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The U.S. Government's Global Hunger & Food Security Initiative

GLOBAL LEARNING AND EVIDENCE EXCHANGE  
**M A R K E T   S Y S T E M S**

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MARCH 21-24, 2017 // BANGKOK, THAILAND

**Building an Enabling Environment  
for Agricultural Transformation and  
Market Development**

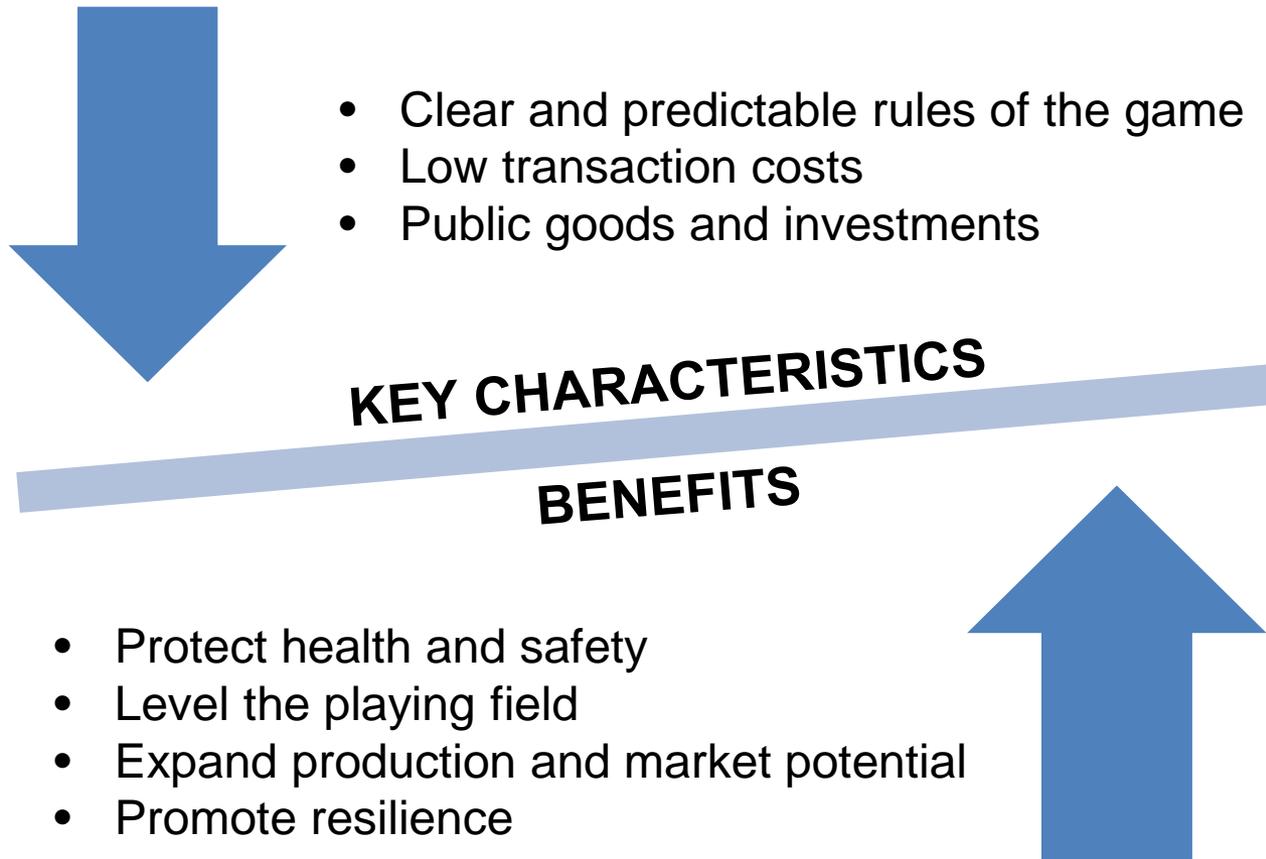


## What is the Enabling Environment?





## Why Does the Enabling Environment Matter?





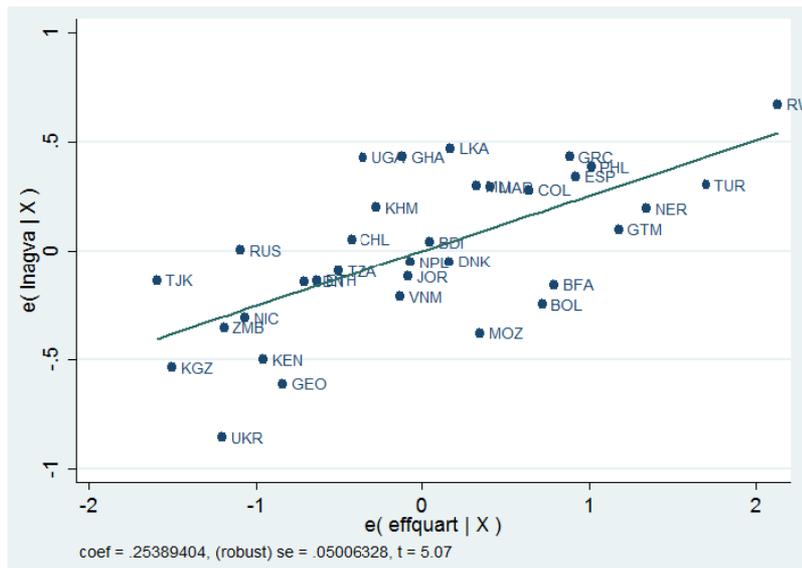
