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

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

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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



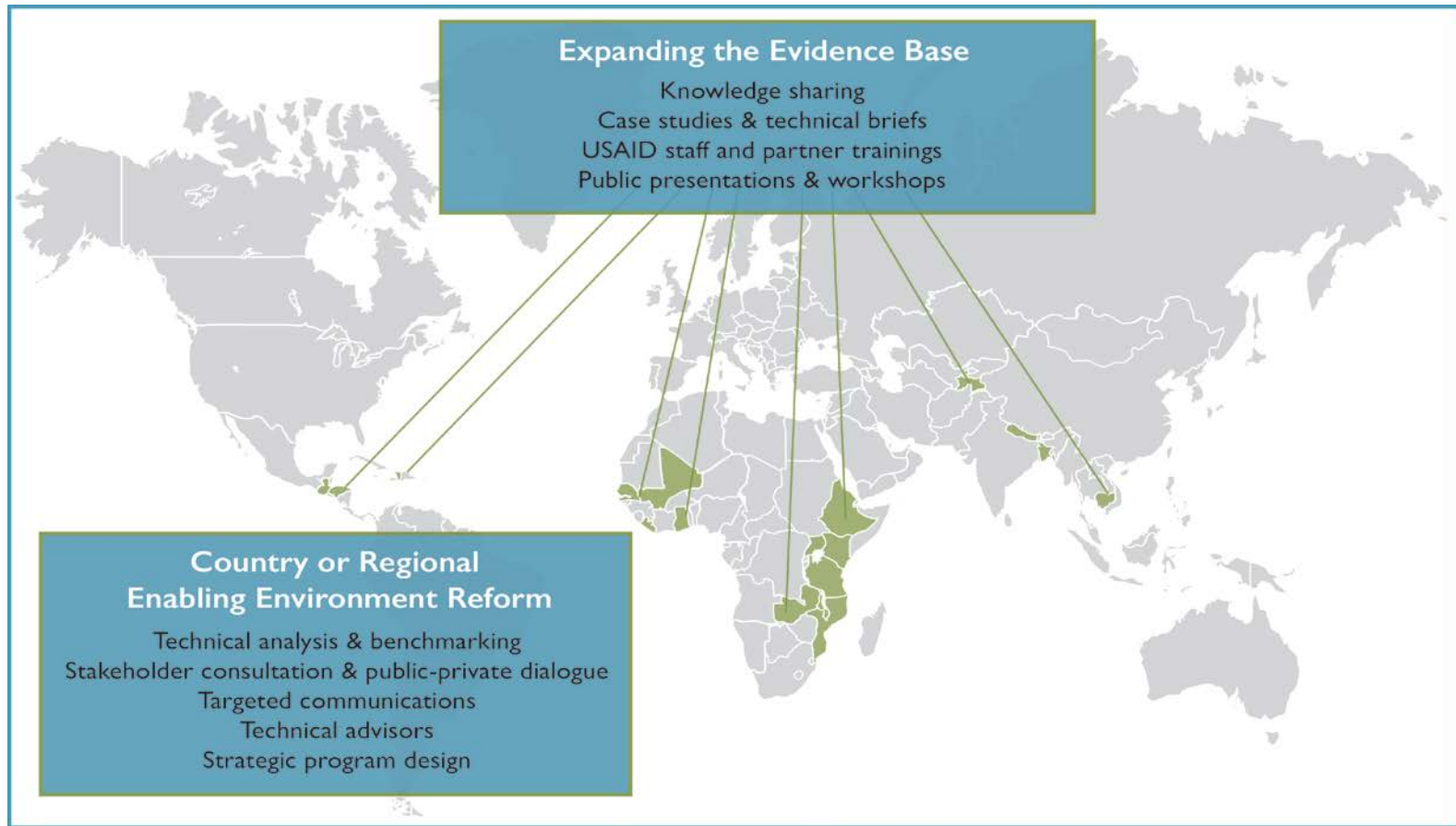
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Our Work in Agricultural Benchmarking Development

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)



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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.



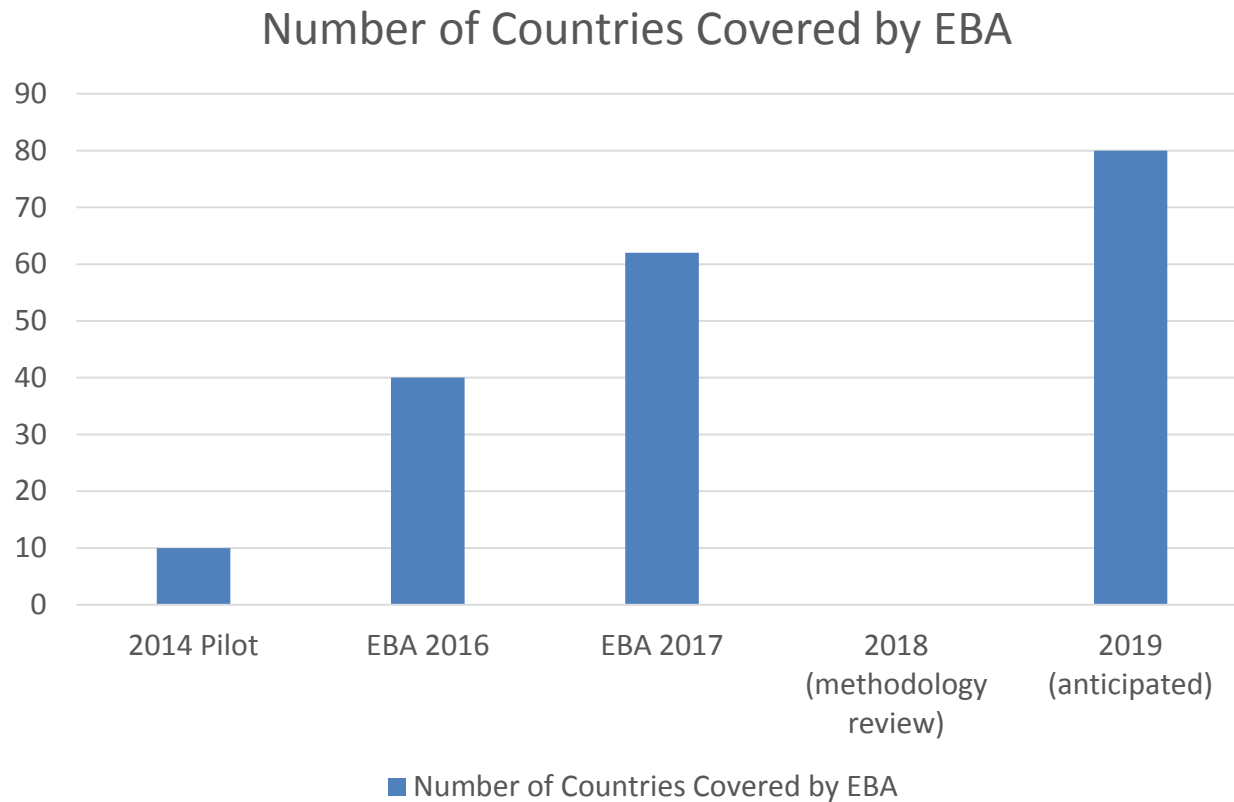
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The EBA Index: The First Five Years



