Why Trade Policy Matters for Agricultural Development – Links to EBA

SESSION 1

Photo: Fintrac Inc.
SESSION I: LEARNING OBJECTIVES

- Define terms
- Describe importance of trade to economic growth and poverty reduction
- Describe how laws and regulations influence trade
- Cite how EBA data supports the GFSS objectives around trade
**Trade**

the act of buying and selling goods either within a country or between countries.

**Trade policy**

the laws and regulations governing the exchange of goods and services.

**Market access**

the ability of a person or company to sell products to a market.

**Competitiveness**

having qualities that make for successful competition such as productivity levels or unique attributes.

*World Economic Forum*: “Competitiveness is the set of institutions, policies and factors that determine the level of productivity of a country.”
TRADE MATTERS TO ECONOMIC GROWTH AND POVERTY REDUCTION

- Improved Competitiveness
- Increased Trade
- Economic Growth
- Poverty Reduction
REGULATIONS INFLUENCE VALUE CHAIN EFFICIENCY

- Burdensome policies and regulations raise the cost of doing business
- Efficient value chains are more productive and competitive
- Access to quality inputs and machinery improves agricultural productivity
- More and stronger producer organizations can make value chains more inclusive and extend the benefits of economic growth
U.S. GLOBAL FOOD SECURITY RESULTS FRAMEWORK

**Goal:** Sustainably reduce global hunger, malnutrition, and poverty

**Objective 1**
Inclusive and sustainable agricultural-led economic growth

**Objective 2**
Strengthened resilience among people and systems

**Objective 3**
A well-nourished population, especially among women and children

**Cross-Cutting Intermediate Results (IR)**
- **CC IR 1:** Strengthened global commitment to investing in food security
- **CC IR 2:** Improved climate risk, land, marine, and other natural resource management
- **CC IR 3:** Increased gender equality and female empowerment
- **CC IR 4:** Increased youth empowerment and livelihoods
- **CC IR 5:** More effective governance, policy, and institutions
- **CC IR 6:** Improved human, organizational, and system performance

**Intermediate Results (IR)**
- **IR 1:** Strengthened inclusive agriculture systems that are productive and profitable
- **IR 2:** Strengthened and expanded access to markets and trade
- **IR 3:** Increased employment and entrepreneurship
- **IR 4:** Increased sustainable productivity, particularly through climate-smart approaches
- **IR 5:** Improved proactive risk reduction, mitigation, and management
- **IR 6:** Improved adaptation to and recovery from shocks and stresses
- **IR 7:** Increased consumption of nutritious and safe diets
- **IR 8:** Increased use of direct nutrition interventions and services
- **IR 9:** More hygienic household and community environments
MARKET ACCESS IS A TOP MISSION PRIORITY

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>
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<td>3</td>
<td>Seed</td>
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<td>Land</td>
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<td>5</td>
<td>Water</td>
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<td>6</td>
<td>Gender</td>
<td>60</td>
<td>10</td>
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<tr>
<td>7</td>
<td>Fertilizer</td>
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<td>9</td>
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<td>8</td>
<td>Livestock</td>
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<td>9</td>
<td>Environmental sustainability</td>
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<td>10</td>
<td>Transport</td>
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<td>10</td>
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<td>11</td>
<td>Machinery</td>
<td>33</td>
<td>8</td>
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<tr>
<td>12</td>
<td>Information Communication Technology (ICT)</td>
<td>33</td>
<td>9</td>
</tr>
</tbody>
</table>
EBA EXPLORES 8 CORE TOPICS

2 topics under development:
- land
- livestock

2 cross-cutting themes:
- gender
- environmental sustainability
Geographical coverage of *Enabling the Business of Agriculture* 2017

Note: The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgement on the legal status of any territory, or any endorsement or acceptance of such boundaries. Going forward, in the second phase of the EBA program, it is envisaged that the criteria for selecting countries and determining whether to deepen the analysis at a sub-national level for select countries will build on the current process and be refined appropriately in consultation with experts.
Focus on areas laws and regulations that can impact smallholder producers and agribusinesses when accessing domestic and foreign agricultural markets for their products. Areas examined:

- Agricultural trade
- Plant protection
- Producer organizations
EBA FOREIGN TRADE INDICATORS

Measure trade restrictions of:

- The import of fertilizer and tractors
- Cross-border transport rights
- Efficiency (time and cost) of related processes
Measure ability of farmers and agribusinesses to:

- Access high quality seed
- Access finance
- Sustainably access water
- Access information and communication technologies
CROSS-CUTTING THEMES: ENVIRONMENTAL SUSTAINABILITY

- Plant genetic resources
- Water quality management
- Soil health management

Photos: Fintrac Inc.
CROSS-CUTTING THEMES: GENDER

Figure 11.3 | Do producer organizations have to comply with the principle of nondiscrimination?

- Gender-disaggregated data
- Restrictions on employment, activity
- Participation in organizations
- Nondiscrimination

Source: EBA database.
RECAP WHAT WE HAVE LEARNED

- Key trade terms
- Importance of trade to economic growth and poverty reduction
- How laws and regulations influence trade
- How EBA data supports the GFSS objectives around trade
LET’S CHECK WHAT WE’VE LEARNED
QUESTION 1

1. What does “Trade Policy” refer to?

   a. The ability of a person or company to sell products to a market

   b. The act of buying and selling goods either within a market or between countries

   c. The laws and regulations which govern the exchange of goods and services

   d. The factors that make for successful competition such as unique attributes or productivity levels
QUESTION 1 - ANSWER

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2. How can governments foster an enabling environment in the absence of strong producer organizations?

   a. By compromising pest management and control
   b. By adopting and amending relevant laws that foster open markets
   c. By requiring burdensome marketing requirements
   d. By promoting simplified and cost-effective regulatory requirements
   e. A and C
   f. B and D
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a. By compromising pest management and control
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c. By requiring burdensome marketing requirements
d. By promoting simplified and cost-effective regulatory requirements
e. A and C
f. B and D
QUESTION 3

3. The EBA Markets indicator, which is the EBA indicator most closely aligned with trade, does not examine:

   a. Ease of obtaining trucking licenses for transport within country borders
   
   b. Producer organizations
   
   c. Agricultural trade
   
   d. Plant protection
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c. Agricultural trade

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YOUR FEEDBACK IS WELCOME!

✓ Was this learning resource helpful?

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

✓ Other feedback?

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Proceed to the next session in the Trade Module