

Benchmarking the Business of Agriculture

A joint program by the Agriculture and Environmental Services (AES) and Global Indicators and Analysis Department (GIA)



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Global Indicators and Analysis
Financial and Private Sector
Development

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Presentation Outline

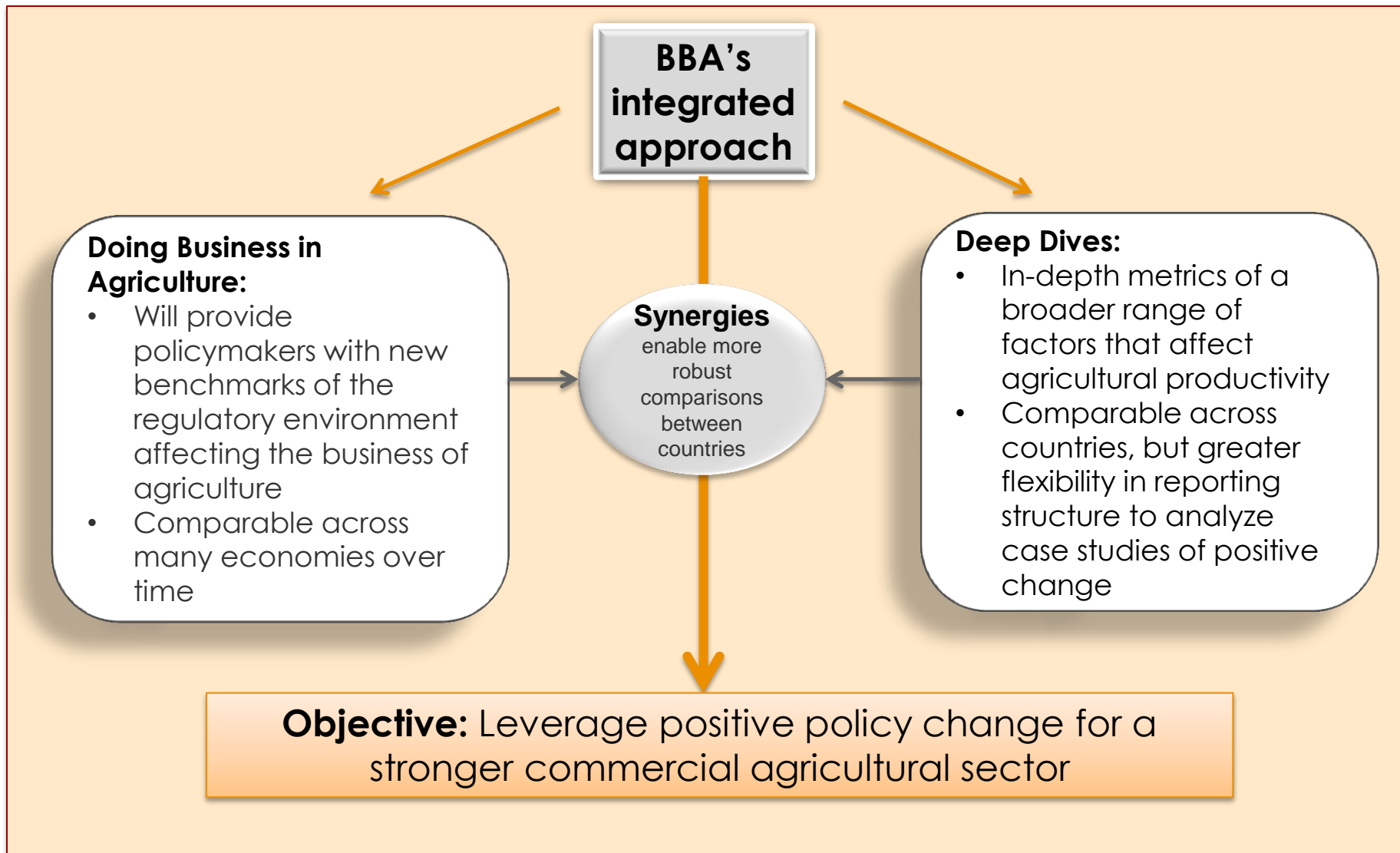
- Introduction of the Benchmarking the Business of Agriculture project
- Introduction of the Access to Markets topic
- Methodology and proposed indicators
- Discussion



