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Legal &  
Institutional  
Reform

# Business Climate Legal and Institutional Reform

## BizCLIR Project Final Report

This publication was produced for review by the United States Agency for International Development by Booz Allen Hamilton under the Business Climate Legal and Institutional Reform (BizCLIR) project.

# Business Climate Legal and Institutional Reform

BizCLIR Project Final Report

March 2011

## **DISCLAIMER**

The views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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# LIST OF ACRONYMS

AgCLIR	Agribusiness Climate Legal and Institutional Reform
AgStrat	Agribusiness Strategic Investment Tool
BEE	Business Enabling Environment
BizCLIR	Business Climate Legal and Institutional Reform
CLIR	Commercial Legal and Institutional Reform
EGAT	Economic Growth, Agriculture, and Trade
GenderCLIR	Gender Climate Legal and Institutional Reform
HealthCLIR	Health Sector Business Climate Legal and Institutional Reform
MicroCLIR	Value chain legal and institutional reform tool
USAID	United States Agency for International Development

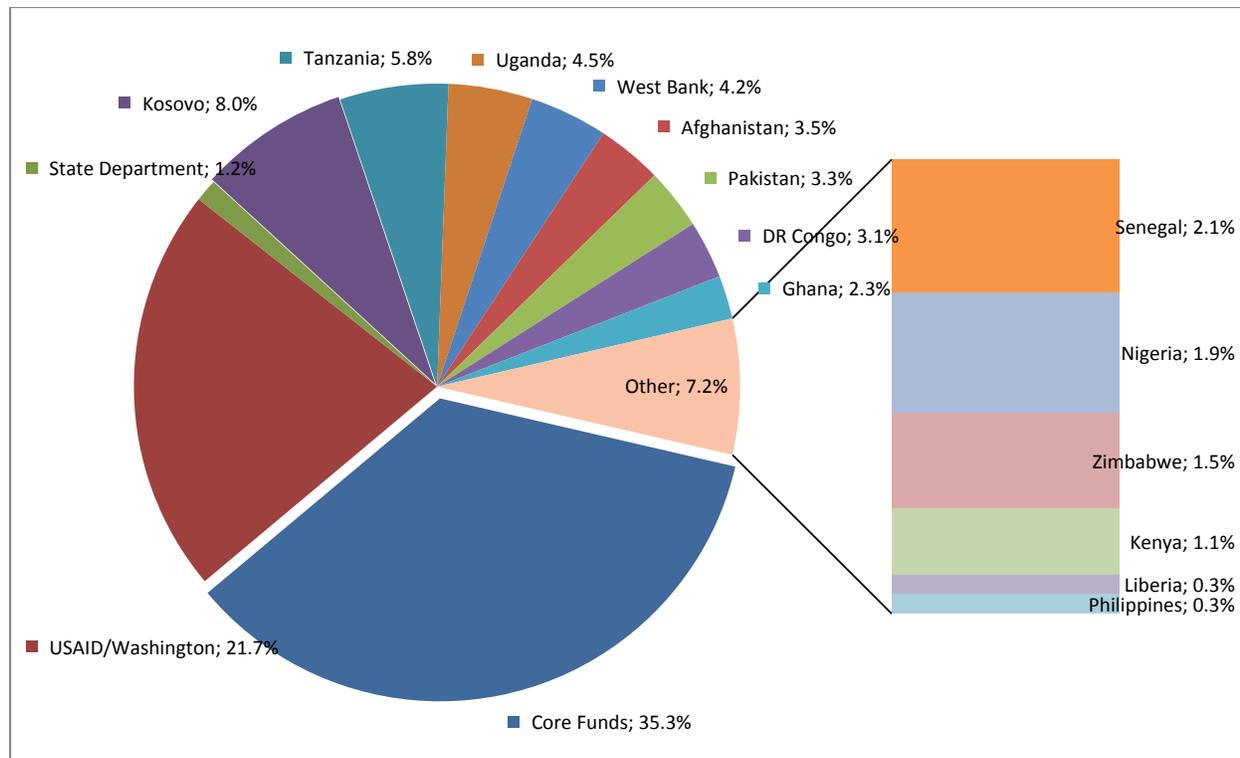
# INTRODUCTION

In 2006, USAID launched the Business Climate Legal and Institutional Reform (BizCLIR) project, a four and half year activity sponsored by the USAID Economic Growth Agriculture and Trade (EGAT) Bureau to support transformational development by improving the efficiency and impact of assistance programs intended to help developing countries improve their business enabling environments. In response to changing developments in business enabling environment reforms, such as the overwhelming public reaction to the World Bank’s annual *Doing Business* survey, and growing recognition of the importance of the BizCLIR project was designed to move forward the discussion business enabling environment reforms globally. To accomplish this goal, the BizCLIR project was divided into four distinct service lines:

- ◆ Business environment diagnostic tool development
- ◆ Country and Economy-level Business Enabling Environment Assessment Activities
- ◆ Technical Assistance
- ◆ Knowledge Management

While formally structured into these distinct service lines, the BizCLIR project was ultimately conceived of, designed, and implemented as a project that would remain flexible enough to modify operations as needed to address the changing needs of governments, stakeholders, and USAID clients the world over. The BizCLIR project was structured by the USAID EGAT bureau to align incentives toward **innovation** and **responsiveness** to mission demand. New sector-level analysis, value-chain-level tools, and approaches toward mobile regulation, and modules on food security, climate change and gender are among the demand-driven innovations inspired by mission needs.

Figure I Distribution of BizCLIR Project Funding Sources



Through simplified administrative procedures, improved processes, and focus on client mission, the project was designed to focus on USAID client needs. Buy-ins from overseas missions and non-EGAT bureaus within USAID/Washington accounted for 42% of the overall project funding levels. Mission buy-ins for this project were spread broadly, encompassing every single geographic region supported by USAID.

The World Bank's *Doing Business* survey has generated interest throughout emerging markets through an exquisitely simple survey tool capturing specific, comparable statistics across nine areas of the business enabling environment. Whereas *Doing Business* surveys provide governments, stakeholders and donors with data on symptoms of constraints and inefficiencies within the business enabling environment, the BizCLIR project applied a series of diagnostic and technical assistance tools and processes to go deeper to understand root causes of these constraints and inefficiencies. Through activities spanning across 20 countries, stakeholders, government and donors were provided analysis to help identify and address root causes of constraints and overly-burdensome regulations that limit the private sector.

This final report document provides a detailed account of project activities over the past four years, highlighting new concepts and tools designed and applied, technical assistance offerings, successes and lessons learned. The first section of the report provides an overview of the four service lines, including tools and information on each of the project activities undertaken throughout the course of the assessment. The report then addresses lessons learned throughout the performance of this project, as well as recommendations for future business enabling environment activities flowing from these lessons.

# Project Overview

## Diagnostic Tool Development

From its origination in 1998 until 2006, USAID has been implementing Commercial Legal and Institutional Reform (CLIR) assessments, which provided comprehensive analysis of specific commercial and trade laws that affected trade and investment. Between 2006 and 2010, the BizCLIR Project developed five new diagnostic tools to evaluate different aspects of the business enabling environment. The initial tool, BizCLIR, examines the overall business enabling environment of the subject country or region. Over the years, USAID missions expressed interest in having tools that narrow the focus the methodology to distinct issues or sectors. While the development of these tools went above and beyond the scope of the project, the BizCLIR Project responded to the demand and developed four additional tools addressing issues in agriculture (AgCLIR), health (HealthCLIR), gender (GenderCLIR), and within specific value chains (MicroCLIR).

Although the topics addressed by each tool differ, all six tools apply the same unique 4-part framework, which examines each topic across 4 key dimensions: the legal framework, implementing institutions, supporting institutions, and social dynamics. This holistic approach enables a comprehensive assessment of the legal, institutional, and social constraints to economic growth and exposes the critical gaps between legal reform and implementation.

