



ARD Week 2009

Getting Agricultural and Rural Enterprises Moving: Value Chains, Rural Investment Climate, and Doing Business

Approaches and Interventions in Value Chain Development

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Washington, March 3, 2009

1. Interventions and instruments to support rural enterprises

- BWI provide advice on economic and sector policies
- WB lends to governments (i.e. for (public) investment projects or through budget support)
- WB provides expertise and channels “knowledge for development”

Value Chain Concepts



Policy

- Policy-based lending: structural and institutional reforms (eg cotton)
- Enabling environment: DB, ICA, RICA, DBA

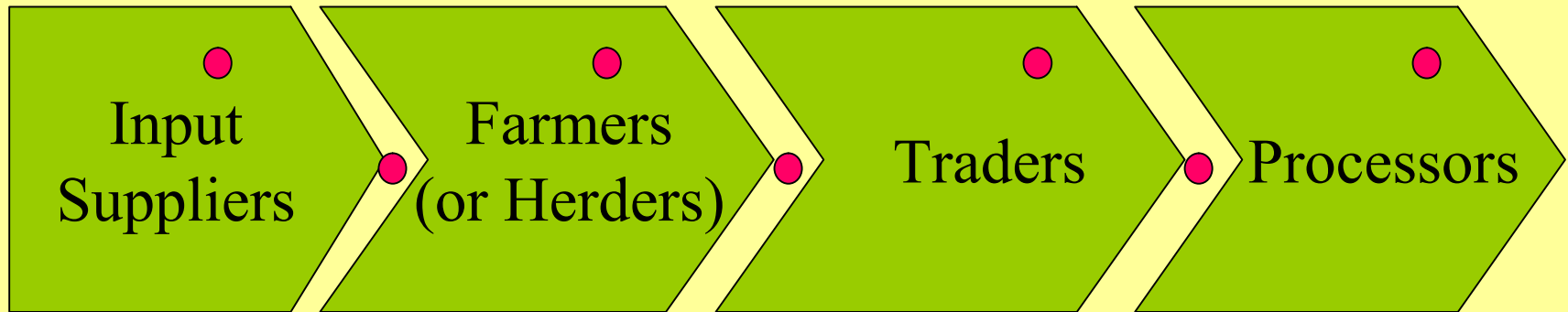
Investment

- Infrastructure, research, capacity building, TA
- Focus on public goods and market failures

Analytical Work and Knowledge Sharing

- Studies/research
- TA programs
- Advisory Services

1. Value chain : a comprehensive approach, from farm to market



Goods ●

Information ●

Financing ●

Technology, know-how and managements skills ●

Services ●



1. Projects supporting Agricultural Value Chains

- Wide range of projects in ARD (whole projects or components)
 - In SSA only: 15 ongoing projects (IDA 575M\$), 13 in pipeline (IDA 695M\$) and increasing
 - Examples in SSA
 - Examples from other regions
 - Other are mapped to thematic departments within the Bank: finance, PSD, transport
- Rationale
 - Growth: agriculture for development (WDR 2008)
 - Linking (poor) farmers to the markets
 - PPP domain



Cotton



2. The “Cotton Complex” in Sub-Saharan Africa

- In Africa cotton cultivated by small farmers (>2 million)
- Important source of foreign exchange earnings for >15 countries
- Africa’s share in world’s cotton trade has increased from 7 percent in 1960 to 15 percent in 2006 (success story in ag commodity markets)
- But difficulties to remain competitive
- Comparative Study: better understanding to better advise
- Main finding: sector structure explains performance