1. Benchmarking the Business of Agriculture

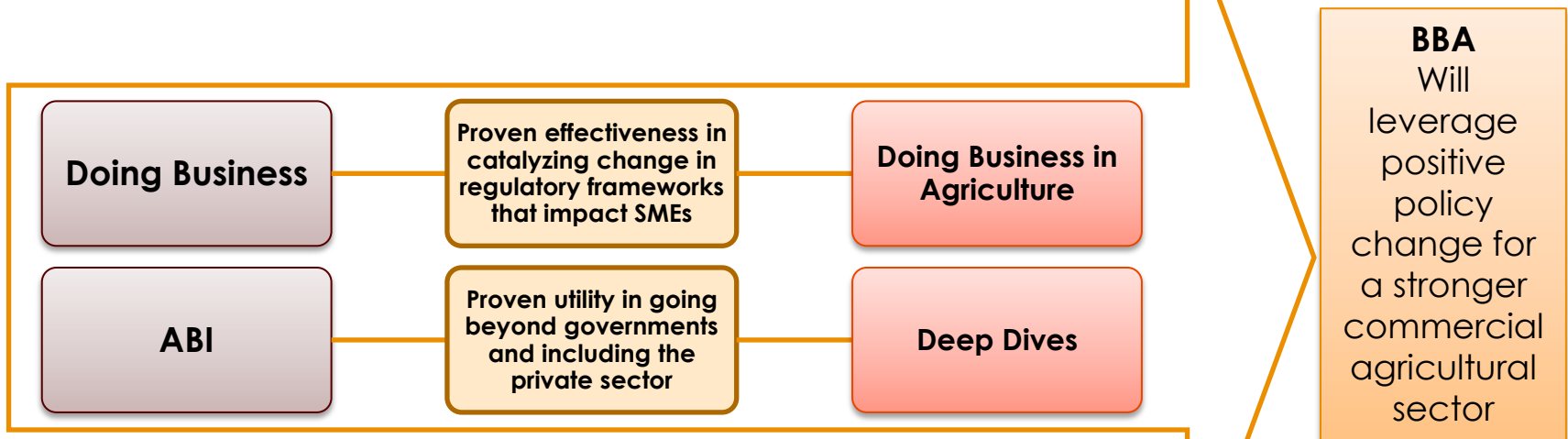


First time that Doing Business focuses on a specific sector



Theory of Change

Research findings: Better government policies can encourage transformative change to benefit agribusiness and informal smallholders



- **Smarter business regulation promotes economic growth.** Informal economies tend to be smaller in countries where rules and regulations are strong and efficient.
- **Some areas of legislation have a critical impact on the productivity of small-scale agribusinesses.** Rules and regulations that directly impact medium to large-scale businesses can also significantly affect the profitability of small and medium-scale farmers.

Thematic Coverage

- Areas that are most important for the productivity of agribusiness dealers and smallholder farmers;
- Areas where relatively simple regulatory reform can have short-term impact on the investment climate for agriculture



