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Business Enabling Environment and the Value Chain *‘The Path to Strategic Policy Reform’*

Scott Kleinberg
USAID / Microenterprise office

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THE PATH TO STRATEGIC POLICY REFORM

- How to put policy reform into a more coherent structure
- How to choose among policy reform options
- How to ensure that your policy reform program supports your other objectives

CHALLENGES TO POLICY REFORM

- Difficult to MOVE BEYOND simple ranking and long lists of options
- Hard to identify logical POINT OF ENTRY or starting point
- TIMING of reforms is often tricky and unclear
- DIFFICULT TO IDENTIFY all the CHALLENGES of a reform program
- It is RISKY

WHAT IS SUCCESS?

- It's NOT changing laws
- It's changed implementation of the laws
- It's changed regulatory burdens
- It's changed business relationships

This is what we want from policy reform!

What can you do to achieve this?

MULTIPLE POINTS OF ENTRY

Entry points traditionally selected on basis of ...

Ad hoc	e.g. Mission Director meets with Minister and says, "This Minister is great. We should meet with him because he cares about policy!"
Target of opportunity	e.g. Government expresses interest in particular area, such as business registration reform
Barrier in programming	e.g. Doing programming and come across particular issue that is barrier to achieving results (<i>but maybe not most important barrier or one project / Mission should focus on</i>)
Previous successful experience	e.g. Mission Director did successful banking reform in previous country so start focus there

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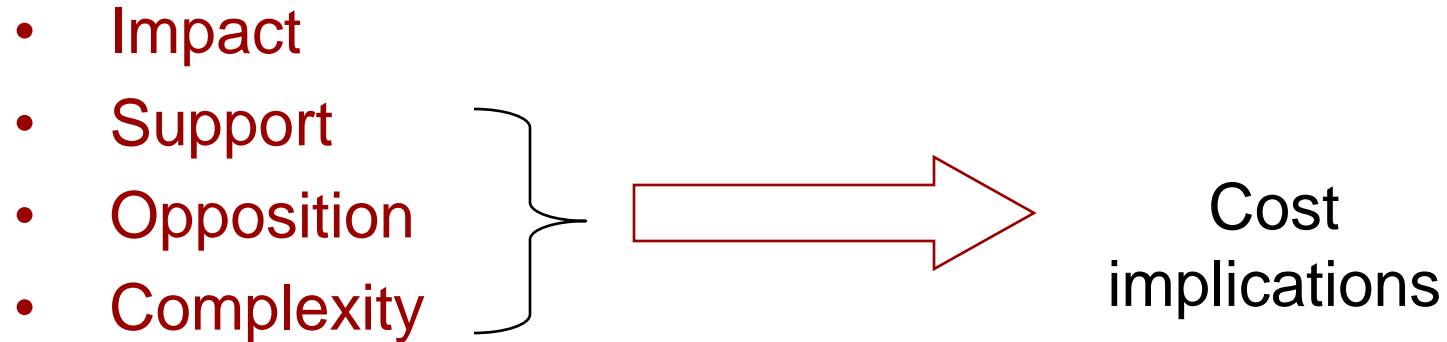
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BUT COULD BE FAR MORE STRATEGIC

FACTORS THAT PRIORITIZE POLICY REFORMS



BUT ... What about the rest of your program?

AN ABUNDANCE OF CHOICES

Many different ways can focus your policy reforms ...

- National: - effect broad array of businesses
- Local/regional: - often easier
- often able to address issues that are more relevant to particular priorities of sector / Value Chain
- Opportunistic: - e.g. clean sweep presidential election results in opportunity to change policy that would never otherwise be able to address
- VC / sector: - use the structure of the Value Chain already working in

SELECTING WHAT TO FOCUS ON



For example:

- Impact of policy reform does not necessarily correspond with challenge or likelihood of success
- Sometimes time sensitive (small window of time to consider what is urgent and important, and to act on it)

Local policy barriers are often lower cost and easier to change than national barrier

Key support with relevant decision makers

IT OFTEN RELATES TO THE IMPLEMENTATION ...

