environment in which these traders operate is not conducive. They are subject to a range of formal and informal taxes and also frequently suffer from harassment (and beatings) from border officials, many of whom do not even have the legal right to be present at borders crossings.

**Since 2017, ELAN-RDC's work has focused on advocacy training and business support for cross-border traders associations (CBTAs) in eastern DRC (25 CBTAs in Bukavu and 30 CBTAs in Goma**. ELAN-RDC has supported the structuration and strengthened the advocacy capacities of CBTAs and in particular the national umbrella association (called CN-ACT), to improve the legal and regulatory environment and ensure that they can advocate constructively with public sector organizations. To achieve this, CBTAs must also become more financially and institutionally sound, to become financially self-sufficient and be equipped with adequate governance standards.

Specific interventions implemented by ELAN on the CBTAs included:

- Building CBTAs' advocacy capacities: theoretic and practical trainings, improvement of data collection and analysis and capacity-building on planning advocacy projects
- Facilitating PPD and establishing links between local and neighbouring countries' CBTAs

[33] https://www.lejecos.com/Financement-de-la-relance-du-secteur-du-commerce-Ecobank-Senegal-et-Unacois-Jappo-signent-une-convention-de-15-milliards_a19439.html

[34] Based on the interview with Mr Jonathan Bashi Rudahindwa, Business Associations Lead, ELAN-RDC, March 2021

[35] https://www.elanrdc.com/

[36] International Alert, La Traversée : Petit commerce et amélioration des relations transfrontalières entre Goma (RD Congo) et Gisenyi (Rwanda), 2010, p17

[37] International Alert, La Traversée : Petit commerce et amélioration des relations transfrontalières entre Goma (RD Congo) et Gisenyi (Rwanda), 2010, pp4-5

- Strengthening CBTAs' governance and sustainability: training and coaching was provided on management of business associations and development of income-generating services for CBTAs (for instance, via the establishment of savings and credit cooperatives or group buying of cargo motorcycles)

**As a result of this support, CBTAs are now better equipped to carry out their advocacy campaigns, have a higher success rate, and are now considered as reliable partners for government bodies which, in turn, can make them further accountable** (hence the interest of grouping). In Goma, the CBTA works in partnership with the provincial tax administration to help them collect an annual levy and, in exchange, could advocate successfully to reduce it from 22$ to 3$. In Bukavu, the CBTA has succeeded in improving the transparency of taxes collected by the customs border controls (receipt issuance).

In total, this intervention of ELAN-RDC on CBTAs has had a positive impact on 10,000 small cross border traders in Goma and Bukavu, whose individual incomes have increased by 25 USD per year (so a cumulative income increase of 0.5 million USD after two years). **This means that ELAN-RDC's intervention (costing 100,000 USD) has a Value for Money ratio of 5 (1 USD invested by DFID has an impact of 5 USD on poverty reduction). More generally, this also translates the fact that relatively small but well targeted interventions can have an important leverage effect to alleviate poverty and improve the investment climate.**

**Box 4: Small Vendors and Informal Traders organize themselves in Kenya[38]**

**Kenya Association of Small Vendors and Informal Traders (KENASVIT) is a network of informal traders and street vendors established in 2005 with the aim of improving their socio-economic conditions through collective action**. KENASVIT has a national presence and represents over 400,000 members from four sub-sectors (manufacturing, agri-business, trade and service) across 13 towns. This membership is composed of 55% of women, 30% men, 15% youth. 30% of KENASVIT's members are graduate from basic school.

Any street vendor, informal traders, urban alliance organization is eligible to become a member or affiliate of KENASVIT upon payment of a non-refundable registration fee of 2.5 USD[39]. With the membership fees it collects from members, KENASVIT can offer a range of services to its members: advocacy, capacity building (business management skills and entrepreneurship), and information about women and children labour laws. KENASVIT has 4 full time staff including a CEO, a programme coordinator, an accountant and an office assistant. The head office is located in Nakuru and it has 26 branch offices in counties.

**In order to grow, KENASVIT relies on various partners**. It is affiliated to StreetNet International[40], an organisation which brings together informal workers groups in 40 countries. It is also supported by international partners including CIPE, War on Want, Unitarian Universalist Service Committee (UUSC), and Women in Informal Employment Globalizing and Organizing (WIEGO). Additionally, KENASVIT collaborates with civil society organisations, such as Kenya Land Alliance.

