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FROM RED TAPE TO RED CARPETS

Enhancing The Competitiveness Impacts of
Business Enabling Environment (BEE) Reforms

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FROM RED TAPE TO RED CARPETS...

- Competitiveness of private enterprise depends in part on a business enabling environment
- Business enabling environment: All legal, regulatory, administrative and judicial elements that govern business
- Emphasis on competitiveness drives regulatory reforms
- Constraints and weaknesses impose measurable costs or prevent upgrading (“jumps”)
- From deregulation to “smart regulation”

COMPLEMENTARY REFORM DRIVES

- “Top down” or public sector-driven BEE reform
 - Regulatory “weeding”—simplifying the *stock* of existing regulations
 - Regulatory Impact Assessment requirements for new regulations
 - Administrative reforms (such as one-stop shops)
- “Bottom-up” or private sector-driven BEE reform
 - Prioritization and advocacy for reform using CIBER
 - Inventory and filtering of regulatory priorities using RegMap

COMPETITIVENESS IMPACTS OF BEE REFORMS (CIBER)

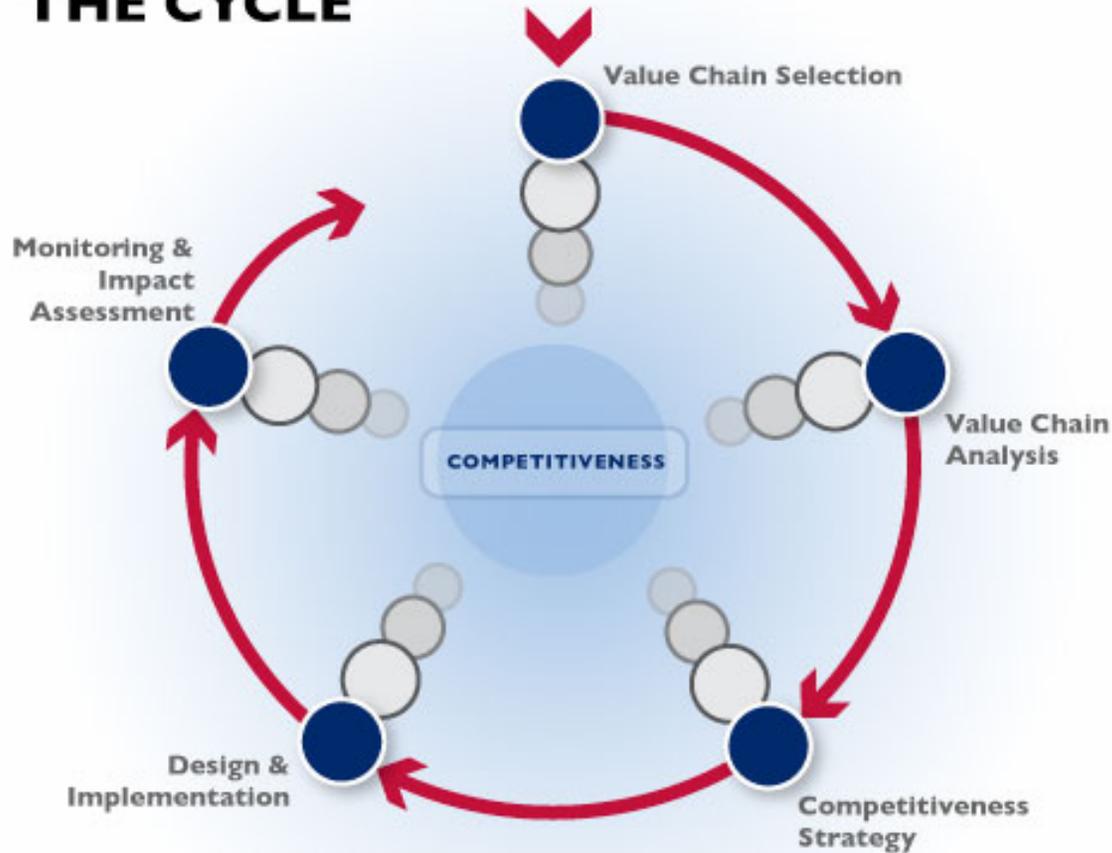
- CIBER—a tool to assist value chain projects to identify and promote priority reforms in the business enabling environment
- The approach works with stakeholders in the value chain to:
 - Target priority changes in the BEE that will affect value chain competitiveness
 - Assess the political and administrative feasibility of proposed reforms for private and public sector stakeholders
 - Develop and implement advocacy strategies for BEE reform