## Common Challenges

- Government as a market player
- Policy instability
- Licensing, permits, and other costs as a barrier to market entry
- Low capacity to implement laws and regulations
- Corruption and anti-competitive market dynamics
- Social and cultural norms undermining inclusivity and entrepreneurship

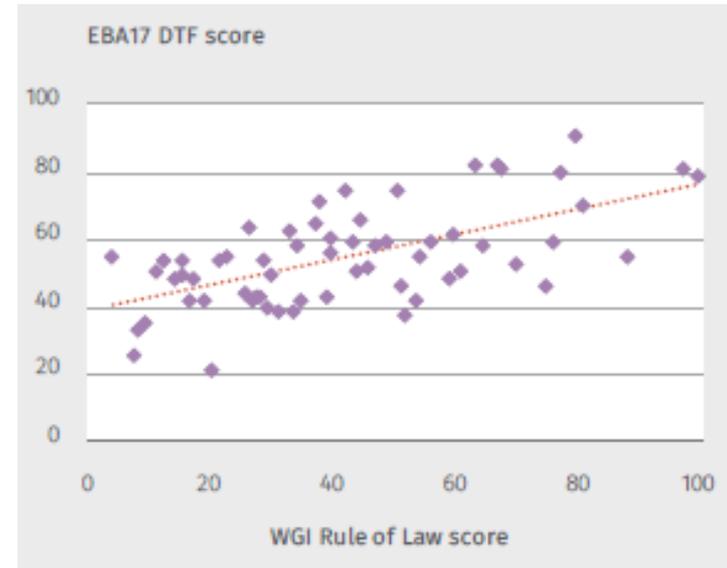


## Agricultural Transformation and the Enabling Environment

Research shows a positive correlation between regulatory quality, agricultural productivity, and strong governance.



