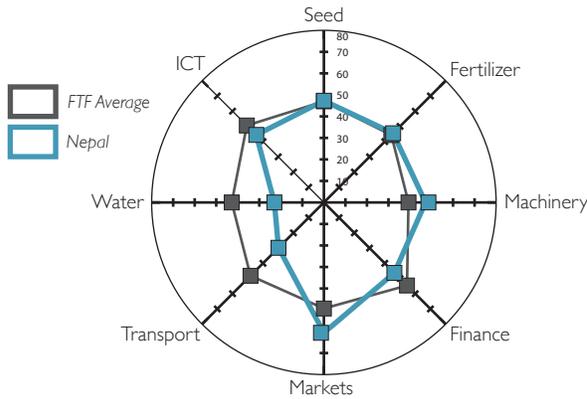




Feed the Future Enabling Environment for Food Security Project Enabling the Business of Agriculture Data Snapshot: Nepal

2017 EBA Scores



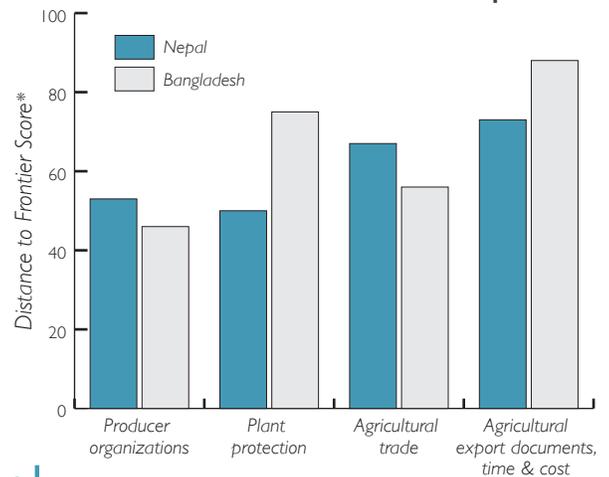
The World Bank's Enabling the Business of Agriculture Index (EBA) is a unique tool for measuring the ease of doing agribusiness. EBA data, coupled with contextual analysis and consultations with key stakeholders, can inform priority reforms and allow for transparent result tracking over time and across countries. The index scores, on a scale of 0-100*, the strength of the legal and institutional environment for agribusinesses across eight topics: seed, fertilizer, machinery, finance, markets, transport, water, and ICT. Scores and detailed topical data can be used to inform design and monitoring of Feed the Future's (FTF) agricultural reform efforts. As seen in the graphic, Nepal performs relatively well in facilitating access to markets, machinery, seed, and fertilizer. Areas with the greatest room for improvement include access to finance, transport services, ICT, and water management. Overall, scores highlight costly and inefficient licensing and registration regimes, and poor quality control systems with few consumer protections. The following sections take a deeper look at selected EBA data relevant to USAID/Nepal.



Markets

Market indicators measure laws and regulations that impact access to agricultural markets for producers and agribusinesses. Nepal performs well in this area, particularly in agricultural export regulations. No price regulations or licensing requirements are placed on traders. As a result, the export of agricultural products is efficient and affordable, yet Bangladesh achieves greater efficiency at lower cost. Nepal has a weak legal framework that governs the establishment of producers' organizations, as well as weak plant protection measures. Specifically, Nepal could raise its producer organization score by becoming more inclusive of foreign nationals and women. Plant protections could improve through greater information dissemination of plant pest and disease, and require land owners/users to report pest outbreaks. The sub-category score comparison with Bangladesh highlights Nepal's relative strengths and weaknesses in this area. **Score: 61/100**

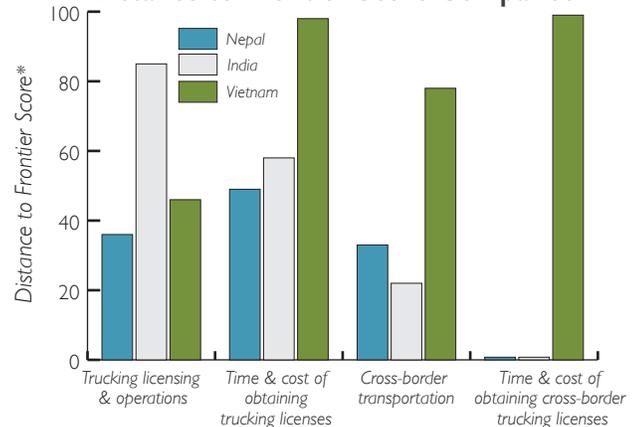
Distance to Frontier Score Comparison



Transport

Nepal's transport scores reflect a weak regulatory regime covering both domestic and cross-border travel. Domestically, Nepal issues individual truck licenses, which allows for greater competition in the sector than a company-level system with stricter criteria. However, time-limited licensing at a cost of 38% income per capita burdens the profitability of providing these services. Transport quality could be improved by providing clear guidelines of required documentation for domestic travel and specific regulations for transport of agriculture products. The key to improving cross-border transport scores is requiring a cross-border road transport license for foreign trucks to transit in the country. Vietnam sets an excellent example in the region, while India excels in domestic transport regulations. **Score: 30/100**

Distance to Frontier Score Comparison



*The distance to frontier score compares a country's performance to the highest performing country ("frontier"). The higher the score, the more of a top performer the country is in a particular area.

