EBA Indicators Brief Introduction

Session 3

Photo: Fintrac Inc.
SESSION 3 LEARNING OBJECTIVES

- 8 core topic areas:
  - standard business case
  - Indicators

- Interpretation of EBA scores

Photo: Fintrac Inc.
EBA EXPLORES 8 CORE TOPICS

Components:
- Standard business case
- Legal and efficiency indicators

Scores:
- DTF score
- Country rank

2 cross-cutting themes:
- gender
- environmental sustainability
### INTERPRETING EBA SCORES

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is there a legal framework regulating agent banking activities in your country?</td>
<td>No</td>
<td>0</td>
</tr>
<tr>
<td>According to the law, are there minimum standards in order to qualify and operate as an agent in the following areas?</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Can be either an operating/established business or an individual</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Has financial soundness</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Has no criminal record</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Has to have real-time connectivity to the commercial bank</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Location (e.g. within certain distance from bank branch)</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>According to the law, what contracts can agent enter into with banks? (only non-exclusive, only exclusive, both)</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>According to the law, can agents offer the following services on behalf of a bank?</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Cash deposit</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Cash withdrawals</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Transfer of funds to other customers' accounts</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

**Business 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.

**EBA Indicators:**

- Plant Breeding
- Variety Registration
- Seed Quality Control

[Icons representing each indicator]
INTERPRETING KENYA’S SEED PERFORMANCE

<table>
<thead>
<tr>
<th>Plant breeding (0-10)</th>
<th>Variety registration (0-8)</th>
<th>Seed quality control (0-12)</th>
<th>Time to register new variety (days)</th>
<th>Cost to register new variety (% income per capita)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.0</td>
<td>7.0</td>
<td>6.0</td>
<td>322</td>
<td>123.2</td>
</tr>
</tbody>
</table>

Demonstrates all best practices; public-private partnerships

Affordable and efficient registration process

Effective variety release committee

Seed labeling requirements and penalties; weaknesses highlight need to modify the law to require plant breeders to ensure the traceability of their plant reproductive materials for at least 2 years; and allow seed certification activities to be performed by an accredited third party.
Findings:

- Seed quality control = challenges across region
- Time and cost to register new variety = variations
Business 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.

EBA Indicators:
INTERPRETING MALI’S FERTILIZER PERFORMANCE

Streamlined and affordable product registration system; No field testing for fertilizer use.

Mali Fertilizer Indicator Comparison (DTF 0-100)

<table>
<thead>
<tr>
<th>New fertilizer registration</th>
<th>Time and cost to register a new fertilizer product</th>
<th>Fertilizer quality control</th>
<th>Fertilizer import and distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>64</td>
<td>89</td>
<td>50</td>
<td>64</td>
</tr>
</tbody>
</table>

Need to improve labeling guidelines and prohibit the sale of fertilizer products from opened bags.

Few bottlenecks
Findings:

- Mali strong overall performer relative to Senegal and SSA peers.

- Senegal has poor legal and regulatory framework for fertilizer registration and quality control.
**Business 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.

- Tractors used as proxy for agricultural machinery.

**EBA Indicators:**

- Tractor Import
- Tractor Operation and Registration
- Testing & Standards (Type Approval)
Few legal or regulatory impediments to their import and sale

Safety precautions could be improved by requiring routine inspections for road-worthiness

Unnecessary bottlenecks lengthen time to register tractors (14 days)

Type approval required, but time consuming (105 days)

Roadworthiness inspections and aftermarket parts and services

INTERPRETING NIGERIA’S MACHINERY SCORES

0 20 40 60 80 100

Nigeria Machinery DTF 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
Nigeria and Ghana could look to Ethiopia as an example of how to ease tractor registration.
**Business Case:** Laws and regulations that promote access to financial services with a focus on rural areas. Specifications for microfinance institutions and financial cooperatives defined in methodology.

**EBA Indicators:**

- **Non-Bank Lending Institutions**
  - Microfinance Institutions
  - Financial Cooperatives

- **Branchless Banking**
  - Agent Banking
  - E-Money

- **Movable Collateral**
  - Warehouse Receipts
  - Secured Transactions
INTERPRETING UGANDA’S FINANCE SCORES

No legal provision for agent banking; low availability of branchless branching

e-banking limited: non-bank businesses not allowed to issue e-money

<table>
<thead>
<tr>
<th>Branchless Banking - Agent banking index (0-5)</th>
<th>Branchless Banking - E-money index (0-4)</th>
<th>Movable Collateral - Warehouse receipts index (0-5)</th>
<th>Movable Collateral - Doing Business - getting credit index (0-8)</th>
<th>Non-bank Lending Institutions - Microfinance institutions index (0-7)</th>
<th>Non-bank Lending Institutions - Financial cooperatives index (0-7)</th>
<th>Finance DTF Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0</td>
<td>1.0</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
<td>3.0</td>
<td><strong>50.30</strong></td>
</tr>
</tbody>
</table>