**One such partner, CIPE, provided technical support from 2007 to 2012 to strengthen KENASVIT's organizational structure and management**, including assisting it to adopt a new mission statement, a strategic plan and a communication plan; improve financial management, governance (for instance, a balance across counties and across genders is now mandatory for the executive board member composition), membership recruitment and fundraising; and establish new strategic partnerships to provide membership benefits, such as a partnership with an insurance firm to provide micro-insurance products to KENASVIT's members. KENASVIT's organizational improvements helped it increase its membership by more than double[41].

[38] Based on the interview with Mr Samuel Mburu, General Secretary, KENASVIT, December 2020
[39] KENASVIT, Constitution and Rules of KENASVIT, 2006
[40] https://streetnet.org.za/
[41] CIPE, Kenya, Cumulative Assessment Report, September 2017, p13

**In 2012, KENASVIT took a leadership role in advocating for the passage of the Micro and Small Enterprises (MSEs) Bill through PPD with government officials**. The law sought two primary purposes: on the one hand, it aimed to promote, develop and regulate MSEs and on the other hand, it included the establishment of the Micro and Small Enterprises Authority. To influence this MSEs Bill, KENASVIT took part in the civil-society roundtables and the proposal it submitted was incorporated into the bill. Its efforts ensured support for street vendors in this new legislative framework which for the first time officially recognizes the key contribution of the informal sector to Kenya's national economy.

**Another advocacy campaign KENASVIT is currently conducting concerns the Nairobi City County Pop-Up Markets[42] and Street Vendors Bill**. The purpose of this Act is to provide a standard framework for:

- The designation and use of public space for informal trading
- The establishment of a department to regulate pop-up markets and street vendors
- The effective organization and regulation of informal traders
- The entrenchment of the right to informal trading
- The establishment of areas for the conduct of such trade and licensing by county government

**The above bill is currently on the second reading by the Nairobi County Assembly and, when passed, should improve the working conditions of the street vendors of the capital city, as well as provide a mechanism to support business formalisation / enhance regulation of street vending.** This bill indeed represents a win-win situation for public and private sectors: on the one hand, the Nairobi County could improve regulation of street vending (restricted vending zones, prohibited merchandises, etc.) and collect revenues from the street vendors licences (a fee of 400 Kshs per month– equivalent to 3 EUR – was proposed by KENASVIT), and on the other hand, street vendors would benefit from improved marketplaces with enhanced security, solid waste disposal, water, lightning and parking facilities[43].

For the readers who would like to know more about the associations representing the informal sector, and the support that can be brought to informal workers, we recommend exploring the work of StreetNet and WIEGO[44] (Women in Informal Employment: Globalizing and Organizing). These two NGOs work with informal workers, with a focus on women and petty traders in developing countries (i.e. India, Uruguay, Brazil, South Africa, Liberia, etc.) and **support collective bargaining as a form of social dialogue to improve their working conditions**. According to WIEGO, referring to Pat Horn[45], **informal workers need to identify "the entity or authority most responsible for the issues over which they wish to negotiate"** and that the identified entity then becomes the negotiating partner. This implies that the negotiating partner may differ for different issues even for a single group of workers. In the case of street traders, they may well be required to negotiate with different departments of a municipality on different issues.

**WIEGO and StreetNet's experience has demonstrated that contrary to the belief that informal workers prefer informality to formal recognition and legal protection, those who joined informal sector organizations where they were able to exercise democratic rights and achieve direct representation, actually want the opposite**. This outcome should serve as a guideline for interventions supporting **step-by-step (staged) formalization processes**. Furthermore, Pat Horn notes that "*it is now assumed that informal work is unlikely to completely disappear, and that many informal economic activities will remain informal or semi-formal in the foreseeable future. There is no single, easy, one-step way to formalize informal employment. Rather, it should*

[42] "Pop-up market" means an outdoor market utilized by vendors to exchange merchandise for money

[43] Kenya Gazette Supplement, Nairobi City County Bills, 2019, The Nairobi City County Pop-Up Markets and Street Vendors Bill

[44] Information provided by Mrs Pat Horn and Mike Bird, WIEGO, April 2021

[45] Pat Horn, New forms of Collective Bargaining: Adapting to the informal economy and new forms of work" in TRAVAIL, Capital and Society 38:1&2, 2005

*be understood as a gradual, ongoing process of incrementally incorporating informal workers and economic units into the formal economy through strengthening them and extending their rights, protection and benefits[46]".*

## 5 PPD AT DECENTRALISED LEVEL

**PPD can be carried out at all levels (international, central, regional and local), and produces the most immediate and practical reforms when it takes place at the lowest level at which public and private sectors interact. Similarly to scoping the dialogue on sectoral issues, decentralizing PPD to sub-national levels increases the likelihood to improve the investment climate because organizing dialogue locally makes engagement easier for all parties, coalitions are built more naturally, and local governments tend to be less ideological and more pragmatic**[47].

