Feed the Future Enabling Environment for Food Security project

World Bank *Enabling the Business of Agriculture* Index (EBA):
An Introduction to Benchmarking for Agricultural Development under Feed the Future

March 15, 2017
Amy Chambers, Deputy Chief of Party, Fintrac Inc.
Agenda

Part I: About EBA: What It Is, How to Use It, and Why It Matters for Feed the Future

Part II: Unpacking the Methodology and Cambodia’s Scores

Part III: Leveraging EBA in Support of Mission Objectives
Feed the Future Enabling Environment for Food Security

Expanding the Evidence Base
- Knowledge sharing
- Case studies & technical briefs
- USAID staff and partner trainings
- Public presentations & workshops

Country or Regional Enabling Environment Reform
- Technical analysis & benchmarking
- Stakeholder consultation & public-private dialogue
- Targeted communications
- Technical advisors
- Strategic program design
Our Work in Agricultural Benchmarking Development

**Enabling Agricultural Trade (EAT) project (2010-2015):**
- Agribusiness Regulations and Institutions (AGRI) Index
- Support for the development of the EBA Index
- Lower Mekong Initiative cross-country benchmarking study

**Feed the Future Enabling Environment for Food Security project (2015-2020):**
- Building Mission awareness of EBA and its uses for Feed the Future programming
- Feedback to World Bank to improve the methodology (surveys, stakeholder outreach)
The Enabling the Business of Agriculture (EBA) Index

**What is EBA?** A globally comparable dataset on the quality and efficiency of agricultural laws and regulations

**History:** Builds on complementary BEE indices, such as Doing Business and Women, Business, and the Law

**Data collection:** Data collected through surveys, desk review, phone interviews, and country visits.

**Why do we need it?**
- What gets measured gets done.
- Agriculture is unique.
The EBA Index: The First Five Years

Number of Countries Covered by EBA

- 2014 Pilot
- EBA 2016
- EBA 2017
- 2018 (methodology review)
- 2019 (anticipated)

Number of Countries Covered by EBA
### The EBA Index: Topical Coverage

- **8 core topic areas**
- **2 topics under development**: Land and Livestock
- **2 cross-cutting themes**: Gender and Environmental Sustainability

#### Table: "Legal" Indicators vs. "Efficiency" Indicators

<table>
<thead>
<tr>
<th>Topic</th>
<th>&quot;Legal&quot; Indicators</th>
<th>&quot;Efficiency&quot; Indicators</th>
</tr>
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<tbody>
<tr>
<td>SEED</td>
<td>- Plant breeding</td>
<td>- Time and cost to register new varieties</td>
</tr>
<tr>
<td></td>
<td>- Variety registration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Seed quality control</td>
<td></td>
</tr>
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<td>FERTILIZER</td>
<td>- Fertilizer registration</td>
<td>- Time and cost to register a new fertilizer product</td>
</tr>
<tr>
<td></td>
<td>- Quality control of fertilizer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Importing and distributing fertilizer</td>
<td></td>
</tr>
<tr>
<td>MACHINERY</td>
<td>- Tractor operation</td>
<td>- Time and cost to obtain type approval</td>
</tr>
<tr>
<td></td>
<td>- Tractor testing and standards</td>
<td>- Time and cost to register a tractor</td>
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<td>- Tractor import</td>
<td></td>
</tr>
<tr>
<td>FINANCE</td>
<td>- Branchless banking</td>
<td>- Documents, time and cost to export agricultural goods</td>
</tr>
<tr>
<td></td>
<td>- Movable collateral</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Non-bank lending institutions</td>
<td></td>
</tr>
<tr>
<td>MARKETS</td>
<td>- Producer organizations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Plant protection</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Agricultural trade</td>
<td></td>
</tr>
<tr>
<td>TRANSPORT</td>
<td>- Trucking licenses and operations</td>
<td>- Time and cost to obtain trucking licenses</td>
</tr>
<tr>
<td></td>
<td>- Cross-border transportation</td>
<td>- Time and cost to obtain cross-border licenses</td>
</tr>
<tr>
<td>WATER</td>
<td>- Integrated water resource management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Individual water use for irrigation</td>
<td></td>
</tr>
<tr>
<td>ICT</td>
<td>- Information and communication technology</td>
<td></td>
</tr>
</tbody>
</table>

Source: EBA 2017
Key Findings from the EBA 2017 Report

Strong correlation between EBA scores and level of agricultural transformation

Figure 1.1 | Urbanized countries show better agriculture regulations than transforming and agriculture-based countries

Source: EBA database.
Key Findings from the EBA 2017 Report

Strong correlation between EBA scores and other measures of regulatory quality.