AGRICULTURE AND RURAL DEVELOPMENT



Organization and Performance of Cotton Sectors in Africa

LEARNING FROM REFORM EXPERIENCE

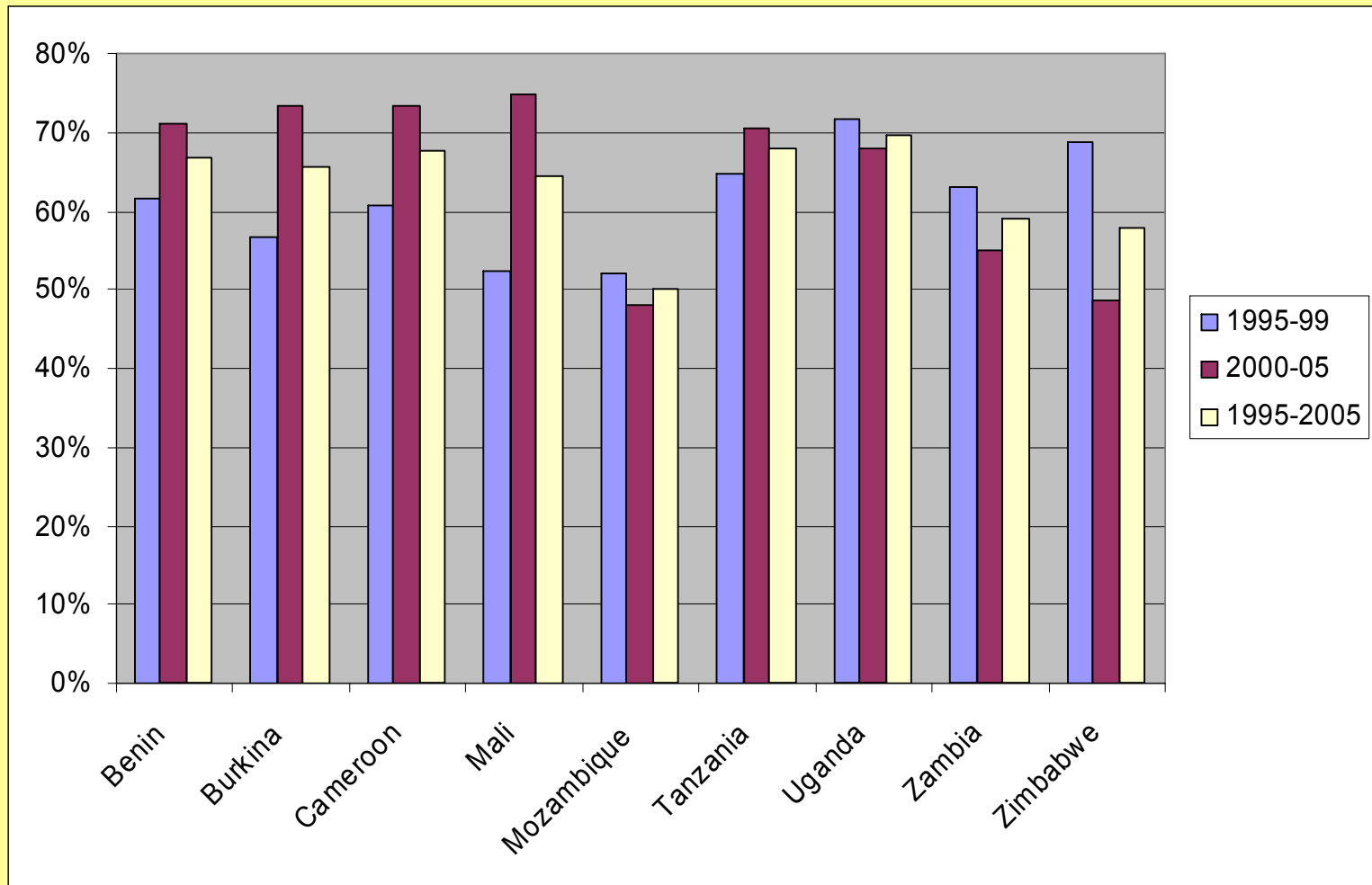
David Tschirley, Colin Poulton, and Patrick Labaste, Editors