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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 | "EFFICIENCY" INDICATORS |
|-------------------|--|--|
| SEED | <ul style="list-style-type: none"> > Plant breeding > Variety registration > Seed quality control | <ul style="list-style-type: none"> > Time and cost to register new varieties |
| FERTILIZER | <ul style="list-style-type: none"> > Fertilizer registration > Quality control of fertilizer > Importing and distributing fertilizer | <ul style="list-style-type: none"> > Time and cost to register a new fertilizer product |
| MACHINERY | <ul style="list-style-type: none"> > Tractor operation > Tractor testing and standards > Tractor import | <ul style="list-style-type: none"> > Time and cost to obtain type approval > Time and cost to register a tractor |
| FINANCE | <ul style="list-style-type: none"> > Branchless banking > Movable collateral > Non-bank lending institutions | |
| MARKETS | <ul style="list-style-type: none"> > Producer organizations > Plant protection > Agricultural trade | <ul style="list-style-type: none"> > Documents, time and cost to export agricultural goods |
| TRANSPORT | <ul style="list-style-type: none"> > Trucking licenses and operations > Cross-border transportation | <ul style="list-style-type: none"> > Time and cost to obtain trucking licenses > Time and cost to obtain cross-border licenses |
| WATER | <ul style="list-style-type: none"> > Integrated water resource management > Individual water use for irrigation | |
| ICT | <ul style="list-style-type: none"> > Information and communication technology | |



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Source: EBA 2017



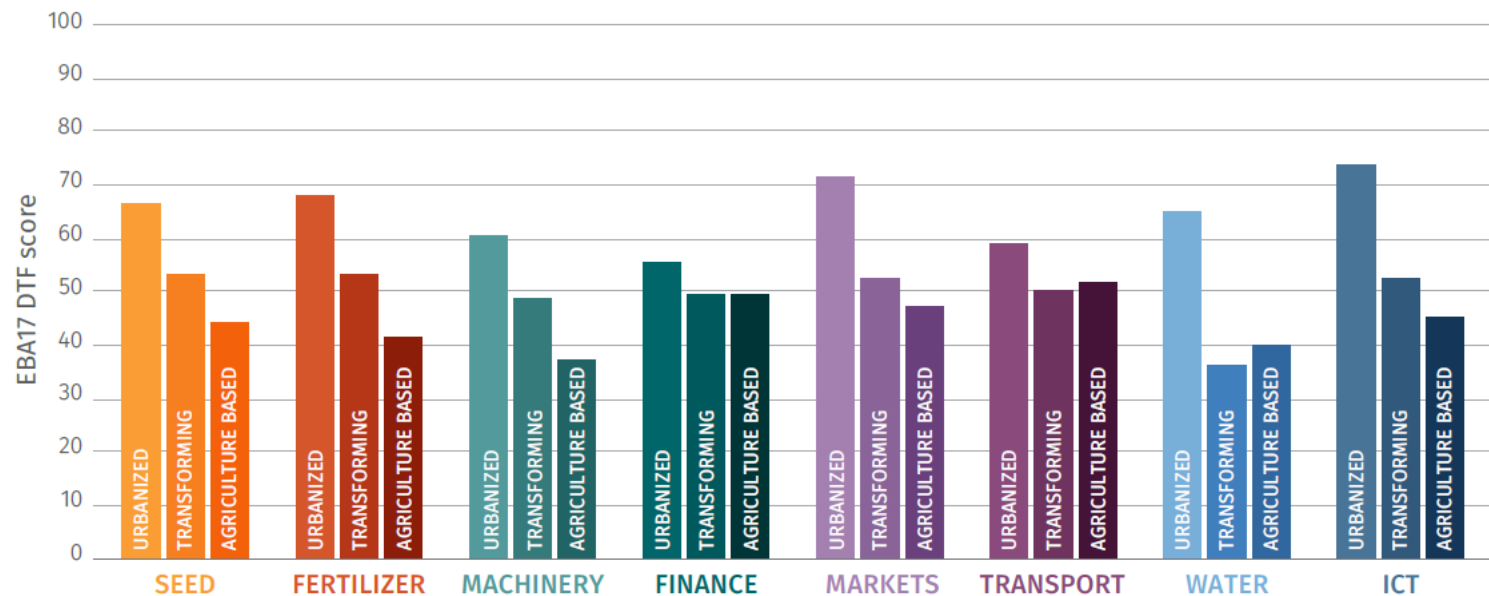
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Key Findings from the EBA 2017 Report

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.