A precondition to this is that government participating in sub-national PPD has the power to implement regulatory reform proposals on a local level, or that the central government is well represented in the sub-national PPD, which is most often not the case. Box 5 offers an illustration of how CIPE supported PPD at decentralized level in Kenya.

**Box 5 – CIPE's efforts in Kenya: support PPD at a decentralized level[48]**

Following contested 2007 elections, Kenya endured a post-election crisis which exacerbated political and ethnic tensions and jeopardized the country's stability and governance. The post-election violence led to the deaths of more than 1500 people, including members of Parliament, and the displacement of another 600 000 citizens. After a power-sharing agreement, the country entered a period of political transition marked by intense public debate about the future political organization of the country and consultations were held about constitutional reform and decentralization.

**Against this backdrop, CIPE designed a three-pronged strategy to promote social, economic, and political reform in Kenya that included 1) building the organizational capacity of private sector organizations (PSOs) 2) developing and promoting tools (national business agenda and budget monitoring) and processes for policy dialogue to support the private sector's engagement with government and 3) promoting reform at local level in five pilot counties.**

Through this project implemented from 2010 to 2017, CIPE supported a wide range of partners[49] that included the apex PSO, informal traders' associations, regional and county coalitions, and an economic think tank. CIPE partners participated in at least 191 PPD events to improve the business environment, ranging from high-level national events to sub-national events at the regional and county levels. These PPD events were attended by at least 9,400 people participating from the private sector, civil society, and government. Many of the forums carried out as project activities became institutionalized after project completion.

Mainly two types of tools were developed by CIPE to support PPD at a decentralized level: regional business agendas (RBAs) and budget monitoring tools (BMTs). RBAs are presented to governments at the sub-national level and used to facilitate dialogue with local government, and BMTs aim at measuring government expenditures and citizen satisfaction with public services, as well as providing a framework for examining county budgets. With CIPE's support, the Kenya Association of Manufacturers (KAM) regional coalitions adopted RBAs.

Through the KAM coalitions, 56 business associations and CSOs engaged local government on policy and regulatory reforms and infrastructure development to improve the local business environment. Results included

[46] Pat Horn, WIEGO Research – Collective Bargaining in the Informal Economy Street Vendors, 2016, p11
[47] Charter of Good Practice in Using Public-Private Dialogue for Private Sector Development and Inclusive Growth, 2015, p6
[48] CIPE, Kenya Cumulative Assessment Report, 2017, pp 1-6
[49] Project beneficiaries included: The Kenya Private Sector Alliance (KEPSA), Kenya Association of Small Vendors and Informal Traders (KENASVIT), Kenya National Chamber of Commerce and Industry (KNCCI), Health Rights Advocacy Forum (HERAF), and Micro and Small Enterprise Federation (MSEF)

improvements in roads, sewage systems, street lighting, street cleaning, and security, as well as reduced transportation fees. Today, the coalitions continue to engage government through forums on a quarterly basis even though CIPE's support ended, demonstrating the institutionalization of the process.

**Furthermore, since the ultimate objective of Busines Environment Reform projects implemented by development partners is the alleviation of poverty, adopting a decentralised approach to support PPD also allows to support advocacy of farmer-based organisations (FBOs), local civil society organisations (CSOs) and grassroot organisations.** Box 6 provides an example of a decentralised approach to support advocacy of mostly FBOs in Ghana.

**Box 6 –Danida's BUSAC Fund: support grassroot organizations' advocacy in Ghana[50]**

The **Business Sector Advocacy Challenge** (BUSAC) Fund was launched by Danida in Ghana in 2004 and attracted additional support from DFID and USAID in 2005. With the support of its Development Partners, Danida, USAID and the EU, the second phase of the BUSAC Fund ran from March 2010 to 30th June 2016. A third phase of BUSAC was implemented from 2016 to end December 2020. Like phases I and II, the Fund management for BUSAC III has been contracted by Danida to COWI from Denmark[51].