Access to
Agricultural
Inputs



Access to
Agricultural
Finance



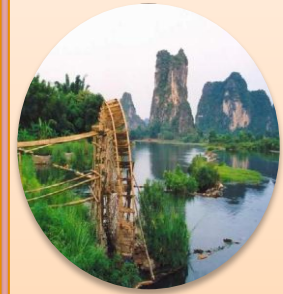
Access to
Transport &
Storage



Access to
Agricultural
Land



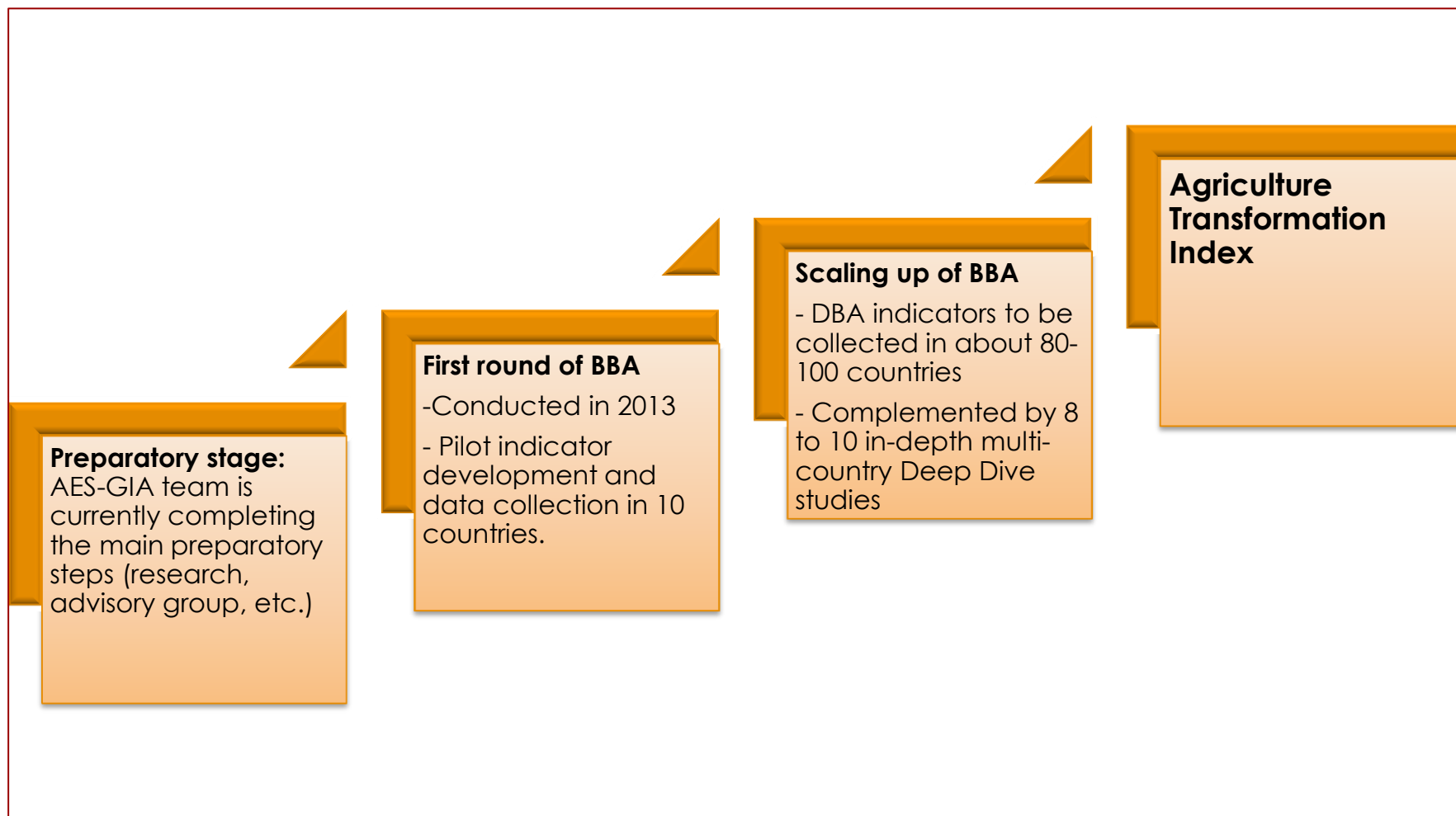
Access to
Markets



Access to
Water (?)

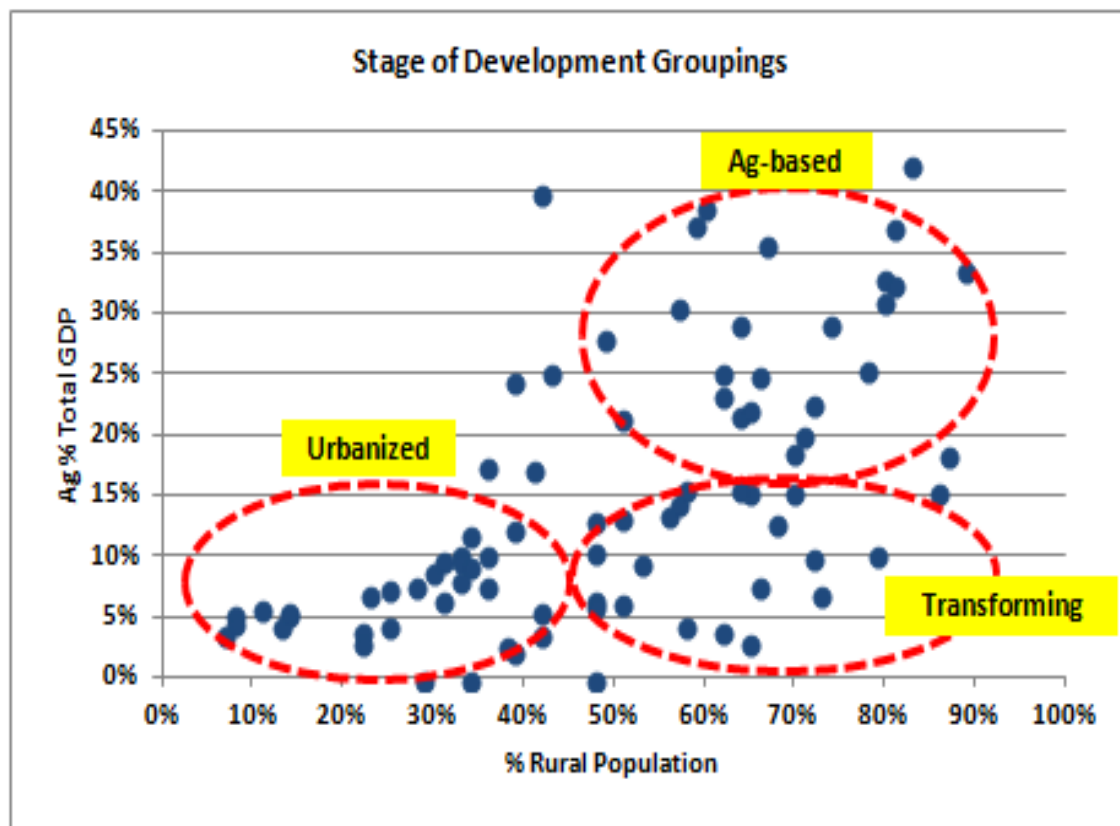
Benchmarking the Business of Agriculture