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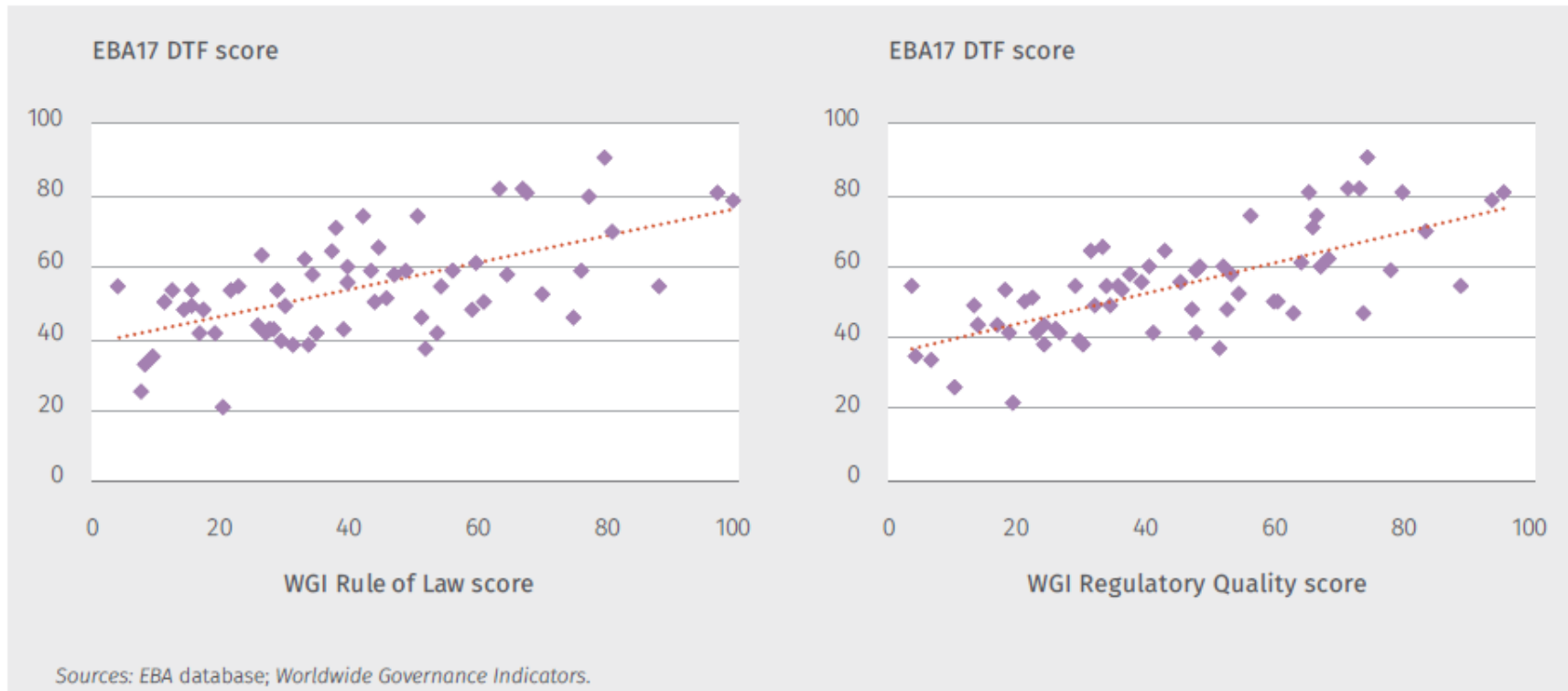


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Key Findings from the EBA 2017 Report

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



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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



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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?





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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



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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

SEED^a | DTF Score 51.80 ♦ Rank 38

| | |
|--|------|
| Plant breeding index (0-10) | 8.0 |
| Variety registration index (0-8) | 2.0 |
| Time to register new variety (days) | 407 |
| Cost to register new variety (% income per capita) | 17.3 |
| Seed quality control index (0-12) | 3.0 |

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

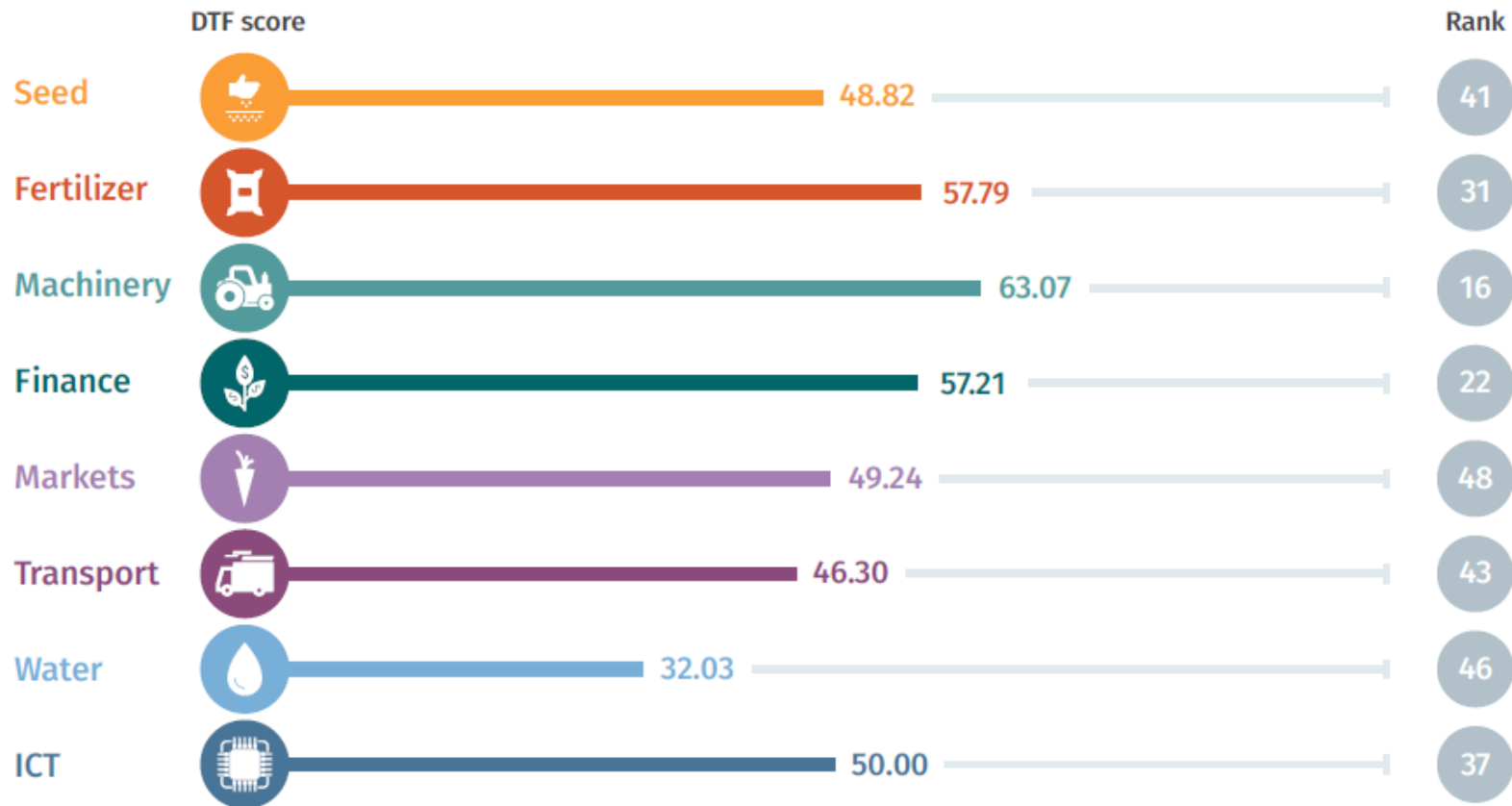




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EBA Scoring Methodology: Nigeria Snapshot



