

# Estimating the constraints to agricultural trade of developing countries

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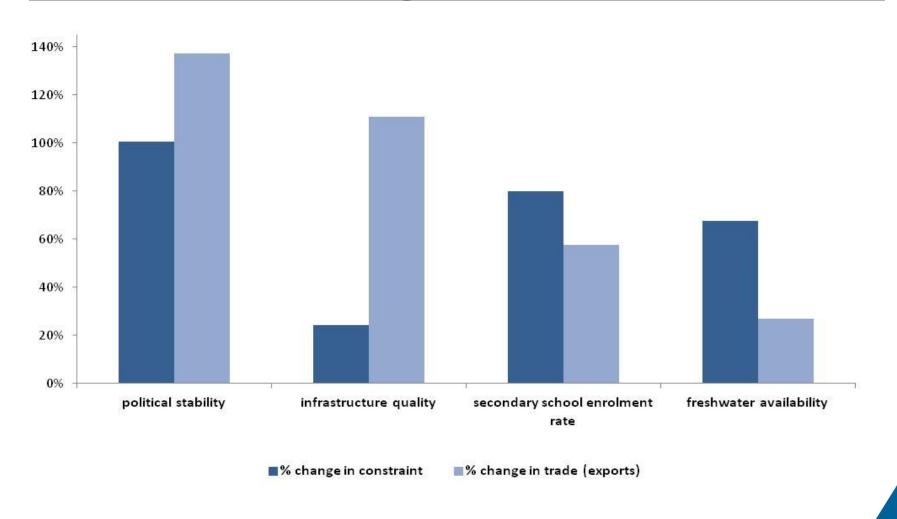


### A focus on agricultural trade

- Importance of agriculture in trade of developing countries
- Development dimension of agricultural trade
- Increasing Aid for Trade interventions



## A more informative way of ranking constraints



### Effects of convergence from the poorest to the better-off developing countries

- The largest trade boost for the poorest countries would come from improvements in *political stability* and *infrastructure*.
- The trade effects and large gap regarding water availability and education suggest an important role for Aid for Trade in improving the efficient use of existing water resources and in increasing schooling participation.
- The high elasticities of trade to *infrastructure* quality mean that bridging moderate gaps between the poorest and the richest countries in terms of these variables has a relatively large impact on trade potential.



### Indonesia: the challenges of standards and conformity assessment

#### Diagnosis:

- Low quality of processed agricultural export products
- Challenges of compliance with public and private standards applied in foreign markets

#### Identified constraints:

- Awareness and implementation capacity in the agrofood value chains
- Infrastructure and equipment problems
- · Capacity in the testing and certification sector
- Control and enforcement capacity



#### Zambia: enhancing access to credit

#### Diagnosis:

 Difficult access to finance, especially for smallholders

#### Identified constraints:

- High levels of risk in the agricultural sector
  - informality; lack of collateral
- Risk-averse financial sector
- Unpredictable government policies



### Mozambique: improving the cashew value chain to reduce poverty

- Importance of preparatory work
- Focus on increasing employment (targeting SMEs)
- Promoting production adapted to local endowments
- Active involvement of the private sector



- Insights gained from actual experience that could confirm / refute the "ranking" of constraints?
- Prioritising AfT programmes according to the ranking of constraints requires to be supplemented with information on the relative costs of different interventions
  Evidence on the field?