



Case Study

# MAKING BUSINESS MEMBERSHIP ORGANISATIONS WORK FOR THE POOR

## GLOSSARY

### DEFINITIONS

**Business Environment Reform system** – consists of a core “transaction” or exchange between the private sector (which demands reform) and the public sector (which supplies reform). The core transaction is underpinned by a set of support functions and rules (such as media, and research)

**Goal-level impact** – improvements in the policy and regulatory environment for doing business (attributable to the programme)

**Public Private Dialogue Platform** – an institutionalised space for dialogue (as opposed to one-off or ad-hoc dialogues)

**Purpose-level impact** – improvements in the level and quality of private sector advocacy and the effectiveness of public-private dialogue (attributable to the programme)

**Replication** – the imitation of an ENABLE-induced innovation by system actors not directly targeted by ENABLE; replication can take the form of copying or crowding-in

**Service Providers** – organisations that deliver products or services to other system actors (for example, a media relations consultant that delivers media relations services to business associations)

**Sustainability** – the degree to which positive impact is maintained (or enhanced) over time, especially once an intervention has ended

**Systemic change** – a fundamental realignment of the relationships, rules, roles or dynamics in a given market or system

**Target beneficiaries** – the ultimate intended beneficiaries of the programme, defined by ENABLE as micro-enterprises

### ACRONYMS

|                 |  |
|-----------------|--|
| <b>BE</b>       | Business Environment   |
| <b>BER</b>      | Business Environment Reform  |
| <b>BMOs</b>     | Business Membership Organisations  |
| <b>CBN</b>      | Central Bank of Nigeria  |
| <b>DFID</b>     | Department For International Development   |
| <b>ELAN</b>     | Equipment Leasers Association of Nigeria   |
| <b>E-PPAN</b>   | E-Payment Processors Association of Nigeria                                      |
| <b>FEPSAN</b>   | Fertilizer Exporters, Producers and Suppliers Association of Nigeria             |
| <b>FMoH</b>     | Federal Ministry of Health   |
| <b>FVA</b>      | Food Vendors Association   |
| <b>IFDC</b>     | International Fertiliser Development Centre                                      |
| <b>IoD</b>      | Institute of Directors   |
| <b>KadCCIMA</b> | Kaduna Chambers of Commerce, Industries, Mining and Agriculture                  |
| <b>KAPCo</b>    | Kaduna Agro-Processors Coalition   |
| <b>KASTU</b>    | Kano State Traders Union   |
| <b>KAWEAF</b>   | Kaduna Women Economic Advancement Forum  |
| <b>KWAVE</b>    | Kwara Women Entrepreneurs  |
| <b>LCCI</b>     | Lagos Chamber of Commerce and Industry   |
| <b>MBAN</b>     | Mortgage Bankers Association of Nigeria  |
| <b>MSME</b>     | Micro, Small and Medium-sized Enterprise   |
| <b>M4P</b>      | Making Markets Work for the Poor   |
| <b>NACCIMA</b>  | National Association of Chambers of Commerce, Industries, Mining and Agriculture |
| <b>NBS</b>      | Nigerian Bureau of Statistics  |
| <b>OPS</b>      | Organised Private Sector   |
| <b>PPD</b>      | Public-Private Dialogue  |
| <b>SMS</b>      | Short Messaging Service  |
| <b>VFM</b>      | Value For Money  |
| <b>YECCIMA</b>  | Yenagoa Chamber of Commerce, Industry, Mines and Agriculture                     |

## EXECUTIVE SUMMARY

This case study summarises the ENABLE approach to making Business Membership Organisations work for the poor, and presents results and Value For Money from the first three years of implementation. To date ENABLE's BMO Component has already improved the business environment for over 700,000 micro-enterprises, with a further 4.5 million expected to benefit once reforms already passed are implemented on-the-ground.

Nigeria has a challenging business environment, especially for micro-enterprises. In 2012 the World Bank ranked Nigeria 131st out of 185 countries for the ease of doing business; the World Economic Forum ranked Nigeria 127th out of 142 countries in its 2011-12 Competitiveness Index. The weak business environment in Nigeria makes it harder for the poor to earn their way out of poverty and to find decent jobs.

The laws, policies, and regulations that shape a country's business environment can be seen as the outcome of a negotiation between the public and private sector. Business Membership Organisations (BMOs) act as key intermediaries between the public and private sector. When they work effectively, BMOs identify pressing constraints in the business environment, formulate evidence-based policy proposals, advocate for business-friendly laws and regulation, and engage government in substantive and constructive dialogue.

Unfortunately, BMOs in Nigeria have not historically done a good job in promoting a better business environment. The majority of Nigerian BMOs lack understanding of the basics of advocacy. Few have dedicated advocacy managers or teams. Most BMOs in Nigeria have weak financial capacity, meaning they are unable to fund advocacy activities. This stems from inadequate fundraising skills, and ineffective member communications and services.

Development agencies have long recognised the importance of improving the business environment in developing countries. Mechanisms like technical assistance and grant or challenge funds have the advantage of being relatively straightforward to administer, and BMO challenge funds in particular are seen as being an efficient means of disbursing funds. In the right conditions, these approaches can deliver short-term impact. However, concerns have been raised about the sustainability and scale of the impact of these approaches.

ENABLE aims to create sustainable, systemic change in the business environment. This means tackling the underlying systemic failures in the Business Environment Reform (BER) system. Rather than trying to directly fix business environment constraints, or directly performing a function in the system (such as hosting and funding a public-private dialogue platform), ENABLE works to leave behind a stronger BER system that will, of itself, generate pro-poor BER. To catalyse sustainable change, ENABLE acts as a facilitator. The aim is to strengthen the capacity, incentives, and relationships of local actors in the system, not to supplant local actors. By emphasising sustainability, scale, and leverage of local resources, ENABLE aims to deliver superior results and Value For Money compared to mainstream approaches.

### BOX 1: What is a BMO?

BMOs are non-governmental not-for-profit organisations that represent, and provide services to, member businesses. BMOs can be organised geographically (chambers of commerce being the prime example) or sectorally. Members are required to pay regular dues, which typically provide BMOs with the majority of their funds.

BMOs in Nigeria come in all different shapes and sizes, from grassroots organisations representing a few hundred small-holder farmers or micro-traders, to sophisticated BMOs with a national secretariat and dozens of regional chapters. ENABLE has engaged with a full spectrum of Nigerian BMOs, from Lagos Chamber of Commerce and Industry, one of the oldest BMOs in Africa, to Kwara Women Entrepreneurs, a small BMOs representing female-headed micro-enterprises in Kwara state.

**ENABLE has succeeded in tackling many of the systemic constraints preventing BMOs from advocating more effectively.** Through capacity building and mentoring from ENABLE, eight BMOs have mastered the basics of advocacy. These BMOs can now plan an advocacy campaign, identify issues, formulate proposals, engage stakeholders, mobilise the media, and advocate to government. Multiple BMOs now see the value of evidence and are investing their own resources, either to produce research in-house or paying external research providers. Two BMOs have launched new PPD Platforms, and two other BMOs have concrete plans to launch their own Platforms in the next three months.

**These systemic changes in the BER system are feeding through to improvements in the quantity and quality of advocacy and dialogue.** The work of the BMO component has contributed to 20 additional or improved dialogues to date, and impact is accelerating as partnerships mature and replication begins to take-off. The average dialogue undertaken by ENABLE partners is now better planned, more substantive, and more open, giving micro enterprises improved avenues for voicing their opinions on business environment (BE) issues. The BE issues partner BMOs are advocating on are highly relevant to micro-enterprises.

**The improvement in advocacy and dialogue is already contributing to pro-poor business environment reform.** To date, ENABLE's BMO partners have contributed to five major cases of pro-poor business environment reform. 719,000 micro enterprises (333,000 women-owned) have already benefited from an improved business environment. A further 4,545,000 micro-enterprises (3,591,000 women-owned) will benefit once policies and regulations already passed are implemented on-the-ground.

Because ENABLE has also improved the level of cooperation and collaboration between BMOs, and promoted linkages between BMOs and other organisations such as research institutions and media houses, individual BMOs will continue to have access to advice, mentoring support, and services after ENABLE has exited. As new practices spread BMOs not directly supported by ENABLE will also improve their advocacy performance and contribute to improved BE outcomes for the poor.

## BOX 2: About ENABLE

ENABLE is a 4.5 year, £11m DFID-funded business advocacy programme implemented by Adam Smith International and The Springfield Centre. ENABLE is unique in that it is the first donor programme to apply the principles of M4P and systems thinking to Business Environment Reform. ENABLE operates at the federal level and in three focal states: Lagos, Kaduna, and Kano.