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Source: EBA 2017



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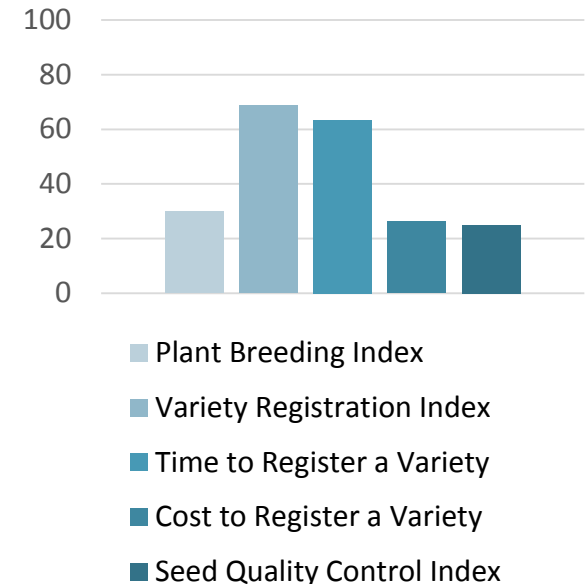
Exploring the EBA Topics: Seed

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

Nigeria Seed Scores (2017)



EBA Indicators:

Plant Breeding

Variety
Registration

Seed Quality
Control



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Exploring the EBA Topics: Seed

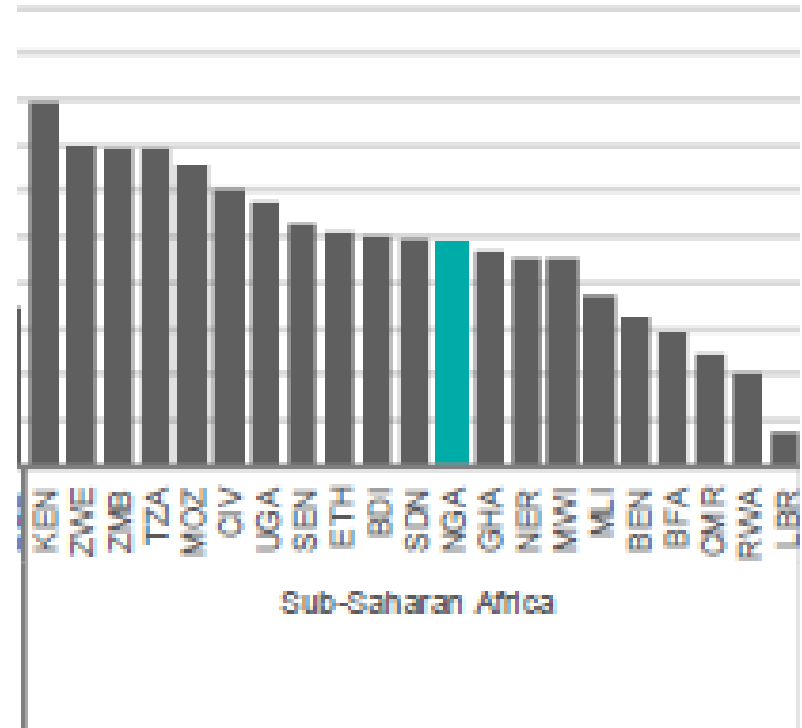
Notable Findings:

- 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



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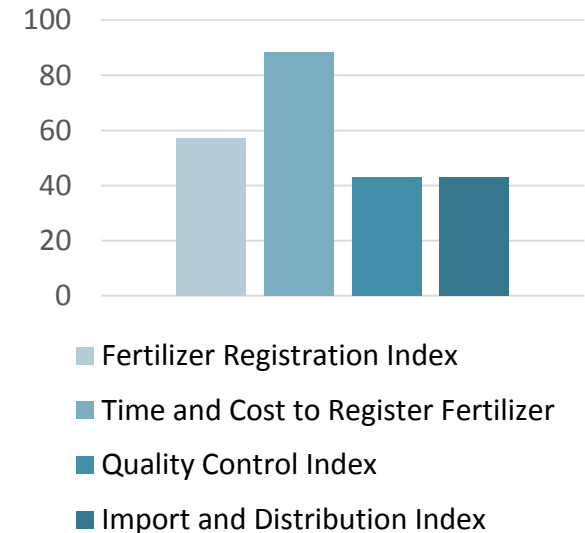
Exploring the EBA Topics: Fertilizer

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

Nigeria Fertilizer Scores (2017)

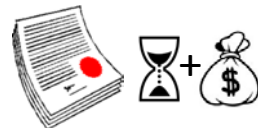


EBA Indicators:

Fertilizer
Registration

Import and
Distribution

Fertilizer Quality
Control



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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

Comparative Performance on Fertilizer Registration

| | | Import Permit Validity (Months) | Import permit time to acquire (days) | Import permit cost to acquire (% of GNI per capita) |
|-------|---------|---------------------------------|--------------------------------------|---|
| * | Uganda | 3 | 4 | 0 |
| *** | Nigeria | 12 | 90 | 12.70% |
| ***** | India | n/a | n/a | n/a |





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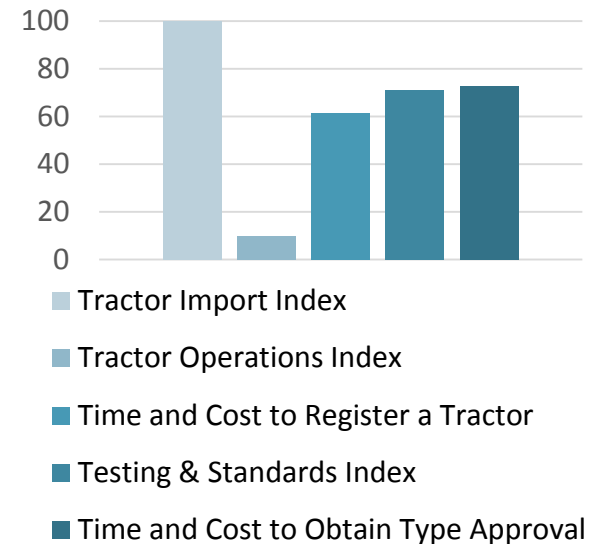
Exploring the EBA Topics: Machinery