THE FIVE STEPS OF CIBER

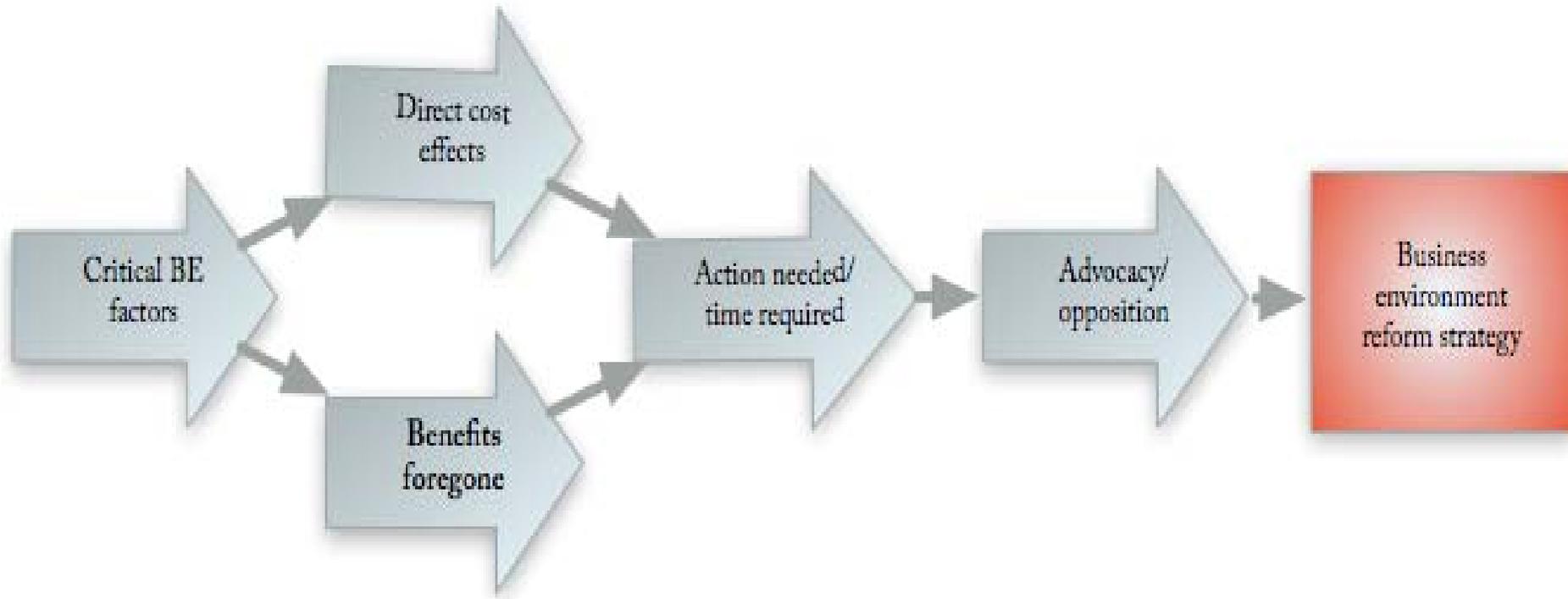
1. Conduct value chain analysis or review past analyses
2. Identify key constraints and weaknesses of BEE that affect the competitiveness of the selected value chain
3. Analyze the benefits and costs of BEE reforms to alleviate priority constraints or address weaknesses
4. Assess the political and administrative feasibility of reforms identified as priority
5. Develop (and implement) advocacy plans to support reform initiatives

