

World Bank's Logistics Performance Index (LPI)

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Logistics Performance Index - LPI

What is it?

- LPI is a comprehensive index created to help countries identify challenges / opportunities they face in trade logistics performance.
- Multidimensional assessment of logistics performance rated on scale of one (worst) to five (best).
- LPI is joint venture of World Bank, logistics providers and academic partners.
- The World Bank conducts the LPI survey every two years.



LPI – Measuring Logistics Performance

The LPI consists of both qualitative and quantitative measures and helps build profiles of logistics friendliness for countries. It measures performance along the logistics supply chain within a country and offers two different perspectives.

- **International LPI** provides qualitative evaluations of a country in six areas by its trading partners - logistics professionals working outside the country.

- Primary data for the LPI 2010 index, available for 155 countries.

- **Domestic LPI** provides both qualitative and quantitative assessments of a country by logistics professionals working inside it. It includes detailed information on the logistics environment, core logistics processes, institutions, and performance time and cost data.

- Additional data, available for nearly 130 countries.



LPI – Measuring Logistics Performance

- LPI summarizes performance of countries – six areas of evaluation
 - Efficiency of the customs clearance process
 - Quality of trade and transport related infrastructure
 - Ease of arranging competitively priced shipments
 - Competence and quality of logistics services
 - Ability to track and trace consignments
 - Frequency with which shipments reach the consignee within the scheduled or expected time



LPI - Example of Country Scorecard

| | Peru | | Latin America & Caribbean | | Brazil | |
|--------------------------------|-------|------|---------------------------|------------|--------|------------|
| | score | rank | score | difference | score | difference |
| Overall LPI | score | 2.8 | | | | |
| | rank | 67 | 2.74 | 0.06 | 3.2 | -0.4 |
| Customs | score | 2.5 | | | | |
| | rank | 64 | 2.38 | 0.12 | 2.37 | 0.13 |
| Infrastructure | score | 2.66 | | | | |
| | rank | 56 | 2.46 | 0.2 | 3.1 | -0.44 |
| International shipments | score | 2.75 | | | | |
| | rank | 93 | 2.7 | 0.05 | 2.91 | -0.16 |
| Logistics competence | score | 2.61 | | | | |
| | rank | 71 | 2.62 | 0 | 3.3 | -0.68 |
| Tracking & tracing | score | 2.89 | | | | |
| | rank | 70 | 2.84 | 0.05 | 3.42 | -0.53 |
| Timeliness | score | 3.38 | | | | |
| | rank | 79 | 3.41 | -0.03 | 4.14 | -0.75 |



LPI - Example of Domestic Scorecard

| Level of Fees and Charges | |
|---|---|
| Based on your experience in international logistics, please select the options that best describe the operational logistics environment in your country of work | Percent of respondents answering high/very high |
| | Peru |
| Port charges are | 85.71% |
| Airport charges are | 71.43% |
| Road transport rates are | 0% |
| Rail transport rates are | 60% |
| Warehousing/transloading charges are | 66.67% |
| Agent fees are | 14.29% |

| Sources of Major Delays | |
|---|---|
| How often in your country of work, you experience | Percent of respondents answering often or nearly always |
| | Peru |
| Compulsory warehousing/transloading | 33.33% |
| Pre-shipment inspection | 0% |
| Maritime transshipment | 33.33% |
| Criminal activities (e.g., stolen cargo) | 25% |
| Solicitation of informal payments | 50% |

