Benchmarking the Business of Agriculture

Presented by
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Increasing food prices coupled with expanding and changing urban demand has lifted food security and agriculture up the priorities for development;

World Bank’s spring meetings in 2012 and G8’s call for the World Bank “to develop options for generating a Doing Business in Agriculture Index”;

Agriculture and Environmental Services (AES) and Global Indicators and Analysis Department (GIA) teams efforts merged to begin discussions on producing a “Benchmarking the Business of Agriculture” project;

Convening in Copenhagen: Agriculture Transformation Index and agri-business component to be “fast-tracked”, led by the joint AES - GIA team;
Benchmarking the Business of Agriculture

OBJECTIVES

Leverage positive policy change for a stronger commercial agricultural sector

INTEGRATED APPROACH:

Provide policymakers with new benchmarks of laws and regulations affecting the business of agriculture across countries

Deep Dives examination of factors that affect agricultural productivity, market access, and the policy environment

Boundary for the work is outside the farm gate, which is vital to enable the emergence of more market/commercial oriented farming sector
Benchmarking the Business of Agriculture
INTEGRATED APPROACH

**Legal and regulatory indicators of the agricultural business environment**
- Build on the Doing Business program
- Comparable across all economies and consistent over time
- Will enable countries to benchmark their agricultural regulatory framework and the implementation of their laws in practice.

**In-depth multi-country studies**
- Build on the Agribusiness Indicators program
- Generate indicators that go beyond the legal and regulatory framework to enable countries to benchmark their commercial farming enabling environment;
- Across country comparison using in-depth metrics a broader range of factors

The integrated approach will create synergies and enable more robust comparisons to be made between countries
**Benchmarking the Business of Agriculture**

**THEORY OF CHANGE**

- Proven effectiveness of the Doing Business approach in attracting attention to and catalyzing change in the policies and actions of governments

- Deep Dives will complement the Doing Business approach with new benchmarks
  - Deep Dives have greater flexibility of the reporting structure as to include case studies of positive change, and the existing ABI indicators have proven utility that goes beyond governments to include the private sector

- Dual methodology offers new comparative data to better align private sector needs with government policies
  - Dissemination strategy

- **RESEARCH FINDS:** Business regulations is an ideal way to encourage transformative change to benefit agribusinesses and informal smallholder farmers
  - 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 particularly matter for small-scale agribusinesses and farmers and has a critical impact on their productivity
  - 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, and where relatively simple regulatory reform can have short-term impact on the investment climate for agriculture

- Specific topics that will be covered include:

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AES-GIA team is currently completing the main preparatory steps (research, advisory group, etc.)

First round of the Benchmarking the Business of Agriculture project will be conducted in 2013, with a pilot stage of data collection and indicator development in about 10 countries.

The project will then scale up in future rounds to develop legal indicators in about 80-100 countries, complemented by 8 to 10 in-depth multi-country studies.

Agriculture Transformation Index
Agribusiness Indicators (ABI) project

Retail Prices of commonly used fertilizers are high (i.e. urea)

Adoption and use of improved seeds are still low in most SSA countries

Retail network for input suppliers is not widely developed … better in Ghana & Kenya

Very little rural coverage of Commercial Banks in Ethiopia & Mozambique

Adoption and use of improved seeds are still low in most SSA countries

Note: Prices quoted are from 2010/11 for some countries and 2011/12 for others.

Note: In all countries, agro-input dealers are private retailers, while in Ethiopia they are farmers’ cooperatives.