THE USAID VALUE CHAIN PROJECT CYCLE

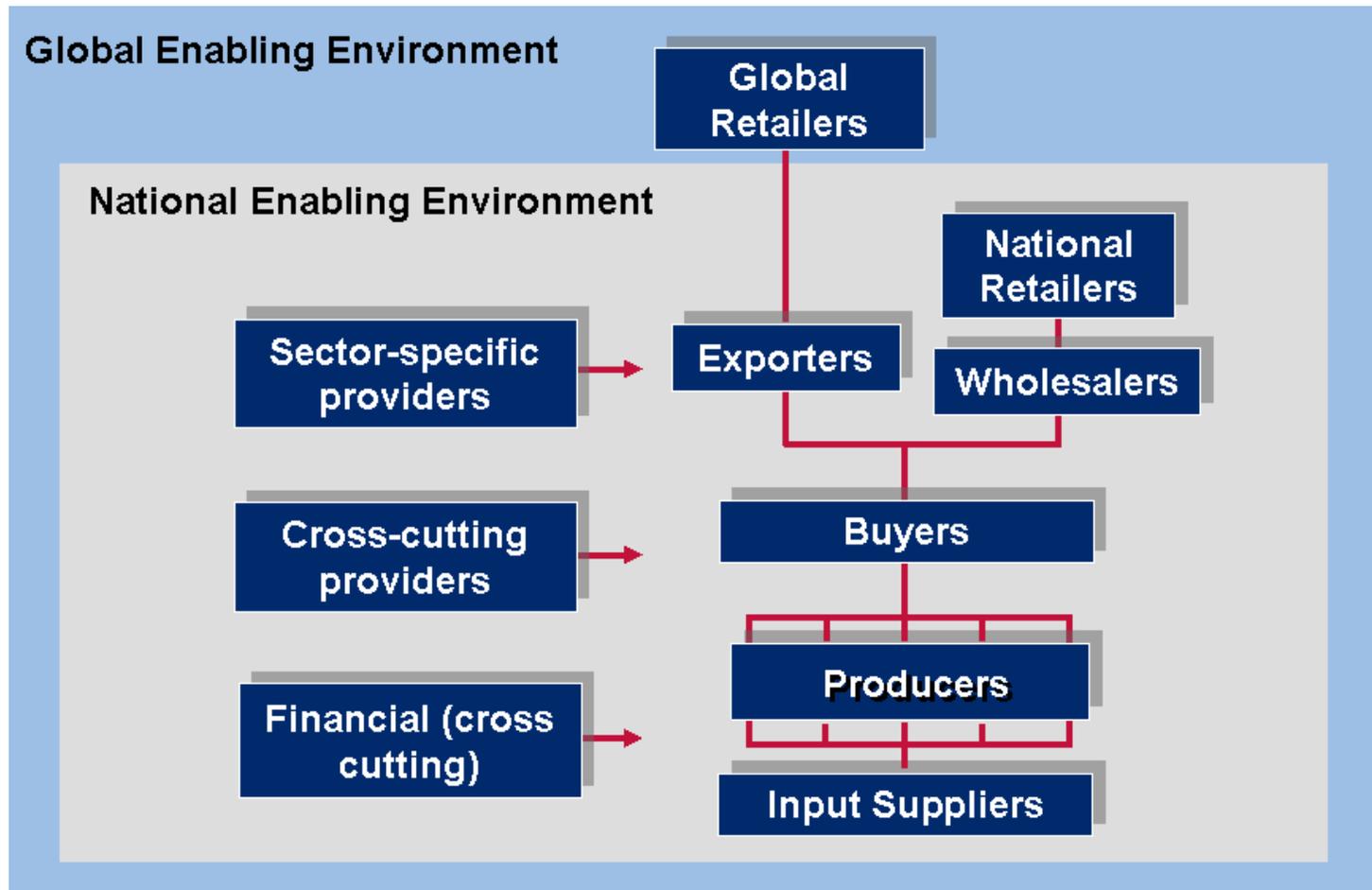
THE CYCLE



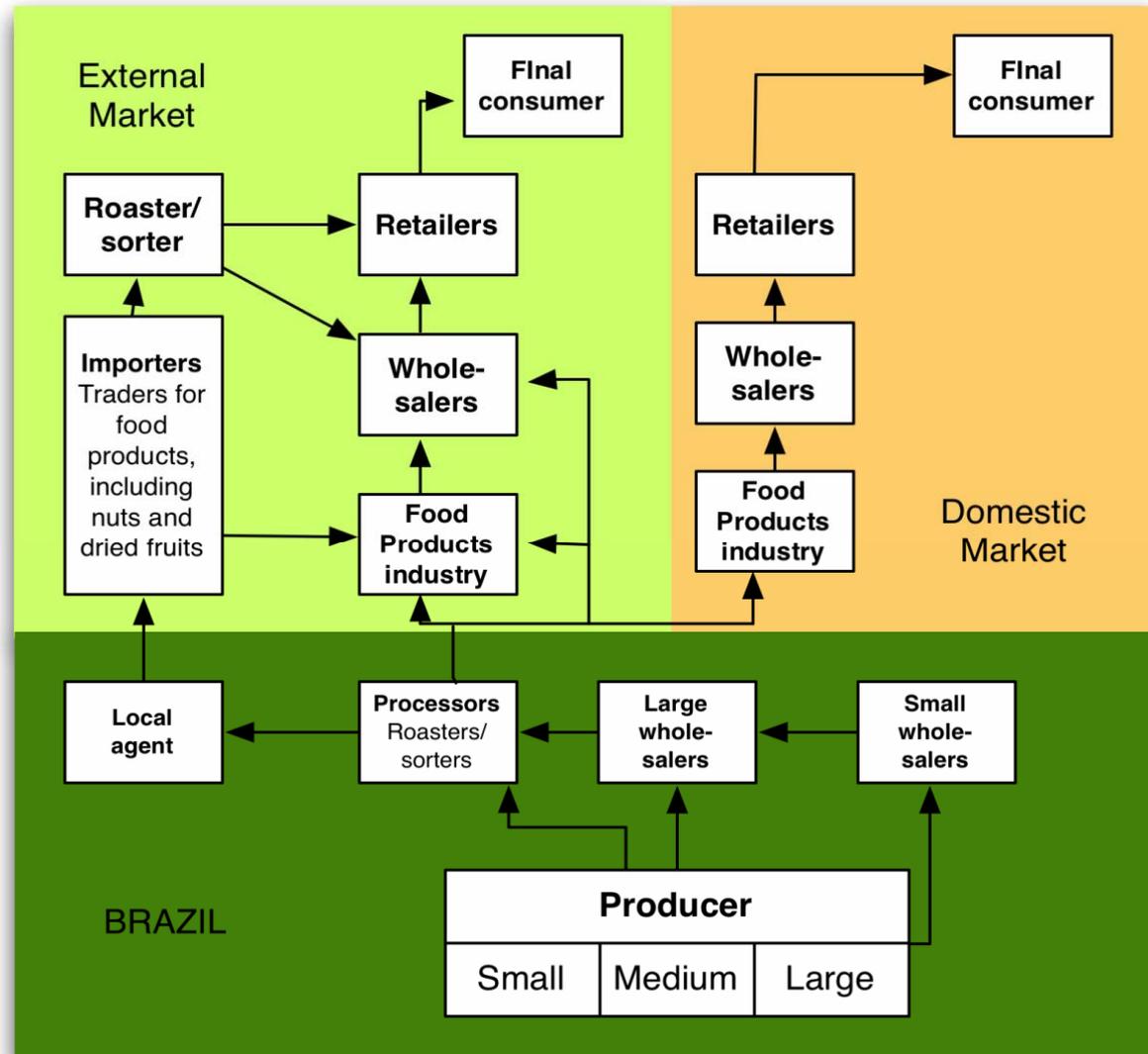
ELEMENTS OF THE CIBER APPROACH



THE USAID VALUE CHAIN FRAMEWORK



CASE STUDY: BRAZIL'S CASHEW NUT VALUE CHAIN



IDENTIFY BEE CONSTRAINTS AND WEAKNESSES

- Identify a short list of constraints
 - Sector selection and value chain analysis
 - VC experts
 - VC stakeholders
 - Prioritize constraints (strategically)
 - Impact/risk; action required; responsible organization; time; advocacy; opposition; resources/cost
 - Complementary RegMap exercise?
- Trace through to obtain details
 - Regulatory checklist
 - Regulatory typology