ENABLE works to leave behind a stronger BER system that will, of itself, generate a better business environment. To create systemic pro-poor change in the BER system, ENABLE works to:

- Strengthen private sector demand for reform by supporting **Business Membership Organisations** to engage in effective advocacy on behalf of the private sector
- Increase the quality and quantity of reform 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 business environment reform, a channel for information, and a platform for debate and discussion
- Improve access to, and supply of, legal, policy and regulatory information and other services that serve to stimulate and inform dialogue
- Create change that is self-replicating and reinforcing (sustainability)
- Promote wide-spread replication of innovations and new practices (scale)

## PART 1:

### THE ROLE OF BMOs IN PROMOTING A BETTER BUSINESS ENVIRONMENT

Nigeria has a challenging business environment, especially for micro enterprises. Part 1 explains the role BMOs can play in driving pro-poor BER, and explores some of the reasons why Nigerian BMOs have largely failed to play this role effectively in the past.

#### The business environment in Nigeria

Nigeria has a challenging business environment, especially for micro-enterprises. In 2012 the World Bank ranked Nigeria 131st out of 185 countries for the ease of doing business; the World Economic Forum ranked Nigeria 127th out of 142 countries in its 2011-12 Competitiveness Index. Power is often cited as the biggest business constraint: in some regions, businesses have to struggle with just one or two hours of electricity per day. Roads are poorly maintained, leading to delays and high transport costs. Business regulations can be onerous, and informal sector firms in particular are vulnerable to extortion by corrupt officials. Access to credit is difficult if not impossible for most micro enterprises. Businesses in the agricultural sector face a host of additional problems, in particular poor access to key inputs such as fertiliser.

There is a growing body of evidence that demonstrates the link between the business environment and growth and poverty reduction<sup>1</sup>. The weak business environment in Nigeria undoubtedly makes it harder for the poor to earn their way out of poverty and to find decent jobs (see Box 3).

#### BOX 3: Profile of a micro-trader in Lagos

Mary started her retail business about 3 years ago. Her daily sales average N3,000 (approximately £12), with a profit margin of around 10%. This income allows her to provide food for her family and sometimes send her children to school. Mary faces an array of obstacles to growing her business. She has never received a formal bank loan, meaning she struggles to expand her stock and premises. As a nonregistered business she faces constant harassment by officials. Last year her shop was bulldozed by the authorities; she received no compensation.

#### The role BMOs can play in promoting a better business environment

The laws, policies, and regulations that shape a country's business environment can be seen as the outcome of a negotiation (or contestation) between the public and private sector. Where the private sector lacks effective voice, the prevailing laws, policies, and regulations tend to be ill-conceived and act as a brake on enterprise and wealth creation.

BMOs act as key intermediaries between the public and private sector. When they work effectively, BMOs identify pressing constraints in the business environment, formulate evidence-based policy proposals, advocate for business-friendly laws and regulation, and engage government in substantive and constructive dialogue. Effective BMOs monitor the implementation of existing policies and regulations, and hold government officials to account. Because they represent the interests of numerous members, they overcome some of the collective action and coordination problems that prevent individual businesses from advocating effectively on their own. They also provide strength in numbers – BMOs can speak out against harmful government policies when individual businesses may be afraid to do so (for fear of retribution or lost government contracts).

Of course, the interests of the private sector are not homogenous. As laws and regulations can have a differential impact on small and big businesses, their interests can diverge. If a country is to have broad-based, inclusive growth, it is vital that all sections of the private sector enjoy effective voice. This is especially important for micro and small businesses, which find it much harder to directly engage government than big business does.

1. See, for example, the World Development Report 2005

## The performance of Nigerian BMOs in promoting a better business environment

Unfortunately, BMOs in Nigeria have not historically done a good job of promoting a better business environment:

- BMOs rarely conduct robust research, meaning that they do not understand the issues in sufficient depth and fail to formulate credible policy proposals;
- BMOs tend to present government with shopping lists, or make vague demands for funding or “government support”, which does little to address key BE constraints facing members;
- BMOs tend to have a poor record in engaging the media, forming coalitions, and communicating persuasively;
- Dialogue platforms tend to be talking-shops, with limited substantive debate;

→ There is little follow-up by BMOs, meaning promises are regularly broken and policies are poorly implemented;

→ BMOs often lack credibility with government, or are seen as unrepresentative.

This is especially true of grassroots BMOs and BMOs representing informal and micro businesses. Many such BMOs in Nigeria have no experience of advocacy at all, and they suffer from low credibility and visibility. This weakness is doubly damaging for small businesses, who cannot advocate directly to government (unlike big business).

There are a variety of reasons for the poor advocacy performance of Nigerian BMOs, both internal to the organisations, and external:

### Internal Factors

**Advocacy capacity.** The majority of Nigerian BMOs lack understanding of the basics of advocacy. Few have dedicated advocacy managers or teams, and there are few available external sources of support or advice. The capacity to undertake original research is often weak, and there are few external sources of evidence and research to draw on.

**Organisational capacity.** Apart from advocacy capacity, general organisational capacity is often weak, resulting in poor project management skills and dysfunctional internal systems.

**Financial capacity.** Aside from a few long-established BMOs and compulsory-membership BMOs, most BMOs in Nigeria have very weak financial capacity, meaning they are unable to fund advocacy activities. This stems from weak fundraising skills, and poor member communications and services (which results in low revenue generation and high default rates on member dues).

**Governance issues.** Governance in the majority of BMOs is weak. This creates a disconnect between the BMO and its members, and opens up the BMO to elite capture. A narrow member base and poor governance also undermines credibility with government.

**Cooperation.** Levels of cooperation among BMOs are generally low, in part because of a lack of trust, but also because of a paucity of networking platforms. Coalitions are rare, and BMOs lack the opportunity to learn from and support each other.

### External Factors

**Policy-making environment.** The policy-making process in Nigeria is often haphazard and conducted behind closed-doors. There are few inclusive Public-Private Dialogue platforms. This limits the opportunity for BMOs to openly engage decision-makers.

**Social-economic factors.** The overwhelming reliance of the Nigerian government on natural resource rents weakens the social contract and reduces the incentive for government to engage constructively with business. Patronage politics limits the scope for substantive discussion and results in rent-seeking behaviour by the private sector and BMOs. A history of military dictatorship has also weakened accountability and governance structures.

These constraints tend to be particularly problematic for BMOs representing informal and micro enterprises. For example, many struggle to offer services to, and collect dues from, a large and diffuse population of small businesses, resulting in very limited financial resources and weak capacity.

#### **BOX 4: Baseline BMO profile – FEPSAN**

FEPSAN represents fertiliser producers, wholesalers, and retailers. It was established in 2005 with support from IFDC. When ENABLE first partnered with FEPSAN, back in 2009, the BMO was beset by a number of deep-seated problems.

Despite representing some big players in the fertiliser market, FEPSAN was in a very precarious financial position. FEPSAN had only 27 members, only five of which actually paid dues. The organisation was essentially being bankrolled by just one fertiliser producer. ENABLE interviews with members revealed that trust in the organisation was very low. This in part stemmed from poor communications and lack of transparency – members did not see the value of contributing to FEPSAN, and did not have faith that their dues would be put to good use.

In consequence, FEPSAN was poorly staffed, and had few resources to devote to advocacy. There was no dedicated advocacy team, and no one in the organisation had much advocacy experience. Visibility with government was low, and the narrow membership base undermined the group's claim to speak for the industry. Since its founding, FEPSAN had failed to notch up any real advocacy successes. In a diagnostic assessment conducted by ENABLE, FEPSAN scored just 33%.

The weakness of FEPSAN was a great shame for the agriculture sector in Nigeria which, due to chaotic and ineffectual government policies, suffered from some of the lowest rates of fertiliser use in the world. Research conducted by PrOpCom found that farmers in Nigeria used an average of 5 to 10 kilograms of fertiliser per hectare, compared to 50kg/ha in South Africa and 165kg/ha in Brazil. PrOpCom estimated that in Nigeria only 17% of demand for fertiliser was being met.

Box 7 shows how FEPSAN has been transformed thanks to support from ENABLE.

## PART 2:

### THE ENABLE BMO STRATEGY AND APPROACH

Part 2 summarises the ENABLE BMO strategy. The ENABLE approach is premised on the idea that the best way to promote a better business environment is not to attempt to directly “fix” business environment constraints but to create a system that will of itself generate better business environment outcomes for the poor. In ENABLE’s work with BMOs, this means working in partnership with local organisations to change the incentives, capacities, and behaviours of BMOs and their staff. The aim is to leave behind a vibrant and effective BMO sector that will continue to promote pro-poor business environment reform long after the ENABLE programme has closed.