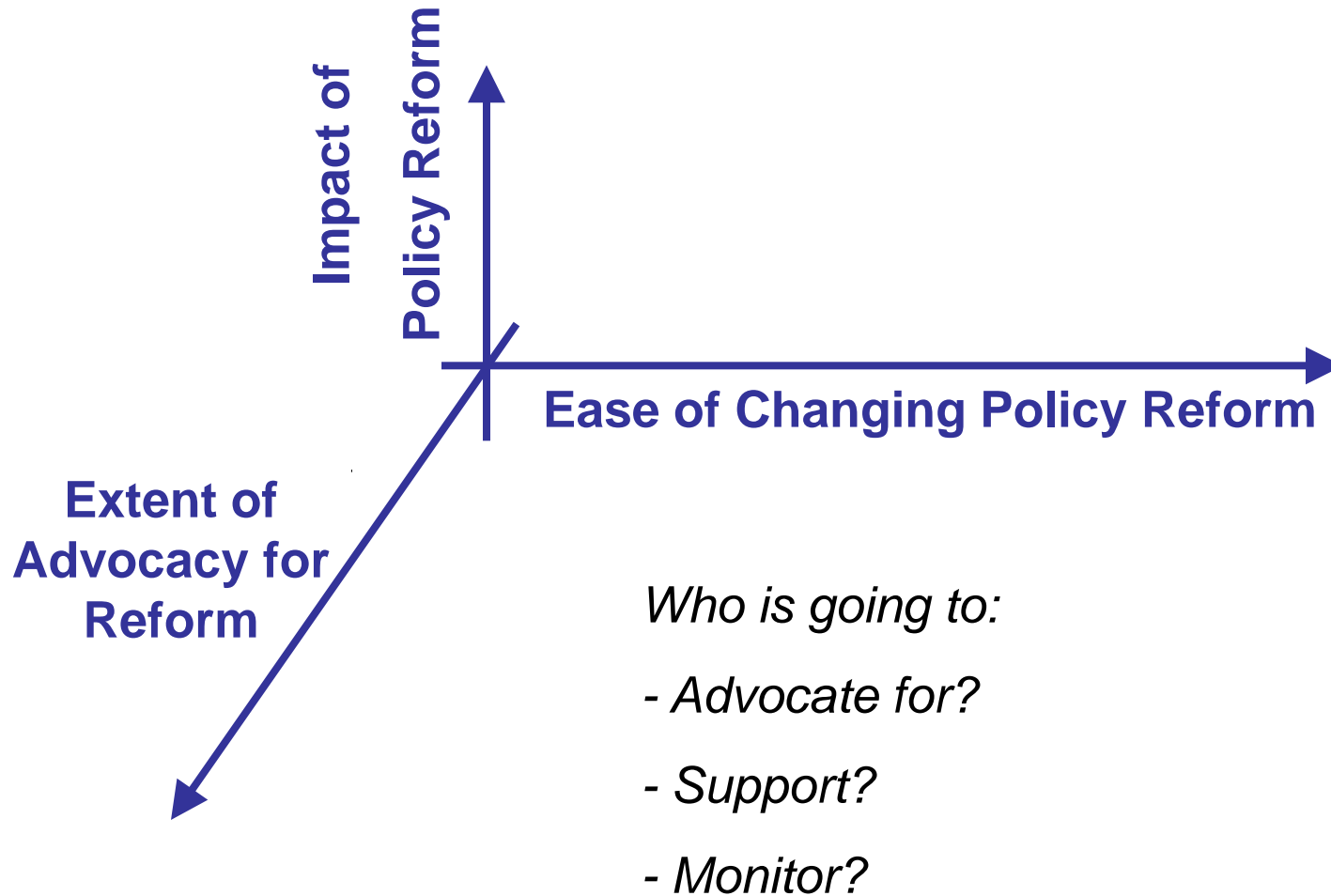
- ... While the implementation of national policy varies
→ there is room for further simplification of business procedures in each province

	Bac Ninh	Hai Phong	Binh Dinh
# of Steps	98	70	51
# of Requirements	13	6	7
# of Days	28	24	11
# of Visits Needed	10	7	7