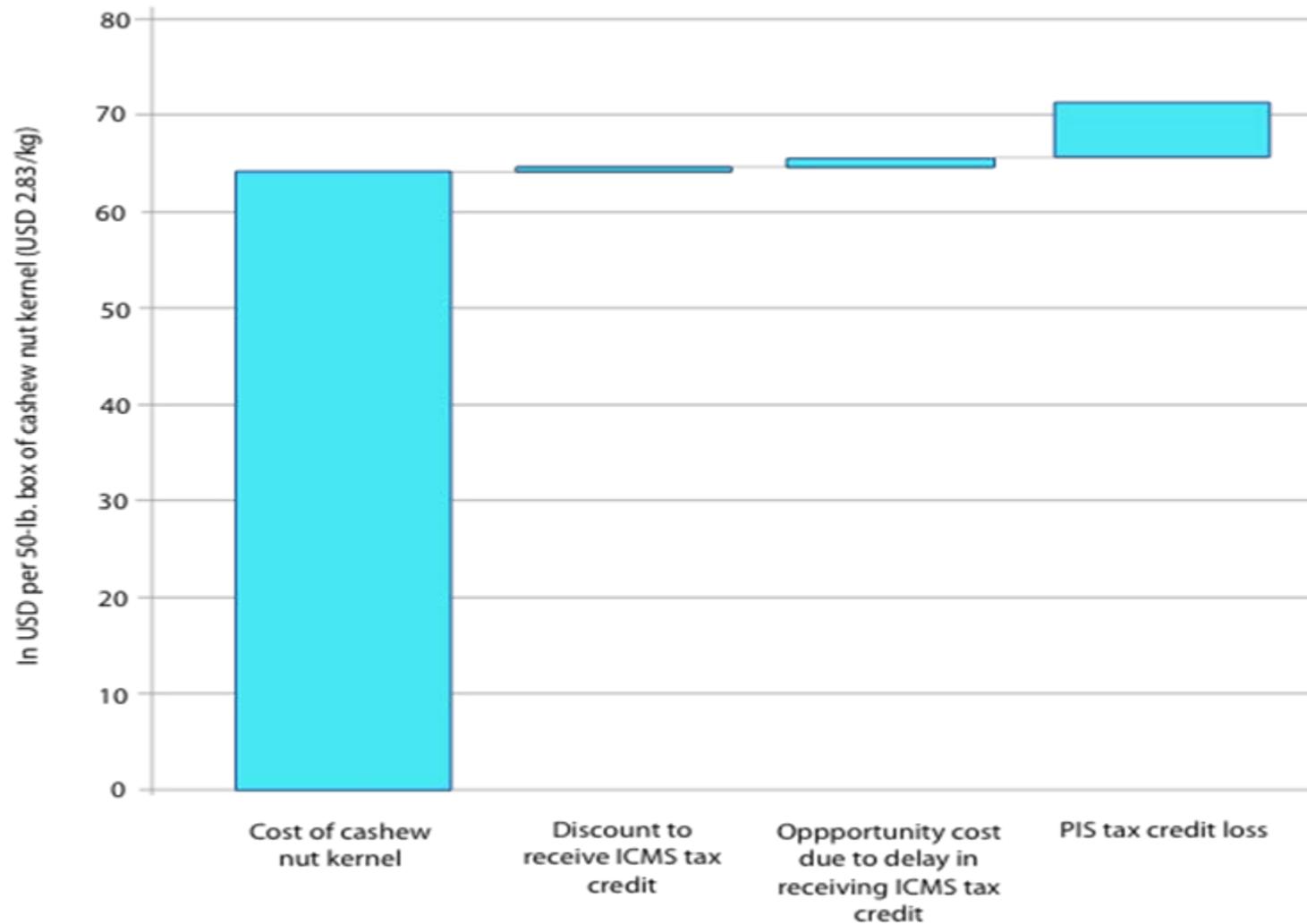
INVOLVING STAKEHOLDERS

- CIBER relies extensively on stakeholders at each stage of the analysis
 - Identifying/reviewing priorities
 - Obtaining information on competitive factors/costs
 - Developing advocacy strategies
- Value chain experts are essential to guide interactions and build trust with firms

PRICE FACTORS

- Production costs differentiated by regulatory typology
- Costs incurred through compliance with specific regulation(s)
- Costs incurred by intermediaries
- Estimation of a cost function for individual stages of VC that allows for systematic treatment of marginal effects of cost factors linked to existing regulations.

ICMS AND PIS TAX CREDITS IN BRAZIL

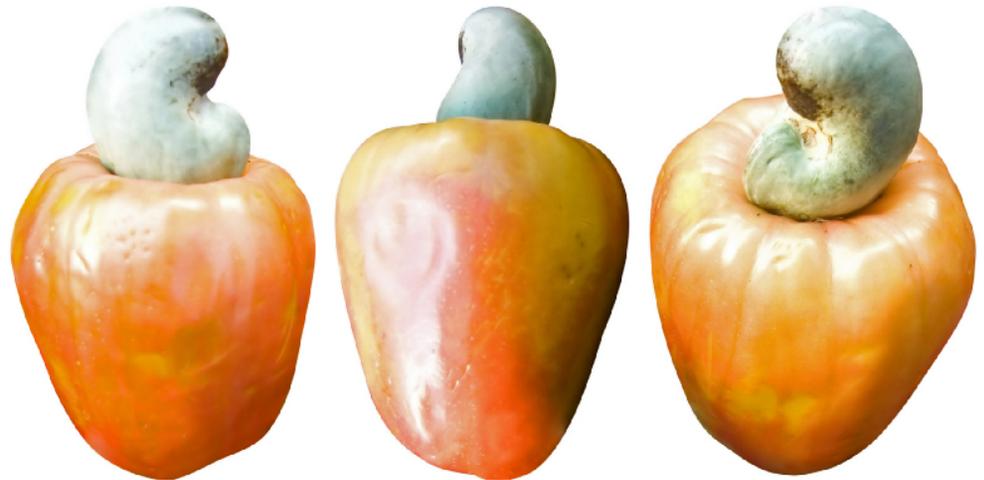


NON-PRICE FACTORS

- Using lack of quality standards regulations as an example, researchers can frame their data needs through an understanding of how to support the advocacy aims of the project.
- Metrics by which to estimate lost potential exports
 - Growth rates and sizes of the markets the value chain could access if it were able to meet specific standards
 - Performance of competitor countries that are able to access those markets

ADVOCACY INITIATIVES

- Strategy
- Public Private Dialogue
 - An essential element of any BER initiative
- The role of media
 - Awareness
 - Involvement
 - Action





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THANK YOU!

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