Strong warehouse receipt system serves as loan collateral

Room for improvement
Findings:

- Neighboring countries provide Uganda with good models to strengthen microfinance institutions and e-banking (Kenya), credit unions (Tanzania), and develop an agent banking regime (Kenya and Tanzania).
MARKETS

**Business Case:** A business that performs general agricultural trading activities, excluding agricultural production, processing, and retail. Specifications made for the size and content of the shipment and the trading partner. Examined: laws and regulations that impact smallholder producers and agribusinesses when accessing domestic and foreign agricultural markets for their products.

**EBA Indicators:**

- **Producer Organizations**
- **Plant Protection**
- **Agricultural Trade**

![Icons representing Producer Organizations, Plant Protection, and Agricultural Trade]
**INTERPRETING RWANDA’S MARKETS SCORES**

**Rwanda Markets DTF Scores (2017)**

- **Producer Organizations**: ease of establishing POs
- **Plant Protections**: weak pest monitoring and penalties
- **Ag Trade**: restrictions such as price controls and fixed marketplaces
- **Export Efficiency**: few documents required for export

**Ag Trade Case**: tea exported to Kenya
Findings:

• Plant protections weak across region

• Ag trade restricted across region

• Rwanda efficient with required trade documentation
**Business 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.

**EBA Indicators:**

- **Domestic Trucking Licenses and Operations**
- **Cross-Border Licenses and Transportation**
**Domestic:** preference for company level licensing; both countries use individual truck licenses

**Cross-border:** Restricted rights of foreign truck operators impede trade

Nepal’s high cost to obtain license (38 percent income per capita) is the major driver of score difference
**Business Case:** A mid-sized farm (2-10 ha) growing crops and using mechanical water abstraction mechanism for individual use.

**EBA Indicators:**

- Integrated Water Resource Management
- Individual Water Use for Irrigation
**Kenya:** excellent IWMR framework; regulated irrigation through water abstraction and use permit systems and requires compliance with water basin plan; streamlined permit renewal system.

**Uganda:** streamlined permit systems for individual water use

**Ethiopia:** little government oversight of IWRM and little done to promote water conservation and efficiency
INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

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

Representative good practices from Kenya:

- Fosters private sector investment and competition through general authorization regimes
- Efficient spectrum management to promote greater investment in rural areas
### CROSS-CUTTING THEMES

#### Environmental Sustainability
- Plant genetic resources
- Water quality management
- Soil health management

#### Gender
- Gender-disaggregated data
- Restrictions on employment, activity
- Participation in organizations
- Nondiscrimination

**Figure 11.3 | Do producer organizations have to comply with the principle of nondiscrimination?**

- **34** NO
- **28** YES
- **22** Yes, and gender is a protected category
- **6** Yes, but gender is not a protected category

*Source: EBA database.*
SESSION 3 RECAP WHAT WE HAVE LEARNED

Introduction to each of the 8 core topic areas, including their standard business case and indicator components.

Be able to interpret EBA scores through examination of indicator components.
LET’S CHECK WHAT WE’VE LEARNED
Let’s check what we’ve learned - Question 1

1. What is used as a proxy to evaluate laws and regulations governing agricultural machinery for the standard business case?

   a. Grain auger
   
   b. Tractor
   
   c. Vegetable picker
   
   d. All of the above
Question 1 - Answer

1. What is used as a proxy to evaluate laws and regulations governing agricultural machinery for the standard business case?

   a. Grain auger
   
   b. Tractor
   
   c. Vegetable picker
   
   d. All of the above
2. True or false: The standard business case for markets assumes that a business performs general agricultural trading activities, excluding agricultural production, processing, and retail.

   a. True
   
   b. False
2. True or false: The standard business case for markets assumes that a business performs general agricultural trading activities, excluding agricultural production, processing, and retail.

a. True

b. False
3. The Transport indicators cover which of the following areas?

a. Domestic trucking licensing requirements

b. Cross-border licensing requirements

c. Time and cost to obtain licenses

d. All of the above
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a. Domestic trucking licensing requirements

b. Cross-border licensing requirements

c. Time and cost to obtain licenses

d. All of the above
YOUR FEEDBACK IS WELCOME!

✓ Was this learning resource helpful?

✓ Do you have questions or suggestions for improvements on the EBA methodology?

✓ Other feedback?

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Proceed to the next session in the Overview Module