THE WORLD BANK

CONFERENCE EDITION

2. Farmer Share (%) of Export Price 1995-2005

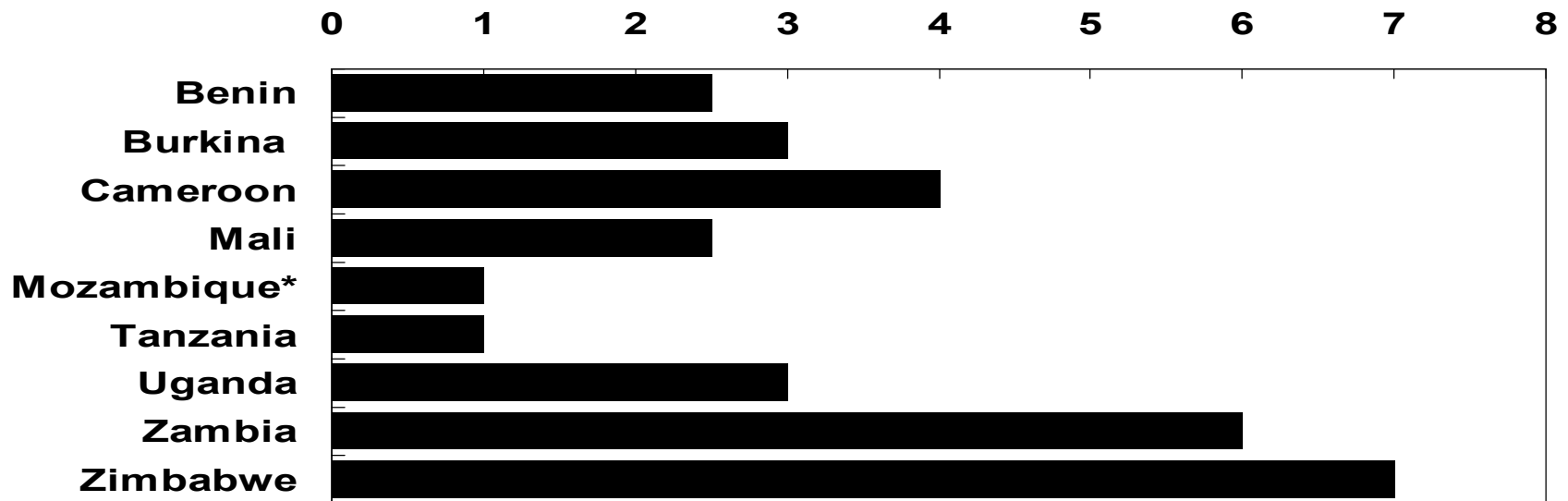


2. Cotton Lint Quality Premium

over A Index (US cents/lb)
for Top Type of Lint, by Country, 2006/07

PREMIUM FOR TOP TYPE (2006/07)

Average quotation minus Cotlook A Index (US cts/lb)



* Not quoted in Cotton Outlook

Source: Gerald Estur quality survey, based on Cotton Outlook quotations supplemented by interviews

2. Cotton in SSA: Agenda for Action

Combination of reforms and investment (public and private)

Improve Value Chain Competitiveness

1. Improve on-farm production competitiveness
2. Improve lint quality management
3. Increase ginning/marketing efficiency
4. Encourage profitable processing for value addition – by-products (seed oil, animal feed), downstream processing (spinning, weaving)