This fund seeks to support Private Sector Organisations (PSOs) in developing policy positions in order to advocate for policy change to government. BUSAC has been instrumental in funding advocacy and push for far-reaching reforms that have only been possible to achieve in the programme timespan because of BUSAC funded advocacies. Significant achievements from BUSAC III, improving business environment at national level across the various sectors of the economy and business communities, include the following[52]:

- The Companies Act, 2019 (Act 992), passed in May 2019
- National Road Safety Authority Bill, passed in August 2019
- Sugar policy, supported under BUSAC II, approved by Cabinet in December 2019
- MSME policy & Enterprise Ghana Agency (previously National Board of Small-Scale Industries), approved by Cabinet in December 2019
- Tree Crop Development Authority Bill passed in December 2019. The President inaugurated the Authority on Tuesday, 29th September 2020 in Kumasi
- Corporate Insolvency Bill, passed into law on April 1, 2020
- Real Estate Bill passed into law on 27 October 2020

**Importantly, the BUSAC Fund focused on improving the business environment of the Ghanaian agricultural sector**: The agriculture sector accounts for 20% of Ghana's GDP and employs nearly half the workforce out of an estimated population of 31 million people. It is the main source of livelihood for the majority of the country's poorest households and provides a critical source of employment for women and new workers who enter the labour force each year. The sector is critical to Ghana's economy and throughout the course of the BUSAC Fund programme, a majority of grants awarded targeted the agriculture sector (45% of total grants disbursed). PSOs who accessed the grants sought to address issues such as land rights, access to agricultural inputs, and access to extension services, child labour, and climate change resilience among others.

**At the regional level, the fund supported PSOs working to address various challenges within the business environment**: 11% of BUSAC funding supported these initiatives. PSOs supported include META Foundation, Development Action Association, Shea Network Ghana, Ekumfi Srafa, Pineapple Growers Association, BEMCOM Youth Association, National Beekeepers Association, and Cocoa Organic Farmers Association. The majority of BUSAC advocacy grants (53%) supported initiatives at the district level. Beneficiaries include SONGTAA Women Association, Kintampo Mango Farmers Association, Bisab Producers

[50] Information provided by Mr Nicolas Gebara, Team Leader, BUSAC Fund, April 2021
[51] See https://www.busac.org/objectives.php
[52] BUSAC Fund, Capitalisation Report of the Implementation of BUSAC Fund (Compendium), April 2021

and Sellers Association, Family Tradition Fish Smokers Association, Jaskally Youth Group, AE-Enbise Women Association, and Northern Rural Women Development Association.

**To ensure an all-inclusive national geographic approach, and a balance between national and district business advocacy issues and business development services, the BUSAC Fund operated a lean office in Tamale** to help facilitate access to grants by PSOs operating in Northern Ghana that are mostly farmer-based organizations (FBOs) and other weaker business associations. Operationally, the objectives of the Tamale office were to :

- Serve as a focal point for potential beneficiaries interested to learn about the BUSAC Fund coming from the Northern, North East, Savannah, Upper East and Upper West Regions;
- Provide general information and advice to PSOs and FBOs visiting the office on the BUSAC Fund and on how to apply for support, and inform the Accra office about the enquiring information;
- Offer BUSAC Fund representatives with a meeting venue during field visits as deemed necessary;
- Provide logistical support to the BUSAC Team and development partners visiting beneficiaries in the northern regions.

## 6 CONCLUSION

Our paper has shed light on the diversity of approaches adopted by development partners to support greater inclusion of marginalized economic actors into PPD. Since poverty alleviation is the core of their interventions, donors pay more and more attention to remove legal and regulatory barriers faced by MSMEs, women and young entrepreneurs as well as informal workers.

Large firms, owned by males, and located in the capital city are more likely to be regularly consulted by the public sector: They have more financial means to lobby and surely stronger ties with public officials. On the contrary, due to the smaller scale of their professional activities, MSMEs, women and young entrepreneurs as well as informal workers tend to be less organised under business associations and have weaker capacities to conduct an effective and regular dialogue with public authorities. Therefore, they require additional efforts to organize themselves under business associations (and possibly larger coalitions) and develop an effective (evidence-based) advocacy that would be taken into consideration by public authorities, be it at the national or sub-national level.

Throughout the paper, we have sought to illustrate how such efforts can be deployed with concrete examples of projects implemented by development partners like GIZ, DFID and Danida, NGOs such as WIEGO, StreetNet and CIPE. We are grateful for the contributions the practitioners have made to our research alongside with the final beneficiaries that we have interviewed to collect views from the field. To further support peer learning and knowledge exchange, the TPSD Facility have organised a webinar for colleagues from EU HQ and EU Delegations about this paper, that includes presentations by some of the key respondents of this paper. The webinar, organised on June 15th, 2021, is available as a recording on the TPSD SharePoint.

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## 8 KEY INFORMANTS

- Nkiru Joy Okpala, Chairwoman, ANWBN
- Kevin Conroy, Former Team Leader, ENABLE
- Ousmane Sy Ndiaye, Executive Director of UNACOIS
- Jonathan Bashi Rudahindwa, Business Associations Lead, ELAN-RDC
- Samuel Mburu, General Secretary, KENASVIT
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- Nicolas Gebara, Team Leader, BUSAC Fund

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