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

June 12, 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 Rwanda’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>
<thead>
<tr>
<th><strong>SEED</strong></th>
<th><strong>FERTILIZER</strong></th>
<th><strong>MACHINERY</strong></th>
<th><strong>FINANCE</strong></th>
<th><strong>MARKETS</strong></th>
<th><strong>TRANSPORT</strong></th>
<th><strong>WATER</strong></th>
<th><strong>ICT</strong></th>
</tr>
</thead>
</table>
| > Plant breeding  
  > Variety registration  
  > Seed quality control | > Fertilizer registration  
  > Quality control of fertilizer  
  > Importing and distributing fertilizer | > Tractor operation  
  > Tractor testing and standards  
  > Tractor import | > Branchless banking  
  > Movable collateral  
  > Non-bank lending institutions | > Producer organizations  
  > Plant protection  
  > Agricultural trade | > Trucking licenses and operations  
  > Cross-border transportation | > Integrated water resource management  
  > Individual water use for irrigation | > Information and communication technology |

<table>
<thead>
<tr>
<th><strong>“LEGAL” INDICATORS</strong></th>
<th><strong>“EFFICIENCY” INDICATORS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; Time and cost to register new varieties</td>
<td>&gt; Time and cost to register a new fertilizer product</td>
</tr>
</tbody>
</table>
| > Time and cost to obtain type approval  
  > Time and cost to register a tractor | |
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
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
Uses and Abuses of Benchmarking Data

Three Main Uses of Benchmarking Data

• Prioritization: Enables 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?
• Does our approach engender country ownership of the reform process?
• Are we addressing the root causes of the problem or only the symptoms?
EBA Scoring Methodology: The Basics

- Standard business case with assumptions
- Types of indicators: legal framework (quality) vs. time and cost (efficiency)
- Absolute vs. relative scoring: “distance to the frontier” (DTF) and rank
- What is NOT covered:
  - Informal economic activity
  - Unofficial costs
  - Political and social dynamics
  - Macroeconomic performance

Example: Seed

<table>
<thead>
<tr>
<th>SEED</th>
<th>DTF Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant breeding index (0-10)</td>
<td>8.0</td>
<td>38</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.

Source: EBA 2017
EBA Scoring Methodology: Rwanda Snapshot

<table>
<thead>
<tr>
<th>Category</th>
<th>DTF Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seed</td>
<td>20.21</td>
<td>60</td>
</tr>
<tr>
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<td>52.58</td>
<td>38</td>
</tr>
<tr>
<td>Machinery</td>
<td>43.37</td>
<td>41</td>
</tr>
<tr>
<td>Finance</td>
<td>80.63</td>
<td>7</td>
</tr>
<tr>
<td>Markets</td>
<td>49.30</td>
<td>47</td>
</tr>
<tr>
<td>Transport</td>
<td>62.70</td>
<td>27</td>
</tr>
<tr>
<td>Water</td>
<td>50.00</td>
<td>32</td>
</tr>
<tr>
<td>ICT</td>
<td>41.67</td>
<td>50</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:**

<table>
<thead>
<tr>
<th>Plant Breeding</th>
<th>Variety Registration</th>
<th>Seed Quality Control</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Rwanda Seed Scores (2017)

- Plant Breeding Index
- Variety Registration Index
- Time and Cost to Register a Variety
- Seed Quality Control Index
Exploring the EBA Topics: Seed

Notable Findings:

- Rwanda has a very young formal seed industry and seed institutions

Methodology Notes:

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

Regional Performance on Seed Topic

![Regional Performance on Seed Topic Chart]

- Distance to Frontier Score
- Rwanda vs. EAC
- Plant Breeding
- Variety Registration
- Seed Quality Control
- Time & Cost
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:
• No field testing for fertilizer registration
• Streamlined import permit requirements
• Labeling requirements and penalties for sale in open bags

EBA Indicators:

Rwanda Fertilizer Scores (2017)
Exploring the EBA Topics: Fertilizer

Methodology Notes:

- Time/Cost built into legal index for fertilizer import and distribution index
- Favors regional harmonization

Notable Findings:

- MINAGRI and RALIS differ on importance of the field testing requirement

### Regional Performance on Fertilizer Registration

<table>
<thead>
<tr>
<th>Country</th>
<th>Time to register a new fertilizer product</th>
<th>Cost to register a new fertilizer product (% income per capita)</th>
<th>Importing &amp; distributing fertilizer DTF (0-100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rwanda</td>
<td>730 days</td>
<td>100%</td>
<td>64</td>
</tr>
<tr>
<td>Uganda</td>
<td>663 days</td>
<td>75%</td>
<td>29</td>
</tr>
<tr>
<td>Tanzania</td>
<td>578 days</td>
<td>0%</td>
<td>43</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>15 days</td>
<td>98%</td>
<td>43</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:**

<table>
<thead>
<tr>
<th>Tractor Import</th>
<th>Tractor Operation and Registration</th>
<th>Testing &amp; Standards (Type Approval)</th>
</tr>
</thead>
<tbody>
<tr>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>

**Rwanda 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

• Import index may need some differentiation

Notable Findings:

• Proposed Center of Excellence will remedy most causes of low score for testing and standards
Exploring the EBA Topics: Finance

**The Case:** Methodology defines main terms and provides certain specifications for microfinance institutions and financial cooperatives.

**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

**Rwanda Finance Scores (2017)**

![Graph showing Rwanda Finance Scores](image-url)
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:

• Good regulation does not necessarily equate with access to finance.
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:

Rwanda Markets Scores (2017)

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

[EBA Indicators chart]

[Graph showing Rwanda Markets Scores (2017) with Producer Organizations Index, Plant Protection Index, Agricultural Trade Index, and Documents, Time, and Cost to Export]
Exploring the EBA Topics: Markets

Methodology Notes:

- Does this indicator really capture market access constraints?

- Only EBA topic for which gender is explicitly scored

Regional Performance on Markets

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

Rwanda 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

Methodology Notes:

• Heavy focus on the treatment of foreign truck operators

• Omits other types of transport (e.g., air cargo)

Notable Findings:

• Restricted rights of foreign truck operators are a regional issue impeding trade

Regional Performance on Transport

<table>
<thead>
<tr>
<th></th>
<th>Time &amp; cost of obtaining trucking licenses (DTF 0-100)</th>
<th>Time to obtain trucking licenses</th>
<th>Cost of obtaining trucking licenses (% income per capita)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rwanda</td>
<td>62</td>
<td>7 days</td>
<td>22%</td>
</tr>
<tr>
<td>Burundi</td>
<td>93</td>
<td>1 day</td>
<td>5%</td>
</tr>
<tr>
<td>Kenya</td>
<td>96</td>
<td>1 day</td>
<td>2%</td>
</tr>
<tr>
<td>Uganda</td>
<td>91</td>
<td>1 day</td>
<td>6%</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

Notable Findings:
• Uphill battle to institute water usage fees
• Irrigation equipment critical in the battle against climate change impacts
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>
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<table>
<thead>
<tr>
<th>Gender</th>
<th>Environmental Sustainability</th>
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<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>
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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
  - How well do the EBA topics areas align with Mission priority areas for agricultural sector development?
  - Are these the *right* reforms to achieve Feed the Future goals?
  - What topics might you like to see added?

- **Competition**: Generating momentum for reform
- **Monitoring**: Over time, changes in scores can serve as M&E indicators
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
  
  - Does the approach engender country ownership of the reform process?
  - Are these topics the best use of government time and resources at this stage of development?
  - Do these good practices make sense in the Rwandan context?

• **Monitoring:** Over time, changes in scores can serve as M&E indicators
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

- What indicators do you currently use for regulatory and policy reform work? Would EBA be more or less useful?
- Risk of the “quick win” – are we addressing the root causes of the problem or only the symptoms?
EBA 2017 – Rwanda 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
FEED THE FUTURE
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www.feedthefuture.gov

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