#### Common approaches to business environment reform, public-private dialogue, and business advocacy

Development agencies have long recognised the importance of improving the business environment in developing countries. Common approaches to BER include:

- Technical Assistance (TA) designed to fix a specific business environment constraint – for example, hiring an international tax consultant to draft a new tax policy;
- Providing direct funding to local organisations, such as BMOs and research institutions, typically in the form of challenge funds which disburse grants on the basis of competitive submissions; and
- Donor-established and financed PPD platforms, which bring together public and private sector stakeholders to discuss business environment reforms.

Mechanisms like TA and grant funds have the advantage of being relatively straightforward to administer, and challenge funds in particular are seen as being an efficient means of disbursing funds. In the right conditions, these approaches can deliver short-term impact.

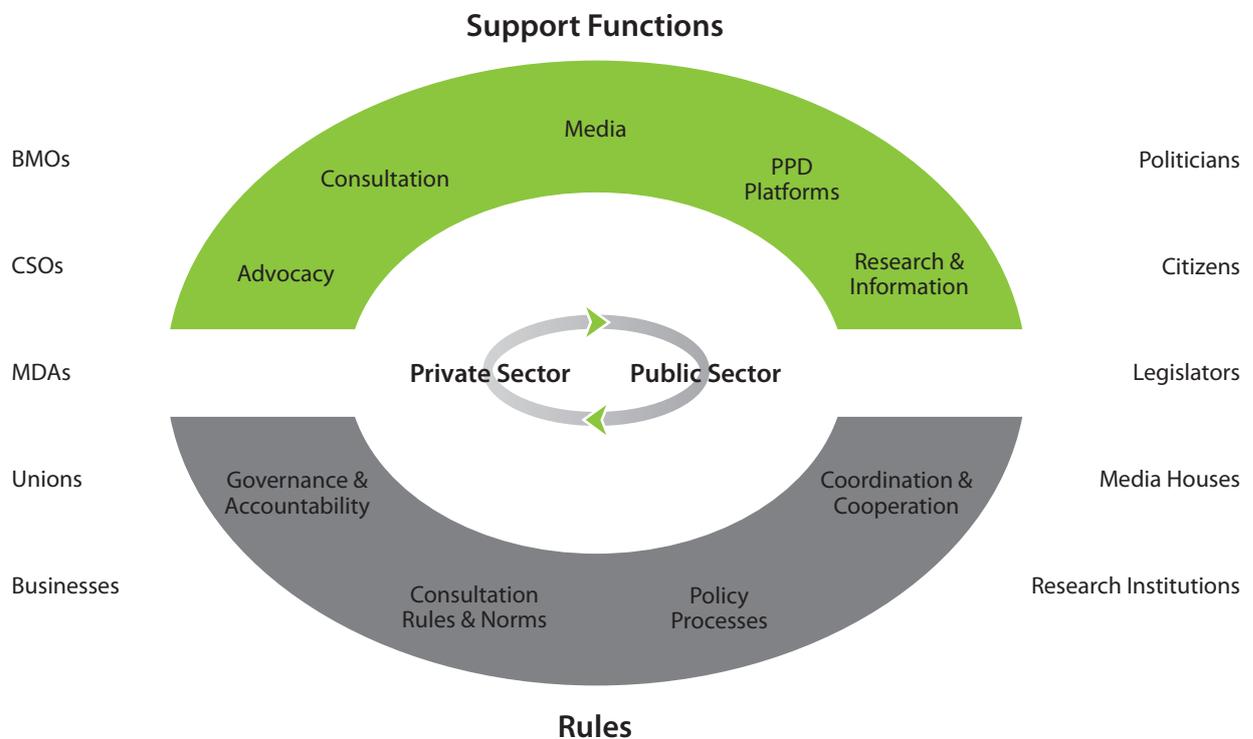
However, concerns have been raised about the sustainability and scale of the impact of these approaches. BMO grant funds, for example, often fail to address the underlying causes of BMO under performance, and don’t address the performance or behaviour of other key stakeholders and decision-makers involved in BER (such as government institutions), limiting impact. Donor-established PPD platforms often collapse once direct donor support has been withdrawn. Similarly, TA programmes often ignore the political economy of reform and fail to build a strong constituency for reform which can sustain and scale-up the reform effort once the donor has exited. Because of the lack of sustainability, scale, and local ownership, these approaches ultimately offer low Value for Money.

Programmes that attempt to directly “fix” a particular business environment issue, such as an onerous tax compliance burden, can fall into the trap of tackling symptoms rather than causes. Unless the underlying system that generates business environment policies, laws, and regulations is improved, then constraints to investment and growth will continue to be generated as quickly as development agencies fix them.

## Thinking systemically about business environment reform

Business environment outcomes are the result of a complex set of interactions between countless “actors”, including BMOs, government agencies, the legislature, media houses, research institutions, individual businesses, politicians, citizens, international organisations, unions, and CSOs. These interactions are governed by a host of formal and informal rules, and shaped by a multitude of social, economic, cultural, historical, and technological factors. This web of interactions constitutes the BER system. How well the system functions determines the quality of the business environment<sup>2</sup>.

To make sense of this complex web of interactions, ENABLE has adapted the M4P framework most commonly used for mapping commercial market systems. At the core of the BER system is an “exchange” between the public and private sector: the private sector demands BER and the government supplies BER. This core exchange is underpinned by a set of support functions – such as the media and information – and rules – such as rules on mandatory consultation. The presence or absence of such support functions and rules shapes the quantity and quality of the core transaction.



Based on the outcome of early diagnostic work, and learning particularly during the first year of implementation, the ENABLE BMO strategy targets seven key systemic constraints to improving BMO advocacy performance:

- ➔ The lack of **advocacy skills** and know-how available to BMOs
- ➔ The poor use of **research** and evidence by BMOs to inform policy proposals and shape advocacy initiatives (in collaboration with the ENABLE Research Component)
- ➔ The weak interface between BMOs and the media, and the lack of **Media Relations** skills available to BMOs (in collaboration with the ENABLE Media Component)
- ➔ The lack of credible and accessible **PPD Platforms** (in collaboration with the other three ENABLE components)
- ➔ The inability of BMOs to raise **finance and funding** for advocacy initiatives
- ➔ The poor **governance** arrangements in BMOs

2. For further information about the application of systems thinking to business environment reform, see DFID Investment Climate Practice Note: “Systems Change in the Business Enabling Environment”, 2012.

## BOX 5: Delivering improved advocacy performance for poor and excluded groups

ENABLE does not just aim for general improvements in the business environment. The goal of ENABLE is to improve the business environment for poor men and women in particular. For the BMO Component, this means not just delivering general improvements in BMO advocacy performance, but delivering improvements in advocacy performance of BMOs advocating on issues relevant to poor men and women. The BMO strategy is designed to deliver pro-poor impact in five ways:

- 1 Partnering with BMOs interested in advocating on issues with potential for high pro-poor impact.** In selecting BMO partners, ENABLE prioritises those BMOs interested in advocating on issues of relevance to a large number of poor people. Note that this does not necessarily mean working with BMOs whose members are themselves poor. For example, E-PPAN represents large financial organisations and electronic infrastructure providers, but is advocating for the regulatory framework that will provide the basis for mobile money, which will potentially benefit millions of poor Nigerians.
- 2 Targeting systemic constraints facing grassroots organisations in particular.** Although it is not only grassroots BMOs that advocate on issues relevant to the poor, ENABLE does prioritise those constraints most pertinent to grassroots BMOs. For example, financing and funding is an obvious constraint that weighs more heavily on grassroots organisations.
- 3 Pushing out the access frontier.** In developing solutions for improving BMO advocacy performance, ENABLE looks at ways to make solutions as affordable and accessible as possible for grassroots BMOs. For example, in developing research solutions, ENABLE looks at ways to promote free or no-cost options (such as partnering with NBS to improve its dissemination of (free) business environment statistics).
- 4 Promoting linkages between grassroots BMOs and more established BMOs.** Peer learning and knowledge exchange is an important potential source of support for BMOs. ENABLE works to promote linkages between grassroots BMOs and more established BMOs so that the former can gain from the knowledge and expertise of the latter.
- 5 Focusing efforts on the North of Nigeria.** The problems of poverty and gender exclusion are most severe in the North. To achieve significant improvements in the lives of poor men and women, ENABLE prioritises partnerships with the potential to deliver results and impact in the North.

ENABLE is also committed to improving the gender inclusiveness of business advocacy and dialogue in Nigeria: the aim is for women to have an equal opportunity to shape the business environment in which they operate. Women workers and entrepreneurs in Nigeria are concentrated in different sectors from men, and are affected by constraints in the business environment in different ways, meaning that women will often have different business reform priorities and perspectives. This means that although women may benefit from general improvements in the business environment, it is important that women are able to shape the agenda and contribute to advocacy and dialogue initiatives in a way that addresses their own specific concerns. Also, being able to fully participate in public and civic life has value in and of itself.