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

Nigeria Machinery Scores (2017)



EBA Indicators:



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Exploring the EBA Topics: Machinery

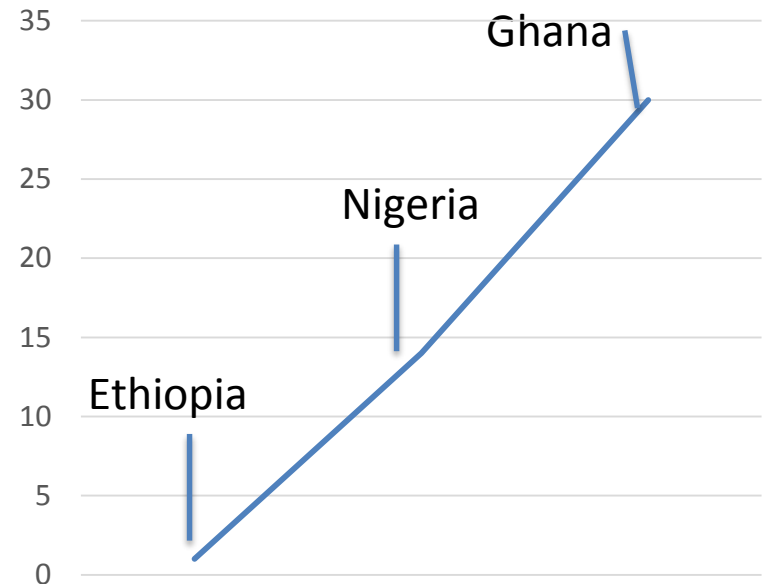
Methodology Notes:

- 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

Comparative Performance on Tractor Registration





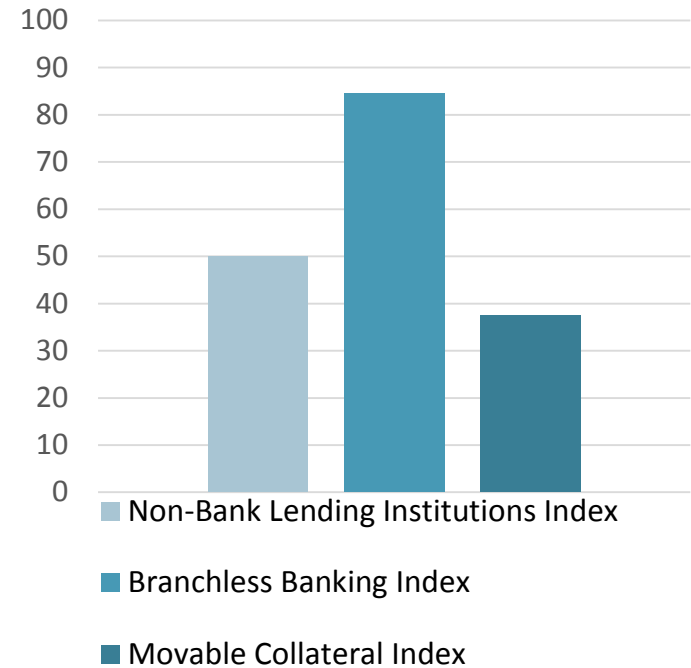
Exploring the EBA Topics: Finance

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

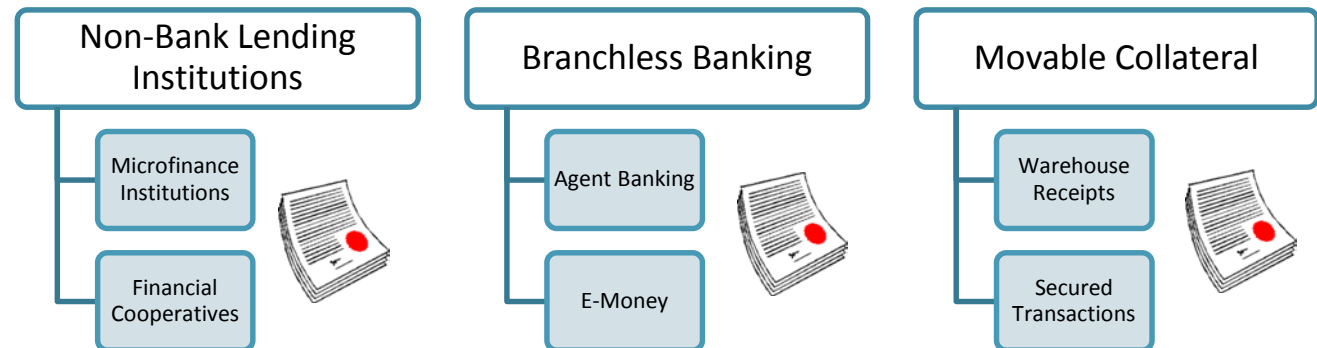
Representative good practices:

- Transparent pricing and deposit insurance
- Diversity in financial service providers
- Performance guarantees to reduce risk in warehouse receipts

Nigeria Finance Scores (2017)



EBA Indicators:





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

Ghana and Nigeria – Close Systems

| | Ghana | Nigeria |
|-----------------|-------|---------|
| Rank | 16 | 22 |
| DTF | 62.43 | 57.21 |
| Agent Index | 4.2 | 3.7 |
| E-money | 3.5 | 3.8 |
| WRS | 0 | 0 |
| DB Credit Score | 6 | 6 |
| MFI Index | 4 | 4 |
| Fin Coop Index | 5 | 3 |





