

# Building a methodology



The *Enabling the Business of Agriculture* methodology aims at identifying, measuring and examining key policy and regulatory factors that have an impact on agribusiness activity. To meet the project's objectives, the methodology is directed toward complementing standardized measures of laws, regulations and institutions with other variables. This approach is meant to provide a broader picture of a country's agricultural climate and to help identify key issues to improve the environment along the agricultural value chain. By beginning to collect data and identify differences in different topic areas, a methodological approach went through initial testing during the project's pilot phase and is in the process of being refined. The final outcome of such a process will be the building of several synthetic indicators that, in subsequent project phases, will include scoring and aggregating data sets that refer to different elements of the project topic areas.

During the project's first year, pilot data were collected over 6 months, from 10 countries and on 9 different topics. The data describe each country's legal and regulatory system, such as whether there are regulations to facilitate contract farming or to support access to financial services for agriculture. The data document the complexity of regulation, such as the number of procedures required to obtain a license for transporting agricultural goods or to register a plot of agricultural land for the first time. They quantify the burden of regulation compliance,

such as the procedures and cost to register a new seed variety. They specify whether the government has an official policy or strategy to guide the development of critical areas, such as the provision of extension services or increased fertilizer use. And they describe the market structure as set out by policy design, practice and performance. The data are current as of March 31, 2014.

## How the data are collected

The data are collected in a standardized way to ensure comparability across countries and over time. To start, the project team conducted a thorough literature review and held discussions with technical experts and representatives from donor agencies, civil society organizations and partner institutions. This process led to the identification of key legal and regulatory issues, as well as policy and market variables relating to a country's agribusiness environment in each topic area. Questions were formulated for each topic with the aim of ensuring the relevance, measurability, variability and statistical robustness of the resulting data points. Questions relating to regulatory processes were developed around standard case studies with assumptions about the legal form of the business, its size, its location and the nature of its activities.

To facilitate understanding and avoid misinterpretation, questionnaires were translated into each country's most spoken local language and

administered to more than 800 local experts, including public sector representatives, private sector respondents, farmer organizations, specialists from academic or research institutions, and other informed contributors. The team often held several rounds of interaction with these experts, involving conference calls, written correspondence and country visits. To fill any data gaps, questionnaires were supplemented by desk research that drew on studies, research papers and official sources (laws, regulations, policies and official statistics).

### What topics and countries are covered

Six core topics were selected for the project's pilot phase (table 2.1) and 3 other topics were identified for initial testing. Several others will be tackled in year 2 of project implementation.

The project's coverage is expected to expand to about 80 to 100 countries during the next 3 years. The aim is to select countries in different stages of agricultural transformation (see Annex to this chapter). The project developed a country classification based on agriculture's role in the national economy and workforce, as follows:

- *Agriculture-based countries*—where agriculture employs more than 50% of the workforce and agriculture value added contributes more than 25% to the GDP.

- *Pre-transition countries*—where agriculture employs more than 50% of the workforce and agriculture value added contributes less than 25% to the GDP.
- *Transition countries*—where agriculture employs between 25% and 50% of the workforce and agriculture value added contributes less than 25% to the GDP.
- *Urbanizing countries*—where agriculture employs between 10% and 25% of the workforce and agriculture value added contributes less than 25% to the GDP.
- *Developed countries*—where agriculture employs less than 10% of the workforce and agriculture value added contributes less than 10% to the GDP.

Ten countries were selected for the pilot phase of the project that represent a range of geographic regions and stages of agricultural transformation (map 2.1).