The BMO Component aims to achieve greater gender-inclusiveness in two ways:

- 1 Partnering with BMOs that represent a high proportion of women workers and entrepreneurs.** By supporting such organisations in particular, ENABLE will help to ensure that women have an effective avenue for advocacy and dialogue.
- 2 Working with partners to raise awareness of gender issues and to improve the gender inclusiveness of their practices.** ENABLE encourages partners to expand membership among women, who are typically less likely to belong to formal business associations, and to ensure that women are represented on decision-making boards

## Facilitating change in the BER system

To deliver sustainable change, ENABLE acts as a facilitator. This means strengthening the capacity, incentives, and relationships of local actors in the system, not supplanting local actors. The ENABLE approach emphasises local ownership, and working at an appropriate level of intensity, being careful not to overload partners and crowd-out local ownership and relationships.

ENABLE works in partnership with system actors to develop sustainable solutions to the systemic constraints affecting BMO advocacy performance. To catalyse change, ENABLE employs a range of facilitation tactics:

- Seeding new ideas – e.g. pitching ideas for a new PPD Platform to BMOs
- Capacity building and mentoring – e.g. mentoring for BMO advocacy staff
- Cost-sharing to buy-down risk – e.g. paying 50% of the salary of a new advocacy manager for six months
- Supporting and embedding institutional change – e.g. working with a change champion to make the case to the executive board for increased investment in new advocacy initiatives
- Acting as a broker to build local relationships – e.g. providing linkages between BMOs and media houses
- Supporting the dissemination of new innovations – e.g. disseminating case studies of successful roundtables

ENABLE has developed strategies for catalysing lasting solutions to each of the seven systemic constraints. Each strategy has three phases, drawing on different facilitation tactics:

## Pilot phase

ENABLE works with a variety of system actors to pilot new innovations and new ways of working. ENABLE support can be fairly intensive at this stage, typically involving mentoring and time-limited cost-sharing. The aim of the pilot is to learn more about which particular solutions work best in the Nigeria context.

## Deeping/consolidation phase

If the pilots are successful, ENABLE works with partners to consolidate the gains made. The aim is to ensure that partners are able to sustain the practice change without ENABLE support. This might include helping initial change champions to make the case for institutionalising practice change within the organisation, or helping organisations to fully appropriate the benefits from new innovations.

## Replication phase

If innovations and practice change is successfully consolidated with one or more system actors, ENABLE works to promote wider replication. The aim is to encourage other actors to “crowd-in” around the practice change, thereby delivering increased scale of impact. Some replication will happen organically; ENABLE also undertakes light-touch activities to promote wider replication. ENABLE also looks for scale-agents, such as apex organisations, which allow ENABLE to reach a wider set of actors than would otherwise be possible.

Trying to create lasting change in a system is an ambitious undertaking. It is impossible to know beforehand which solutions and which partners will work and which will not. Learning is therefore central to the ENABLE approach. Interventions are constantly monitored, and partnerships and interventions not delivering the expected results are modified or even abandoned. Indeed, in some interventions ENABLE has exited the majority of partnerships at the pilot stage in order to focus on those partners demonstrating most commitment to the change process.

## BOX 6: Acting as a facilitator to create new, sustainable, PPD Platforms

At the start of ENABLE there was only one functioning PPD Platform in Nigeria. While it had recorded some successes, the platform had become something of a talking shop, accessible only to the elite and big business. The dearth of inclusive and substantive platforms in Nigeria limited the scope for dialogue, and reduced the opportunities available for BMOs and small businesses to engage in the policy making process. Rather than set-up a new PPD platform, ENABLE played the role of facilitator, helping interested local actors to establish their own platforms.

At the pilot phase, the BMO Component **seeded ideas** for PPD Platform formats to a variety of BMOs. The first organisation to express interest was LCCI, the oldest BMO in Nigeria. LCCI had some experience of hosting ad-hoc dialogues, but had never succeeded in establishing a regular and effective PPD platform. ENABLE helped LCCI to design a new platform called the Business Environment Roundtable. **Capacity building, mentoring support, and limited cost-sharing** were provided during the first three roundtables. The support was provided on a declining basis to ensure LCCI received the support needed without crowding out local ownership and learning-by-doing. ENABLE did not set the agenda for the roundtables; instead, ENABLE gave LCCI the skills to identify topical business issues for themselves. ENABLE also provided sponsorship advice to ensure LCCI could attract the funding required to sustain the platform, and media relations support to ensure that the roundtables would generate widespread media coverage.

At the consolidation stage, ENABLE supported LCCI to embed the roundtables within LCCI. This included **facilitating a visioning session** with the board, and **helping the advocacy team to trumpet the success of the first three roundtable** in raising the visibility of LCCI and improving relations with both members and government.

After the first three roundtables, LCCI has gone on to host three further roundtables without any direct support from ENABLE. LCCI also managed to attract sponsorship for the events: the roundtables are now self-financing. The roundtables have the full buy-in of senior management. LCCI has plans to host three roundtables per year, and is already innovating new platform formats, pointing to a high likelihood of sustainability. The roundtables are starting to contribute to reforms in the business environment: over 500,000 micro enterprises in Lagos have already benefited. Because of their success in raising the profile of LCCI, other BMOs have already begun to copy the LCCI example. At the replication phase, ENABLE aims to support the spread of new PPD Platforms around the country.

The ENABLE approach is designed to deliver better results and Value For Money (VFM) compared to alternative approaches. It does this in three ways:

**1 Sustainability of impact.** ENABLE aims to leave behind a more functional BER system. By changing the capacity, incentives, relationships, and behaviours of local actors, rather than supplanting local actors, the system will continue to generate better BE outcomes long after ENABLE has exited. “Transactional” approaches cannot claim to do this, resulting in lower impact and less VFM (when assessed over a five, or even two year, post-programme horizon).

**2 Leveraging local resources.** ENABLE works in partnership with local actors. Partners are expected to contribute their own resources to achieve jointly agreed objectives (indeed, if partners do not show the requisite commitment ENABLE will put the partnership on hold or even exit). This leveraging of local resources delivers superior VFM vis-à-vis direct delivery approaches. ENABLE also works to address the underlying financial constraints facing partners (e.g. helping LCCI to attract sponsorship for its roundtable series, or giving FEPSAN the skills to build its membership base), again delivering superior VFM to standard approaches, including challenge funds.

**3 Scale of impact.** ENABLE aims to promote system-wide change. It does this by embedding knowledge in local institutions (who can then pass on this knowledge, or sell it, to others), working with scale-agents (such as apex organisations), creating regional ‘nodes of excellence’, promoting linkages and peer-learning, and encouraging copying of successful innovations. Replication increases the scale of impact, and gives the programme more ‘bang for its buck’.

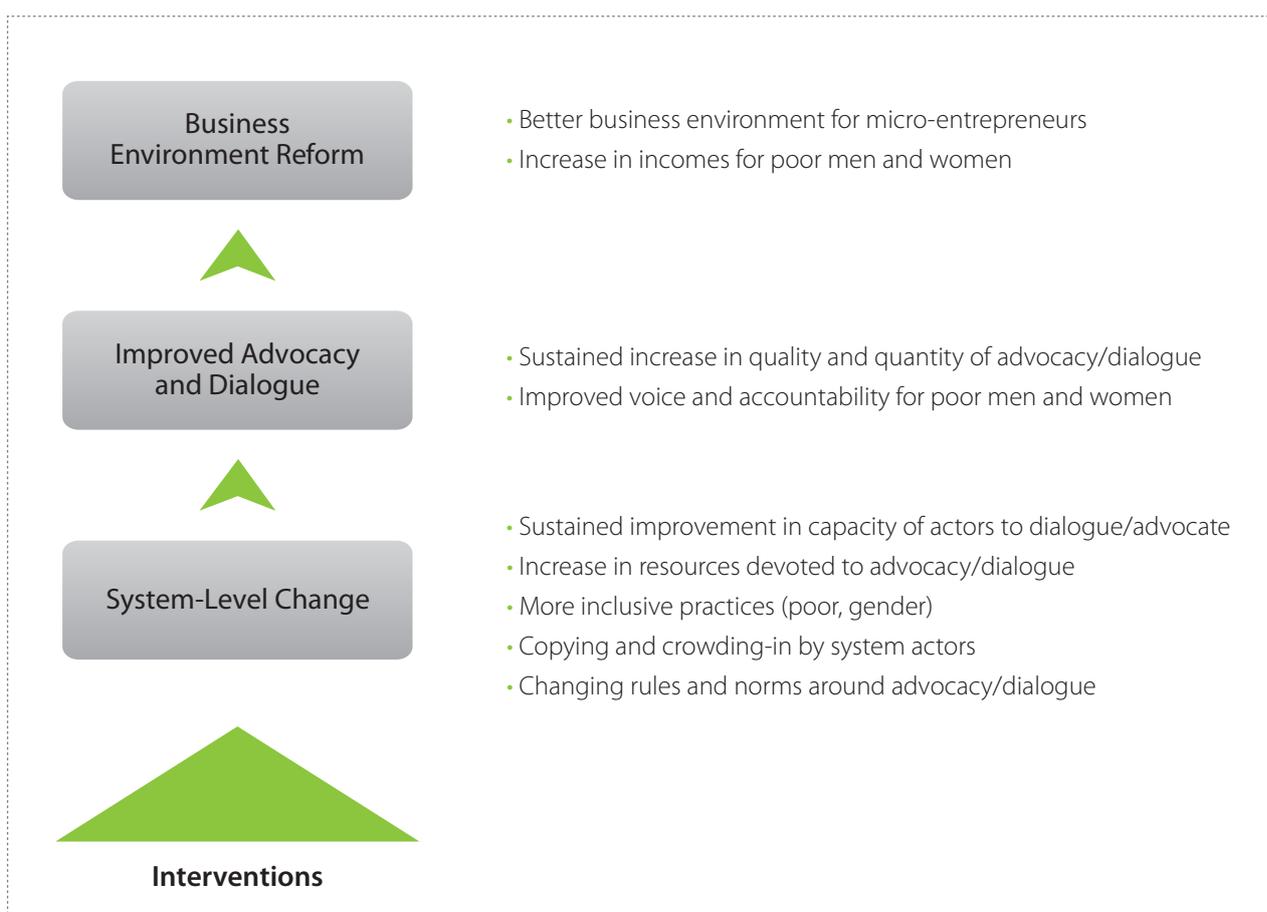
## PART 3:

### RESULTS

Part 3 summarises results to date. ENABLE has delivered an impressive set of results in the three years it has been working with BMOs. Over 700,000 micro-enterprises have benefited from an improved business environment, with a further 4.5 million expected to benefit once reforms already passed are implemented on-the-ground. What is more, there are encouraging signs of sustainability and replication, meaning that the pace of impact will accelerate further over the final year of the programme, and impact will continue to be generated long after ENABLE has finished.

#### The ENABLE results framework

ENABLE has developed a robust monitoring and results measurement system. Reflecting the ENABLE focus on systemic change and delivering impact for the poor, results are monitored and reported at three different levels:



## System-level change

At the system-level ENABLE has succeeded in tackling many of the systemic constraints preventing BMOs from advocating more effectively (although more remains to be done):

### BMO capacity to advocate is increasing.

Through capacity building and mentoring from ENABLE, eight BMOs have mastered the basics of advocacy. These BMOs can now plan an advocacy campaign, identify issues, formulate proposals, engage stakeholders, mobilise the media, and advocate to government.

**Example:** FEPSAN launched an advocacy campaign to reform federal fertiliser policy. FEPSAN undertook research, developed a seven point reform agenda, engaged other private sector stakeholders (such as AFAN), engaged the media, and made the case for reform to government.

### More BMOs are using evidence in advocacy.

After initial support from ENABLE, multiple BMOs now see the value of evidence and are investing their own resources, either to produce research in-house or paying external research providers. An increasing number of research providers are offering research services to BMOs.

**Example:** Fusion provided research services to two BMOs, helping ELAN to produce a leasing industry factsheet as part of its advocacy on the Leasing Bill, and supporting KadCCIMA to conduct a multiple-taxation survey.

### BMOs are engaging the media more effectively.

BMOs used to directly pay journalists for media coverage (known as “pay-to-play”). ENABLE has supported several BMOs to adopt alternative approaches to media engagement, such as producing newsworthy press releases and entering into partnerships with media houses with investigative BE programming.

**Example:** KASTU entered into a partnership with Freedom Radio to raise awareness of, and create debate around, a proposed major market relocation in Kano.

### New PPD Platforms are being launched.

With ENABLE support, in 2010 LCCI launched its first ever PPD Platform. LCCI has now hosted six sessions, with plans for three per year. It has also launched several spin-offs, including a new Legislative-Private Sector Forum. Wishing to emulate the success of the LCCI roundtable, one BMO has already copied the LCCI format, and two other BMOs have concrete plans to launch their own roundtables in the next quarter.

BMOs are improving their ability and willingness to fund advocacy initiatives. ENABLE has worked with several BMOs to try to strengthen their financial base. One of the most effective methods has been to promote the use

of membership surveys and better communication with members. Multiple BMOs are now devoting significant human and financial resources to advocacy. Eight BMOs have now hired full-time advocacy officers (fully paid for by the BMO, after initial cost-sharing by ENABLE).

**Example:** FEPSAN has been able to increase its member subscription revenue from N12 million in 2009 to an expected N27 million in 2012 and has added 4 new members. E-PPAN now budgets £80,000 for advocacy; 12 months ago it did not even have an advocacy budget.

### BMOs are coordinating more frequently.

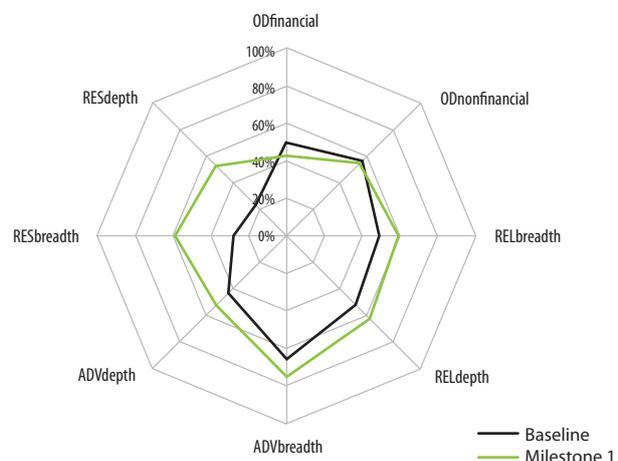
Following a series of trust-building exercises the OPS, a club of five of the biggest national BMOs in Nigeria, is now functioning again, and has undertaken several joint advocacy initiatives (the first for many years). NACCIMA, the umbrella body for the 37 Chambers of Commerce, has also been strengthened, and is now playing its coordination role more effectively.

**Example:** NACCIMA played a lead role in coordinating the private sector response to the Federal Food Safety policy. Following support from ENABLE, coalitions have been formed on the Land Use Act (led by MBAN) and on the high cost facing micro food processors in comply with NAFDAC regulations (KAPCo).

### A BMO Governance Blueprint has been developed.

With ENABLE support, IoD and CCG have developed a BMO governance blueprint, which they will disseminate to BMOs around the country.

ENABLE uses a BMO diagnostic toolkit to track changes in advocacy capacity and performance in partner BMOs. To date, repeat observations are available for five BMOs (ELAN, FEPSAN, KASTU, LCCI, and MBAN). Averaged across the five BMOs, capacity has increased from 56% to 65%. Capacity has increased across six out of eight capacity criteria, in particular the breadth and depth of advocacy results.



Notes: ODfinancial measures financial organisational development; ODnonfinancial measure non-financial organisational development; RELbreadth and RELdepth measures the breadth and depth of relationships with members and stakeholders; ADVbreadth and ADVdepth measures the breadth and depth of knowledge and use of advocacy tools; and RESbreadth and RESdepth measures the breadth and depth of advocacy results.

## BOX 7: BMO profile – FEPSAN

Of all the BMOs ENABLE has partnered with, FEPSAN has shown the biggest improvement in advocacy performance. In a diagnostic assessment conducted by ENABLE, capacity increased from 33% (July 2009) to 51% (September 2010).

The focus of ENABLE's support has been to pilot various options for fixing FEPSAN's broken relationship with members and to support FEPSAN to make better use of evidence in advocacy. On member relations, ENABLE supported FEPSAN to undertake a member perception survey, on the basis of which FEPSAN developed an organisational development plan (with ENABLE support). Members were given a greater say in the running of the organisation, and member communications and services were improved. The new strategy is starting to pay dividends: four new members have joined FEPSAN, and the majority of members now pay dues; revenues from member subscriptions have more than doubled between 2009 and 2012. FEPSAN now budgets N4.5mn for advocacy (approximately £18,000), up from N2mn in 2009 and has hired a dedicated full-time advocacy manager.