Implementation and Timeline



Country Selection

Need to generate a purposeful sample – distinct groupings based on economic importance of agriculture*



Illustrate Split of Countries, which will be divided across regions

| COUNTRIES | % | Nos |
|--------------|-----|-----|
| Advanced | 6% | 5 |
| Urbanising | 20% | 16 |
| Transition | 37% | 30 |
| Agricultural | 37% | 30 |

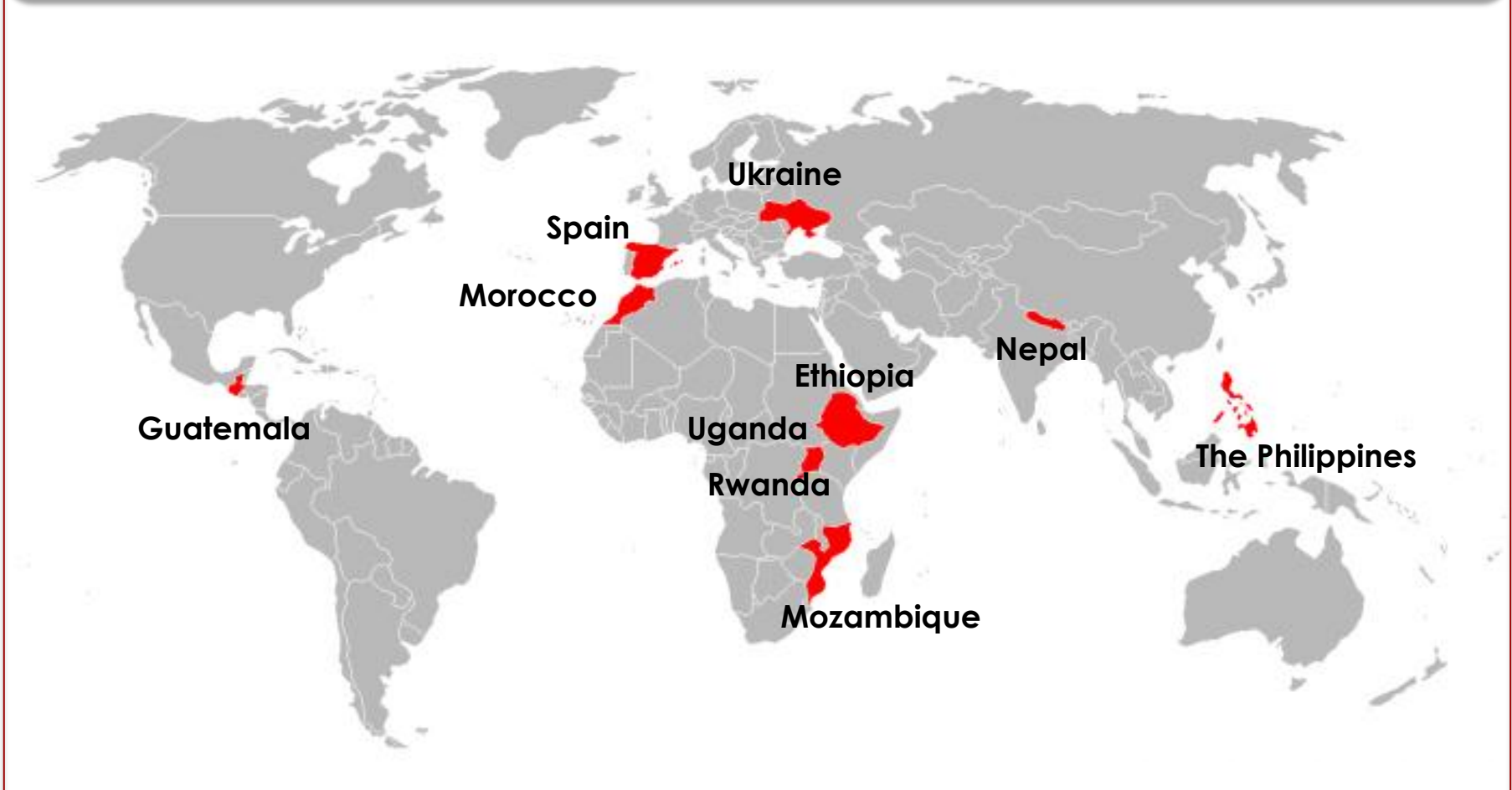
* % Rural Population could be replaced by % Labor Force in Agriculture



Country Selection

BBA will conduct pilot data collection in 10 countries during 2013

Pilot countries represent all regions and income levels to facilitate scaling up to 80 countries over 3 years



2. Access to Markets



Why does access to markets matter for agriculture?