Vietnam: Overall comparison between 3 provinces

Source: International Finance Corporation (IFC)

SELECTING WHAT TO FOCUS ON



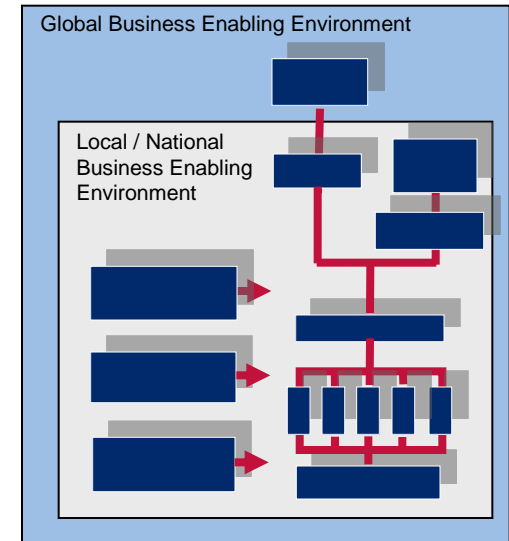
USING VALUE CHAIN AS FRAMEWORK FOR MOVING AHEAD

Could use Value Chain as:

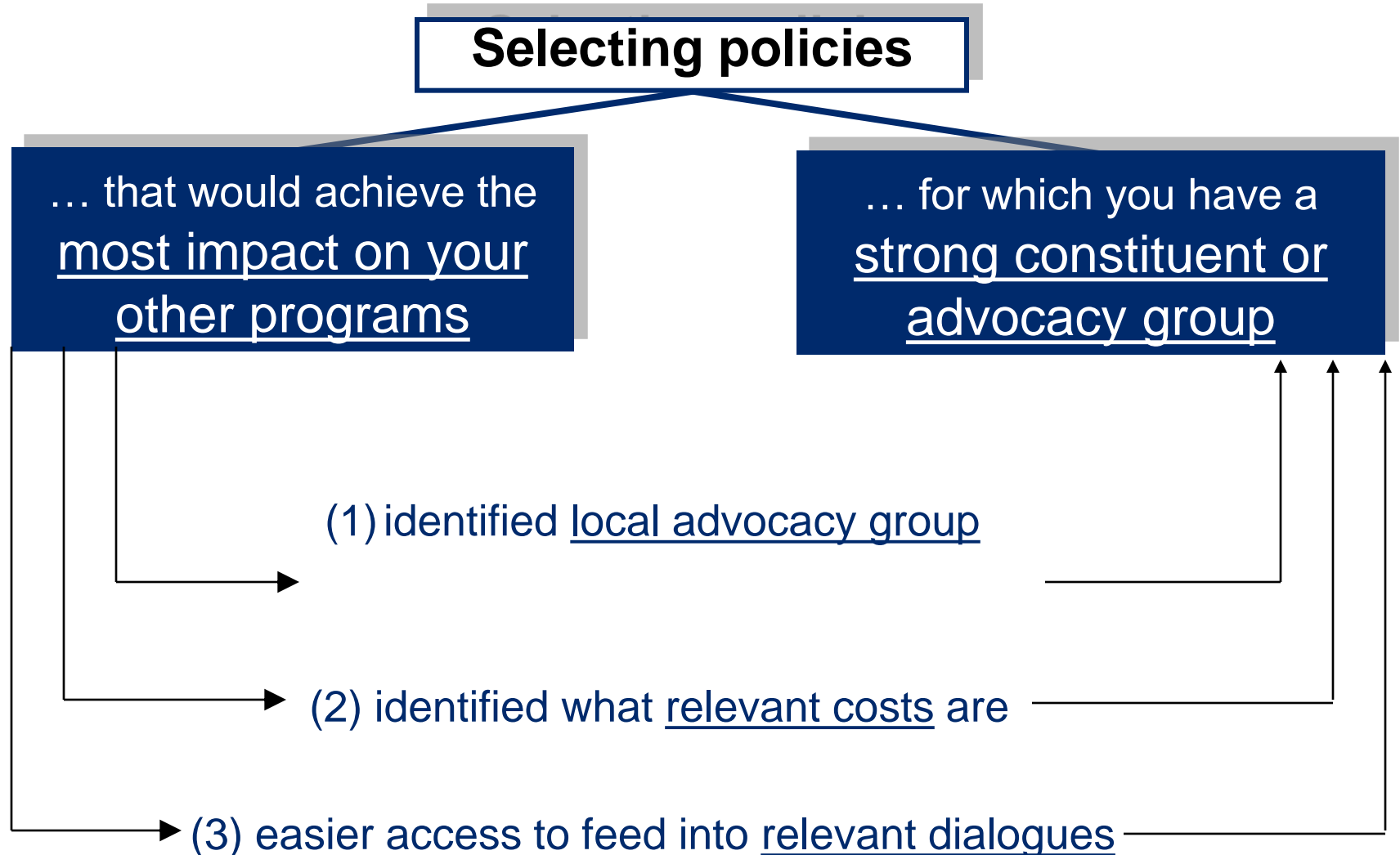
- context for assessing policy barriers
- starting point for framing policy program

