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

June 1, 2017
Nate Kline, Chief of Party, Fintrac Inc.
Dr. Tony Bello, Consultant
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 Nigeria’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

#### "Legal" Indicators

<table>
<thead>
<tr>
<th>Category</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEED</strong></td>
<td>Plant breeding, Variety registration, Seed quality control</td>
</tr>
<tr>
<td><strong>FERTILIZER</strong></td>
<td>Fertilizer registration, Quality control of fertilizer, Importing and distributing fertilizer</td>
</tr>
<tr>
<td><strong>MACHINERY</strong></td>
<td>Tractor operation, Tractor testing and standards, Tractor import</td>
</tr>
<tr>
<td><strong>FINANCE</strong></td>
<td>Branchless banking, Movable collateral, Non-bank lending institutions</td>
</tr>
<tr>
<td><strong>MARKETS</strong></td>
<td>Producer organizations, Plant protection, Agricultural trade</td>
</tr>
<tr>
<td><strong>TRANSPORT</strong></td>
<td>Trucking licenses and operations, Cross-border transportation</td>
</tr>
<tr>
<td><strong>WATER</strong></td>
<td>Integrated water resource management, Individual water use for irrigation</td>
</tr>
<tr>
<td><strong>ICT</strong></td>
<td>Information and communication technology</td>
</tr>
</tbody>
</table>

#### "Efficiency" Indicators

- Time and cost to register new varieties
- Time and cost to register a new fertilizer product
- Time and cost to obtain type approval
- Time and cost to register a tractor
- Documents, time and cost to export agricultural goods
- Time and cost to obtain trucking licenses
- Time and cost to obtain cross-border licenses

*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:
  o Informal economic activity
  o Unofficial costs
  o Political and social dynamics
  o 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 ◈ Rank 38</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant breeding index (0-10)</td>
<td>8.0</td>
</tr>
<tr>
<td>Variety registration index (0-8)</td>
<td>2.0</td>
</tr>
<tr>
<td>Time to register new variety (days)</td>
<td>407</td>
</tr>
<tr>
<td>Cost to register new variety (% income per capita)</td>
<td>17.3</td>
</tr>
<tr>
<td>Seed quality control index (0-12)</td>
<td>3.0</td>
</tr>
</tbody>
</table>

ASSUMPTIONS USED TO STANDARDIZE THE BUSINESS CASE

- 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.

Source: EBA 2017
EBA Scoring Methodology: Nigeria Snapshot

<table>
<thead>
<tr>
<th>Category</th>
<th>DTF Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seed</td>
<td>48.82</td>
<td>41</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>57.79</td>
<td>31</td>
</tr>
<tr>
<td>Machinery</td>
<td>63.07</td>
<td>16</td>
</tr>
<tr>
<td>Finance</td>
<td>57.21</td>
<td>22</td>
</tr>
<tr>
<td>Markets</td>
<td>49.24</td>
<td>48</td>
</tr>
<tr>
<td>Transport</td>
<td>46.30</td>
<td>43</td>
</tr>
<tr>
<td>Water</td>
<td>32.03</td>
<td>46</td>
</tr>
<tr>
<td>ICT</td>
<td>50.00</td>
<td>37</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:

- Plant Breeding
- Variety Registration
- Seed Quality Control
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
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:

- Fertilizer Registration
- Import and Distribution
- Fertilizer Quality Control

Nigeria Fertilizer Scores (2017)

- Fertilizer Registration Index
- Time and Cost to Register Fertilizer
- Quality Control Index
- Import and Distribution Index
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 importation

<table>
<thead>
<tr>
<th></th>
<th>Import Permit Validity (Months)</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>* Uganda</td>
<td>3</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>*** Nigeria</td>
<td>12</td>
<td>90</td>
<td>12.70%</td>
</tr>
<tr>
<td>***** India</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:

Nigeria 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
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
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

---

**Nigeria 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:

- Consistency may spur learning and collaboration

<table>
<thead>
<tr>
<th></th>
<th>Ghana</th>
<th>Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rank</td>
<td>16</td>
<td>22</td>
</tr>
<tr>
<td>DTF</td>
<td>62.43</td>
<td>57.21</td>
</tr>
<tr>
<td>Agent Index</td>
<td>4.2</td>
<td>3.7</td>
</tr>
<tr>
<td>E-money</td>
<td>3.5</td>
<td>3.8</td>
</tr>
<tr>
<td>WRS</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>DB Credit Score</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>MFI Index</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Fin Coop Index</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>
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:

**Nigeria Markets Scores (2017)**

- Producer Organizations Index
- Plant Protection Index
- Agricultural Trade Index
- Documents, Time, and Cost to Export

Documents, Time, and Cost to Export

Producer Organizations

Plant Protection

Agricultural Trade
Exploring the EBA Topics: Markets

**Notable Findings:**

- Africa scores disproportionately poorly

**Methodology Notes:**

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

Trucking Licenses and Operations

Cross-Border Transportation

Nigeria Transport Scores (2017)
Exploring the EBA Topics: Transport

Notable Findings:
• The distance between the top 1/3 and bottom 1/3 is having no practice in cross-border licensing.

Methodology Notes:
• Heavy focus on the treatment of foreign truck operators
• Does special licensure of cross-border drivers have a critical impact?

Niger – Nigeria Transport

<table>
<thead>
<tr>
<th></th>
<th>Niger</th>
<th>Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ranking</td>
<td>17</td>
<td>43</td>
</tr>
<tr>
<td>DTF</td>
<td>68.2</td>
<td>46.3</td>
</tr>
<tr>
<td>Truck License Index</td>
<td>4.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Time to obtain truck license</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Cost for truck license (%income)</td>
<td>9.6</td>
<td>1.4</td>
</tr>
<tr>
<td>Cross-border transport index</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Time to obtain x-border license</td>
<td>1</td>
<td>No practice</td>
</tr>
<tr>
<td>Cost to obtain x-border license</td>
<td>9.6</td>
<td>No practice</td>
</tr>
</tbody>
</table>
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

Nigeria 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

<table>
<thead>
<tr>
<th>Land</th>
<th>Livestock</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Land records</td>
<td>• Veterinary medicinal products (VMPs):</td>
</tr>
<tr>
<td>• Management of state land</td>
<td>• Registration</td>
</tr>
<tr>
<td>• Equity and fairness</td>
<td>• Marketing</td>
</tr>
<tr>
<td></td>
<td>• Import authorizations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Environmental Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Gender-disaggregated data</td>
<td>• Plant genetic resources</td>
</tr>
<tr>
<td>• Restrictions on employment, activity</td>
<td>• Water quality management</td>
</tr>
<tr>
<td>• Participation in organizations</td>
<td>• Soil health management</td>
</tr>
<tr>
<td>• Nondiscrimination</td>
<td></td>
</tr>
</tbody>
</table>
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?
- Are we addressing the root causes of the problem or only the symptoms?
- Does our approach engender country ownership of the reform process?
Leveraging EBA to Support Mission Objectives

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

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

**Nigeria 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

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

Nigeria Markets Scores (2017)
- Producer Organizations Index
- Plant Protection Index
- Agricultural Trade Index
- Documents, Time, and Cost to Export

Nigeria 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
Leveraging EBA to Support Mission Objectives

Nigeria Water Scores (2017)

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

Nigeria ICT Score (2017)
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?
- Are we addressing the root causes of the problem or only the symptoms?
- Does our approach engender country ownership of the reform process?
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?
- Are we addressing the root causes of the problem or only the symptoms?
- Does our approach engender country ownership of the reform process?
EBA 2017 – Nigeria Score Snapshot

<table>
<thead>
<tr>
<th>Category</th>
<th>DTF Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seed</td>
<td>48.82</td>
<td>41</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>57.79</td>
<td>31</td>
</tr>
<tr>
<td>Machinery</td>
<td>63.07</td>
<td>16</td>
</tr>
<tr>
<td>Finance</td>
<td>57.21</td>
<td>22</td>
</tr>
<tr>
<td>Markets</td>
<td>49.24</td>
<td>48</td>
</tr>
<tr>
<td>Transport</td>
<td>46.30</td>
<td>43</td>
</tr>
<tr>
<td>Water</td>
<td>32.03</td>
<td>46</td>
</tr>
<tr>
<td>ICT</td>
<td>50.00</td>
<td>37</td>
</tr>
</tbody>
</table>

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