Sources: EBA database; Worldwide Governance Indicators.
Why EBA Matters for Feed the Future

Global Food Security Strategy (GFSS)
- IR 1: Strengthened inclusive agriculture systems that are productive and profitable
- CC IR 5: More effective governance, policy, and institutions

Sustainable Development Goals (SDGs)
- 1.4 Access to Basic Services
- 2.5 Genetic Diversity of Cultivated Plants
- 6.3 Improving Water Quality
- 6.4 Efficient and Sustainable Water Withdrawals
- 6.5 Integrated Water Resource Management
- 9.3 Enterprise Access to Financial Services
- 9c Access to Information and Communication Technology
Uses and Abuses of Benchmarking Data

Three Main Uses of Benchmarking Data

• Competition: Generating momentum for reform
• Prioritization: Enables identification of weaknesses in the enabling environment
• Monitoring: Over time, changes in scores can serve as M&E indicators

Avoiding Pitfalls: Key Questions to Ask

• Are these the right reforms to achieve Feed the Future goals?
• Are we addressing the root causes of the problem or only the symptoms?
• Does our approach engender country ownership of the reform process?
Reactions to the EBA Dataset

Rwanda: Rwandan Cabinet evaluating findings for use in Strategic Plan for the Transformation of Agriculture in Rwanda

Guatemala: Joint engagement by Government and Chamber of Commerce

Cambodia: MAFF interest in forming a task force to address findings
EBA Scoring Methodology: The Basics

- Standard business case with assumptions

- Types of indicators: legal framework (quality) vs. time and cost (efficiency)

- What is NOT covered:
  - Informal economic activity
  - Unofficial costs
  - Political and social dynamics
  - Macroeconomic performance

- Absolute vs. relative scoring: “distance to the frontier” (DTF) and rank

Example: Seed

<table>
<thead>
<tr>
<th>SEED</th>
<th>DTF Score 51.80</th>
<th>Rank 38</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant breeding index (0-10)</td>
<td>8.0</td>
<td></td>
</tr>
<tr>
<td>Variety registration index (0-8)</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Time to register new variety (days)</td>
<td>407</td>
<td></td>
</tr>
<tr>
<td>Cost to register new variety (% income per capita)</td>
<td>17.3</td>
<td></td>
</tr>
<tr>
<td>Seed quality control index (0-12)</td>
<td>3.0</td>
<td></td>
</tr>
</tbody>
</table>

ASSUMPTIONS USED TO STANDARDIZE THE BUSINESS CASE

The seed variety:
> Is a maize variety developed by the private sector.
> Is being registered for the first time in the country.
> Has not been registered in any other country.\(^a\)

Source: EBA 2017
EBA Scoring Methodology: Cambodia Snapshot

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<td>46</td>
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<td>Transport</td>
<td>53.45</td>
<td>34</td>
</tr>
<tr>
<td>Water</td>
<td>44.70</td>
<td>37</td>
</tr>
<tr>
<td>ICT</td>
<td>44.44</td>
<td>43</td>
</tr>
</tbody>
</table>

Source: EBA 2017
Exploring the EBA Topics: Seed

The Case: A new maize variety is developed by the private sector and is being registered for the first time in any country to be sold on the domestic market.

Representative good practices:
• Public and private sector partnership
• Effective variety release committee
• Seed labeling requirements and penalties

EBA Indicators:

Cambodia Seed Scores (2017)
Exploring the EBA Topics: Seed

**Notable Findings:**

- Few countries have equally strong measures on the legal index and the time and cost measures to register a variety

**Methodology Notes:**

- Mandatory seed certification and variety registration
- Formal vs. informal seed systems

**Regional Performance on Variety Registration**

![Bar chart showing regional performance on variety registration in the ASEAN region.](chart)
Exploring the EBA Topics: Fertilizer

**The Case:** A registered private entity is importing a new chemical fertilizer product, produced elsewhere, for domestic marketing purposes. It is not the first product the company has registered.