### CLIR

The CLIR tool was developed in 1998 under the Commercial Legal and Institutional Reform (CLIR) Project as a quick and cost-effective method for analyzing progress in commercial law reform. The CLIR Project created the 4-part framework, which is used in a CLIR diagnostic to analyze 15 key areas of commercial law and practice: Company Law and Corporate Governance, Contract Law, Real Property Law, Secured Transactions Law, Bankruptcy Law, Commercial Dispute Resolution, Court Administration, Competition Law and Policy, Foreign Direct Investment, International Trade Law, Flows of Goods and Services, Flows of People, Flows of Money, Financial Crimes, and Intellectual Property.

### BizCLIR

With the introduction of the World Bank's *Doing Business* rankings in 2002, demand emerged for a diagnostic tool to identify reforms relevant to the *Doing Business* topics and scores. The BizCLIR tool uses the 4-part framework and a detailed set of indicators and subindicators to evaluate the business environment through the lens of the 10 *Doing Business* topics: Starting a Business, Dealing with Construction Permits, Employing Workers,<sup>1</sup> Registering Property, Access to Credit, Protecting Investors, Paying Taxes, Trading Across Borders, Enforcing Contracts, and Closing a Business. This market-based shift to the more familiar *Doing Business* topics has made the BizCLIR tool more user-friendly while maintaining CLIR's signature 4-part framework.

### AgCLIR

A consensus has emerged in recent years that GDP growth in the agricultural sector has more than twice the impact in reducing poverty than growth in other sectors. Yet growth in the agricultural sector worldwide, and particularly in Sub-Saharan Africa has stagnated, and foreign aid has not traditionally devoted many resources to this vital area. While 75% of the world's population lives in rural areas, most working in agriculture-related pursuits, only 4% of official development assistance goes to agriculture in developing countries. Similarly, in sub-Saharan Africa, only 4% of total government spending is directed toward farming communities. In response to these concerns, the BizCLIR Project developed AgCLIR, a diagnostic tool that tailors the BizCLIR methodology to

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<sup>1</sup> The 2011 *Doing Business Report* suspended the use of the *Employing Workers* category pending a policy review. Similarly, the World Bank is testing new additions to the *Doing Business* topics, and is currently reviewing access to electricity as a potential new topic.

the specific challenges and nuances of the agricultural sector. AgCLIR examines each of the *Doing Business* categories through an agricultural lens to identify chief impediments to productivity and economic growth.

### **HealthCLIR**

The private health sector is increasingly recognized as the most critical component of health systems worldwide. World Bank estimates suggest that over 50% of healthcare is provided through private health sector providers alone in sub-Saharan Africa. Yet the health sector offers a unique blend of public sector intervention. The HealthCLIR diagnostic was developed in recognition of the important role of private sector investment in the provision of quality, accessible health services. HealthCLIR helps to identify reforms that can reduce regulatory obstacles and inefficiencies that impede investment and private sector involvement in healthcare. Applying the 4-part CLIR analysis, HealthCLIR provides a modular addition to the BizCLIR methodology to evaluate legal and regulatory constraints affecting five key challenges within the health sector: Delivering Goods, Developing Human Capacity, Providing/Maintaining Facilities, Governing the System, and Accessing Finance.

### **GenderCLIR**

The GenderCLIR diagnostic examines the legal, institutional, and social impediments women entrepreneurs face in trying to engage meaningfully in the formal economy. Improving the economic position of women can have a multiplier effect on growth in other sectors of the economy. Women are more likely to spend their income on education, health, and nutrition for their families, providing investment in some of a country's most important sectors for human capital development. GenderCLIR examines the key issues confronting women in the workplace across seven topics: Women's Role in Society, Women in the Private Sector, Women and Labor, Women and Property, Women and Credit, Women and Trade, and Women and Criminal Justice. The GenderCLIR indicators have also been successfully incorporated into the broader business environment analysis in certain BizCLIR and AgCLIR assessments.

### **MicroCLIR**

The popularity and success of BizCLIR lead to demand for a more in-depth understanding of the practical effects of laws and policies on a subsector level. MicroCLIR, as the name suggests, narrows the focus of the diagnostic even further to examine one or more specific value chains. In lieu of the *Doing Business* topics examined by BizCLIR and AgCLIR, MicroCLIR applies the 4-part framework to the evaluation of core constraints to economic growth within the value chain, such as inconsistencies in trade policy, market regulation, and access to credit.

### **Modular Approach**

One of the advantages of the BizCLIR Project tools has been the ability of USAID missions to create modular, customized assessments using a subset of the *Doing Business* or other substantive areas of study at a lesser cost. Similarly, several missions have requested additional topics of study to address issues specific to their environment or programming priorities.<sup>2</sup>

This tailored approach allows the mission to zero in on issues of strategic importance while keeping costs low. The consistent use of the 4-part framework ensures a quality result that quickly exposes gaps between law and implementation and illuminates key opportunities for reform, regardless of the topics covered in the assessment.

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<sup>2</sup> For example, the USAID mission in Tanzania requested analysis into the effects of climate change as part of the business enabling environment inquiry.

## Country Assessments

From December 2006 to November 2010, the BizCLIR Project conducted 25 assessments in 20 countries and regions around the globe. The popularity of these assessments derives from their ability to provide expert analysis, concrete recommendations, and instant impact within a short period of time and without taxing mission resources. An assessment team can be on the ground within 6-8 weeks of the initial request from the mission, and the final report is submitted to the mission for approval within 6-8 weeks of the team's return.

Obtaining an assessment under the BizCLIR Project has also been administratively simple in that missions could buy into the project without submitting a new task order. Over the course of the BizCLIR Project, 11 missions bought into the project.

### Assessment Structure

Each assessment contains four key components: a pre-assessment desk study, 360 degree interviews with key stakeholders, a stakeholder roundtable,<sup>3</sup> and delivery of a final report. Under the BizCLIR Project, assessment teams have included between three and twelve world-class experts and one to two diagnostic coordinators.

#### Desk Studies

Prior to departure, BizCLIR Project staff members compile a briefing book for the assessment consisting of all readily available data and reports related to the business environment of the subject country or region, plus any additional documents recommended by the mission. The assessors study the briefing book prior to departure to obtain a baseline understanding of the legal, regulatory, and social conditions as well as some of the issues that may arise in the course of the assessment. The briefing book enables the assessment team to identify and highlight any gaps in the data ahead of time and informs goals for specific research while in-country.

#### 360 Degree Interviews

Over the course of 2-3 weeks in-country, the team operates largely independently to identify and interview 100-150 key stakeholders. These individuals include members of the government, business associations, chambers of commerce, legal practitioners, trade officials, civil society leaders, and businesses ranging in size from sole proprietorships to multinational corporations. This 360 degree approach ensures a thorough understanding of each assessment topic from the point of view of both the practitioner and the policymaker. The diagnostic coordinator, often with the assistance of a local facilitator, plays a crucial role in identifying interviewees and arranging meetings.

#### Stakeholder Roundtable

This half-day conference, hosted on the final day of the assessment, provides an opportunity for the assessment team to present and discuss its initial conclusions with mission staff, representatives of the host country government, and many of the individuals interviewed over the course of the assessment. More importantly, the roundtable creates a forum for sparking a public-private dialogue that the mission can maintain and nurture through future events. Attendees actively participate in the plenary sessions through the use of voting technology. Breakout sessions led by members of the assessment team provide a forum for participants to discuss key issues and develop potential solutions. The consensus recommendations from each breakout session are presented to the plenary by a member of the group and incorporated into the final report. The diagnostic coordinator, assisted by short-term local staff, organizes the roundtable and manages all invitations, RSVPs, and logistics for the event.

#### Final Report

Each assessment culminates in the issuance of a written report. Each chapter contains a detailed analysis of one of the topics of the assessment across each dimension of the 4-part framework: the Legal Framework, Implementing Institutions, Supporting Institutions, and Social Dynamics. The topics are given a numeric score between 1 and 5 for each dimension. These scores are not intended to reflect an absolute grade but rather represent a way to

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<sup>3</sup> Stakeholder roundtables were not held in every assessment, driven largely by the resources and needs of the mission. When a stakeholder roundtable did not take place, it was replaced by a smaller-scale debriefing in which preliminary findings were presented to USAID mission personnel.

quickly identify priorities for reform. Each chapter concludes with specific actionable recommendations for targeted reforms and program interventions based on the assessor's expert opinion and the consensus recommendations of the roundtable break-out groups.

