

Competitive Sectors



Expanding Market Opportunities and Inclusive Private Sector Engagement in Agribusiness

The World Bank Group works in the area of trade and competitiveness to expand market opportunities in agriculture and enable a country's private sector to develop these opportunities all along the value chain for inclusive economic growth.

Context

Fully 63 percent of the world's poor work in agriculture and almost 80 percent live in rural areas. Despite the predicted movement of some 200 million poor people from rural to urban spaces over the next 15 years, projected population growth implies that the absolute numbers of rural poor will not change dramatically. As efforts by countries to raise agricultural productivity gain momentum, opportunities are emerging to increase off-the-farm employment in agribusiness. It is increasingly important that developing countries seize these opportunities.

Rising urbanization is increasing demand for food, while rising incomes are increasing demand for processed food. Demand for food will grow by an estimated 70 percent from 2010 to 2050, and 83 percent of that growth is expected to be in the urban markets of the developing world. Net investments of more than \$80 billion per year are needed if food production is to keep pace with rising demand. For Sub-Saharan Africa alone, the U.N. Food and Agriculture Organization estimates that additional annual investments of at least \$21 billion are needed for agriculture to both meet demand and play a key role in reducing poverty. Most of this growth must come from the private sector. And with farmers accounting for the majority of current investment in agriculture, other parts of the domestic private and public sectors must triple their levels of investment and expand its scope. Current investment is directed at on-farm opportunities. Closing this clear investment gap requires stepped-up commitments all along the agribusiness value chain by domestic firms of all sizes and by foreign direct investment alike.

What we offer

We assist governments and the private sector in exploring and enabling market opportunities in agribusiness. The World Bank Group helps clients establish or increase access to profitable product markets and provides clients with growth-enhancing know-how that both leads to and flows from greater integration into global value chains. This includes:

Diagnostics to help map the constraints to competitiveness and private sector investment and integration along agribusiness value chains. The resulting information enables the design of solutions that link assistance for competitiveness and market access to public investments supported by government and development partners. These investments can focus on agricultural productivity or wider policy reforms, whether at the sub-national, national or regional level.

Advisory and financing support to help governments expand market opportunities and enable private initiatives in agribusiness through improved competitiveness and market integration.

Support to access market opportunity through:

- Investment promotion in agribusiness.
- Food safety and national quality infrastructure reform to reduce barriers to market access.
- Developing market linkages between locally based food suppliers and growth in other sectors, industries, and productive zones.

- Trade and investment policy reform for agricultural product markets at the country, regional, and global levels.

Enabling private sector initiatives by supporting value chain competitiveness focused on reducing the costs of doing business through:

- Streamlining of trade logistics.
- Diagnosis and reform of distortive trade policies in input markets.
- Reducing food safety compliance costs by streamlining redundant systems and implementing risk-based reforms.
- Simplifying registration procedures for agribusinesses and for trade in inputs.
- Resolving competition constraints that distort prices in input and output markets.
- Undertaking legislative and regulatory reform for regional harmonization and mutual recognition of standards and protocols, thus lowering regional trading costs.
- Lowering the cost of financing and storage for the agricultural sector through warehouse receipt financing reform.
- Linking farmers and value chain actors to markets and to policy discussions through public private dialogue (PPD) platforms and exploring opportunities for contract farming through the joint engagement of the Bank Group's Trade and Competitiveness and Agriculture Global Practices.
- Supporting the growth of small and medium enterprises, from serving local markets to competing for business on the national or international level by building marketing competence, facilitating market linkages, extending access to early-stage finance and appropriate technologies, and building managerial capacity.

Our work draws on expertise available across the World Bank Group in agribusiness, including in the Trade and Competitiveness Global Practice and the Agriculture Global Practice.

Our work in action

A food safety and regulatory reform advisory project in **Ukraine** supported the government's reform of inspections and registration requirements across the agribusiness sector, resulting in estimated private sector savings of \$15 million annually. Similar support to the grains value chain through certification reform yielded an estimated \$63.3 million in annual cost savings and leaner, more competitive value chains. Advisory support for reform of the food safety law supported greater access of Ukrainian products to the European Union. Additional support to veterinary agencies helped Ukrainian poultry producers gain access to previously closed EU markets.

In **Rwanda**, the World Bank Group has supported the government's reforms and development plans for the tea sector. We compiled an evidence basis and identified the reforms critical to realizing the government targets for growth in exports, farm incomes, and employment for the sector. The project provided strategic advice about privatizing two remaining government-owned tea factories and developed proposals for the reform of the green leaf pricing mechanism. The pricing reform was critical to aligning farmer incentives with the desired growth in the sector, as well as improving farmer incomes and livelihoods. In the first 12 months of the reform, Rwanda's 65,000 tea farmers saw an average increase in income of 35 percent. Building on this success, the World Bank Group is working to provide a supply chain solution to the nation's ambitious plans for the sector.

Relevant publications

[Food Safety Standards: Economic and Market Impacts in Developing Countries](#)

[The Food Safety Toolkit: Guiding Principles of Food Safety Reform](#)

[Public-Private Dialogue for Specific Sectors: Agribusiness](#)

A Guide to Investor Targeting in Agribusiness (print only)

For further information

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