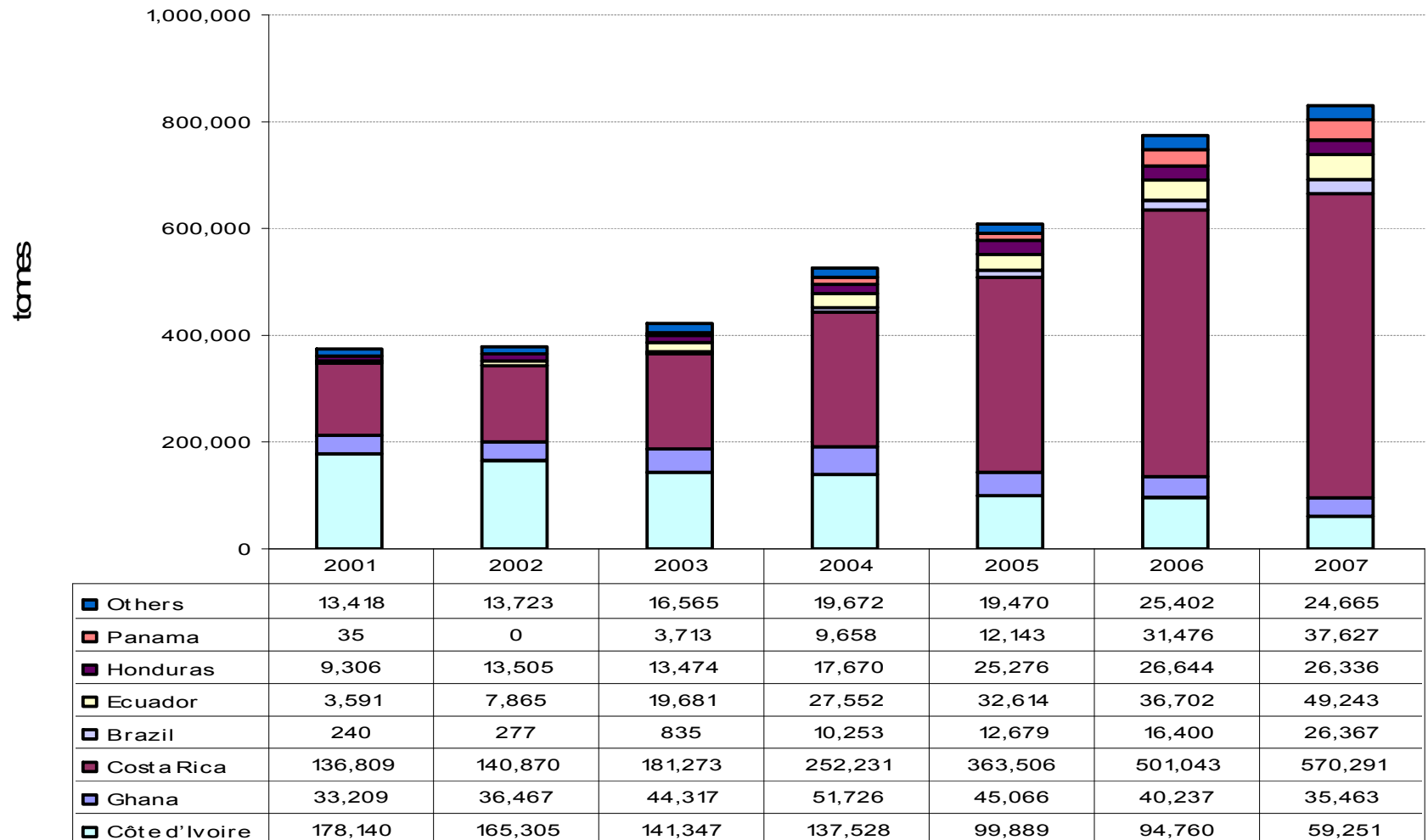
Improve Sector Environment

1. Reform domestic price setting and risk management
2. Strengthen institutional capacities (POs, government regulatory bodies)
3. Address external constraints – subsidies, exchange rate