## Country Assessments: Diversity and Impact

### CLIR Assessments

Under the BizCLIR Project, two CLIR assessments have been conducted. The CLIR tool was used successfully in Afghanistan in 2007 to conduct a business climate assessment in a conflict-affected area. In 2010, a CLIR assessment was conducted in Peru to examine cross-border trade, with an emphasis on agricultural products.

### BizCLIR Assessments

The pilot assessment for the BizCLIR methodology took place in Pakistan in May 2007. Aligning the methodology with the *Doing Business* topics has proven to be highly popular. Macedonia, which received CLIR assessments in 2000, 2003, and 2005, requested in 2008 to have its scores and studies migrated and updated to reflect the new BizCLIR format. In total, eleven BizCLIR assessments were conducted between May 2007 and November 2010.

BizCLIR assessments and recommendations have been used to inform a variety of reform efforts across the globe. The U.S. Ambassador to Uganda distributed copies of Uganda's *Agenda for Action* to the President and all cabinet ministers. The reports have also been used in designing follow-on programs in Kenya, Afghanistan, and Uganda, and have been referenced or quoted in RFPs in Jamaica and Pakistan. In the West Bank, the BizCLIR report led to the initiation of the three-year Investment Climate Improvement (ICI) Project that provides targeted assistance to the public and private sectors to improve the trade and business environment.

### AgCLIR Assessments

In AgCLIR assessments, the stakeholders interviewed represent every stage in the agricultural process – farmers, traders, transporters, processors, and exporters – as well as the government ministries and civil servants who regulate them. In addition to evaluating the ten *Doing Business* topics as they relate to agribusiness, additional chapters have occasionally been added to an AgCLIR report to address specific agricultural problems such as food security and climate change.

Although AgCLIR is a relatively new product, it has quickly developed name recognition and is rapidly emerging as a vital tool in the fight against food insecurity. During the BizCLIR project, AgCLIR was featured in the *Economist* as an example of development assistance working to alleviate global hunger.<sup>4</sup> USAID's Africa Bureau now requires all countries that receive Global Food Security Response funds to conduct an AgCLIR assessment as part of their strategy development process. AgCLIR assessment recommendations have also appeared in follow-on projects and policies in several countries. The governments of Senegal, Ghana, and Tanzania have used the AgCLIR reports for their countries to design new agricultural projects or policies. The recommendations in the MicroCLIR report for Tanzania were recently incorporated into the RFP for a large food security project. In Nigeria, the AgCLIR report was used to design a national food security strategy.

### **The BizCLIR Assessments**

BizCLIR Pakistan (August 2008)  
 BizCLIR Tanzania (February 2008)  
 BizCLIR Jamaica (December 2007)  
 BizCLIR Rwanda (June 2008)  
 BizCLIR Burundi (November 2008)  
 BizCLIR Uganda (December 2008)  
 BizCLIR Macedonia (MBEA) (March 2009)  
 BizCLIR Kenya (June 2009)  
 BizCLIR Zimbabwe (January 2010)  
 BizCLIR for the Palestinian Economy (March 2010)  
 BizCLIR Mexico (September 2010)

### **The CLIR Assessments**

CLIR Afghanistan (August 2007)  
 CLIR Peru (November 2010)

### **The AgCLIR Assessments**

AgCLIR Ghana (November 2008)  
 AgCLIR Nigeria (May 2009)  
 AgCLIR Senegal (September 2009)  
 AgCLIR Kosovo (March 2010)  
 AgCLIR Tanzania (May 2010)  
 AgCLIR Uganda (September 2010)  
 AgCLIR Democratic Republic of Congo (March 2011)

<sup>4</sup> "How to Store and Sell More Stuff: Poor Places Need More Than Seeds, Fertiliser or Even Food Science," *The Economist* (Nov. 21, 2009).

#### HealthCLIR Philippines Pilot Assessment (November 2009)

In 2005, the Government of the Philippines launched Formula One for Health, an ambitious program to reform and expand the nation's health system. The USAID Mission to the Philippines sponsored a HealthCLIR assessment to examine four topics: Delivering Goods, Developing Human Capacity, Providing and Maintaining Facilities, and Governing the System. Extensive interviews were conducted over a two week period with representatives from public and private health sectors, including healthcare facilities, educational institutions, medical and business professional associations, donor and research organizations, commodity supply groups, and businesses that provide goods and services to public and private healthcare providers. This assessment activity was utilized to field-test the HealthCLIR diagnostic methodology,

#### HealthCLIR Uganda (January 2010)

The USAID Mission to Uganda requested a HealthCLIR assessment in recognition of the need to encourage private sector investment in health services to increase the quality and sustainability of healthcare in Uganda. The assessment team interviewed stakeholders from throughout the business and health sectors over a two-week period. The Ugandan team analyzed the four core topics addressed by the HealthCLIR Philippines team, plus the issue of access to finance in the private health sector. The final report identified cross-cutting themes that impact the quality and availability of health services in both urban and rural settings. The USAID mission in Uganda has distributed the report widely through private health sector conferences throughout Uganda, and is currently using the recommendations in the report to develop a private health sector engagement strategy. The International Finance Corporation is also utilizing findings from the HealthCLIR Uganda report in the structuring of investments through the \$1 billion Health in Africa regional investment activity.

#### GenderCLIR Rwanda (September 2009)

The first GenderCLIR assessment took place in Rwanda in April 2009. The assessment team evaluated the pressures within the Rwandan business climate specific to women entrepreneurs. Assessors conducted interviews and focus groups with a diversity of women's business associations, women business owners, and local women leaders as well as additional stakeholders throughout the business environment. The GenderCLIR Rwanda report was divided into the six key areas of support identified by the assessment team as most crucial to improving the business climate for women in Rwanda: Institutional Strengthening, Education and Training, Access to Finance, Access to Markets, Coordination and Networking, and Moving from Policy to Practice. Following the assessment, the mission requested technical assistance to conduct gender workshops for women business owners in 4 cities to discuss common challenges, learn business skills, and network with one another.

More importantly, the GenderCLIR diagnostic has helped to integrate women's issues into the broader discussion of improving the business climate. For example, the GenderCLIR indicators have been used to conduct gender-specific analyses within broader BizCLIR and AgCLIR assessments. A chapter on gender was included in the BizCLIR assessments in Pakistan in 2007 and the West Bank in 2009 and in the Uganda and Tanzania AgCLIR assessments in 2010. In the West Bank, the Minister of National Economy, with the support of the USAID Investment Climate Improvement Project, used the gender recommendations in the BizCLIR report to develop the first ministerial-level gender strategy for the West Bank.

#### MicroCLIR/CIBER Tanzania (August 2010)

MicroCLIR was piloted in March 2010 to evaluate constraints within the maize and rice value chains in Tanzania. The assessment was conducted in conjunction with a Competitiveness Impacts of Business Environments Reform (CIBER) assessment that examined the quantitative and qualitative costs associated with each identified constraint.<sup>5</sup> The MicroCLIR/CIBER team examined 6 core policy and regulatory constraints affecting the competitiveness of the maize and rice sectors: limited storage capacity, inconsistencies in trade policy, market regulation, access to credit, productivity, and honoring agreements. Interviews were conducted with stakeholders from the public and private sectors representing every stage of the value chain from inputs to production, trading, processing, and marketing. In lieu of a stakeholder roundtable, a debriefing was held with mission personnel at the end of the assessment to discuss findings and present preliminary conclusions.

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<sup>5</sup> The CIBER tool was developed through USAID Microenterprise Development Office to identify policy constraints to value chain competitiveness and work with value chain stakeholders, policymakers, and projects to move from assessment to action.

## Technical Assistance

The BizCLIR Project has provided technical assistance to 11 USAID missions in the form of specialized studies, surge capacity, pilot projects, case studies, and trainings. While each activity presents its own unique set of challenges, needs, and success criteria, the following activities demonstrate the breadth of technical assistance support provided under the BizCLIR project.