Key benefits:

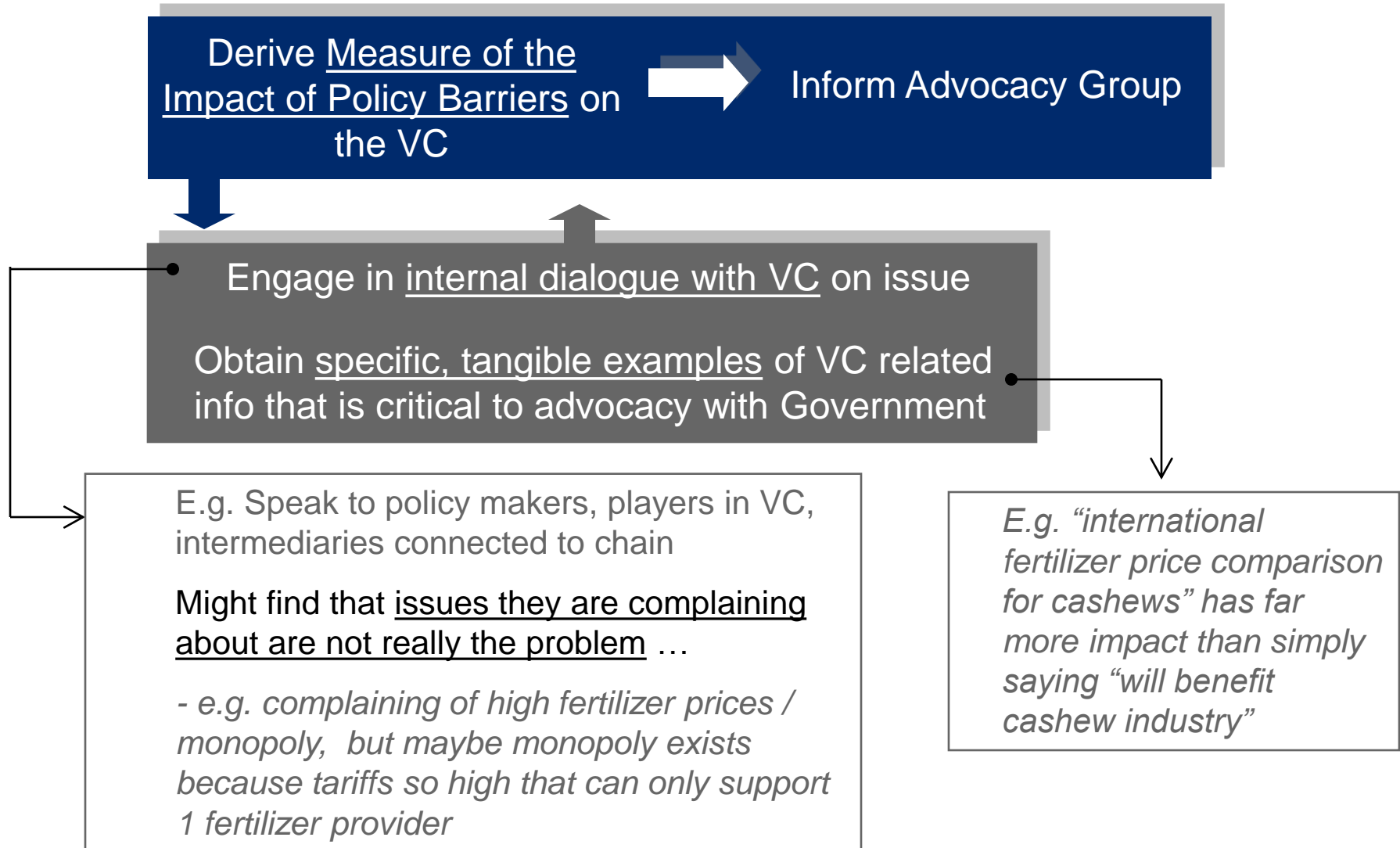
1. ... can obtain qualitative information from people in Value Chain
2. ... on what the policy reforms are that really matter to people in Value Chain
3. ... because national policy studies might not reflect what issues effect the players in the Value Chain