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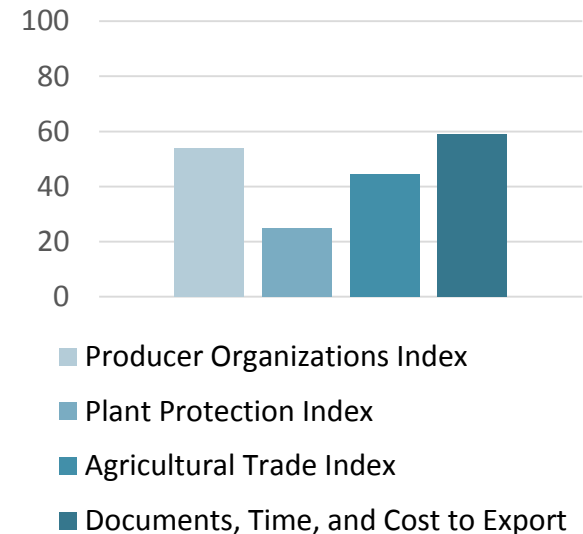
Exploring the EBA Topics: Markets

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

Nigeria Markets Scores (2017)



EBA Indicators:

Producer Organizations

Plant Protection

Agricultural Trade



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Exploring the EBA Topics: Markets

- Africa scores disproportionately poorly

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





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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

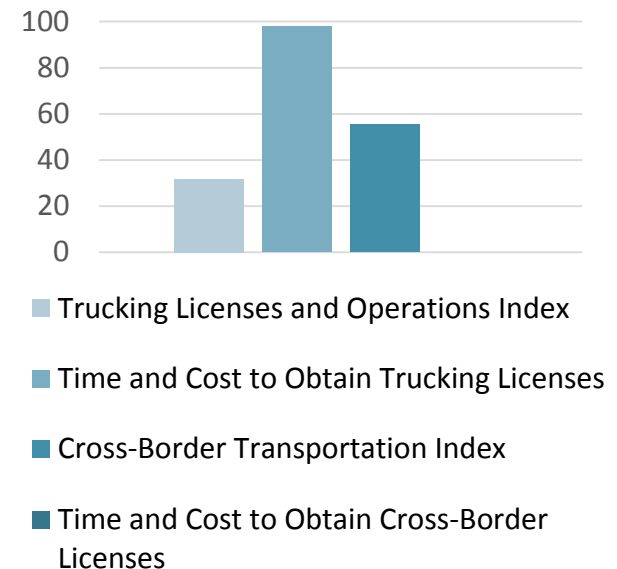
EBA Indicators:

Trucking Licenses and Operations

Cross-Border Transportation



Nigeria Transport Scores (2017)



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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

| | Niger | Nigeria |
|----------------------------------|-------|-------------|
| Ranking | 17 | 43 |
| DTF | 68.2 | 46.3 |
| Truck License Index | 4.5 | 3.5 |
| Time to obtain truck license | 2 | 1 |
| Cost for truck license (%income) | 9.6 | 1.4 |
| Cross-border transport index | 5 | 5 |
| Time to obtain x-border license | 1 | No practice |
| Cost to obtain x-border license | 9.6 | No practice |





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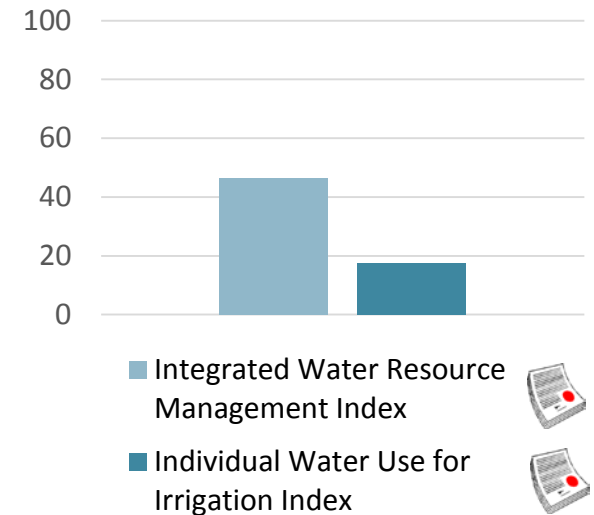
Exploring the EBA Topics: Water

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)



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Exploring the EBA Topics: ICT

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

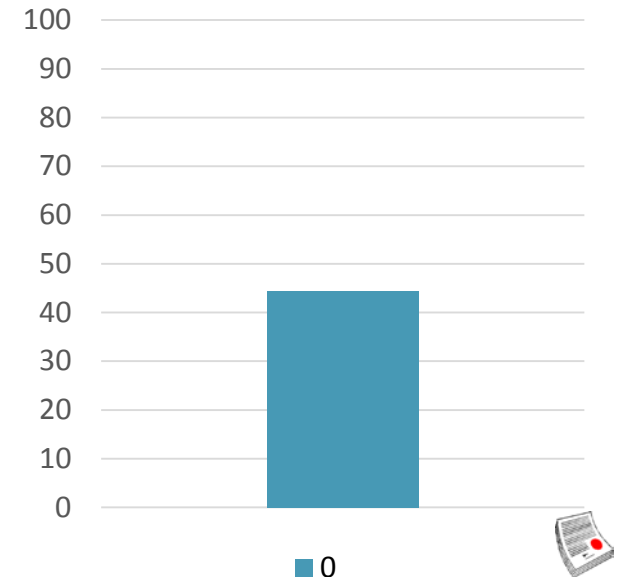
Representative good practices:

- Fostering competition through general authorization regimes
- Efficient spectrum management to promote greater investment in rural areas

Methodology Note:

- Focus on incentivizing private sector investment

Nigeria ICT Score (2017)



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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



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Leveraging EBA to Support Mission Objectives

Recap: Three Main Uses of Benchmarking Data

- **Prioritization: Identification of weaknesses in the enabling environment**
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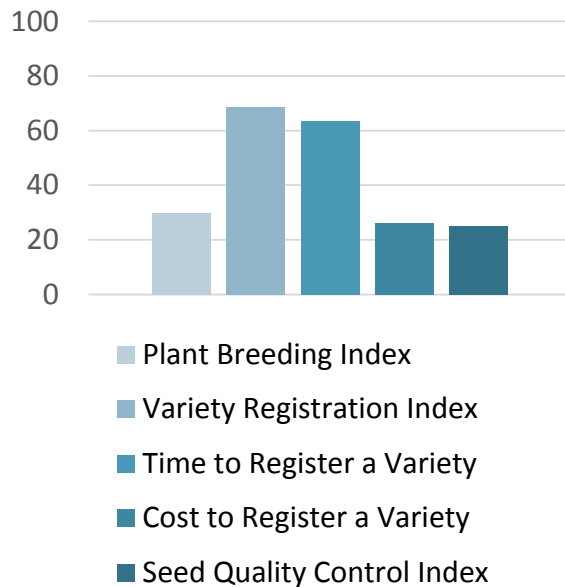