### Specialized Studies

#### Mobile Financial Services Risk Matrix (October 2009)

A consulting team funded by the BizCLIR Project conducted an analysis in collaboration with the Kenya School of Monetary Studies and the policy research and training arm of the Central Bank of Kenya of the risks inherent in various models of mobile financial services. Risks were assessed from the perspective of key stakeholders in eight East African countries, the U.S. Departments of Treasury and State, and the Consultative Group to Assist the Poor. The project team produced a Mobile Financial Services Matrix, which breaks down the policy options and implications for addressing each type of risk. In addition, the team mapped transaction flows to identify where risks occur and analyzed the approaches of various jurisdictions to the risks of mobile banking.

#### Kosovo Agricultural Opportunities Strategy (AgSTRAT) Assessment (February 2010)

In 2010, technical assistance was provided to the government of Kosovo to conduct an in-depth study of the agricultural sector. The study established a quantitative baseline for Kosovo's agricultural sector, identified the major constraints to economic growth, and described best practices in agriculture from around the world. The Kosovo AgSTRAT report presented a comprehensive strategy for development of Kosovo's agricultural sector, including specific recommendations for crop diversification, initiatives and action plans for key reforms, and projections of the impact of the strategy would have on agricultural production and employment.

#### Kosovo Animal Products Study (April 2010)

This study was a follow-on project to the AgSTRAT project described above. The Animal Products Study developed a quantitative baseline for Kosovo's animal products sector, analyzed current constraints facing the sector, and provided a summary of best practices around the world. The final report included market analysis of the top animals and animal by-products and made recommendations for initiatives to reform of the sector.

#### Tanzania Infrastructure Diagnostic (February 2008)

The 2008 BizCLIR assessment for Tanzania included an examination of the state of the physical infrastructure of the country and its impact on the business environment. This study evaluated the infrastructure for ports, railways, aviation, information and communications technology, electricity, water, and sewage and made recommendations for streamlining procedures and encouraging private investment in each sector.

#### USAID West Bank/Gaza Technical Assistance Support (January 2011)

In support of the three-year Investment Climate Improvement (ICI) Project initiated by the USAID mission in Ramallah, the BizCLIR Project compiled a comprehensive bibliography of available research studies, project documents and reports, and data sources concerning commercial, legal, and institutional reforms conducted to date in the West Bank. Stakeholder and donor meetings were held to explore ongoing and anticipated business climate reform activities, and a gap analysis was prepared in conjunction with ICI project staff to identify clear opportunities for effective reform efforts.

#### Alternative Livelihoods and the Opium Trade (August 2007)

Recognizing the size and importance of the opium poppy industry to the Afghan economy, the CLIR Afghanistan assessment included an extra chapter devoted to analyzing the sector, with a particular focus on the social dynamics of the opium trade and the feasibility of the Afghan Counter-Narcotics Strategy.

Shariah Law (August 2007) [CLIR/BizCLIR report date]

In Afghanistan, there are three sources of law: Islamic law (Shariah), customary law, and the modern legal system of civil codes. In recognition of the complexity of the commercial legal framework, the CLIR Afghanistan assessment team conducted a thorough analysis of the importance of Shariah law in Afghanistan and the interplay between Shariah, customary law, and the modern civil codes in commercial law and practice.

Afghanistan Land Registration Study (November 2008)

As part of the implementation of the Afghanistan Land Titling and Economic Restructuring Activity, USAID/Afghanistan requested technical assistance in analyzing background documentation on land registration and assisting in the design and documentation of a new project on land titling and privatization. Over 6 weeks, a consultant deployed by the BizCLIR Project conducted a desk study of relevant documents, interviewed counterparts and possible beneficiaries of the new project, and delivered a Concept Paper for the new project for mission review.

Tanzania Credit Guarantee Analysis (November 2010)

In November 2010, the BizCLIR Project conducted a comprehensive analysis of the credit guarantee industry in general and in Tanzania in particular. The final report identifies international best practices in structuring a credit guarantee program and makes recommendations for specific credit guarantee programs in Tanzania aimed at increasing access to credit in the agricultural sector.

Facilitating Infrastructure Finance in Africa Assessment (FIFA)

The FIFA Project undertook an assessment of the current infrastructure financing landscape in Kenya and the Central African Republic. The BizCLIR Project deployed one development specialist to examine financing constraints and identify opportunities to promote infrastructure financing through the use of public-private partnerships (PPPs).

Rwanda Company Law Recommendations (March 2008)

The BizCLIR Project conducted a review of the current draft *Rwanda Company Law – 2007* and made suggestions for revisions intended to encourage domestic and foreign investment in Rwanda. The recommendations encouraged the alignment of the law with international best practice in company law, in particular with respect to corporate governance and protecting investors, and suggested ways to make the law more flexible for small and closely-held companies.

Access to Credit in East African Countries (June 2009)

In June 2009, the BizCLIR Project conducted a regional study to examine the issue of access to credit across six East African countries: Burundi, Ethiopia, Kenya, Rwanda, Tanzania, and Uganda. The study evaluated a collection of country-focused BizCLIR assessments and cross-analyzed the results to identify common trade and finance constraints across the region.

**Surge Capacity Projects**Rapid Response – Review of Secured Transaction Laws in Latin America (September 2010)

Through the BizCLIR Project, USAID conducted an analysis of secured transactions laws in Guatemala, El Salvador, Costa Rica, Panama, and the Dominican Republic. The project team delivered targeted recommendations for reform in each of the five countries and action plans for reform initiation and implementation.

Rapid Response – Review of Peruvian Secured Transactions Law (September 2010)

The BizCLIR Project prepared an analysis of the current draft of the revised Peruvian secured transactions law, including cross-references to the Organization of American States (OAS) Model Law on Secured Transactions and the United Nations Commission on International Trade Law (UNCITRAL) Legislative Guide on Secured Transactions. The project team drafted proposed amendments to the Peruvian draft law based on this analysis.

Rapid Response – Review of Colombia Secured Lending Laws (January 2011)

Through the BizCLIR Project, USAID conducted a review of the proposed reforms to Colombia's Civil Code and Code of Civil Procedure regarding contract enforcement. The final report provided commentary on the proposed

reforms and analyzed their ability to decrease the cost of credit by increasing the efficient enforcement of defaults on loans.

Rapid Response – Organizational Strengthening and Systems Development – Office of the Prime Minister (OPM) of Kosovo (March 2008)

The BizCLIR Project provided critical support to the Office of the Prime Minister of Kosovo to design and implement a tailored organizational strategy to improve the efficiency of the office and increase coordination among ministries. The BizCLIR Project team produced an organizational chart detailing responsibilities and lines of reporting as well as a communications strategy for delivery of key messages to OPM stakeholders, such as the media, the public, and other branches of government.

Advisory Support for Kosovo’s Ministry of Agriculture, Forestry, and Rural Development (MAFRD) (July – September 2010)

The BizCLIR Project deployed three experts to assist Kosovo’s Ministry of Agriculture, Forestry, and Rural Development (MAFRD) in establishing an Office of Program Management, including developing an action plan, designing tools to track progress and funding, creating a communications strategy for sharing information with stakeholders and donors.

Access to Finance Assessment for the Agriculture Sector – Kosovo (November 2010)

The BizCLIR Project provided short-term support to Kosovo’s Ministry of Agriculture, Forestry, and Rural Development (MAFRD) to analyze existing and proposed financial products and funding schemes available to the agricultural sector. The study included a feasibility assessment of a government-run loan program and identified gaps and opportunities for new agricultural finance tools.

Surge Capacity Tanzania (November 2009 – May 2010)

In connection with Tanzania’s AgCLIR assessment, the USAID Mission to Tanzania requested the assistance of a BizCLIR Project consultant to handle logistics for the upcoming AgCLIR assessment and roundtable, coordinate with the other donors on ongoing secure finance reform work, and provide general support to the mission in the implementation of Financial Crisis supplemental funds. The technical assistance also included work on an analysis of the Tanzanian credit guarantee industry (described above under “Specialized Studies”) and assistance in the development of a new food security initiative.

## **Pilot Projects**

Unified Secured Lending System for Tanzania (2008-2010)

The BizCLIR Project provided technical assistance to the USAID mission in Tanzania to establish a unified system of secured lending based on movable property. In partnership with the Bank of Tanzania, the project team drafted a new secured transactions law and designed a model electronic registration system to make the secured lending industry more efficient and cost-effective. The project team also created a “Train the Trainers” training program and manual to educate representatives of financial institutions on the use of the new online registry system.