**“ENABLE has so much tried for FEPSAN. Through all this [the ENABLE partnership], we could gain back the trust of members and belief in the association. Before, FEPSAN was financed by just one company; members made pledges but we could not redeem. Members didn't believe in the organisation; they saw no value. Now we have regained their trust – they see what we are contributing.”**

**Ms. Comfort Kinang, Office Manager, FEPSAN**

On the use of evidence in advocacy, ENABLE supported FEPSAN to commission research into the performance of the government fertiliser subsidy scheme. Based on the research, FEPSAN developed a seven point reform agenda. The research greatly increased FEPSAN's credibility with stakeholders. After the research was presented to government, FEPSAN was invited by the Ministry of Agriculture to join several policy committees looking at the issue of fertiliser. FEPSAN was also invited to play a lead role in piloting a new fertiliser voucher scheme, alongside the Federal Fertiliser Department and IFDC. Having seen the value of research, FEPSAN has commissioned further research studies.

**“The research findings assisted FEPSAN to move advocacy with the federal government on statistics of farmers who are actually benefiting from government subsidy. This had helped the present administration to reach some vital decisions about fertilizer procurement in Nigeria resulting in the new policy directions of the Federal Government.”**

**Ms. Comfort Kinang, Office Manager, FEPSAN**

## BOX 8: BMO profile – E-PPAN

ENABLE partnered with E-PPAN in October 2011. E-PPAN is a relatively new association representing businesses involved in electronic and mobile payments. In 2011 E-PPAN's credibility with stakeholders was low, resulting in a weak financial base and limited influence with government. ENABLE supported E-PPAN to develop an advocacy strategy around the CBN Cashless Policy (including the use of evidence in advocacy) and to improve stakeholder engagement. The advocacy campaign was well executed, and contributed to a marked policy shift by CBN (see next section). ENABLE supported E-PPAN to leverage this success to raise funds from members and other industry stakeholders. 12 months ago E-PPAN did not even have an advocacy budget; in 2012 E-PPAN budgeted £80,000 for advocacy.

**“Like most stakeholders in the sector, we took the formation of EPPAN with a pinch of salt, dismissing it as another opportunistic group seeking cheap fame or fortune. However, EPPAN proved us wrong, first with their consistent circulation of well researched industry insights; and more recently, with the support of ENABLE, its leadership in creating awareness for the cashless policy. I had the privilege of visiting over 20 rural markets with EPPAN and observed with awe, the competence demonstrated in communication with various stakeholders as well as the overall program management of the awareness campaign.”**

**Benedict Anyalenkeya, FCMB (E-PPAN member)**

**“E-PPAN has clearly played a leadership role in championing awareness campaigns for the grass roots about the cashless policy, but also in advocating for the reduction in maximum daily withdrawals, in a bid to easing the transition from a cash dependent to a cashless society for Nigerians. Credit must go to the current Executive Secretary whose tireless efforts and initiative has been responsible for a lot of the progress experienced. ENABLE's input, especially in the technical output of the association's advocacy has equally been instrumental in ensuring effective evidence based advocacy and awareness generation.”**

**Barrister Adewale Jones, E-PPAN Advisory Committee**

## Improvements in advocacy and dialogue

These system-level changes are feeding through to improvements in the quantity and quality of advocacy and dialogue. ENABLE's work has contributed to 20 additional or improved dialogues to date, and impact is accelerating as partnerships mature and replication begins to take-off. The average dialogue undertaken by ENABLE partners is now better planned, more substantive, and more open, giving micro enterprises improved avenues for voicing their opinions on BE issues.

The BE issues partner BMOs are advocating on are highly relevant to micro-enterprises, where the majority of poor people earn their livelihoods. These are issues that have been identified by local stakeholders themselves (ENABLE does not dictate to partners the BE issues they should advocate on). Four examples are given below:

- Access to finance. Micro-enterprises in Nigeria find it very difficult to obtain finance at affordable rates. In the latest World Bank Enterprise Survey, 59% of small firms identified access to finance as a "major" constraint (compared with just 10% of large firms). ELAN, LCCI, MBAN, and NACCIMA have all held dialogues with government on different dimensions of the issue (such as the use of land as collateral, passage of the Leasing Bill, and improving access for micro-enterprises to government loan schemes).
- Multiple-taxation. Businesses in Nigeria, especially MSMEs, are subject to an array of "nuisance taxes", levied by a host of different revenue collection bodies. Including the cost of compliance, these nuisance taxes can amount to 42% of business revenues (source: World Bank report on Multiple-Taxation). After consultation with members, LCCI chose the issue of multiple-taxation for the inaugural LCCI roundtable. Similarly, KadCCIMA is planning to address the issue at its first PPD Platform event.
- Federal Fertiliser Policy. Fertiliser policy in Nigeria is chaotic and ineffectual. Each year government allocates billions of Naira to purchase and distribute fertiliser at below-market rates. But much of the money is stolen, and fertiliser arrives late or is diverted to elites. FEPSAN has been one of the leading voices in calling for reform, and has engaged the government in a series of discussions on the issue.
- Food Standards. Food wholesaling and retailing is a significant sector of the Nigerian economy. The majority of food retails are micro businesses such as street vendors; most are female-owned. Micro-food vendors face a difficult business environment. Multiple, overlapping standards results in high compliance costs; many micro-enterprises prefer

to stay in the informal sector, limiting growth and exposing them to harassment by officials. KAPCo and NACCIMA have engaged government at both the state and federal level.

Because BMOs are making better use of evidence, and are better at formulating and communicating policy proposals, their credibility has increased and government is increasingly seeking out their opinions. For example:

- Following the research conducted by FEPSAN, the Ministry of Agriculture invited FEPSAN to join several policy committees. FEPSAN now engages in regular discussions with government, and has been asked by the Ministry to play a lead role in rolling out the pilot fertiliser voucher scheme and monitoring implementation.
- As the credibility and visibility of the LCCI roundtables has grown, more and more senior decision-makers are choosing to attend and engage the private sector in debate. Recent attendees include the Lagos State Governor, the CBN Governor, and the Speaker of the Senate. This gives not only LCCI and its members, but other BMOs, the opportunity to voice their opinions to decision-makers at the highest level, an opportunity that rarely existed before.

### BOX 9: Improving voice for female entrepreneurs

ENABLE is working with several coalitions of women's groups in order to strength voice for female entrepreneurs on BE issues.

KWAWE is a coalition of BMOs, CSOs, and MDAs representing women entrepreneurs in Kwara State. With support from ENABLE, these diverse organisations set up a coalition to respond to common BE challenges facing women in the state. Their primary objective is to improve access to the N250m credit facility for MSMEs in Kwara state. KWAWE has already engaged the government in dialogue, and is improving internal organisation so as to be able to better access government loan facilities on behalf of members.

ENABLE has also partnered with KAWAAF, a coalition of 22 different women's groups in Kaduna state. Like KWAWE, ENABLE has provided advocacy support and mentoring around the issue of access to finance. KAWAAF has engaged the Bank of Industry on the subject of access to finance for women in the North, and is looking at ways to promote access to the Federal Government YouWIN grant among members. Prospects for sustainability are encouraging: KAWAAF members and leadership have already contributed close to £6,000 to fund the advocacy drive.

## Pro-Poor impact

The improvement in advocacy and dialogue is already contributing to pro-poor business environment reform. To date, ENABLE's BMO partners have contributed to five cases of business environment reform. **719,000 micro enterprises** (333,000 women-owned) have already benefited from an improved business environment. A further **4,545,000 micro-enterprises** (3,591,000 women-owned) will benefit once policies and regulations already passed are implemented on-the-ground<sup>3</sup>.

## Reducing the cost of multiple-taxation to small businesses in Lagos

**ENABLE attribution: MEDIUM.**

Following the first LCCI roundtable, the Local Government Levies Bill was signed into law by the Lagos State Governor. A survey conducted by CPPA found that 63% of micro enterprises had experienced a reduction in multiple taxation and harassment by officials since the passage of the law. This translates into an improved business environment for an estimated 612,000 micro enterprises (387,000 of which are female owned).

ENABLE supported LCCI to launch a new PPD Platform, and provided mentoring support for the first three roundtables. LCCI had never before hosted a PPD Platform. Several other non-ENABLE BMOs were active in lobbying for reform, although LCCI's voice was the loudest and best organised. Several senior policy-makers attended the roundtable, and acknowledged its contribution in pushing for passage of the Bill.

“*[The LCCI roundtable on multiple taxation was] very good. Apart from being an avenue for government to get some feedback, it threw up the kind of useful and interactive discussions that typically guide policy formulation or assist in the review of existing policies.*”

**Adeola Ipaye, Special Advisor (Tax) to the Lagos State Governor, 2010**

## Reducing finance transaction costs through reform to Central Bank of Nigeria Cashless Policy

**ENABLE attribution: HIGH.**

As part of its drive to promote cashless banking, the CBN announced that all transactions over N150,000 (approximately £600) would be subject to a charge of 10%. The CBN policy was devised with minimal input from the private sector. On the eve of the launch of the pilot in Lagos, very few businesses reported being ready for the policy, and very little of the infrastructure required to make the policy a success (such as electronic point of sales) was in place. Following advocacy by E-PPAN, plus IoD, LCCI, and MBAN (all ENABLE partners), the CBN agreed to increase the threshold to N500,000 and reduce the charge to 3%, thereby keeping an estimated 161,000 micro-businesses out of the “tax net” in Lagos alone. The change will particularly benefit MSMEs engaged in bulky transactions, such as cattle breeders. Preliminary estimates put the cost savings for MSMEs at £93mn per year. ENABLE is currently undertaking a more detailed impact assessment to fully assess the impact on enterprises.

