Practical Application: Leveraging EBA in Support of Mission Objectives

Session 3

Photo: Fintrac Inc.
SESSION 3 LEARNING OBJECTIVES

- Apply EBA Finance benchmarking data in support of GFSS objectives
- Interpret EBA scores
- Explore broader context
- Know where to locate legal and regulatory documents
- Access additional EBA resources

Photo: Fintrac Inc.
Table 2. Ranking EBA topics from 1 to 12 in terms of relation to key priorities

<table>
<thead>
<tr>
<th>Overall Rank</th>
<th>Item</th>
<th>Score (to inform ranking)</th>
<th>Total Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Markets (e.g. producer organizers, plant protection, agricultural trade)</td>
<td>104</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>Finance</td>
<td>90</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>Seed</td>
<td>84</td>
<td>9</td>
</tr>
<tr>
<td>4</td>
<td>Land</td>
<td>73</td>
<td>9</td>
</tr>
<tr>
<td>5</td>
<td>Water</td>
<td>70</td>
<td>10</td>
</tr>
<tr>
<td>6</td>
<td>Gender</td>
<td>60</td>
<td>10</td>
</tr>
<tr>
<td>7</td>
<td>Fertilizer</td>
<td>55</td>
<td>9</td>
</tr>
<tr>
<td>8</td>
<td>Livestock</td>
<td>54</td>
<td>9</td>
</tr>
<tr>
<td>9</td>
<td>Environmental sustainability</td>
<td>51</td>
<td>10</td>
</tr>
<tr>
<td>10</td>
<td>Transport</td>
<td>51</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>Machinery</td>
<td>33</td>
<td>8</td>
</tr>
<tr>
<td>12</td>
<td>Information Communication Technology (ICT)</td>
<td>33</td>
<td>9</td>
</tr>
</tbody>
</table>
HOW TO USE EBA DATA

Prioritize
Identify weaknesses in enabling environment

Compete
Generate momentum for reform

Monitor
Can serve as M&E indicators
UGANDA FINANCE DTF SCORES - TOPIC SCORE 50/100

Prioritize

Identify weaknesses in enabling environment

Uganda Branchless Banking DTF Scores (0-100)

- Branchless banking
- Movable collateral
- Non-bank Lending Institutions

Weakest area, merits a closer look
**UGANDA’S FINANCE SUB-INDICATOR INDEX SCORES**

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

<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>
</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>
</tr>
</tbody>
</table>

Strong warehouse receipt system serves as loan collateral
WHERE TO GET EBA FINANCE DATA

http://eba.worldbank.org/
**EBA FINANCE DATA**

Branchless Banking - Agent banking index (0 - 5)

<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>
</tbody>
</table>

According to the law, are there minimum standards in order to qualify and operate as an agent in the following areas?

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Answer</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can be either an operating/established business or an individual</td>
<td>N/A</td>
<td>0</td>
</tr>
<tr>
<td>Has financial soundness</td>
<td>N/A</td>
<td>0</td>
</tr>
<tr>
<td>Has no criminal record</td>
<td>N/A</td>
<td>0</td>
</tr>
<tr>
<td>Has to have real-time connectivity to the commercial bank</td>
<td>N/A</td>
<td>0</td>
</tr>
<tr>
<td>Location (e.g. within certain distance from bank branch)</td>
<td>N/A</td>
<td>0</td>
</tr>
</tbody>
</table>

According to the law, what contracts can agents enter into with banks? (only non-exclusive, only exclusive, both)

<table>
<thead>
<tr>
<th>Contract Type</th>
<th>Answer</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>0</td>
</tr>
</tbody>
</table>

According to the law, can agents offer the following services on behalf of a bank?