Horticulture

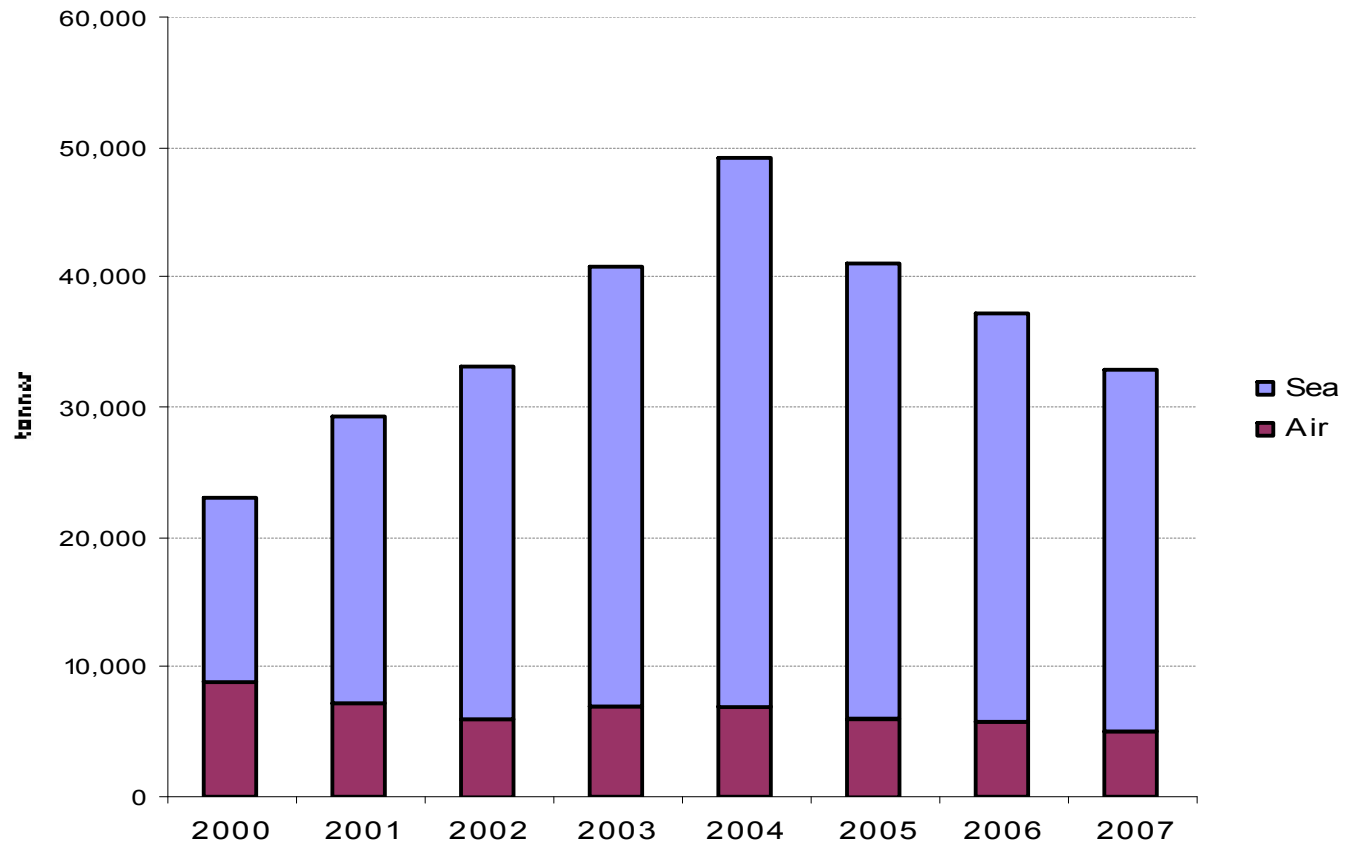


2. Market Opportunities: EU Imports of Pineapples by origin, 2001-2007



2. Support to Ghana's Horticulture Export Industry

Figure 1 EU Imports of Pineapple from Ghana



MD2

ILLUSTRATED QUALITY STANDARDS FOR EXPORT

PINEAPPLE

MINIMAL QUALITY REQUIREMENTS

THE FRUIT MUST BE:

- Whole with an intact crown, fresh in appearance, free from dead or dried leaves and no visible scar if it has been shortened
- Normally developed, sound and not deformed, of a satisfactory maturity, colour, clean and practically free of any visible foreign matter
- Free from sunburn
- Free of internal browning, holes, blemishes, deep cracks
- Free from foreign smell and/or taste
- Free from pest and physiological diseases
- If peduncle is present must be cleanly cut measuring not more than 2.0cm.

MATURITY

This starts from the **bottom** of the fruit. The total soluble solid content in fruit **flesh** should be at least **12°Brix**



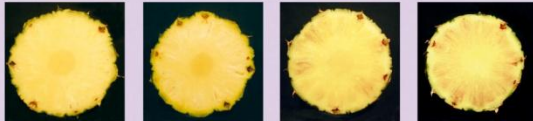
IMMATURE: the flesh is white, opaque with no fragrance

RIPE: the flesh is yellow in colour with a sweet fruity fragrance

OVERRIPE: 60% of translucency using the transverse section

TRANSLUCENCY

This is the **faste** qualities for best transportation



0% Low scale translucency gives excellent qualities without it being too fragile for transportation

25% Low scale translucency gives excellent qualities without it being too fragile for transportation