Multiple ENABLE partners crowded-in around the Cashless Policy issue. E-PPAN led the effort, which at the time was being mentored by ENABLE to improve its advocacy performance, especially around the use of evidence. E-PPAN conducted grassroots research into awareness of, and readiness for, the Cashless Policy among consumers and small businesses. CBN has directly acknowledged the influence of E-PPAN in their decision to revise the policy. Three other ENABLE BMO partners conducted three separate dialogues on the Policy, attended by senior CBN staff. On the media side, Wazobia investigated the policy on its ENABLE-supported small-business programme, and Daily Trust (a long-standing ENABLE partner) ran a series of articles highlighting flaws in the policy. Comparative media analysis showed the Daily Trust coverage to be more investigative than the coverage in any other newspaper.

“*EPPAN is a valued partner. Their feedback following the grass root mobilisation helped influence CBN's decision to review the cashless policy.*”

**Chidi Umeano, Head CBN Shared Services, 2012**

3. All aggregate figures are adjusted for overlap.

### Improving access to fertiliser through reform to Federal Fertiliser Policy

**ENABLE attribution: HIGH.**

FEPSAN advocated for reform to the fertiliser system. An ENABLE media partner, Daily Trust, also applied considerable pressure by running a series of articles highlighting the inefficiency and ineffectiveness of the government subsidy scheme. In 2012 the government decided to pilot a new voucher scheme in 33 states. The government invited FEPSAN to play a key role in implementing and monitoring the pilot. Based on 2011 data, the pilot is expected to improve access to fertiliser for an estimated 1.2 million smallholder farmers (including 175,000 women), leading to increased yields of 30-35% and increased farm incomes of 40%.

ENABLE supported FEPSAN to improve its advocacy performance, particularly around the use of evidence. ENABLE provided mentoring support to FEPSAN during its advocacy campaign, and provided cost-sharing for the first piece of research commissioned by FEPSAN. Through support from ENABLE, FEPSAN considerably improved its credibility and visibility with government. Following presentation of the research to policy-makers, the Ministry of Agriculture invited FEPSAN to join several policy committees. FEPSAN now engages in regular discussions with government, and has been asked by the Ministry to play a lead role in rolling out the pilot fertiliser voucher scheme and monitoring implementation. Daily Trust also played an important role through the publication of over a dozen articles highlighting the inefficiency of government fertiliser policy. Other donor agencies, most notably IFDC and PrOpCom, have also supported fertiliser policy reform efforts.

**“**When the Growth Enhancement Scheme was launched the first thing we did was to get FEPSAN on board to explain the rules and regulations governing the new scheme. FEPSAN has been useful since as a coordinator. Anytime we initiated meeting, in any state such as sensitization meetings in the south west of Nigeria, FEPSAN was there. **”**

**Mr. Abba Auchan, Deputy Director of Quality Control, Ministry of Agriculture**

### Improving the regulatory environment for small businesses in the food retail sector

**ENABLE attribution: HIGH.**

ENABLE supported the Federal Ministry of Health to conduct an extensive consultation exercise around the new Food Safety Policy. On the BMO side, ENABLE supported NACCIMA to coordinate the response of the private sector. Of the 20 recommendations presented to government, 12 found their way into the new law. When implemented, the new law is expected to reduce harassment and the cost of doing business for an estimated 4.5 million micro food vendors (3.6 million of which are female).

Prior to the partnership with ENABLE, FMOH had never held a consultation event with the private sector. On the BMO side, ENABLE supported NACCIMA to coordinate the response of the private sector. ENABLE organised the initial session with the private sector; NACCIMA then took ownership and organised two further sessions, and prepared a joint position paper. ENABLE had previously been supporting NACCIMA to play its coordination function more effectively. The other contributor to the policy change is the Royal Life Saving Society of Nigeria, a local NGO that has been supporting FVA.

**“**In 30 years of my time in the ministry, I have not seen such a consultative event. This consultation process would make the policy stronger. As the private sector drives a country's economy, it is essential to include them in the conversation on food safety. I appreciate ENABLE very much because of this new event. **”**

**Mr. Denis Onyeagocha, Director, Food and Drug Safety Department, FMOH**

## Prospects for further impact

Sustainability is at the heart of the ENABLE approach. Instead of directly funding local organisations, or directly taking on roles in the system, ENABLE works to change the capacity, incentives, relationships, and behaviours of local actors. The aim is to create a more functional BER system that will continue to generate better BE outcomes long after ENABLE has exited.

There are already encouraging signs that the improvements made to date will be sustained post-ENABLE, delivering further pro-poor impact. BMO capacity has improved, and an increasing number of BMOs are dedicating more financial and human resources to advocacy. For example:

- The LCCI roundtable series is fully sustainable. After the first three ENABLE-supported events, LCCI has held three further roundtables with no financial or technical support from ENABLE. The roundtables pay for themselves through sponsorship. LCCI has plans to host three roundtables per year. After initial cost-sharing from ENABLE, LCCI has employed a full-time advocacy officer for over a year, and has just hired a new research officer.
- FEPSAN has been transformed as an organisation. It now has a more secure financial base, from which it is devoting considerable resources to advocacy. Credibility with government is high, and FEPSAN sits on numerous policy committees. FEPSAN is already playing a leading role in the pilot fertiliser voucher programme. FEPSAN has the willingness and capacity to continue to play a leading role in shaping fertiliser policy post-ENABLE. ENABLE expects FEPSAN to contribute to the successful roll-out of the voucher scheme, which has the potential to benefit 1.2 million smallholder farmers.
- E-PPAN has dramatically improved its advocacy capacity. E-PPAN has earned strong backing from members for its advocacy initiatives, and has increased its credibility and visibility with government. In 2012 E-PPAN allocated £80,000 to advocacy initiatives. E-PPAN has launched a concerted effort to promote passage of the National Payments Bill, which will lay the foundation for mobile money in Nigeria. There is every indication that these efforts will continue post-ENABLE. Based on the evidence from Kenya, and research by EFinA, E-PPAN has the potential to contribute to improved access to financial services for millions of poor people in Nigeria.

→ ELAN continues to push for passage of the Leasing Bill. During the last parliament, ENABLE provided mentoring support to ELAN in its efforts to pass the Leasing Bill. Whilst ELAN made good progress, with the election of a new legislative chamber the Bill went back to square one. However, because ENABLE successfully built ELAN's advocacy capacity, ELAN has succeeded in pushing the Bill through the new House without any further support from ENABLE (the Bill is now in the Senate). ENABLE estimates that the Bill, if passed, will improve access to finance for over 2.5 million MSMEs.

Because ENABLE has also improved the level of cooperation and collaboration between BMOs, and promoted linkages between BMOs and other organisations such as research institutions and media houses, individual BMOs will continue to have access to advice, mentoring support, and services after ENABLE has exited. As new practices spread – for example, at least three BMOs have concrete plans to launch their own PPD Platforms in the next year – BMOs not directly touched by ENABLE will also begin to improve their advocacy performance and contribute to improved BE outcomes for the poor. ENABLE expects impact to accelerate further over the next year as more partnerships mature and as replication takes off.