- Market opportunities drive farm incomes
- Urban demand for food is growing rapidly
- Consumer demand for quality is changing
- Farmers need to be able to reach markets efficiently to remain competitive and meet growing demand
- Farmers need to ensure the quality of their supply
- Importance of regional harmonization of rules



Complementary DBA and DD Approach

Doing Business in Agriculture

- Regulatory environment
- Time and motion
- Legal indicators

Deep Dives

- Look into policy issues impacting access to markets
- Collect statistics that can be tracked over time
- Provide case study examples



3. Methodology and Proposed Indicators



Accessing Regional and International markets

Issues:

- **Regional/International:** License and approvals of agricultural export and procedures required at the border post or the port can be burdensome and costly, limiting exports and indirectly farmer marketing opportunities and prices.

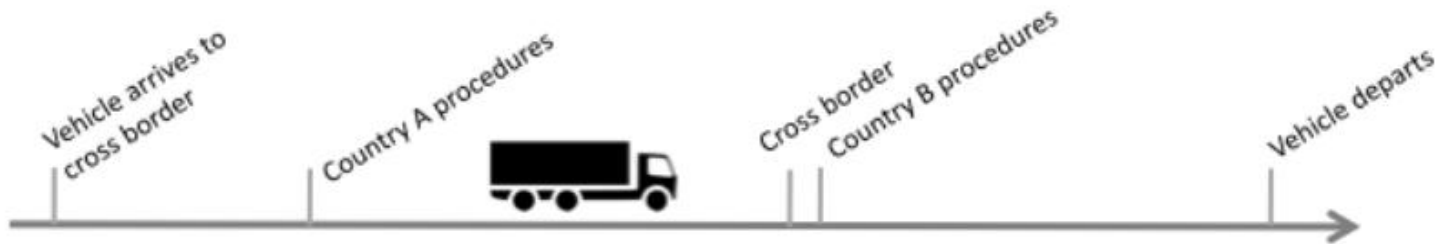
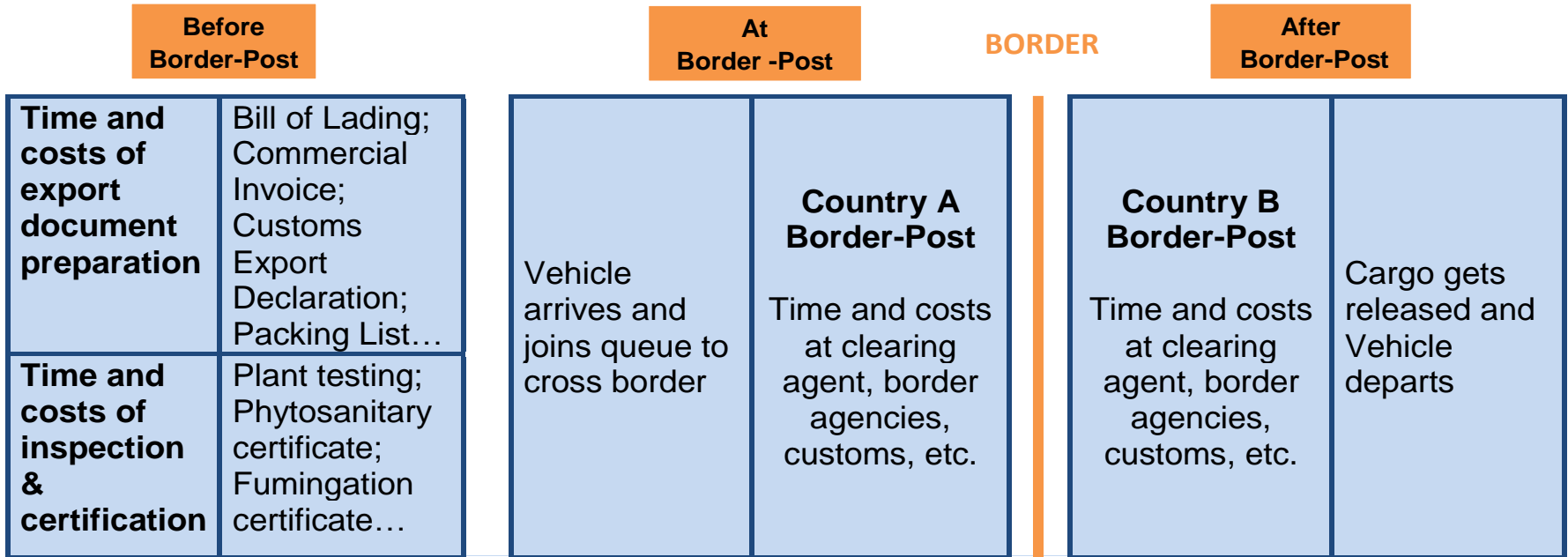
Doing Business in Agriculture Indicators