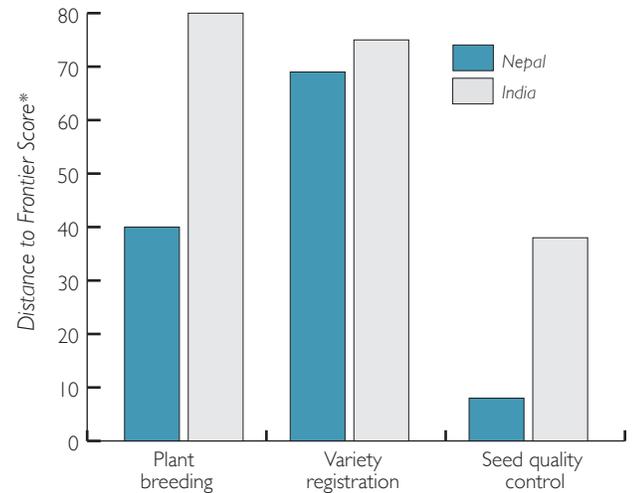


Seed

In practice, companies are accessing germplasm preserved in the national gene bank, and public research institutes are licensing public varieties to companies for production and sale of breeder and foundation seed. However, Nepal does not legally grant or protect plant breeders' rights. The registration of new seed varieties is an affordable – but time-consuming process – requiring 611 days. India and Sri Lanka register new varieties in nearly half this time. The few seed quality measures that exist could be improved by requiring plant breeders to assure traceability of plant reproductive material for at least two years, allowing third parties to perform seed certification, expanding seed label requirements, and establishing penalties for mislabeled seed. On the whole, the seed system does little to protect companies' rights to produce seed or consumers' rights to high-quality seed.

Score: 47/100

Distance to Frontier Score Comparison



Fertilizer

Restrictive import requirements and lengthy registration procedures pose bottlenecks to accessing fertilizer in Nepal. Companies must first register as importers (valid for one year) and then obtain per-shipment import permits (also valid for one year.) This is in stark comparison to India who does not require any specific registration or permits for fertilizer imports. Once in Nepal, registration of new fertilizers is more time consuming and costly than India or Sri Lanka. Quality control measures are sufficient, but could improve by prohibiting the sale of fertilizer products from opened bags and setting penalties accordingly. On the whole, inefficient and expensive import and registration requirements limit access to these important yield-boosting technologies.

Fertilizer Registration & Import Requirement Comparison

	Special import registration	Import permit	Time to obtain import permit	Time to register new product	Cost to register new product (income per capita)
Nepal	Yes (valid 1 yr)	Yes, per shipment	5 days	1,125 days	645%
India	No	No	N/A	804 days	17%
Sri Lanka	Yes (valid 1 yr)	Yes, per shipment	3 days	365 days	4%

Score: 46/100

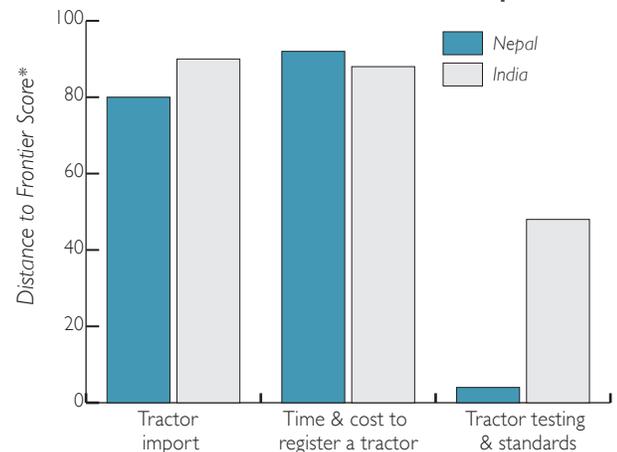


Machinery

This topic evaluates the regulatory framework for tractors as a proxy for all agricultural machinery. Sub-indicators measure access through import, registration requirements, and quality and safety standards. Streamlined import procedures facilitate easy import into Nepal. Once in the country, registration is required and administered in an efficient (2 days) and affordable (4% income per capita) manner. However, operational safety, performance, and longevity of machinery is not legally safeguarded in Nepal. That is, the country has adopted neither national nor international tractor standards; vendors are not required to provide ongoing maintenance service; and type approval requiring certain testing is not required of tractors before they enter the market.

Score: 47/100

Distance to Frontier Score Comparison



The **Feed the Future Enabling Environment for Food Security** program is a global support mechanism for Feed the Future focused and aligned Missions to address policies, as well as legal, institutional, and regulatory factors that affect food security. To learn more, please contact Gloria Kessler (COR) at gkessler@usaid.gov or Nate Kline (Chief of Party) at nkline@fintrac.com.