Rwanda Gender Workshops (September 2010)

The BizCLIR Project conducted two day workshops in four cities across Rwanda to train women business owners in business skills, marketing, recordkeeping, and access to finance. The workshops included plenary and interactive sessions and provided a forum for networking. The workshops concluded with a roundtable discussion with local officials in which the women were invited to discuss challenges and potential reforms to improve the business environment for women.

Facilitating Access to Long-Term Financing in Sub-Saharan Africa (FAF)

The FAF Project was designed to facilitate the development of a regionally-integrated capital market by providing key diagnostic information and coordinating the work of various donors relating to international and regional capital market integration in Africa. The BizCLIR Project deployed one development specialist to Kenya who, with the support of in-country experts, provided diagnostic work, policy analysis, and technical assistance to the donor working group in crafting a pragmatic integration strategy.

## **Case Studies**

Tanzania Case Studies (March-April 2010) In March and April 2010, the BizCLIR Project conducted case study analyses of two failed Tanzanian ventures that could have dramatically improved processing in the agriculture and meat sectors. The case study team analyzed the relevant literature on the subject and conducted stakeholder interviews to understand the root causes of the failures and how to prevent them in the future.

## Knowledge Management

The BizCLIR Project improved the capture and dissemination of business enabling environment tools, practices, and understanding throughout the donor community and beyond through its website, trainings, and events.

### BizCLIR.com

The BizCLIR Project created [www.bizclir.com](http://www.bizclir.com) as a repository for all of the BizCLIR Project publications, other relevant publications, and useful links to business enabling environment reform in general. The site houses BizCLIR Project reports, best practices, expert opinions, and special studies and contains a library of more than 300 publications on business enabling environment reform. Bizclir.com averages 300+ hits per day and has more than 3,000 subscribers, including many public and private sector stakeholders from country assessments. The website produced and circulated a monthly newsletter highlighting findings from recent BizCLIR Project activities and other BEE reform projects, new publications, and upcoming events. The website has also been used to maintain contact with assessment stakeholders, providing a useful tool for circulating initial findings from assessment roundtables and final reports. Since its launch in May 2008, the site has had 327,000 total visits and 2.5 million total page views, far exceeding the performance of the predecessor site, [www.bizlawreform.com](http://www.bizlawreform.com).

### Events

A number of high-profile Washington, D.C. events originated under the BizCLIR Project. In April 2007, USAID and the World Bank/IFC co-sponsored the *Doing Business* Reformer's Club, an event that brought together Prime Ministers and cabinet ministers from the 10 countries identified by the World Bank as the top reformers in 2007 to discuss their achievements and experiences. This event is now an annual World Bank-funded event. The BizCLIR Project also organized conferences in Washington in 2008 and 2009 to launch the World Bank's *Doing Business Report* that were attended by local development practitioners and researchers, USAID and World Bank staff, and the USAID Administrator. In response to the popularity of the World Bank *Doing Business* reports, USAID, through the BizCLIR Project, hosted an inter-agency Brown Bag Lunch Series to explain each of the ten *Doing Business* topics to U.S. government counterparts. In April 2009, the BizCLIR Project and the Woodrow Wilson International Center for Scholars co-hosted a luncheon for development practitioners and policymakers to discuss economic growth in conflict-affected areas. The Corporate Council of Africa invited BizCLIR Project staff to present the findings of several AgCLIR assessments to their members at the annual summit in Washington in 2009, and likewise invited BizCLIR project staff back to present findings on HealthCLIR Uganda in September 2010.

In the field, the BizCLIR Project hosted report roll-out events in Senegal, Kenya, and Tanzania to present the published assessment reports to stakeholders. These high profile events garnered media attention and sparked public-private dialogue about the report findings to build momentum for reforms.

### Training Activities

Over the years, USAID and other organizations have requested training activities to take advantage of the expertise of the BizCLIR Project staff and to share lessons learned from BizCLIR Project activities. BizCLIR Project staff have trained USAID EGAT officers on trade and investments issues at training events in Pretoria, South Africa and Bangkok, Thailand. At the APEC Business Advisory Council meeting in August 2010, BizCLIR Project staff introduced APEC members to the AgCLIR methodology and presented common legal and institutional constraints that impact food security and inhibit the enabling environment for agribusiness.

### Studies

The BizCLIR Project produced a number of studies, best practices, and expert opinions that explore various aspects of business environment reform. All of these publications are available on [bizclir.com](http://bizclir.com). The BizCLIR Project produced 10 *AgCLIR: Lessons from the Field* briefers that explain the common legal, regulatory, and institutional issues that arise in the study of each of the 10 *Doing Business* topics. Best Practices articles highlight lessons learned and case studies to illuminate best (and worst) practices in the field of business environment reform. Expert opinions from BizCLIR Project experts and other development specialists analyze a variety of

business environment topics and challenges. By publishing these opinions on the website with space for comments from readers, the BizCLIR Project creates a forum for discussion of these important issues.

### **Donor Collaboration Efforts**

Donor collaboration is crucial to effecting sustainable development reforms without wasting resources. The BizCLIR Project collaborated extensively with a wide variety of internal and external partners.

In the field, BizCLIR Project assessment teams used experts from other U.S. government agencies to strengthen the analysis and increase support for the work of the USAID missions. These partners include the Millennium Challenge Corporation, the U.S. Department of Agriculture, the Federal Trade Commission, and the Administrative Office of the U.S. Federal Courts. The BizCLIR Project also collaborated with other organizations to strengthen information gathering and directly address business environment constraints. USAID coordinated with World Bank *Doing Business* field teams to increase information sharing and strengthen findings. Similarly, BizCLIR Project staff regularly communicated with the World Bank FIAS Program on country and subject-matter specific issues to ensure mutual support and cooperation. In Uganda, the BizCLIR Project teamed up with the IFC/World Bank in support of the Health in Africa Program to improve private sector financing for health.

In Washington, BizCLIR Project staff worked closely with the State Department, U.S. Department of Agriculture, U.S. Trade Representative, the Overseas Private Investment Corporation, and the Millennium Challenge Corporation through knowledge sharing, strategy development, and debriefings. Eight separate agencies participated in the BizCLIR Project's *Doing Business* Brown Bag Lunch Series. In collaboration with the World Bank, USAID provided logistical support and co-branded the annual *Doing Business Report* launch and Reformer's Club events. The BizCLIR Project also engaged in regular information sharing and cross-posting of materials and events with the Donor Committee on Enterprise Development. Within USAID, the BizCLIR Project boosted understanding and support for the work of the Office of Economic Growth by teaming up with other USAID offices and bureaus, including the Attorney General's office, the Offices of Poverty Reduction, Women in Development, and Democracy and Governance, and the Bureaus for Africa and Latin America and the Caribbean.

## **Lessons Learned**

### **Best Practices in *Doing Business* Reform**

Over the course of the 25 country assessments the BizCLIR Project has conducted, recurring challenges and key interventions have emerged. The following sections discuss in detail the lessons learned with respect to the six most widely examined categories of the BizCLIR analysis. The remaining 4 categories have proven to be less popular, either because they are often addressed tangentially by other categories or because they have not, to date, been an area of great interest and focus in business environment reforms.

#### **Dealing with Licenses**

The World Bank's *Doing Business* Report focuses exclusively on construction permits. Under BizCLIR, this chapter has evolved into a deeper examination of all licensing issues based on national and local priorities. Thus the Dealing with Licenses section covers a broad swath of issues, and it can be difficult to narrow the focus. In addition, creating, enforcing, and eliminating licensing requirements is an inherently political issue with deeply rooted vested interests at play. Licensing regimes create vast opportunities for corruption, particularly at the local level. To combat these problems, a "regulatory guillotine" approach has been used to cut out waste and limit opportunities for corruption. This streamlining approach, however, fails to adequately isolate licenses that are necessary for protecting public welfare from those whose cost outweighs their usefulness.