- Procedures, time and costs of exporting agricultural products to a neighboring country through a border-post.
- Availability of trade facilitation services, such as:
 - Risk-based cargo inspection;
 - E-systems and one-stop shop;
 - Fast track customs services;
 - Laboratory; and
 - Storage.
- Consistency of agricultural export policies.
- Gender issues around agricultural export.



Accessing Regional and International markets

Time and Motion Component



Complying with Sanitary and Phytosanitary Standards (SPS) requirements

Issues:

- Obtaining SPS certificate and testing can be complicated and time-consuming.
- Mismatch of sanitary and phytosanitary standards among trading partners might hinder regional and international agricultural trade.

Doing Business in Agriculture Indicators

- Procedures, time and costs of complying with SPS or other inspection requirements when importing from the neighboring country through the border-post.
- National legal and regulatory framework of SPS regulations.
- The degree of standards harmonization and integration with major regional trading partners. (equivalence agreement)
- Transparency of regulations.
- E-systems and one-stop shop.



Complying with SPS requirements

Time and Motion Component

Importing Country

| | |
|--|---|
| Time and costs of testing, inspection & certification | Plant testing; Phytosanitary certificate; Fumigation certificate... |
|--|---|

- ❖ We **only** capture the procedures required by the importing country – our approach intends to measure how a country deals with SPS issues on export vs. import.
- ❖ Procedures that should be completed at any stage of the import are under consideration.



Standardized Case Study Assumptions

❖ AgriCo. is trading agricultural products with [Economy]'s main regional agricultural trading partner through the most utilized border-post. The products are transported by a truck with carrying capacity of 25 metric tons. The total value of the products is 10,000 USD. (For island countries, port will be targeted instead.)

- ❖ Case studies to be piloted for:
- Staple cereal(SITC 04) - maize, rice, wheat
 - Fruits and Vegetables(SITC 05) - tomatoes, bananas