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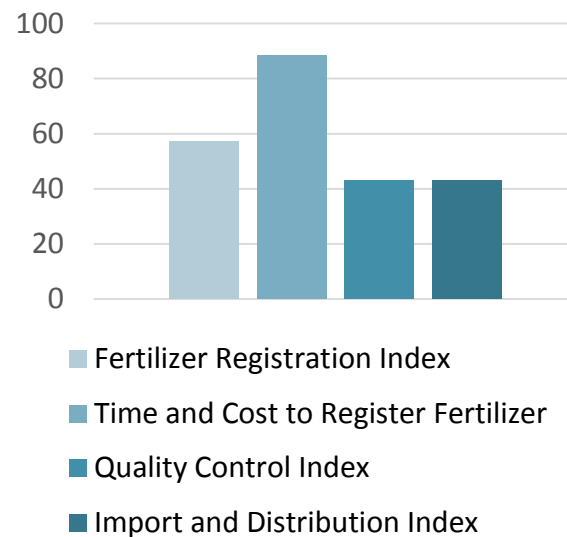
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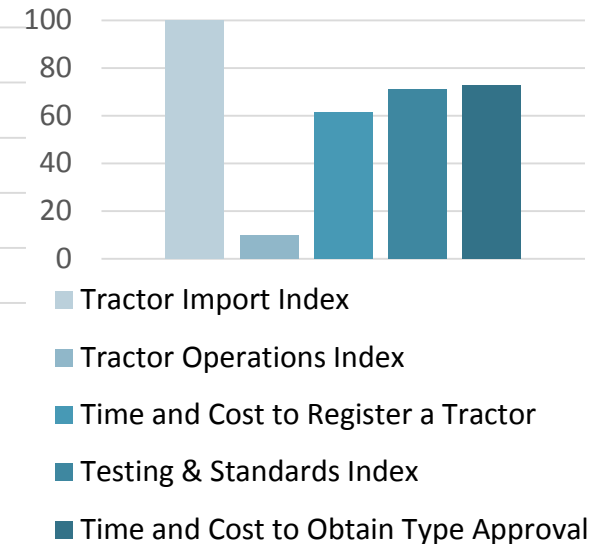
Nigeria Seed Scores (2017)



Nigeria Fertilizer Scores (2017)



Nigeria Machinery Scores (2017)



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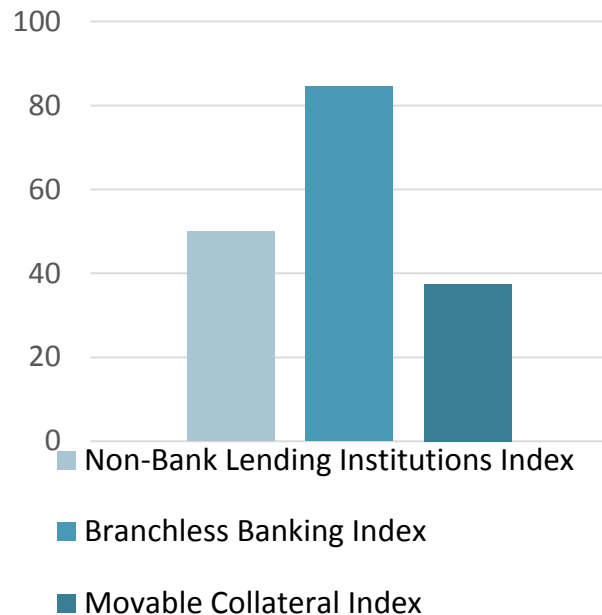


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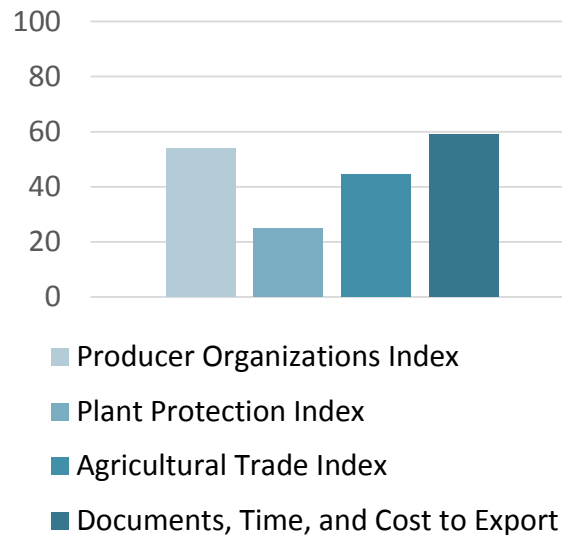
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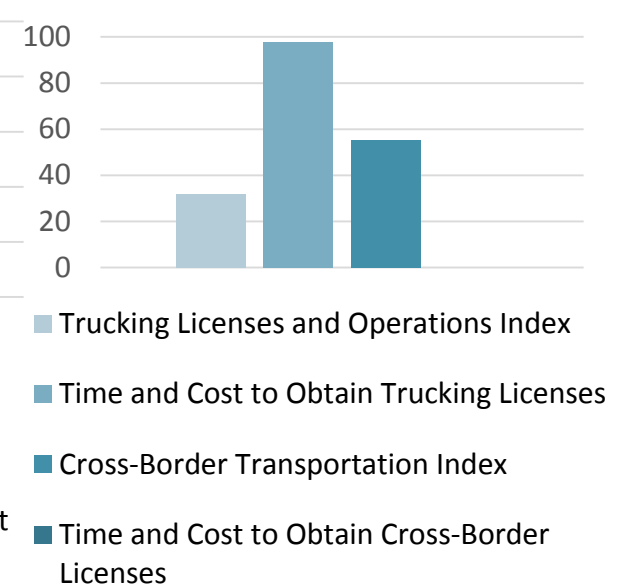
Nigeria Finance Scores
(2017)



Nigeria Markets Scores
(2017)



Nigeria Transport Scores
(2017)

