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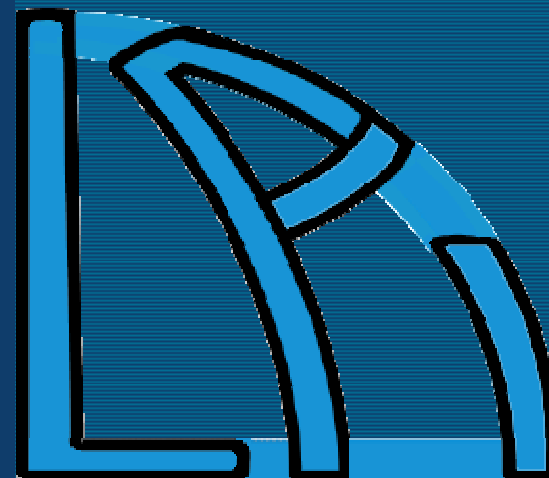
Turku School of
Economics, Finland



International Federation
for Freight Forwarders
Associations



Methodology of Logistics Performance Index



Global Facilitation
Partnership for
Transportation and Trade

08 May, 2008

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Background - General

The World Bank needed an **effective measure of trade facilitation** to allow policymakers, logistics professionals, business stakeholders and researchers to:

- ➡ benchmark a country's overall performance on several dimensions in trade logistics, and
- ➡ assess the quality of a country's trade connections to the global market.



LPI Background

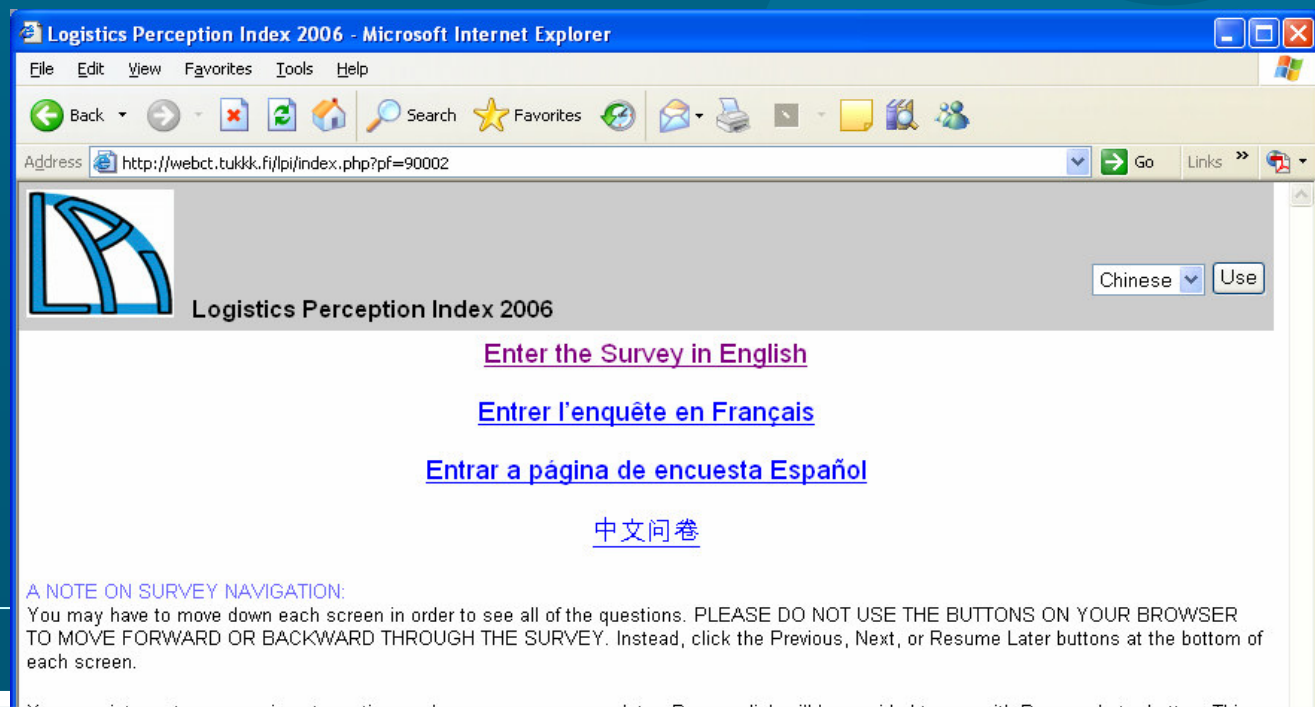
- **LPI was built upon the positive results of pilot surveys in 2000 and 2004 carried out by Prof. Ojala at Turku School of Economics, Finland.**
- **LPI is supported by the members of GFP*) with active support and participation of FIATA and GEA.**