### How the pilot data are classified

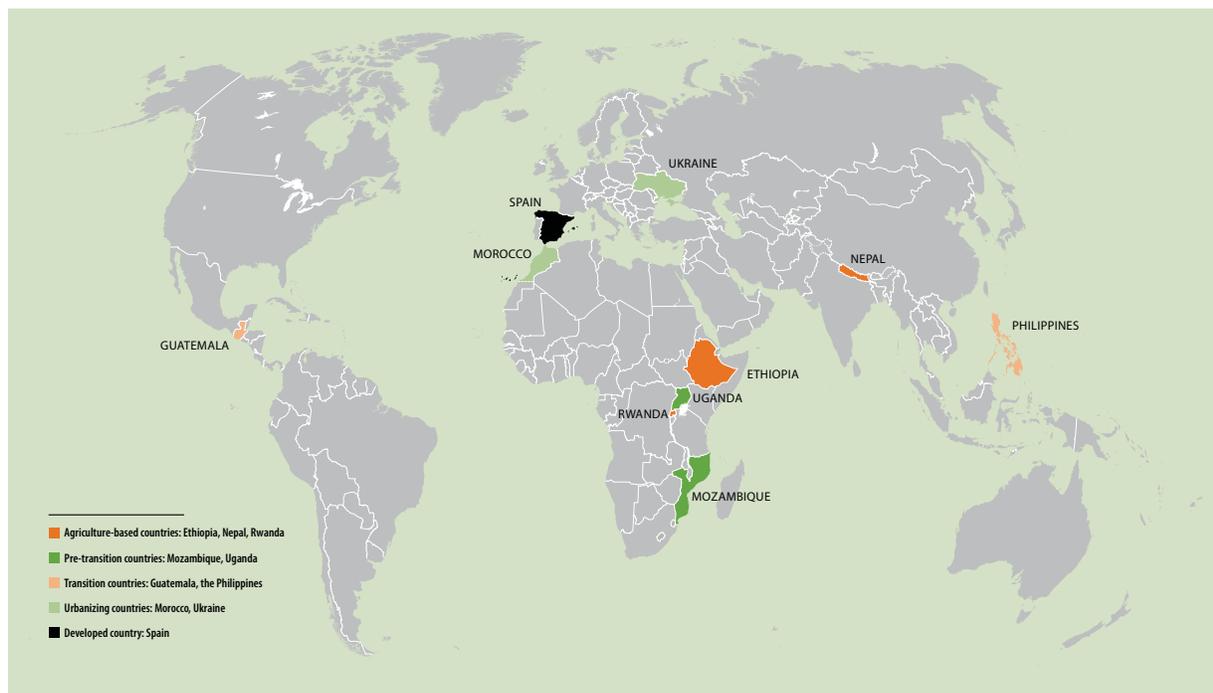
The pilot data that were collected can be classified into 3 categories: measurements, descriptive data, and referential data, as follows:

1. *Measurements* are variables that are quantitative (numbers) or can be

**TABLE 2.1: Topics covered by the project**

Core topics	Topics for initial testing	Topic areas for year 2
Registering agricultural land	Contracting agricultural production	Mechanizing agriculture
Accessing financial services	Electrifying rural areas	Water
Strengthening seed systems	Connecting farmers to information	Livestock
Improving fertilizer supply		Gender
Transporting agricultural goods		Environmental sustainability
Selling agricultural goods		

## MAP 2.1: Countries covered in the pilot phase



Source: *Enabling the Business of Agriculture* database.

expressed quantitatively (by being scored or assigned a value) and are statistically robust and comparable across countries. The data points will be used as the basis for developing aggregate indicators in the future. This category includes different kinds of data; some emerge from a reading of the laws and regulations, while others attempt to measure market prices, available infrastructure or the implementation of services related to the topic area. Still others reflect the regulatory system efficiency—for example, the number of procedures and the time and cost to complete a process, such as certifying seed for sale in the domestic market. Data of this type, critical to understanding key processes in the agribusiness sector, are built on legal requirements, and cost measures are backed by official fee schedules

when available. Time estimates often involve an element of judgment by respondents who routinely administer the relevant regulations or undertake the relevant transactions. To construct the time estimates for a particular regulatory process, such as completing the requirements to import fertilizer, the process is broken down into clearly defined steps and procedures. The time to complete these steps is verified with expert respondents—through conference calls, written correspondence and visits by the team—until there is convergence on a final answer.

2. *Descriptive data*, while statistically reliable, include information that is contextual and serves only to describe elements of a policy and regulatory environment. These data do not represent factors that are necessarily more or

less conducive to an enabling environment for commercial agriculture and, therefore, are not meant to be compared. The data include, for example, the source of financing for land registry operations and the type of government agency in charge of issuing phytosanitary certificates needed for the trade of agricultural products.