**Representative good practices:**
- Reduced field testing for fertilizer registration
- Streamlined import permit requirements
- Labeling requirements and penalties for sale in open bags

**EBA Indicators:**

<table>
<thead>
<tr>
<th>EBA Indicators</th>
<th>Fertilizer Registration</th>
<th>Import and Distribution</th>
<th>Fertilizer Quality Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia Fertilizer Scores (2017)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
Exploring the EBA Topics: Fertilizer

Notable Findings:

• Cambodia does not fair favorably against regional partners, despite being Cambodia’s highest EBA topic score.

Methodology Notes:

• Time/Cost built into legal index for fertilizer registration

### Regional Performance on Fertilizer Registration

<table>
<thead>
<tr>
<th></th>
<th>Product registration validity</th>
<th>Import permit time to acquire (days)</th>
<th>Import permit cost to acquire (% of GNI per capita)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>3 years</td>
<td>90</td>
<td>44.9%</td>
</tr>
<tr>
<td>Philippines</td>
<td>3 years</td>
<td>10</td>
<td>0.4%</td>
</tr>
<tr>
<td>Thailand</td>
<td>5 years</td>
<td>101</td>
<td>0.0%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>
Exploring the EBA Topics: Machinery

The Case: A registered private sector company, that operates with any special import privileges, imports agricultural tractors that fit certain specifications as defined in the methodology.

Representative good practices:
- Streamlined import procedures to improve access and availability
- Roadworthiness inspections and aftermarket parts and services
- Requiring type approvals

EBA Indicators:

Cambodia Machinery Scores (2017)
Exploring the EBA Topics: Machinery

Methodology Notes:

• Tractors as a proxy for agricultural machinery

• The role of minimum regulation: where does cost outweigh benefit?

Notable Findings:

• None of the standards and testing best practices

Regional Performance on Tractor Registration

[Bar chart showing time and cost to register a tractor for Cambodia, Malaysia, Philippines, Thailand, and Vietnam.]
Exploring the EBA Topics: Finance

**The Case:** Certain specifications are made for microfinance institutions and financial cooperatives; other terms are defined.

**Representative good practices:**
- Transparent pricing and deposit insurance
- Diversity in financial service providers
- Performance guarantees to reduce risk in warehouse receipts

**EBA Indicators:**

- **Non-Bank Lending Institutions**
  - Microfinance Institutions
  - Financial Cooperatives

- **Branchless Banking**
  - Agent Banking
  - E-Money

- **Movable Collateral**
  - Warehouse Receipts
  - Secured Transactions

**Cambodia Finance Scores (2017)**

- Non-Bank Lending Institutions Index
- Branchless Banking Index
- Movable Collateral Index
Exploring the EBA Topics: Finance

Methodology Notes:

• Incorporation of secured transactions indicators from the Doing Business methodology

• Traditional finance vs. financial inclusion mechanisms

Notable Findings:

• No regulation does not mean no practice.

Expanding Access to Finance for Agriculture: Innovations in Financial Inclusion
Exploring the EBA Topics: Markets

**The Case:** A business that performs general agricultural trading activities, exclusive of production, processing, and retail. Specifications made for the size and content of the shipment and the trading partner.

**Representative good practices:**
- Streamlining phytosanitary certification
- Predictable market policies free of price controls and NTBs
- Facilitating the establishment of producer organizations

**EBA Indicators:**

<table>
<thead>
<tr>
<th>EBA Indicator</th>
<th>Cambodia Markets Scores (2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producer Organizations</td>
<td>[Graph: Producer Organizations Index]</td>
</tr>
<tr>
<td>Plant Protection</td>
<td>[Graph: Plant Protection Index]</td>
</tr>
<tr>
<td>Agricultural Trade</td>
<td>[Graph: Agricultural Trade Index]</td>
</tr>
<tr>
<td>Documents, Time, and Cost to Export</td>
<td>[Graph: Documents, Time, and Cost to Export]</td>
</tr>
</tbody>
</table>
Exploring the EBA Topics: Markets

**Methodology Notes:**

- Does this indicator really capture market access constraints?
- Only EBA topic for which gender is explicitly scored

### ASEAN Regional Performance on Markets

- **Producer Organizations**
- **Plant Protection**
- **Agricultural Trade**
- **Documents, Time, & Cost to Export**

![Bar chart showing performance in ASEAN countries](chart.png)
Exploring the EBA Topics: Transport

The Case: A private entity or natural person, located in the country’s largest business city, that performs the commercial transport of goods by road, including cross-border. Additional assumptions about the trucks, products transported, and cross-border trading partner.