LPI – Example of Global Ranking

| Rank | Int. | Country | LPI | Customs | Infrastructure | International shipments | Logistics competence | Tracking & tracing | Timeliness |
|----------|------|--------------------|------|---------|----------------|-------------------------|----------------------|--------------------|------------|
| LPI Rank | | | | | | | | | |
| 1 | 41 | Brazil | 3.2 | 2.37 | 3.1 | 2.91 | 3.3 | 3.42 | 4.14 |
| 2 | 48 | Argentina | 3.1 | 2.63 | 2.75 | 3.15 | 3.03 | 3.15 | 3.82 |
| 3 | 49 | Chile | 3.09 | 2.93 | 2.86 | 2.74 | 2.94 | 3.33 | 3.8 |
| 4 | 50 | Mexico | 3.05 | 2.55 | 2.95 | 2.83 | 3.04 | 3.28 | 3.66 |
| 5 | 51 | Panama | 3.02 | 2.76 | 2.63 | 2.87 | 2.83 | 3.26 | 3.76 |
| 6 | 56 | Costa Rica | 2.91 | 2.61 | 2.56 | 2.64 | 2.8 | 3.13 | 3.71 |
| 7 | 65 | Dominican Republic | 2.82 | 2.51 | 2.34 | 2.59 | 2.42 | 3.17 | 3.85 |
| 8 | 67 | Peru | 2.8 | 2.5 | 2.66 | 2.75 | 2.61 | 2.89 | 3.38 |
| 9 | 70 | Honduras | 2.78 | 2.39 | 2.31 | 2.67 | 2.57 | 2.83 | 3.83 |
| 10 | 71 | Ecuador | 2.77 | 2.32 | 2.38 | 2.86 | 2.6 | 2.84 | 3.55 |
| 11 | 72 | Colombia | 2.77 | 2.5 | 2.59 | 2.54 | 2.75 | 2.75 | 3.52 |
| 12 | 76 | Paraguay | 2.75 | 2.37 | 2.44 | 2.87 | 2.59 | 2.72 | 3.46 |
| 13 | 77 | Uruguay | 2.75 | 2.71 | 2.58 | 2.77 | 2.59 | 2.78 | 3.06 |
| 14 | 84 | Venezuela, RB | 2.68 | 2.06 | 2.44 | 3.05 | 2.53 | 2.84 | 3.05 |
| 15 | 86 | El Salvador | 2.67 | 2.48 | 2.44 | 2.18 | 2.66 | 2.68 | 3.63 |
| 16 | 90 | Guatemala | 2.63 | 2.33 | 2.37 | 2.16 | 2.74 | 2.71 | 3.52 |
| 17 | 98 | Haiti | 2.59 | 2.12 | 2.17 | 3.17 | 2.46 | 2.43 | 3.02 |
| 18 | 107 | Nicaragua | 2.54 | 2.24 | 2.23 | 2.63 | 2.31 | 2.51 | 3.21 |
| 19 | 108 | Jamaica | 2.53 | 2 | 2.07 | 2.82 | 2.32 | 3.07 | 2.82 |
| 20 | 112 | Bolivia | 2.51 | 2.26 | 2.24 | 2.53 | 2.38 | 2.38 | 3.2 |
| 21 | 140 | Guyana | 2.27 | 2.02 | 1.99 | 2.31 | 2.25 | 2.28 | 2.7 |
| 22 | 150 | Cuba | 2.07 | 1.79 | 1.9 | 2.32 | 1.88 | 2.03 | 2.41 |



LPI – Example of Cross-country Comparison

| Country | LPI | Customs | Infrastructure | International shipments | Logistics competence | Tracking & tracing | Timeliness |
|--------------------|------|---------|----------------|-------------------------|----------------------|--------------------|------------|
| China | 3.49 | 3.16 | 3.54 | 3.31 | 3.49 | 3.55 | 3.91 |
| South Africa | 3.46 | 3.22 | 3.42 | 3.26 | 3.59 | 3.73 | 3.57 |
| Brazil | 3.2 | 2.37 | 3.1 | 2.91 | 3.3 | 3.42 | 4.14 |
| India | 3.12 | 2.7 | 2.91 | 3.13 | 3.16 | 3.14 | 3.61 |
| Russian Federation | 2.61 | 2.15 | 2.38 | 2.72 | 2.51 | 2.6 | 3.23 |
| Nicaragua | 2.54 | 2.24 | 2.23 | 2.63 | 2.31 | 2.51 | 3.21 |
| Jamaica | 2.53 | 2 | 2.07 | 2.82 | 2.32 | 3.07 | 2.82 |
| Bolivia | 2.51 | 2.26 | 2.24 | 2.53 | 2.38 | 2.38 | 3.2 |
| Guyana | 2.27 | 2.02 | 1.99 | 2.31 | 2.25 | 2.28 | 2.7 |
| Cuba | 2.07 | 1.79 | 1.9 | 2.32 | 1.88 | 2.03 | 2.41 |



LPI 2010 – Main Findings

- Better logistics performance is strongly related to trade expansion, export diversification, ability to attract FDI and economic growth.
- Large logistics gap between high and low income countries, but...
- ...income is not the only determinant of a country's logistics environment.
 - Policymakers in low income countries can do much to boost performance.



LPI 2010 – Main Findings

- Except for high income countries, availability and quality of trade related infrastructure is a major constraint to performance – but specific priorities vary between countries.
- Efficient border and coordination of the various agencies involved in border clearance is increasingly important.
- Comparison between the 2007 and 2010 LPI indicates that for countries at same level of per capita income, those with the best logistics performance experience additional 1% growth in GDP and 2% in trade.

Logistics Performance Index

- www.worldbank.org/lpi
 - Connecting to Compete: Trade Logistics in the Global Economy, 2010 - and 2007
 - Access to the data

Thank you !