

## A Guide to *Enabling the Business of Agriculture 2016* in the Context of Feed the Future

The recently released *Enabling the Business of Agriculture 2016* report (EBA 2016) presents USAID staff with a valuable resource of new data across 40 countries that can help shed light on key constraints in the enabling environment for agriculture.<sup>1</sup> Used properly, the data has strong potential to contribute to systemic reforms that can magnify and solidify food security gains achieved under Feed the Future. However, successfully leveraging this tool in Mission work requires an understanding of what the EBA methodology actually measures as well as the uses and limitations of the data.

### SUCCESSFULLY LEVERAGING *ENABLING THE BUSINESS OF AGRICULTURE* IN MISSION WORK

Global benchmarking data can be a powerful force for reform. As a multi-country study, a benchmarking tool such as the World Bank's *Enabling the Business of Agriculture* (EBA) methodology can **spur action** by encouraging competition and learning between countries. Where a country scores poorly, vis-à-vis the global average or against its neighbors, international reporting of the scores can ignite domestic support for reform and motivate policymakers to act.<sup>2</sup> Scored by an outside observer and updated regularly, EBA is also a tool that can be used to monitor improvements in the agribusiness enabling environment in a way that **creates accountability** – of a government to its citizens and of donor partners to their home constituencies.

Nonetheless, an overreliance on the scores alone creates the risk of losing sight of what the data actually represent. Mission strategies and programming should use the EBA scores not as goalposts and/or targets but rather as meaningful inputs into a locally-owned, stakeholder-driven reform process.

So how do you make sure you are using EBA data to good effect? Ask yourself these key questions:

#### 1. Are these the *right* reforms to achieve Feed the Future goals?

The EBA data may motivate reforms geared at improving country scores, but what is the evidence that these specific reforms will significantly further Feed the Future goals? Even narrow indicators can act as proxies for larger policy issues where research shows a clear connection between the indicators and broader development objectives. The EBA report cites some specific country examples and academic research to support the selected indicators but acknowledges a lack of clear evidence to support a proven theory of change. In light of the tendency of governments to focus on prioritizing the improvement of scores, avoid overemphasizing the EBA data without a more robust analysis.

#### 2. Are we addressing the root causes of the problem or only the symptoms?

While data can help inform a reform dialogue, avoid the risk of relying on the data exclusively to design “quick wins” – i.e., easy changes that move the needle on the scoring system – while ignoring the underlying root causes of poor performance. Tools such as EBA can provide important data that identify the symptoms of a poor enabling environment. However, additional qualitative and quantitative analysis of the regulatory context is necessary to translate this data into actionable reform programs, including aspects of the political economy, social dynamics, and macroeconomic forces that influence food security outcomes.

<sup>1</sup> World Bank, *Enabling the Business of Agriculture 2016* (EBA 2016), available at: <http://eba.worldbank.org/>.

<sup>2</sup> Although the World Bank's *Doing Business* rankings have been criticized for generating a “race to the bottom” through regulatory competition, not all cross-country analysis is bad. Unlike *Doing Business*, EBA is not intended to be a global ranking index. However, scores on individual topics can be sorted on the EBA website, enabling some level of country-to-country comparison and learning.

### 3. Does our approach engender country ownership of the reform process?

The process of regulatory reform often matters as much as the outcome. Regulatory reform is inherently a political process that should be informed by broad-based stakeholder dialogue and reflect the values and desires of local citizens. Where achieving an improved EBA score becomes the goal of governments and/or the donors who advise them, watch out for the risk of prioritizing a reform agenda selected not by citizens but by an external partner. Instead, leverage public-private dialogue platforms as a forum for examining the EBA data to inculcate an inclusive, stakeholder-driven reform agenda.

#### WHAT IS ENABLING THE BUSINESS OF AGRICULTURE?

The World Bank's *Enabling the Business of Agriculture* methodology aims to measure the quality of agricultural regulation around the world by gathering data and scoring country performance across a uniform set of indicators. EBA creates a **benchmark**, i.e., a set of data points against which progress can be measured over time. This data can identify key challenges, generate momentum for reform, and serve as a source of transparency and accountability for results.

### WHAT EBA MEASURES... AND DOES NOT MEASURE

EBA 2016 covers six topics within the enabling environment for agriculture: seed, fertilizer, machinery, finance, markets, and transport. Within each topic, EBA evaluates the content of the legal framework and the time, cost, and procedures required to comply with certain regulatory requirements.<sup>3</sup> For example, the fertilizer topic covers registration, quality control, and import requirements for imported fertilizer products. EBA also scores three categories that cut across the six topic areas: business operations, quality control, and trade.<sup>4</sup>

All global indicator sets, including EBA, are narrowly tailored in order to be feasibly administered and universally applied. The data reflect only what is measured, which is rarely the whole story. EBA does not measure informal economic activity or extralegal behavior such as bribes, nor does it shed light on the broader political, economic, and social context in which agribusinesses operate. EBA also utilizes highly specific case studies for each topic that may or may not reflect your country's context. For example, the EBA topic "machinery" covers only tractors – specifically, the licensing and import requirements for tractor dealers. It tells us little about the regulatory burden on other types of agricultural machinery or the range of other factors that influence technology scaling and adoption.

### LOOKING FORWARD

This note is the first in a series of technical briefs that will explore the EBA methodology in more detail, examining the role of global indicator sets and how they can be used further the goals of Feed the Future while promoting an inclusive, country-owned reform process.

The **Feed the Future Enabling Environment for Food Security** project is a global support mechanism for Feed the Future focused and aligned Missions and Washington-based USAID offices to address policies, as well as legal, institutional, and regulatory factors that function as market constraints affecting food security.

Launched in September 2015, the project enables the rapid procurement of technical analysis, advisory services, and strategic knowledge management for up to a 12-month period of performance. For more information, contact Gloria Kessler (COR) at [gkessler@usaid.gov](mailto:gkessler@usaid.gov).

<sup>3</sup> While country summaries contain both types of data, only the legal framework indicators are included in the scores for EBA 2016.

<sup>4</sup> Four additional topics (land, water, livestock, and information and communication technology) are under development; in addition, EBA 2016 explores two cross-cutting themes (gender and environmental sustainability). Data on these six topics may be gathered and scored in future EBA reports.