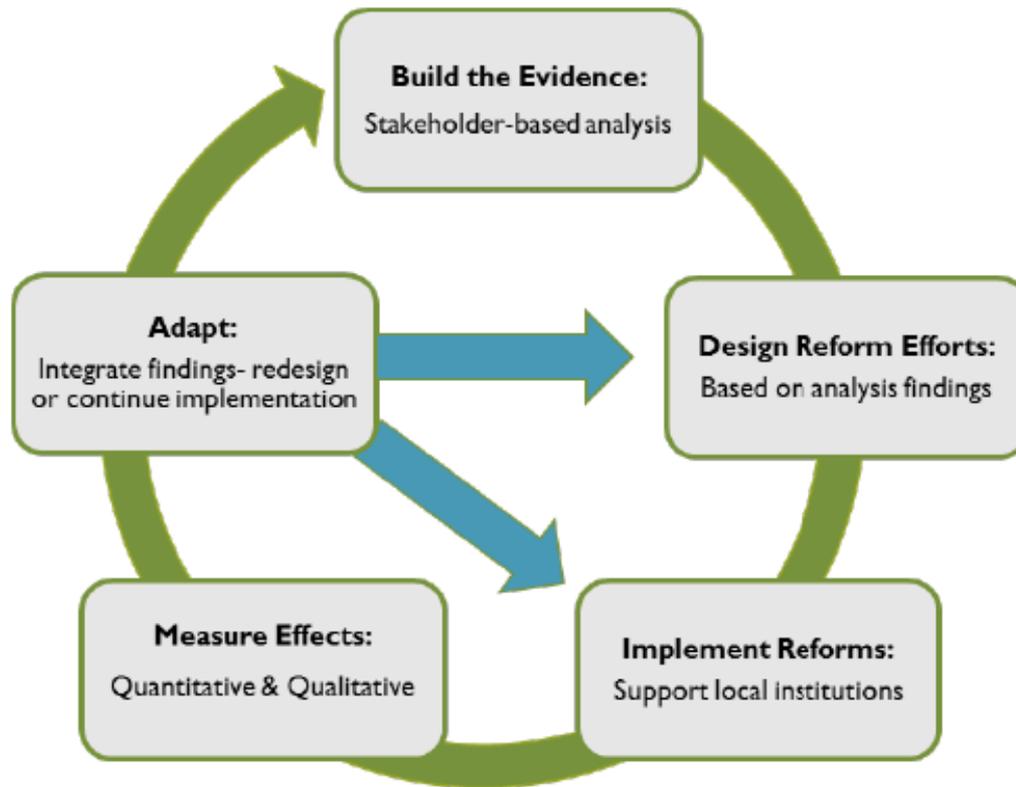
Agricultural Productivity



Governance/Rule of Law



## The Enabling Environment Reform Process





## Enabling Environment Reform Approaches Under Feed the Future

- Embedded technical advisory services
- Institutional capacity building
- Sector program assistance
- Value chain projects
- Regional harmonization initiatives
- Multi-donor initiatives
- Public-private partnerships





## What Makes Enabling Environment Reforms So Challenging?

- Vested interests
- Limited institutional capacity
- Sequencing and evolution of the enabling environment over time
- Timeframe for reform
- Metrics and attribution





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# Case Study: Agricultural Policy Engagement in Burma



## What principles of policy engagement are illustrated by the Burma case?

- Identify important policy problems
- Define clear policy change objectives
- Focus on “winnable” policy problems sequentially
- Work with policy champions to build coalitions for change
- Deploy a critical mass of expertise relevant to the problems
- Realize potential for USAID leadership role
  - ✓ USAID Burma is co-chair of donor Agricultural Sector Working Group and member of \$450 million LIFT fund board
- Foster USAID and implementing partner “one team” approach
- Need for follow through on policy wins to enable capacity for implementation



## Agriculture policy change timeline

- USAID Burma re-opens Nov 19, 2012 after a 25 year absence
- 2012–14 diagnostic phase – identifying key problems
- 2014 onwards
- Assembling a strong stable of policy change expertise
- Early actions (e.g., national land use policy, investment law)
- Building evidence base to support policy change
- 2016 Active engagement on policy and strategy with newly elected government
- 2017 New agricultural policy published; draft agricultural development strategy in consultation phase