To avoid the pitfalls of the “regulatory guillotine,” the best approach to licensing reform may be through sector-focused analyses (e.g. construction or tourism licenses) using a tool similar to MicroCLIR. The next generation of indicators should also include a more thorough consideration of the political implications of streamlining a licensing regime. Private advocacy against corruption and the use of technology to limit person-to-person interactions are also key interventions. Finally, opportunities for regional analysis of the topic of licenses should be explored.

## **Employing Workers**

The Employing Workers section of the *Doing Business* Report has proven to be quite controversial due to its exclusive focus on labor flexibility issues (e.g., what you have to pay employees under the law). This has created tension with workers’ rights advocates who contend that focus creates disincentives towards worker protections and adherence to labor conventions. In response to these concerns, the World Bank announced that Employing Workers has been removed from the 2011 report pending a policy review. In any case, the examination of formal labor laws is somewhat meaningless when 90 percent or more of the population in many developing countries operates in the informal sector. Nonetheless, labor issues remain important to business environment reform efforts – a strong business environment enables people to get the training and education needed to meet the demands of the labor market.

Redirecting the focus of the Employing Workers indicators to address labor skills rather than labor flexibility could be a potential area of consensus for all. An analysis of “Workforce Development” would encourage efforts to create more robust vocational training and increase dialogue between educational institutions and the private sector. This focus would also capture directly the emerging social dynamic of youth and the lack of economic opportunities faced by youth in much of the developing world. Government policy in this area should focus on enabling access to training and education. In addition, statistics, which can play a critical role in guiding policy decisions, are often unreliable in developing countries. Statistics bureaus should be viewed as an important supporting institution in this section of the analysis.

## **Access to Credit**

Most developing country financial systems are liquid, stable, and safe – this is partly historical and partly a reflection of good, donor-supported management of central banks. Nonetheless, certain sectors (e.g., agriculture, services, and manufacturing) disproportionately and consistently lack access to finance. Only a limited number of financial products are available to these sectors. These products are generally short-term and characterized by high interest rates that don’t always accurately reflect financial risk. Credit is more likely to be available near the financial capital. Overcollateralization requirements, generally with respect to property, can make accessing credit effectively impossible for many. Political instability also increases the cost of credit. Even where credit is available, there may be a psychological bias against borrowing for cultural reasons.

Banks often lack adequate access to capital to make broader lending a viable option. Banks have three main sources of capital, none of which forms the basis for effective widespread lending in developing countries]: deposits, foreign exchange markets, and pension funds and the insurance sector. Deposits are typically short term – 90 days or less – and do not provide a stable source of capital. Borrowing on foreign exchange markets is avoided as it exposes the banks to fluctuations in currency exchange rates. The insurance sector and pension funds often are not managed or regulated in a way that makes their funds accessible to banks.

Microfinance institutions (MFIs) are a source of innovation and represent an excellent network for entrepreneurs and small businesses to tap into as many have branches throughout the country. MFIs historically have had a tenuous relationship with banks. Banks tend to view them first as irrelevant, then as a threat, and ultimately as potential partners. Attempts to limit and/or regulate the MFIs must be carefully monitored to ensure that this crucial source of capital for small businesses is not effectively eradicated through over-regulation. More attention should also be directed towards gender-specific considerations within the microfinance industry. While MFIs have been touted for their role in providing access to credit for women entrepreneurs, this support has not provided women with real opportunities grow beyond small business. MFIs rarely provide women entrepreneurs with adequate business training and encouragement to grow their businesses.

Mobile banking should also be explored as a potentially key intervention in increasing access to credit. Funding currently used for Development Credit Authorities (DCAs) may be better spent on technical assistance and training for banks and the business community. In addition, insurance industries should be developed as a potential source of capital for banks. The insurance industry is often a generation behind the banks in terms of development. While the banks have been liberalized and privatized, the insurance industry is still parastatal and closed to foreign investors in many countries.

### **Registering Property**

Latin American economist Hernando de Soto has argued that formalizing property rights is the key to economic growth for the world's poor and identified clear title to property as essential for opening up access to credit.<sup>6</sup> In reality, having title to land does not necessarily equate with the ability to obtain a loan. Many lenders have income and security requirements that cannot be met with land title alone. In addition, sometimes people do not want ownership of the land they live or work on because it opens them up to taxes and other potentially costly interactions with the state. Land usage, particularly in rural areas, is often managed informally by traditional methods. Both formal and informal land management is rife with corruption and political considerations. The inability to establish stable, enforceable rights to property inhibits the ability of entrepreneurs to invest in and scale their businesses. In addition, population growth is putting pressure on land management and land growth systems. Solving these issues will be a key challenge for future economic reform efforts.

Funding should be increased for land registries and cadastres to help them modernize their systems. Local land administration, which has traditionally been neglected, should be viewed as an important tool in future reforms. Future analyses of this topic should also address water rights as well as the connection between property rights and access to credit. Intellectual property rights, on the other hand, would be better considered as part of a different area of the analysis (e.g. trade).

### **Trade Policy**

In general, trade policymakers in developing countries have undervalued the input of the private sector in the policymaking process. Public and private sector capacity building is crucial to meeting international and domestic standards under trade agreements and the World Trade Organization. In the future, more technical assistance should be directed at training public and private sector actors in how to comply with obligations under the World Trade Organization and other trade agreements. Capacity building for key supporting institutions such as statistics and standards bureaus is also an important intervention.

While the EU and the US markets have typically been the main focus of international trade policies, more attention should be paid to regional market opportunities. Future assistance efforts should support the development and dissemination of market information both regionally and locally. Support should also be provided to increase interministerial coordination to create a more robust trade policy.

### **Trade Facilitation**

The plethora of opportunities for corruption in customs authorities is a huge issue in developing countries. Many countries view customs as a primarily revenue-focused activity. Low tech customs systems, poor training of customs officials, and low public sector salaries encourage corruption in the system.

Future assessments should direct the focus of the Social Dynamics analysis in both the Trade and Paying Taxes sections to capturing the causes of corruption within revenue collection agencies. The use of automated systems can prevent some forms of corruption, but there is a risk of simply automating a bad system. Basic interventions geared at transparency, such as standardizing forms and making information more publically available, may be more effective. Better technology and training for customs officials is also critical to combating these issues. Increasing

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<sup>6</sup> De Soto, Hernando. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. 2000 (informally held assets "cannot be turned into capital, cannot be traded outside of narrow local circles where people know and trust each other, cannot be used as collateral for a loan, and cannot be used as a share against an investment.").

the transparency and predictability of customs institutions and the Ministry of Finance is essential to fight corruption and improve the business enabling environment as a whole.

### **Enforcing Contracts**

In the *Doing Business* Report, the World Bank measures the ease of enforcing contracts in terms of time, cost (as a percentage of contract value), and efficiency (number of steps/procedures). The BizCLIR approach is more holistic and focuses on 3 overarching obstacles that undermine the enforcement of contracts. First, accessibility - the availability of legal support and access to laws is often an issue. For women, independent access to the judicial system as a whole is sometimes barred by standing requirements. Second, predictability/certainty – corruption, judicial incompetence, and the lack of judicial independence create unpredictable judicial systems. Lack of judicial independence is particularly an issue in one-party states. Judicial independence, however, does not guarantee competent or corruption-free justice. In some countries, assessments have revealed that there is more certainty in corruption than in relying the judge to apply a competent and consistent reading of the law. Third, the “culture of contracts” (or lack thereof) - the Tanzania MicroCLIR and AgCLIR reports highlighted the lack of a culture of respect for contracts where getting around the system and breaking contracts is encouraged.

The use of alternative dispute resolution (ADR) methods may be an effective intervention to provide certainty to commercial contracts despite the failings of the judicial process. For example, in Mozambique, ADR has been quite successful. After incorporating ADR as a standard part of commercial contracts, the judicial system in Mozambique experienced a 30% drop in the number of disputes. “Contract farming” is another popular intervention whereby a buyer contracts to purchase a specified amount of products from one or more farmers at a pre-determined price. This practice can increase farm productivity but has traditionally been plagued with problems of “side-selling,” whereby farmers ignore the agreement and sell to a competing buyer at a higher price. In some cases, this issue can be avoided by adding a premium clause to contracts wherein the buyer agrees to pay above-market price.