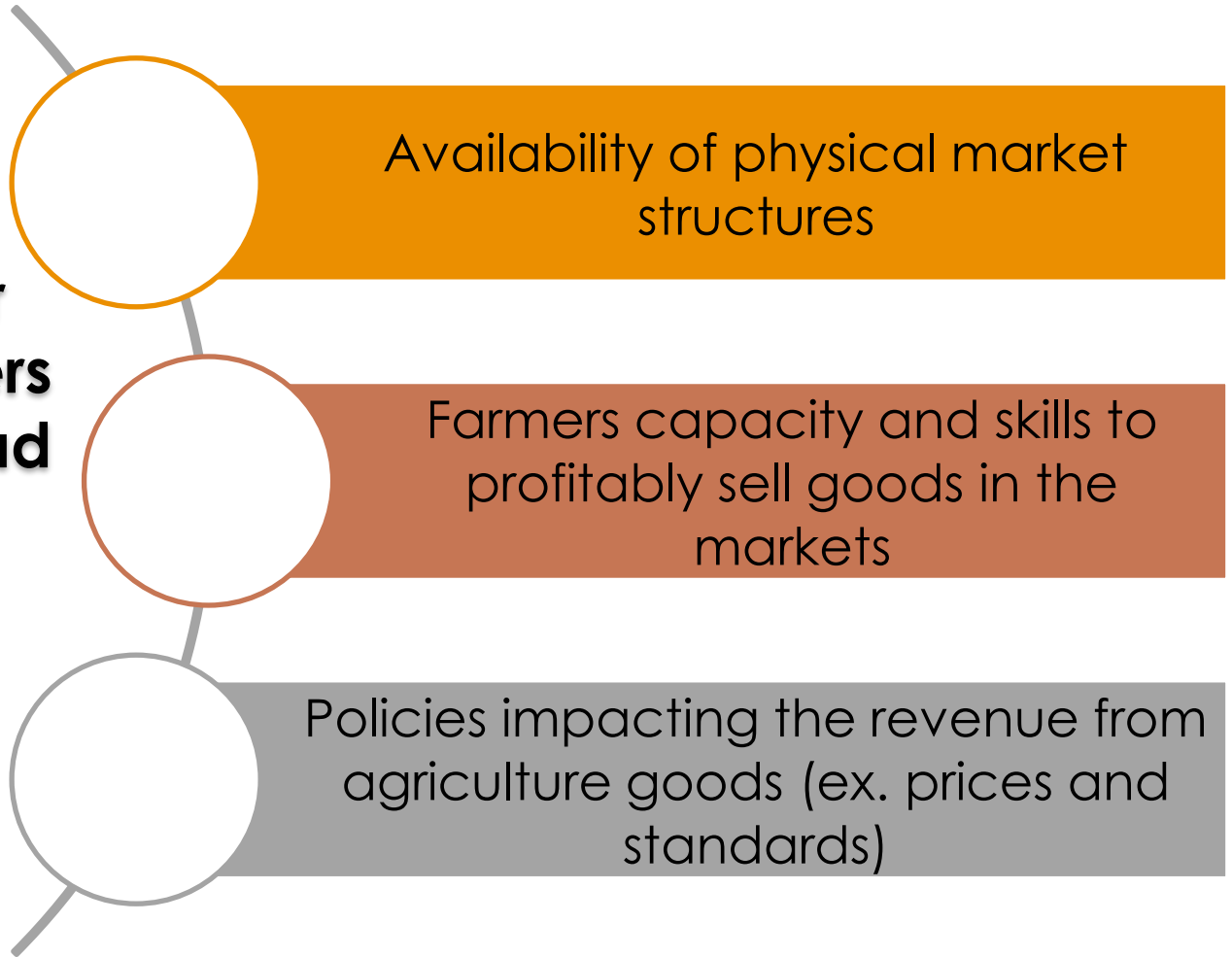
Potential Contributors

| Cross-Border Export | SPS Requirement |
|---|--|
| <ul style="list-style-type: none">• Agricultural traders/food trading companies• Freight forwarders• Professional associations (national federation of agricultural producers, horticultural crops development org, etc.)• Trade promotion organizations (including Chamber of Commerce, but also local trade promotion council, etc.)• Customs/border control agencies• Thinks tanks/NGO• Ag contact/specialist in the local office of donor/partner agencies (embassies, USAID, FAO, USDA, WBG, etc.) | <ul style="list-style-type: none">• Importing companies• Other trade/SPS related service providers (plant health inspectorate service, agribusiness consulting firms, etc.)• Government agencies - especially those in charge of overseeing phytosanitary inspections, certificates• Professional associations• Academia/universities• Thinks tanks/NGO• Ag contact/specialist in the local office of donor/partner agencies |