50% Medium fragility for transportation best for air freight

100% Total of fruit with flesh fermentation

COLOUR

The natural colouring of the **skin** and **flesh** fruit commences from the **bottom** to top



M0 totally green exterior

M1 Lower 1/4 of fruit surface yellow/orange

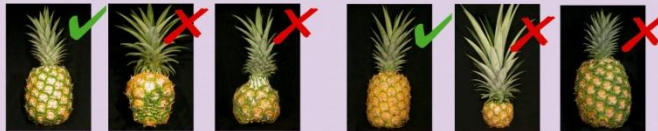
M2 Lower 2/3 of fruit surface yellow/orange

M3 Lower 2/3 of fruit surface yellow/orange

M4 Total of fruit surface yellow/orange

SHAPE

Each pineapple variety has its characteristic shape. A good MD2 shape is **cylindrical** and **symmetric**



DEFORMED SHAPE Genetic disorder

Good crown size

Fruit with over developed crown

Large fruit with under developed crown

CROWN SIZE

The crown should represent **1/2** of total fruit length

CROWN CONDITION

The crown represents the degree of fruit **freshness**. It must be **green** and **turgid**, with no dead or dry leaves and **no visible scars** if had been shortened



Good crown condition

Fruit crownless

Fruit with multiple crowns

Fruit with discolored crown

Fruit with bruised crown

FRUIT CONDITION

Sound, clean, no pronounced blemish, free of any visible foreign matter, such as dirt, spray residue or pest.



DECAY Its due to environmental and physiological conditions

SUN BURN Withering of the skin and rotting of the flesh

INSECT HOLES Insects gnaw bracts of the fruit and leave hole scars.

HEALED CRACKS The result of a wound to the young fruit

DISEASES



BRUISED develops when fruits are mishandled. With rise of temperature, it's enhanced.

SOFT ROT Fruits receive shock at harvest, transportation & peduncle cutting. Fungus (*Thielaviopsis paradoxa*) penetrates and develops



MEALY BUGS Eliminated by light brushing of fruits, and keeping ants away.

POST HARVEST PROCEDURE

PEDUNCLE

Treat with recommended products within **few hours** of harvest at the **base** of the fruit after transversal **straight** cutting of peduncle.



GOOD CUT: The cut must be clean; not longer than 2 cm

TOO SHORT: The fruit rests on its base; increase risk of shock and facilitates the penetration of fungi

TOO LONG: Peduncle may break off leading to penetration of fungi

Breaking of the peduncle is also a **procedure** used.