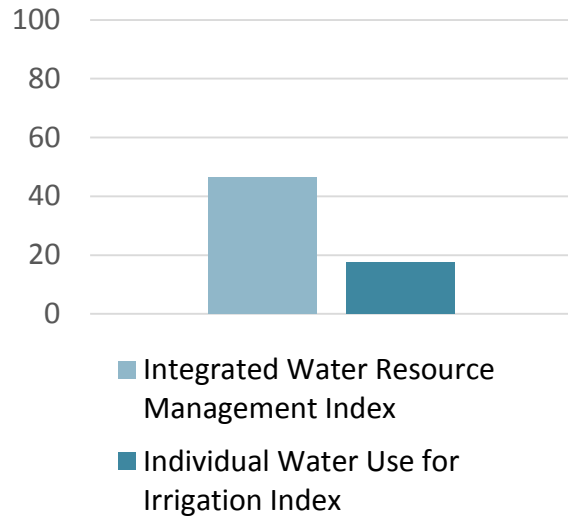


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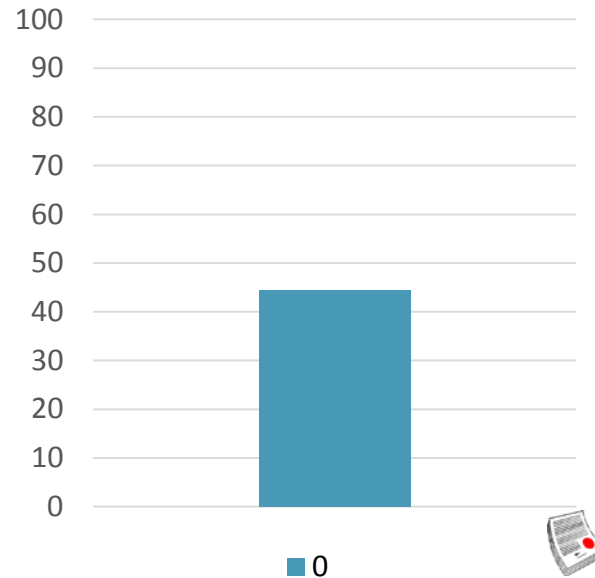


Leveraging EBA to Support Mission Objectives

Nigeria Water Scores
(2017)



Nigeria ICT Score (2017)





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Leveraging EBA to Support Mission Objectives

Recap: Three Main Uses of Benchmarking Data

- Prioritization: Identification of weaknesses in the enabling environment
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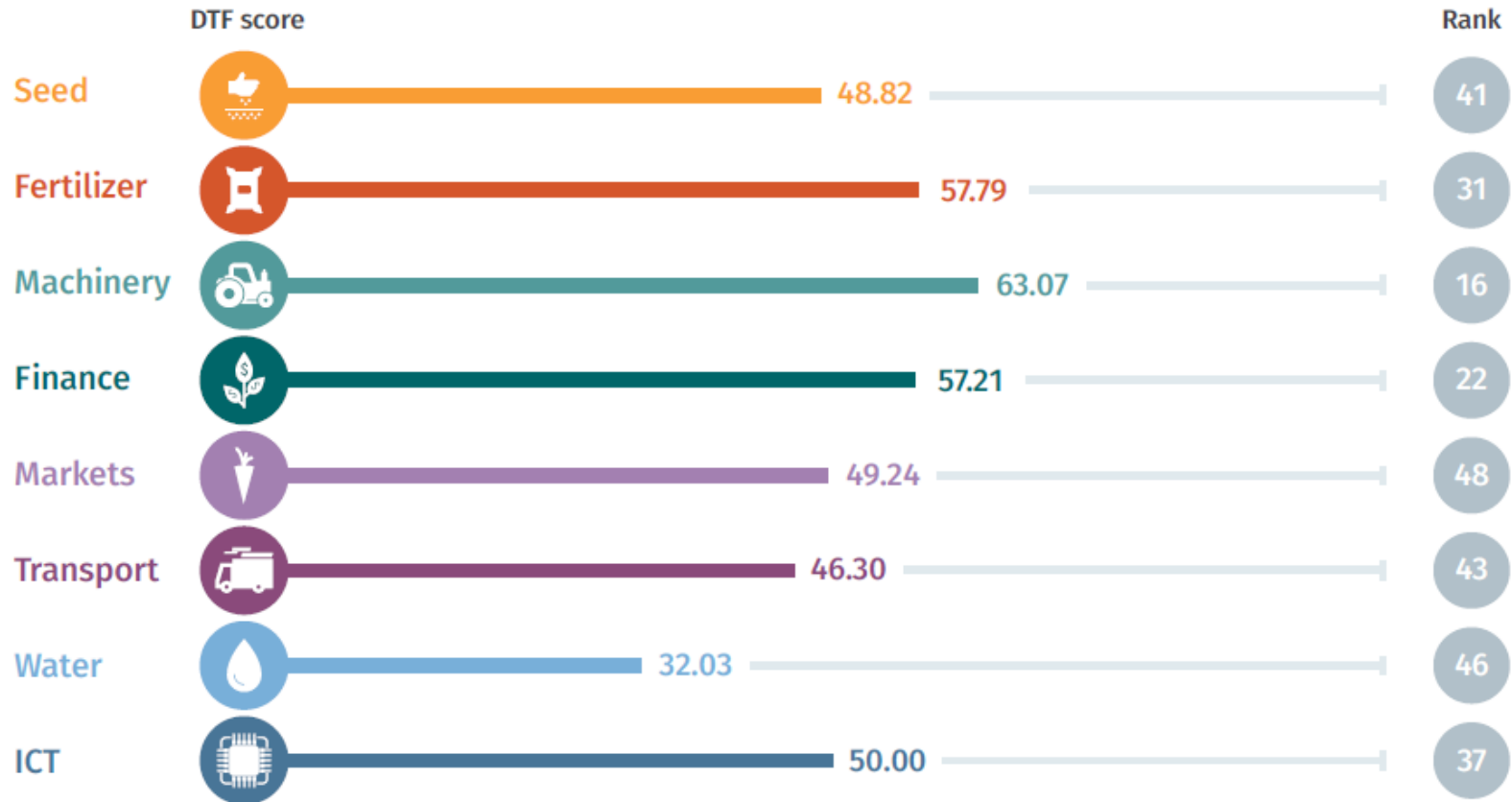
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EBA 2017 – Nigeria Score Snapshot



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Source: EBA 2017



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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



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