## Initial diagnostic phase findings

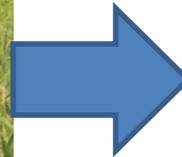
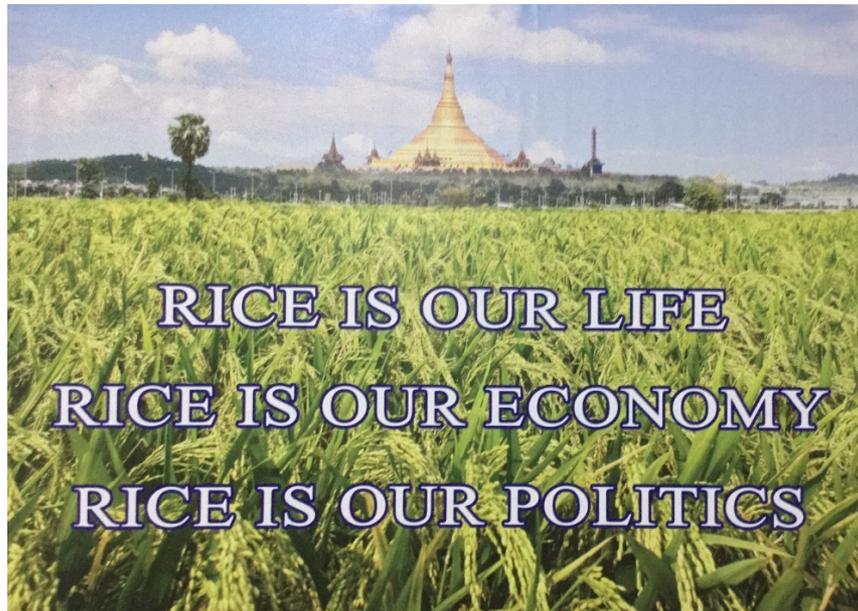
- Government requirement to grow paddy a poverty trap for smallholder farmers (low yields, low value, high cost)
- Chronic rural household indebtedness
- Limited access to financial services and extremely high loan interest rates
- Insecure land tenure
- Ineffective agricultural research and extension services
- Absence of value added processing or quality incentives
- High marketing costs
- Unrealized potential for diversification and “climbing value chain ladder”
- Dearth of reliable agricultural statistics or rural livelihood studies



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## Key Agricultural Sector Policy Challenge





## Steps to a new agricultural policy

- Identify key policy issues: Agricultural diversification, financial services, investment law and land tenure legal framework
- Encountered strong resistance from previous Minister of Agriculture – focused on hybrid rice and mechanization of paddy production
- Opening for change: landslide election victory by NLD in November 2015 and formation of new Ministry of Agriculture, Livestock and Irrigation
- Key time-sensitive initiative: USAID with national policy champion and IPs led preparation of agricultural strategy discussion paper
- Extensive consultation with private sector, parliamentarians, union and regional governments, donors and civil society
- Adopted by Ministry of Ag and coalition of key donors
- Basis for new agricultural policy and development strategy



## Where do we go from here in Burma?

- Building capacity for implementation of new agricultural policy and strategy:
- Establishment of a new agricultural policy unit in Ministry of Agriculture (Jan)
- Strategy paper for reform of agricultural research and extension underway  
Implementation of a new seed sector strategy next month





## Where do we go from here in Burma?

- Revisions to land legal framework
- Implementation of food law / safety standards
- Irrigation Strategy
- Need to address public sector organization gaps: e.g decentralization
- Need to address infrastructure gaps: e.g., ISO certified laboratories
- Need to address critical human resource gaps: e.g.,
- Agricultural economics / public policy
- Statistics
- Agribusiness
- Markets and trade



## Implications for USAID programming

- Agricultural policy engagement is an important component of an economic growth portfolio
- Enhanced growth rates (one per cent increase in agricultural growth rate worth \$200 million per year)
- Broader participation in growth (two thirds of population live in rural areas)
- USAID well placed to play a leadership role in policy engagement
- Strong empirical understanding of agricultural growth processes
- Understands the need to focus
- Capacity to be a “consensus builder” among public, private and donors around a priority agenda
- Wide range of implementing partner resources to tap
- Political cycles, vested interests and capacity gaps will often require a “patient capital” approach to policy change



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## Successful Policy Programs are about Long-Term Partnerships



Obama announces end of Burma sanctions  
White House Press Conference October 7, 2016



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Fintrac

*Agricultural solutions to end hunger and poverty.*

Duncan Boughton

Professor, International Development

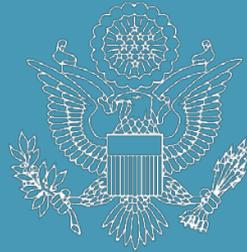
Michigan State University

USAID Burma Food Security Policy  
Project

**MICHIGAN STATE**  

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