<table>
<thead>
<tr>
<th>Service</th>
<th>Answer</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash deposit</td>
<td>N/A</td>
<td>0</td>
</tr>
<tr>
<td>Cash withdrawals</td>
<td>N/A</td>
<td>0</td>
</tr>
<tr>
<td>Transfer of funds to other customers’ accounts</td>
<td>N/A</td>
<td>0</td>
</tr>
</tbody>
</table>

http://eba.worldbank.org/
FACTORS INFLUENCING ACCESS TO FINANCIAL SERVICES

- Macro-economy
- Business viability
- Social / Gender Bias
- Labor availability
- Education levels
EXAMPLE: RWANDA’S LIMITED ACCESS TO FINANCE RELATED TO OTHER CONSTRAINTS THAT HEIGHTEN RISK

Rwanda Top Cited Constraints to Agriculture

• Climate change
• Land fragmentation
• Limited agricultural finance and insurance
• Institutional capacity
• Farm-level technology

Constraints related to:

• Human capacity
• Financial capacity
• Market availability
• Competitiveness
### COMPLEMENTARY DATA SOURCES: “DOING BUSINESS” – GETTING CREDIT

<table>
<thead>
<tr>
<th><strong>Description</strong></th>
<th><strong>Score Range</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Strength of legal rights index (0-12)</td>
<td></td>
</tr>
<tr>
<td>Protection of rights of borrowers and lenders through collateral laws (0-10)</td>
<td></td>
</tr>
<tr>
<td>Protection of secured creditors’ rights through bankruptcy laws (0-2)</td>
<td></td>
</tr>
<tr>
<td>Depth of credit information index (0-8)</td>
<td></td>
</tr>
<tr>
<td>Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)</td>
<td></td>
</tr>
<tr>
<td>Credit bureau coverage (% of adults)</td>
<td></td>
</tr>
<tr>
<td>Number of individuals and firms listed in the largest credit bureau as percentage of adult population</td>
<td></td>
</tr>
<tr>
<td>Credit registry coverage (% of adults)</td>
<td></td>
</tr>
<tr>
<td>Number of individuals and firms listed in a credit registry as percentage of adult population</td>
<td></td>
</tr>
</tbody>
</table>
DATA SOURCES: COUNTRY-SPECIFIC REPORTS FOR UGANDA

MicroSave – Briefing Note #169
MSME Finance in Uganda – Status and Opportunities for Financial Institutions
Anup Singh
March 2017

Introduction
Uganda has an extensive MSME sector that accounts for approximately 56% of the private sector, over 80% of manufacturing output, and contributes about 6.9% of GDP. Out of an estimated 98% of the population, 84% fall under the micro and small enterprises category, which is contributing to the economic growth and development of Uganda.

Uganda Economic Update
1st Edition: January 2017

Doing Business 2018
Reforming to Create Jobs
Economy Profile
Uganda

Doing Business 2018
Reforming to Create Jobs
Economy Profile
Uganda
FEED THE FUTURE COUNTRY BRANCHLESS BANKING INDEX SCORES

Compete

Generate momentum for reform

Best performer

Poorest performer
Enabling the Business of Agriculture

Law Library

The EBA Law Library is a new resource for website users that wish to further explore the data by consulting the laws and regulations examined by the EBA project. To browse available links to copies of laws and regulations, choose either a country or a topic area from the selection menus below.

Disclaimers:

- This Law Library is included merely for informational purposes as a supplement to the data available on the EBA website. While we try to provide a helpful informational resource, we cannot guarantee the ongoing validity of any linked legal instruments. For legal matters, the listing of links to laws and regulations below should not be relied upon as an official source or indication of current law in your country. Always directly consult the official source of law for your country, if available.
- Not all laws and regulations impacting the EBA data are currently freely available online.
- Please also note that in some cases the instrument names below include unofficial names. The wording of instrument names and the language choices of the links included below does not imply any recognition or selection on the part of the World Bank Group.
- If you would like to suggest an improved translation, the addition of a new legal instrument, or an improved internet link, please contact us at eba@worldbank.org.

Select an economy

Select a topic
EBA: Transparent, third party monitoring indicator
Additional EBA Resources
EBA 2017 Report and Finance Methodology

**Report:** [Access the report](#)

**Finance methodology:**
[Methodology (worldbank.org)](#)

[Doing Business Getting Credit Methodology](#)
Users can adjust values of any indicators of an economy and see what impact this would have on the economy’s overall ranking.