3. *Referential data* are data points that are considered of interest, and are often important, but are not statistically robust—typically because they are not derived from a representative sample or because they are based on opinion or experience. Even if not statistically reliable, the data can be used as reference points in ongoing efforts to develop and refine the project's methodology. Examples include the percentage of farmer-saved seed and the reasons for the poor quality of roads.

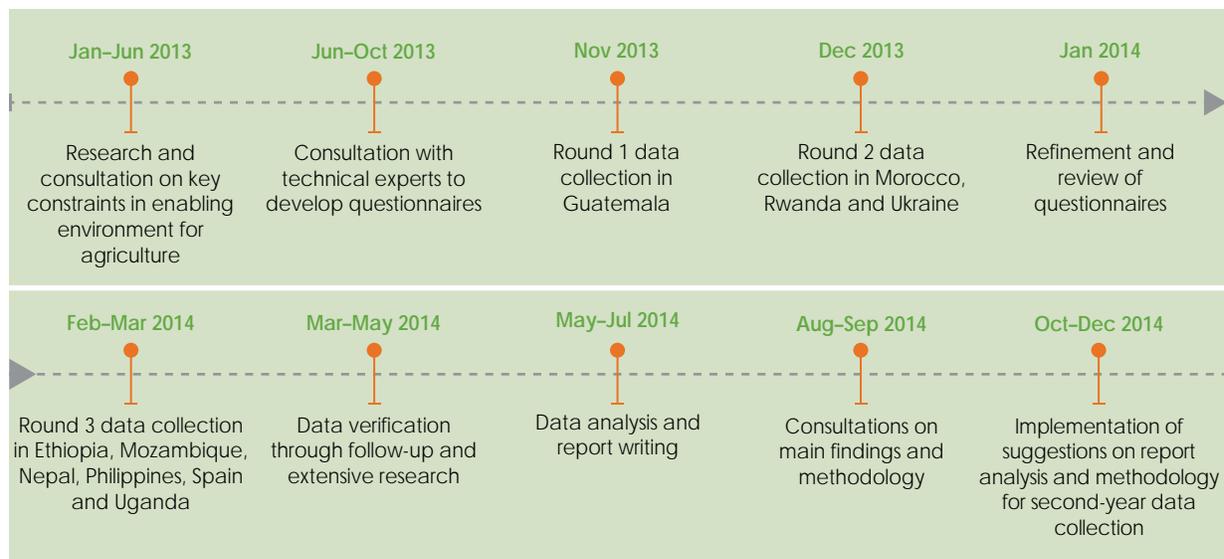
## What are the lessons learned

Among the main goals of the initial pilot stage have been to develop, test and refine the data collection methodology. Interaction between some of the steps—consultation of literature and experts, field experience, review of the questionnaires—has led to a learning and growth process that has proved to be invaluable while working toward the project's objectives (figure 2.1).

This process can be seen in the work done to determine the design, contents and scope of the questionnaires—all critical in ensuring the robustness of the data collection. The questionnaires were revised and transformed over the course of the country visits, as follows:

- Questionnaires addressing legal and regulatory issues were integrated with those measuring policy- and market-related variables, resulting in a single

**FIGURE 2.1: A learning and growth process**



questionnaire for each topic. In addition, data points were reexamined in light of the initial experience in collecting data and questions were consolidated. The outcome was a questionnaire that could be more readily administered to contributors and that provided better integration between the 2 types of data being collected.

- A single master questionnaire for each topic was customized for each type of contributor—public sector representatives, private company managers, association officers, academic faculty, and farmer organizations. This method reduced the number of questions for each contributor and simplified the survey process.
- In light of a closer examination of issues and data, and an assessment of the

measurability and robustness of each variable, the data points collected were classified into the 3 categories described above: measurements, descriptive data, and referential data.

- The data set obtained from the questionnaires for each topic was sorted and studied. Data points in each category were then tagged by priority level on the basis of their relevance, the feasibility of their collection, their variability, and the integration between them. The outcome of these steps has resulted in questionnaires that are more focused, organized and succinct—and data sets that can be more easily managed and presented. The questionnaires and data sets form a solid foundation for the building of indicators and upcoming data collection in the next phase of the project.