## **Best Practices in Technical Support and Implementation**

### **PRE-ASSESSMENT**

#### **Mission Engagement**

One of the strengths of the BizCLIR methodology is that the assessment can be completed rapidly and with the involvement of few mission personnel. Mission engagement, however, is still vital to the impact of the report. The CLIR tools are designed to apply a comprehensive review of feasible constraints, and through a rigorous process of evaluation isolate those most key constraints to the business environment, and pinpoint priorities for targeted programming. Where the missions have high turnover rates or are disinterested in the assessment process, an assessment can be completed, but the likelihood of the report being used for programming, disseminated within the country, or even approved is quite slim.

One way to ameliorate this problem is to conduct a follow-up event to launch the publication of the report. A report launch event requires less time on the part of mission personnel but enables them to learn about the assessment and its findings and to engage with stakeholders directly.

#### **Scoping**

Scoping is an important part of the BizCLIR process from both a mission engagement perspective and from a cost realism perspective. The time necessary to properly scope the assessment needs to be built into the overall timeline from inception to report publication. To properly set the scope of an assessment, three main variables must be considered. First, geography matters. Doing an assessment in the DRC is drastically different than in the West Bank or Kosovo. The larger the country, the greater the logistical and management challenge and the greater the likelihood of a broad diversity of ethnicities, languages, and provincial issues. An assessment team

simply cannot cover as much of the country in the same amount of time with the same number of people. Second, the substantive scope of an assessment can be narrow or broad. This scoping decision very much depends on the needs of the mission. Not all countries need an analysis of all of the *Doing Business* categories. Third, the regional, national, and municipal scope of the assessment must be determined. BizCLIR assessments have, on average, done a good job analyzing national and regional issues. Less attention has been paid to municipal issues. Nonetheless, it is important to get out of the capital city to the rural areas and remote border towns, so that stakeholders in these areas have their voices heard. In general, an 80/20 rule has been applied to balance national versus municipal issues.

### **Appropriate Staffing**

On any BizCLIR team, it is important to have the right level and mix of expertise. Finalizing the Statement of Work as far in advance as possible provides project staff with enough time to select the best team available. A specialized skill set is required for BizCLIR assessments, which includes technical knowledge (e.g., a legal specialty such as tax, contracts, trade, agriculture, or health), writing capability, and the ability to do interviews and be a team player in an intense and fast paced environment. Generally speaking, “*You’ve got it or you don’t.*” Over time, the BizCLIR Project team has learned to be more efficient and extract more out of an assessment team. Nonetheless, certain sections are more effectively covered by two individuals with distinct and separate skill sets (e.g., trade facilitation versus trade policy).

USAID staff participation in assessment teams has had mixed results. In some cases, it has worked seamlessly and provided a unique opportunity for cross-agency collaboration, but it can also be an additional cost for the project. Similarly, the use of local consultants and local organizations requires budgeting for extra time and money, particularly if efforts will be made to institutionalize the assessment methodology locally. It can be difficult to work with a local research or advocacy organization as they tend to be understaffed and have their own agendas. It takes longer than the 2 weeks allocated to the assessment to get local staff up to speed on the methodology and the assignment. If a BizCLIR assessment was embedded into a long-term project, this kind of knowledge transfer could more easily take place.

## **DURING THE ASSESSMENT**

### **The 360 degree interview process**

An assessment is only as good as the quality, quantity and diversity of the interviews and assessment sources. Commitment to the 360 degree interview process is an important part of the BizCLIR Project tools. Assessment teams interview stakeholders across every segment of the business environment. Moreover, assessment teams interview more than one of each type of stakeholder to ensure a well-rounded understanding of that segment of society. For example, an assessor will speak not just to one banker but to four spread over the course of the assessment period and, preferably, across different regions of the country. In general, visiting a mix of locations in-country has been most effective. Specifically, beginning and ending the assessment in the capital city with visits to rural areas in between allows for an evolution in the depth and subject of an assessor’s questions to key stakeholders in the capital. Assessors attempt, wherever possible, to go to the interviewees in lieu of meeting in a hotel or central office space. Seeing where the interviewee works and does business can be as important as the interview itself. Assessment team members themselves are excellent sources of information for one another. Assessors share data and insights through nightly team meetings and interviews jointly conducted by 2 or more assessors. The cross-fertilization of ideas and information within the team contributes to a more holistic view of the issues and recommendations for effective reform in the final report.

### **Diagnostic coordination**

To make the 360 degree interview process successful, excellent diagnostic coordination and support is crucial. The diagnostic coordinator arranges meetings, manages travel plans, and handles the invitations and logistics for the roundtable. For teams of 8 or more assessors, particularly when the assessment involves regional travel, it has been most effective to use two diagnostic coordinators. There is a tradeoff between quality and price when assessments get this large. Coordinators can most effectively assist the assessors only when they have a clear

understanding of the types of meetings the assessor needs. It is important to encourage assessors to prioritize their meetings and communicate these priorities to the coordinator. Nightly team meetings are key opportunity to share information and discuss findings from each day, identify future meetings needed, and review logistics for the following day.

The Assessment Coordination Manual captures much of these best practices and provides standardized templates, forms, and criteria for conducting assessments. One area for improvement is in capturing the correct contact information for stakeholders and maintaining contact with stakeholders between the roundtable and the release of the final report.

### **Roundtable**

The stakeholder roundtable is an important aspect of the assessment process. In addition to initiating a dialogue between the government and private sectors, the roundtable provides a critical link between the interview process and the issuance of the final report. For many participants, the roundtable is the first opportunity they have had to meet their counterparts face to face. The value of creating these personal relationships is immeasurable.

The use of voting technology to engage participants directly in the roundtable has been a success, despite some difficulties in set up and operation of the system. Voting slides during the roundtable presentation can be used to gauge the audience's reaction to the assessment team's initial findings and recommendations, as well as to obtain a snapshot of the audience's background and general opinions.

The breakout groups engage participants directly in the discussion of important business environment issues and gives them ownership over potential solutions. Breakout sessions are most effective when lead by a facilitator from the assessment team and a local counterpart. The focus of the breakout groups has successfully shifted from individual chapters of the report to more comprehensive cross-cutting themes identified by the assessment team.

To successfully manage the roundtable, it has been helpful to hire a dedicated local staff member to focus specifically on calling invitees to confirm RSVPs in the days leading up to the event. Similarly, it is useful to delegate oversight of the registration table to local staff to free up the diagnostic coordinator to deal with other issues. The person(s) responsible for registration should also be responsible for capturing correct contact information from all roundtable participants.

The delay between the roundtable and the publication of the report can be months. To maintain stakeholder contact and engagement, it is useful to send out the roundtable presentation after the event.

### **Giving the bad news**

In general, the findings of most assessments have been fairly critical of the host country government and institutions. Therefore, it is important to deliver this news diplomatically on behalf of USAID. Controversy around the report can create momentum for reform, but it must be harnessed carefully by the USAID mission. Engaging champions within the government as part of the assessment and the dissemination of the report has been an effective approach. When people feel part of the process and part of the recommendations in the report, they are more receptive to its critical aspects. At the very least, it is important to keep government contacts informed throughout the assessment process so that they know what to expect and are prepared when the report is released.

### **POST-ASSESSMENT PRODUCTION**

Assessment reports have many authors. The individual chapters of the report must be integrated to avoid internal inconsistencies, repetition, and to give the report one voice. The use of an integrator with broad knowledge of business enabling environment issues who was not an assessor on the team is ideal. The use of professional editors and formatters has also raised the profile of publications under the BizCLIR Project. The reports have generally been disseminated electronically through the bizclir.com website. While electronic dissemination is less

expensive, hard copies are more useful and more often read. If the findings are to reach beyond USAID and the donor community, hard copies may be essential to reach in-country stakeholders with little or no internet access.

## **KNOWLEDGE MANAGEMENT AND INFORMATION SHARING**

Ensuring that a broad audience has access to and can make use of the assessment report is crucial to increasing the impact and overall value of the report. There are two main types of knowledge sharing: internal to the country at issue and external to the development community at large (e.g., other USAID missions, USAID/Washington, and other US government agencies, contractors, and implementing partners).