GOOD BREAKING

POOR BREAKING: facilitates fungi penetration

PACKAGE

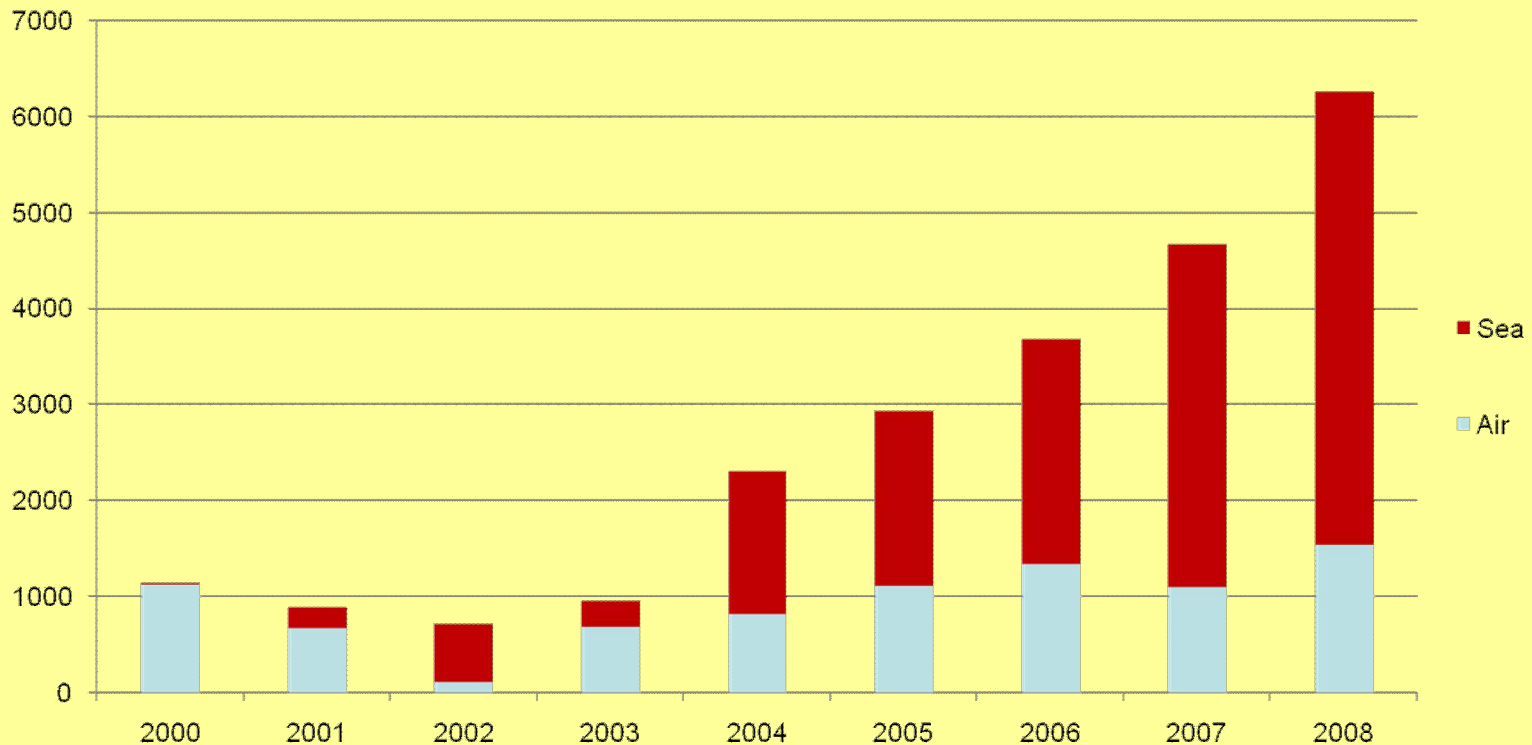
The fruits are transported in a **vertical** or **horizontal** position. The chosen type must allow **good protection** of the fruits. The packaging must be **new, dry,** food grade and rigid to withstand stacking



GOOD PACKAGE: Contain same maturity, size and colour

BAD PACKAGE: Contain mixed maturity, size and colour

2. Successful Projects: Mali's exports of fresh mangoes



- 6,248 tons exported in 2008 (6 times average volume of 2000-2003)
- Average annual growth rate of 24% p.a. from 2000 to 2008
- 75% of exports shipped by sea in 2008

3. Partners

- Counterpart institutions
(in country and regional)



- Operators on the ground (NGOs)



- Consulting firms



- Private partners



- Financial



- Technical



3. Example of Partnership on VC: the EU AAACP

- All ACP Agricultural Commodities Programme
- EU funded : 45 million €
- 4 years (2008-2011)
- Support to national and regional commodity chain stakeholders
- Software interventions to leverage investment projects
- Partner organizations



4. Bank's comparative advantages

- Contribution at conceptual & analytical levels
 - ❑ How to apply these concepts and approaches to agriculture (market-led strategies, PPPs) ?
 - ❑ Cost-effective models
- Integration with country & regional programs
 - ❑ WB involved in supporting national and regional strategies
 - ❑ WB involved in building institutional capacities, human capital
- Evolving linkages with private partners (lead firms, associations, standard schemes)
- Financial resources through IDA, IBRD, IFC

4. Way Forward: Challenges Ahead

- Coordination
 - Multiplicity of projects/initiatives -→ potential danger !
- Upscaling while ensuring quality
 - Difficult because current offer often exceeds absorption capacity
 - Build on comparative advantages
- Linking with other initiatives
 - Infrastructure development (irrigation, roads, etc)
 - Trade facilitation (market access, transaction costs)
 - Standards schemes (GFSI, GSCP, ISeal, GlobalGAP, Global Minor Use Program, etc)

Thank you !