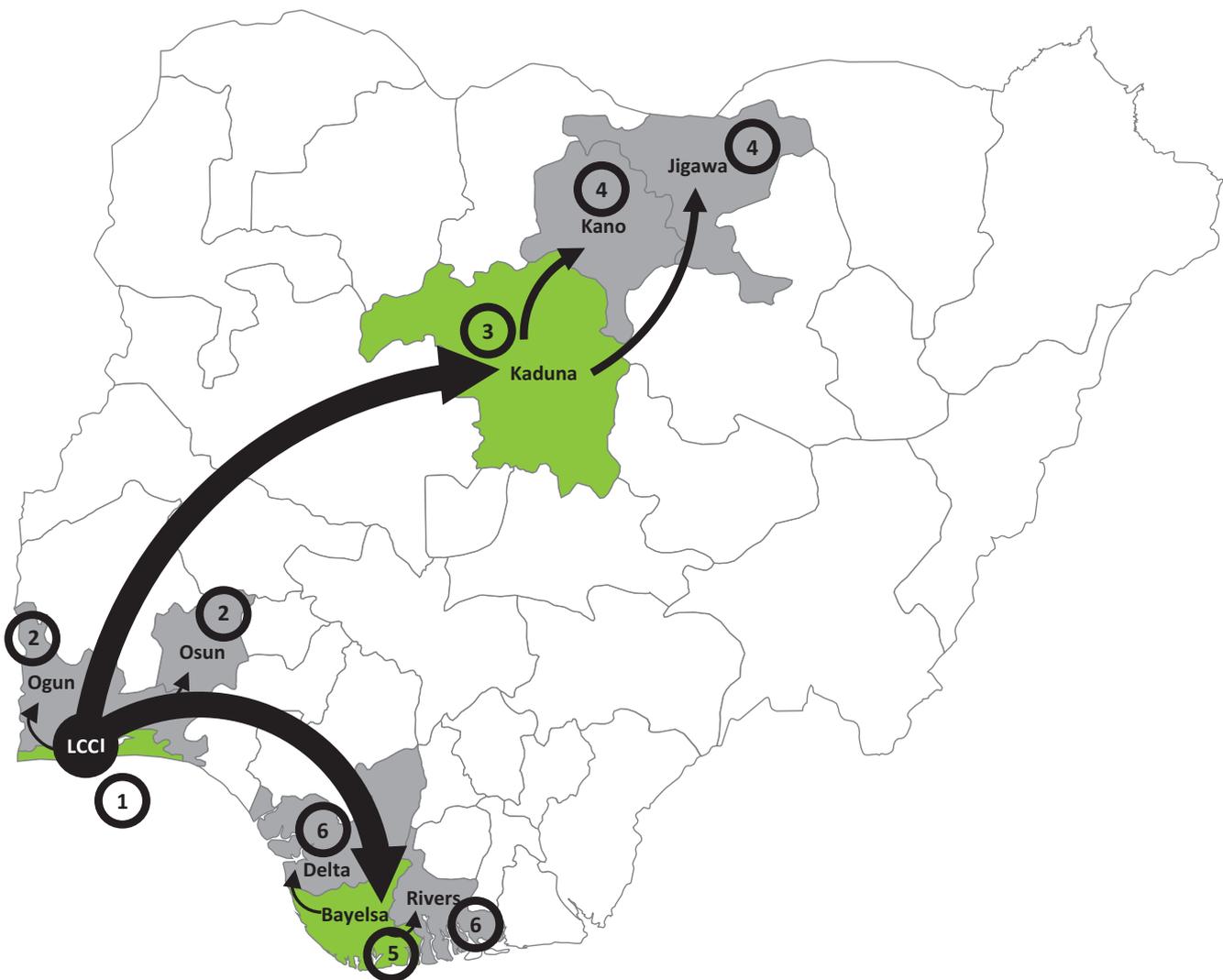
### BOX 10: Promoting replication of the LCCI PPD Platform

One of the key aims of ENABLE is to establish sustainable, effective, and inclusive PPD Platforms across Nigeria. ENABLE launched a pilot intervention with LCCI, one of the most progressive and long-standing BMOs in Nigeria. Having proved the concept with LCCI, ENABLE has been working to promote replication among other chambers of commerce, thereby delivering further impact and VFM.

LCCI is already mentoring other chambers in the South-West. However, ENABLE recognised the importance of promoting wider replication, particularly in the North (a key strategic priority). ENABLE has therefore been working with the Kaduna Chamber to launch its own roundtable (the first one is planned for October 2012). Having expressed a strong interest in replicating the LCCI example, ENABLE has also supported YECCIMA to plan its own platform.

Because ENABLE has already proved the concept with LCCI, and has embedded within LCCI the know-how to plan and execute successful roundtables, ENABLE support to KadCCIMA and YECCIMA has been more light-touch. ENABLE has leveraged the expertise residing in LCCI, for example by brokering linkages and knowledge sharing between YECCIMA and LCCI.

The hope is to create regional “nodes of excellence” in Kaduna and Yenagoa, which would then be a position to mentor other Chambers in the North and the Niger Delta (in the same way LCCI is mentoring other South-West chambers).



## PART 4:

### LESSONS LEARNED AND THE WAY FORWARD

After three years of implementation ENABLE has delivered an impressive set of results. This suggests that the approach is indeed working and living up to its promise. Although it is difficult to compare programmes across time and space, the ENABLE focus on sustainability, scale, and local ownership appears to be delivering superior VFM compared to common BER approaches. ENABLE expects results and VFM to improve further as partnerships mature and replication takes off.

While ENABLE has recorded some notable successes, the last three years have also seen a number of failures too. Taking risks and learning from failure is integral to the ENABLE approach. Trying to catalyse systemic change is an ambitious and complex undertaking – it is impossible to know at the start which partnerships and interventions will work and which will not. To manage these risks, ENABLE uses pilots to test the water, and constantly monitors the results of its actions. ENABLE will continue to revise its strategies and tactics as it learns more about what works, and what does not.

#### Partnership management

Critical to the success of ENABLE has been the management of partners. Good partnership management requires a clear strategic framework for engagement, and being flexible, nimble and responsive in the support given. The current ENABLE approach to partnership management is based on three years of trial and error and learning from mistakes. Two lessons stand out in particular:

In years 1 and 2, ENABLE relied on “lead consultants” to act as mentors. These mentors were given primary responsibility for managing partners. However, ENABLE found that short-term consultants were unable to provide the responsiveness required, and lacked the necessary strategic oversight. It also proved difficult to capture learning and identify synergies across partnerships and components. Once ENABLE received approval from DFID to expand the management team, responsibility for partner management shifted from lead consultants to the ENABLE Component Managers.

Partly driven by a fear of failure, Component Managers exited very few partnerships. By Year 3, ENABLE realised

that Component Managers were trying to manage too many partnerships, and were spending too much of their time on partners that weren’t really going anywhere, and not enough time on those partners showing most promise and momentum. In response, ENABLE developed a prioritisation matrix to help Managers categorise partners according to momentum and potential impact. ENABLE also worked to create a culture of accepting, and learning from, failure (for example, through the introduction of “failure reporting”). This has greatly improved the allocation of ENABLE resources. Partners not showing sufficient progress after 6 months are put on hold, or exited completely, allowing ENABLE to focus on high-potential partners most capable of delivering intervention objectives.

#### Working with grassroots organisations

In its first year ENABLE partnered with a whole variety of BMOs, from very basic organisations to more established outfits. ENABLE has had less success in its partnerships with grassroots organisations. One of the main challenges is the lack of organisational structure. Often the secretariat consists of only one or two people. In several instances ENABLE has spent time building the capacity of staff only for them to leave. Because there is no chance to institutionalise knowledge and practice change, this often means returning to square one. Building a sustainable revenue base is very challenging too – members tend to be informal and diffuse, making communications and revenue collection very difficult. ENABLE piloted an SMS solution with two grassroots BMOs in an attempt to address this problem, but both organisations lacked the capacity to manage the service (a classic Catch-22), and the margins were too low for the service provider to have an incentive to roll-out the service.

Given the risks entailed with working with grassroots organisations, and the immense challenges, ENABLE decided it could generate better VFM by partnering mostly with more established BMOs. To ensure that members of grassroots organisations still have improved voice, rather than work directly with grassroots organisations themselves ENABLE has worked to build linkages between grassroots and established BMOs (the role NACCIMA played in coordinating the private sector response to the Food Safety Policy is a good example). The BMO Component has also had some success in supporting grassroots organisations to band together to form coalitions, thereby increasing voice and organisational strength. The Government Component has also worked to get government ministries and agencies to directly target grassroots organisations during consultation exercises, while media partners such as Wazobia FM (a pidgin language station) provide yet another channel for improved voice.

### Building a commercial service provider market

BMOs face a number of constraints, from lack of advocacy skills to poor member relations. In year 3 ENABLE experimented with the idea of creating a pool of services providers that would deliver services such as media relations, and advocacy training, to BMOs on a commercial basis. ENABLE supported a number of service providers to develop a service offering, and provided a subsidy scheme to encourage initial take-up. Despite the subsidy, very few BMOs were willing to pay for the services. BMOs had little experience of working with services providers, the transaction costs were too high, and the value BMOs attached to the services was too low. Many services providers also found the returns too low to invest much effort in winning new BMO work.

Had a viable market taken-off, it would have provided a very neat solution to how to promote scale: by supporting one service provider, ENABLE could hope to indirectly reach dozens of BMOs. Instead, ENABLE is working to promote alternative, non-commercial, channels for replication, including peer-learning exchanges and apex organisations.



## **Contact information**

ENABLE is a DFID funded programme implemented by Adam Smith International and the Springfield Centre.

**[www.enable-nigeria.com](http://www.enable-nigeria.com)**

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