USING VALUE CHAIN AS STRATEGIC POINT OF ENTRY



USING VC AS FRAMEWORK FOR MOVING AHEAD



SOMETIMES IT PAYS TO START SMALL

Working with business often shows Short Term economic response. Therefore Value Chain link can be extremely strategic to policy reform

because ... e.g. in one season can see obvious change in competitiveness of product because price drops.

Policy reform is a process.

Small, more discreet steps, that are successful, can set the stage for later, broader reforms.

THERE IS ROOM FOR CREATIVITY

General consideration is around advocacy solutions ...
but important to look at other examples of what can be
done ...

Example:

- Providing incentives for effective behavior instead of
for bribing
 - World Bank study reveals that everyone looking for bribes.
So World Bank said that they will 'pay' the bribe by providing
a Performance Bonus to perform efficiently.

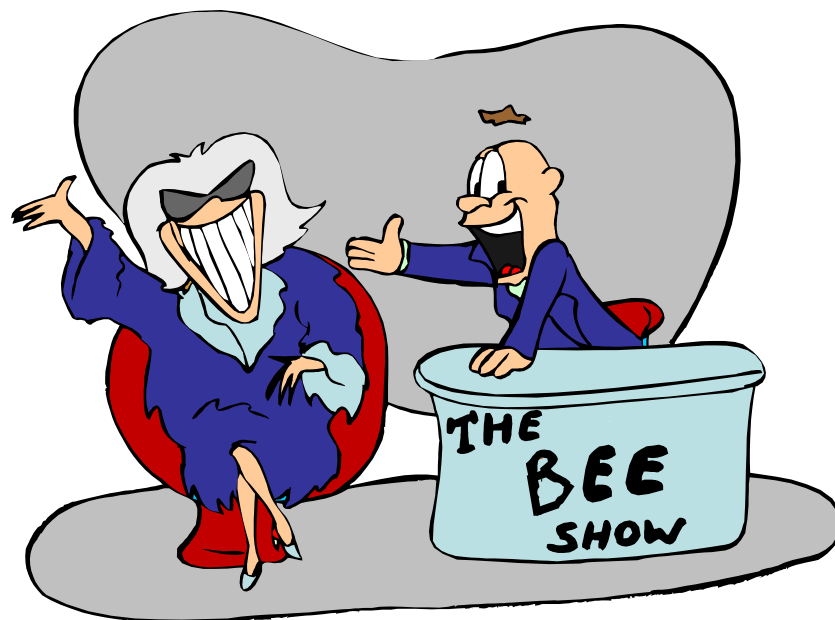
DISCUSSIONS WITH IMPLEMENTERS!

“What are the impact of policy barriers on your VC(s)?”

“How have local, regional, and national policy challenges differed?”

“What info do you need to prioritize reforms?”

“What are the factors that enhanced / impeded your progress in policy reform activity?” Were you aware of or did you consider those factors when you decided to engage in the policy reform?”





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THANK YOU!

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Scott Kleinberg
skleinberg@usaid.gov