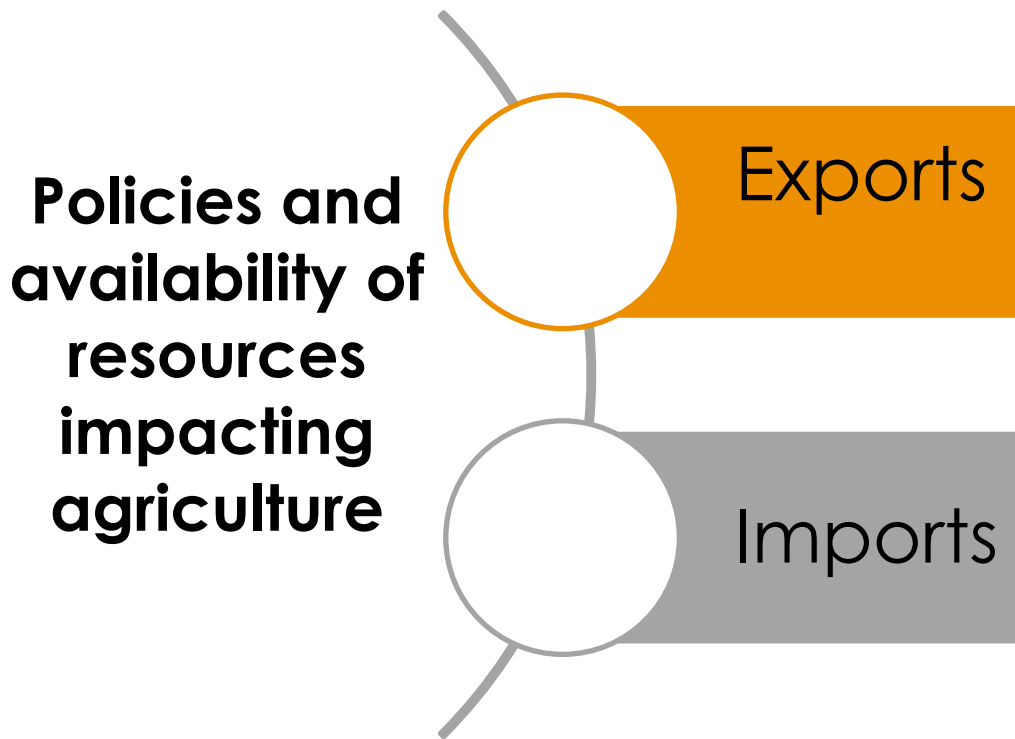


Deep Dives Areas

**Opportunities for
smallholder farmers
to profitably offload
their goods in
domestic urban
markets**



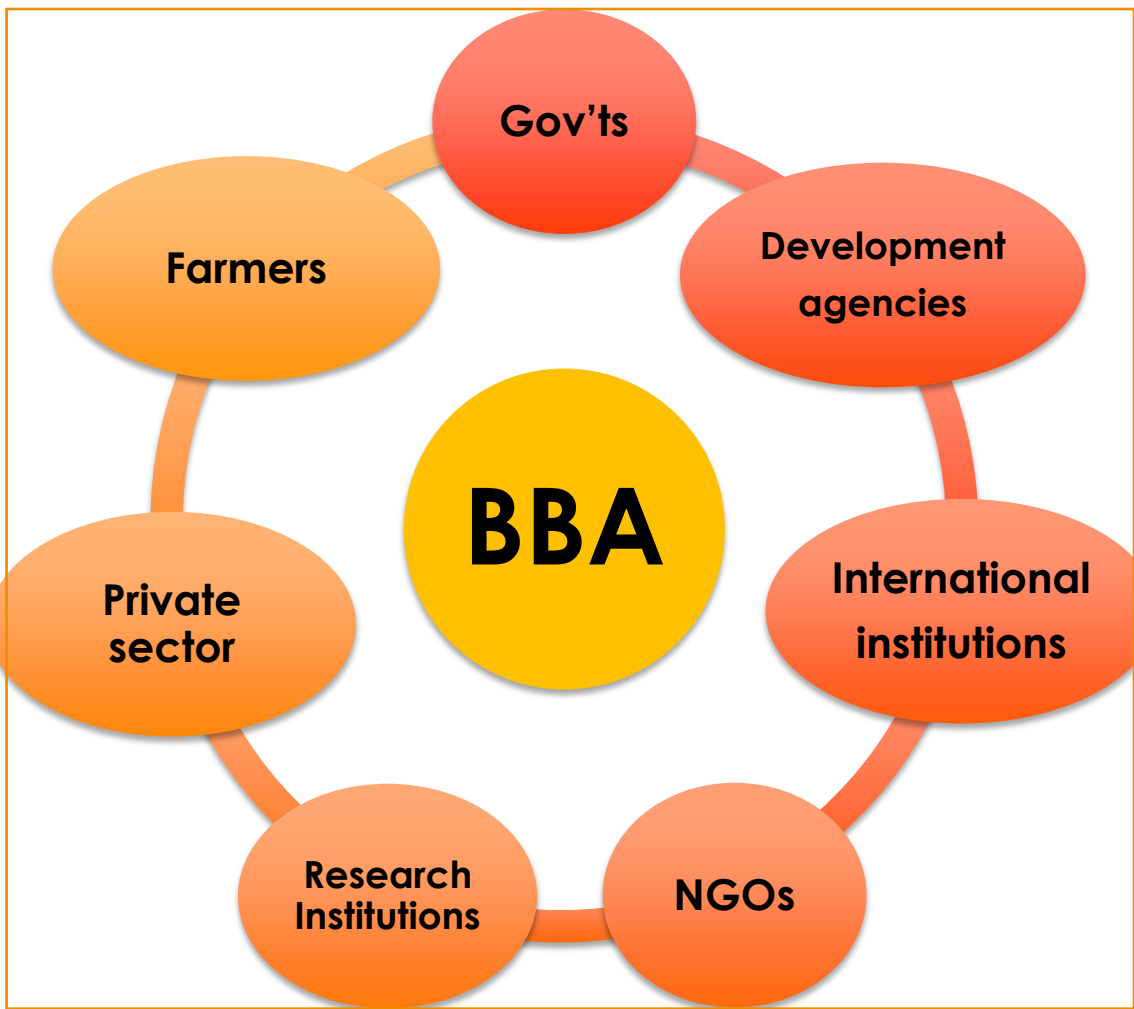
Deep Dives Areas



- National trade policies (quotas and taxes)
- Implementation of regional trade agreements
- Availability of resources to adhere to domestic and regional food safety health grades and standards (testing labs in the country)



Building Partnerships with Data Users & Stakeholders



- A) Research phase: feedback on methodology and survey instrument
- B) Pilot phase: respondents; country experience/knowledge/presence
- C) Once published: dissemination and country buy-in



Thank you!

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