### Distance to Frontier Calculator

#### 1. Select a Country:
- Nigeria

#### 2. Enter New Values to Simulate:
- Enter values here

#### 3. View Simulated Results:
- Seed Ranking: 42
- Seed DTF: 48.82
- Plant breeding index (0-10): 3.0
- Variety registration index (0-8): 5.5
- Seed quality control index (0-12): 3.0
- Time to register new variety (days): 367

#### 4. Compare Original EBA17 Results:
- Seed Ranking: 42
- Seed DTF: 48.82
- Plant breeding index (0-10): 3.0
- Variety registration index (0-8): 5.5
- Seed quality control index (0-12): 3.0
- Time to register new variety (days): 367
20 COUNTRY POLICY DATA SNAPSHOTS

- Bangladesh *
- Cambodia
- Ethiopia *
- Ghana *
- Guatemala *
- Haiti
- Kenya *
- Liberia
- Malawi
- Mali *
- Mozambique
- Nepal *
- Niger *
- Nigeria *
- Rwanda
- Senegal *
- Tajikistan
- Tanzania
- Uganda *
- Zambia

* Indicates a 2017-21 Feed the Future focus country
OTHER EBA ONLINE TRAINING MODULES

Trade

EBA Overview
RECAP WHAT WE HAVE LEARNED

Apply EBA Finance benchmarking data in support of GFSS objectives, including to:
- a) identify priorities,
- b) generate competition,
- c) monitor results.

Interpret EBA scores through examination of index components.

Explore broader context to inform policy reform prioritization process.

Know where to locate legal and regulatory documents supporting EBA Finance indicator.

Access additional EBA resources useful to practitioners.
LET’S CHECK WHAT WE’VE LEARNED
1. Benchmarking of EBA data can be used to _________ across countries.

   a. Highlight positive examples of laws and regulations

   b. Generate competition and foster policy reform

   c. Compare scores on the same indicators

   d. All of the above
1. Benchmarking of EBA data can be used to __________ across countries.

   a. Highlight positive examples of laws and regulations

   b. Generate competition and foster policy reform

   c. Compare scores on the same indicators

   d. All of the above
2. Is this statement true or false? “The EBA index incorporates all pertinent factors influencing policy relating to access to finance for agribusiness.”

   a. True
   
   b. False
2. Is this statement true or false? “The EBA index incorporates all pertinent factors influencing policy relating to access to finance for agribusiness.”

a. True

b. False
3. Which of these are included in the World Bank’s *Doing Business* – Getting Credit Index?

a. Protection of rights of borrowers and lenders through collateral laws

b. Scope and accessibility of credit information distributed by credit bureaus and credit registries

c. Credit bureau coverage (% adults)

d. Credit registry coverage (% adults)

e. All of the above
3. Which of these are included in the World Bank’s *Doing Business* – Getting Credit Index?

a. Protection of rights of borrowers and lenders through collateral laws

b. Scope and accessibility of credit information distributed by credit bureaus and credit registries

c. Credit bureau coverage (% adults)

d. Credit registry coverage (% adults)

e. All of the above
4. Is this statement true or false? “USAID has created summaries of EBA data for 10 countries.”

   a. True

   b. False
4. Is this statement true or false? “USAID has created summaries of EBA data for 10 countries.”

a. True

b. False
5. For additional understanding of the methodology behind the EBA index, the following resources are available:

a. EBA Report 2017

b. EBA Finance methodology

c. EBA website www.eba.worldbank.org

d. All of the above
QUESTION 5 - ANSWER

5. For additional understanding of the methodology behind the EBA index, the following resources are available:

a. EBA Report 2017

b. EBA Finance methodology

c. EBA website www.eba.worldbank.org

d. All of the above
NEED ADDITIONAL TECHNICAL ASSISTANCE OR SUPPORT FOR ENABLING ENVIRONMENT POLICY REFORM?

The Feed the Future Enabling Environment for Food Security project is a global support mechanism designed to assist Feed the Future focused and aligned Missions as they work to address legal, institutional, and market constraints affecting food security. Launched in late 2015, it is managed by the USAID Bureau for Food Security’s Office of Market and Partnership Innovations (MPI). For more information, contact: Lourdes Martinez Romero (COR) at lmartinezromero@usaid.gov or Nate Kline (COP) at nkline@fintrac.com.
YOUR FEEDBACK IS WELCOME!

✓ Was this learning resource helpful?

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

✓ Other feedback?

Please contact Lourdes Martinez Romero (COR) at Imartinezromero@usaid.gov or Nate Kline (COP) at nkline@fintrac.com.