Representative good practices:
• Preference for company level licensing
• Improving cross-border transport and competition

EBA Indicators:

Cambodia Transport Scores (2017)

- Trucking Licenses and Operations Index
- Time and Cost to Obtain Trucking Licenses
- Cross-Border Transportation Index
- Time and Cost to Obtain Cross-Border Licenses
Exploring the EBA Topics: Transport

Notable Findings:

• Vietnam is a top global performer in this topic (rank: 7 out of 62 economies)

Methodology Notes:

• Heavy focus on the treatment of foreign truck operators
Exploring the EBA Topics: Water

**The Case:** A mid-sized farm (2-10 ha) growing crops and using mechanical water abstraction mechanism for individual use.

**Representative good practices:**
- Institutional capacity for planned water management
- Transparent permit systems for individual use
- Effective resource pricing to promote conservation

Cambodia Water Scores (2017)
Exploring the EBA Topics: ICT

The Case: A private company that provides telecommunications services such as voice, SMS, and data.

Representative good practices:
• Fostering competition through general authorization regimes
• Efficient spectrum management to promote greater investment in rural areas

Methodology Note:
• Focus on incentivizing private sector investment
Topics under Development and Cross-Cutting Themes

**Land**
- Land records
- Management of state land
- Equity and fairness

**Livestock**
- Veterinary medicinal products (VMPs):
  - Registration
  - Marketing
  - Import authorizations

**Gender**
- Gender-disaggregated data
- Restrictions on employment, activity
- Participation in organizations
- Nondiscrimination

**Environmental Sustainability**
- Plant genetic resources
- Water quality management
- Soil health management
Leveraging EBA to Support Mission Objectives

Recap: Three Main Uses of Benchmarking Data

- **Prioritization:** Identification of weaknesses in the enabling environment
- **Competition:** Generating momentum for reform
- **Monitoring:** Over time, changes in scores can serve as M&E indicators

Avoiding Pitfalls: Key Questions to Ask

- Are these the *right* reforms to achieve Feed the Future goals?
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Leveraging EBA to Support Mission Objectives

Cambodia Seed Scores (2017)
- Plant Breeding Index
- Variety Registration Index
- Time to Register a Variety
- Cost to Register a Variety
- Seed Quality Control Index

Cambodia Fertilizer Scores (2017)
- Fertilizer Registration Index
- Time and Cost to Register Fertilizer
- Quality Control Index
- Import and Distribution Index

Cambodia Machinery Scores (2017)
- Tractor Import Index
- Tractor Operations Index
- Time and Cost to Register a Tractor
- Testing & Standards Index
- Time and Cost to Obtain Type Approval
Leveraging EBA to Support Mission Objectives

Cambodia Finance Scores (2017)
- Non-Bank Lending Institutions Index
- Branchless Banking Index
- Movable Collateral Index

Cambodia Markets Scores (2017)
- Producer Organizations Index
- Plant Protection Index
- Agricultural Trade Index
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- Trucking Licenses and Operations Index
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- Cross-Border Transportation Index
- Time and Cost to Obtain Cross-Border Licenses
Leveraging EBA to Support Mission Objectives

Cambodia Water Scores (2017)

- Integrated Water Resource Management Index
- Individual Water Use for Irrigation Index

Cambodia ICT Score (2017)

- Information and Communication Technology Index
Leveraging EBA to Support Mission Objectives

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ASEAN Regional Performance by EBA Topic

Source: EBA 2017
ASEAN Regional Rankings by EBA Topic

Source: EBA 2017
Leveraging EBA to Support Mission Objectives

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EBA 2017 – Cambodia Score Snapshot

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Source: EBA 2017
Wrap-Up: Feedback and Next Steps

- Final Comments or Questions: What changes would you like to see in the EBA methodology? Other feedback?
- Taking it to the Next Step: Complementary tools and resources for enabling environment reform