Internal knowledge sharing relies on the USAID mission and the amount of time and funding they are willing to allocate for report roll out events and hard-copy reports. Dissemination of the final report has proven to be difficult, particularly in countries where internet access is limited. The roundtable plays a critical role in in-country knowledge sharing. In Senegal and Tanzania, a follow-up event was held to launch the report that included media coverage, multi-stakeholder representation, and high levels of engagement by the government and private sector. In both countries, the report was met with a mix of praise and condemnation. Generating this type of controversy and debate can increase the dissemination of the report and create momentum for reform.

External knowledge sharing is done through the BizCLIR Project website, Washington DC-based presentations and events, and the BizCLIR Project newsletter. These methods all rely on independent interest and participation by the donor community. Assessment reports and other BizCLIR Project publications could have been more proactively disseminated among other US government agencies in electronic or hard copy form to increase their impact.

# Recommendations for Future Efforts

The BizCLIR Project produced six diagnostic tools with brand name recognition and a strong reputation for excellence around the world. Looking forward, USAID should build upon these successes, using the tools and lessons learned from the BizCLIR Project to achieve new strategic goals in business environment reform.

One of the keys to the success of the BizCLIR Project tools is the consistent use of the unique four-part framework, dividing the analysis into considerations of the legal framework, implementing institutions, supporting institutions, and social dynamics. This whole-of-society approach quickly exposes the nature of the problem at hand (be it legal, regulatory, social, or a lack of implementation/enforcement) while providing a holistic view of the interplay between each of the dimensions. This framework can be applied to any development issue and still obtain the type of insightful analysis that BizCLIR Project tools are known for. Future efforts should focus on expanding the range of tools to include new areas of interest, such as youth, education, water, climate change, and migration.

Business environment reforms have been underway in countries around the world for many years. Yet there still are few tools available for countries to evaluate the impact of their reforms. In the future, more efforts should be made to use the BizCLIR Project tools to look comparatively – both as a benchmarking mechanism for measuring one country against another as well as a method for evaluating a single country's progress over time. In addition, more regional analysis should be conducted, particularly with respect to the issue of trade. Developing countries are shifting their focus away from trade with the United States and Europe towards establishing better regional trade alliances, and cross-regional data is crucial to these efforts.

In the future, more attention and resources should be committed to capitalizing on the public-private dialogue and goodwill generated by the assessment and stakeholder roundtable. The assessment process develops an engaged group of stakeholders and momentum for reform, which is wasted in the absence of follow-on activities. Report launch events, technical assistance to build local capacity for continued advocacy efforts, and other bridging activities that focus on maintaining contact with stakeholders should be considered.

Future efforts should also focus on increasing regional collaboration and knowledge sharing between donors in the field and throughout the donor community. New methods of disseminating information must be created that attract and engage development professionals regardless of donor affiliation.

## Exhibit A List of Project Activities

Type	Activity Name	Start Date	End Date
AgCLIR	Democratic Republic of Congo	20-Sep-10	4-Oct-10
AgCLIR	Ghana	18-Aug-08	5-Sep-08
AgCLIR	Indicator Development	1-Nov-07	19-Nov-10
AgCLIR	Kosovo	9-Nov-09	23-Nov-09
AgCLIR	Liberia (Scoping Activity)	12-Apr-10	23-Apr-10
AgCLIR	Nigeria	15-Nov-08	6-Dec-08
AgCLIR	Senegal	8-Jun-09	22-Jun-09
AgCLIR	Tanzania	18-Jan-10	31-Jan-10
AgCLIR	Uganda	1-Jun-10	15-Jun-10
CLIR	Peru	15-Nov-10	19-Nov-10
BizCLIR	Afghanistan	29-Jan-07	15-Feb-07
BizCLIR	Burundi	25-Aug-08	5-Sep-06
BizCLIR	Jamaica	10-Dec-07	15-Dec-07
BizCLIR	Kenya	2-Mar-09	16-Mar-09
BizCLIR	Kosovo	1-Jun-08	30-Jun-08
BizCLIR	Macedonia (MBEA)	6-Oct-08	17-Oct-08
BizCLIR	Mexico	10-Oct-10	22-Oct-10
BizCLIR	Pakistan	28-May-07	9-Jun-07
BizCLIR	Rwanda	28-Jan-08	8-Feb-08
BizCLIR	Tanzania	13-Aug-07	24-Aug-07
BizCLIR	Uganda	15-Sep-08	26-Sep-08
BizCLIR	West Bank	8-Nov-09	23-Nov-09
BizCLIR	Zimbabwe	13-Jul-09	24-Jul-09
DI	Development and Maintenance, Revision, Realignment	1-Dec-06	19-Nov-10
EcoCLIR	EcoCLIR White Paper	1-Feb-10	31-Mar-10
GenderCLIR	Indicator Development	1-Jun-08	19-Nov-10
GenderCLIR	Rwanda	20-Apr-09	30-Apr-09
GenderCLIR	Vietnam	13-Jul-09	24-Jul-09
HealthCLIR	Indicator Development	1-Nov-07	31-Aug-08
HealthCLIR	Philippines	9-Feb-09	20-Feb-09
HealthCLIR	Uganda	6-Jul-09	17-Jul-09
KM	Best Practice	1-Jan-08	15-Apr-08
KM	Development and Maintenance	1-Dec-06	19-Nov-10
KM	Doing Business Conference - 2008	1-Oct-07	
KM	Doing Business Conference - 2009	17-Sep-08	

KM	Outreach Event (Reformers, DB launch)		
KM	Reformers Club	13-Apr-07	
KM	Technical Publication		19-Nov-10
KM	UNCITRAL	1-Jan-10	
KM	Website	1-Feb-07	19-Nov-10
MicroCLIR	Cambodia (Cancelled)	1-Dec-08	31-May-09
MicroCLIR	Social Dynamics Paper	1-Nov-10	19-Nov-10
MicroCLIR	Tanzania	15-Mar-10	30-Mar-10
SC	Development and Maintenance	1-Dec-06	19-Nov-10
SC	Ease of Doing Business in Agriculture Sector - APEC	16-Aug-10	17-Aug-10
SC	EG Training - South Africa	15-Mar-10	19-Mar-10
SC	EG Training – Thailand	8-Nov-10	12-Nov-10
SC	Federalist Society Meetings	1-Apr-07	30-May
Surge Capacity	Ghana	1-Feb-10	31-Mar-10
Surge Capacity	Tanzania	9-Nov-09	9-May-10
TA	Africa Regional Financial Integration	1-Mar-08	31-Mar-08
TA	Development and Maintenance	1-Dec-06	19-Nov-10
TA	East Africa Mobile Payment	30-Sep-09	31-Oct-09
TA	East Africa Secured Transaction (NLC)	1-Nov-07	31-Mar-08
TA	Kenya Infrastructure Financing	1-Aug-07	31-Oct-07
TA	Kosovo Animal Product Study	1-Dec-09	
TA	Kosovo MAFRD	1-Sep-10	19-Nov-10
TA	Kosovo Office of PM	1-Feb-08	31-May-08
TA	Kosovo Strategy	1-Nov-10	
TA	Rapid Response: Laos ICT Registry Purchase	10-Nov-10	19-Nov-10
TA	Rapid Response: NLC - CAFTA, Peru, Colombia, Regional Secured Transaction Matrix		19-Nov-10
TA	Rapid Response: UNCITRAL		
TA	Rwanda	1-Feb-08	
TA	Rwanda Gender TA	6-Sep-10	17-Sep-10
TA	Tanzania Case Studies	30-Mar-10	15-Apr-10
TA	Tanzania Secured Transactions	9-Jun-08	31-Jul-10
TA	Vietnam Gender TA		
	Credit Landscape Diagnostic	1-Feb-09	
<b>TA</b>	East Africa Forum - Commercial Law training Lusaka	1-Oct-09	
	Indicator Reform	1-Dec-06	19-Nov-10
<b>KM</b>	Outreach Event - Wilson Event	20-Apr-09	
<b>TA</b>	Rapid Response: Afghanistan Land Reform	1-Feb-09	31-Mar-09
<b>TA</b>	Rapid Response: Kosovo	1-Jun-08	
<b>TA</b>	Rapid Response: Morocco Labor Law	1-Apr-08	30-Apr-08