***) Global Facilitation Partnership for Transportation and Trade**
<http://www.gfptt.org>



Some facts about LPI 2007

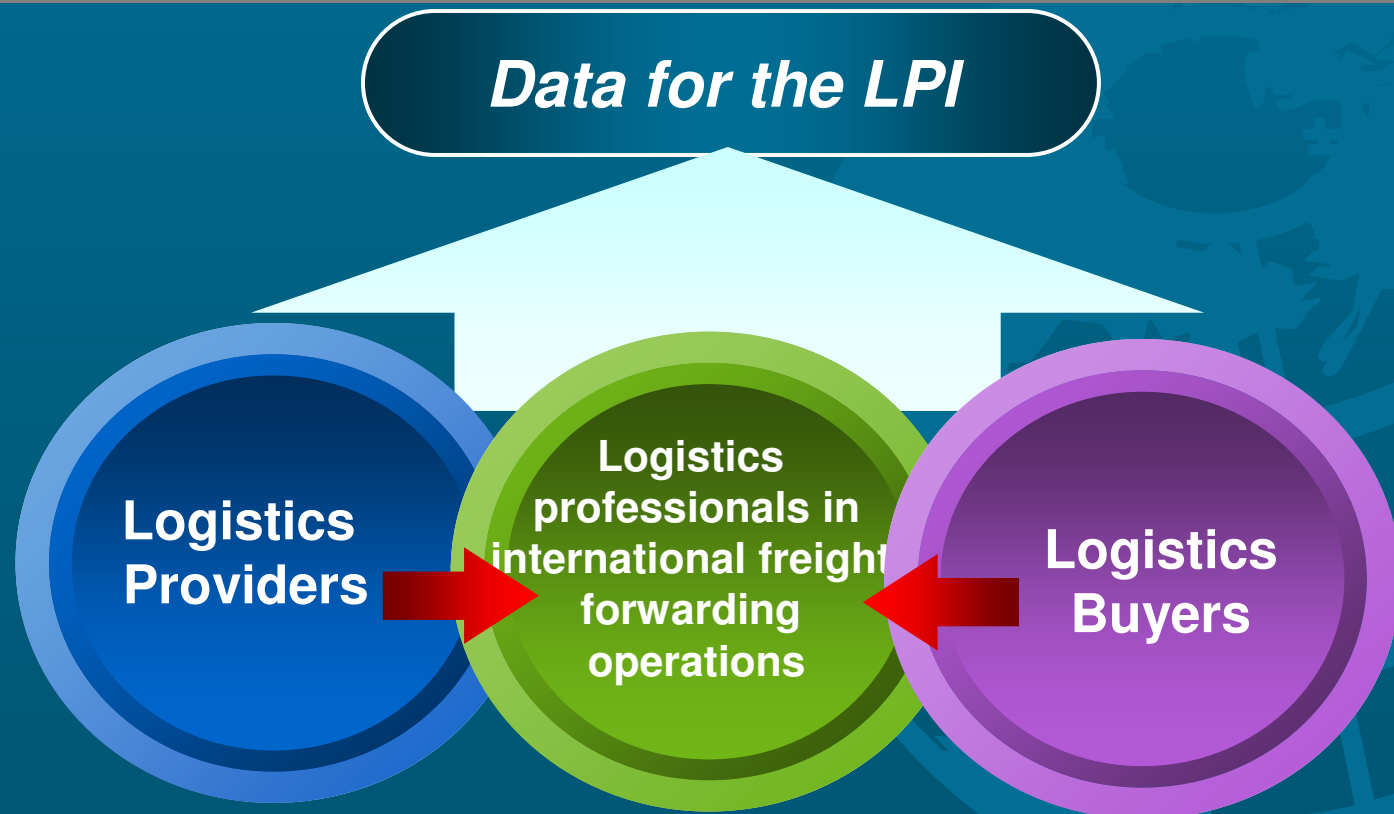
- Survey in English, French, Spanish, Chinese
- Over 5,500 international country evaluations
- Approx. 900 individual respondents from over 100 countries
- New survey conducted in early 2008





What is the LPI?

A set of indicators that measure the performance of the logistics environment of countries on several logistics dimensions (e.g. transport cost, trade and transport infrastructure, border formalities ...)





Who responded in LPI 2007?

A worldwide coverage from a homogenous group of professionals representing large, medium-sized and small firms

Data from over 100 countries

Each evaluate

their own country

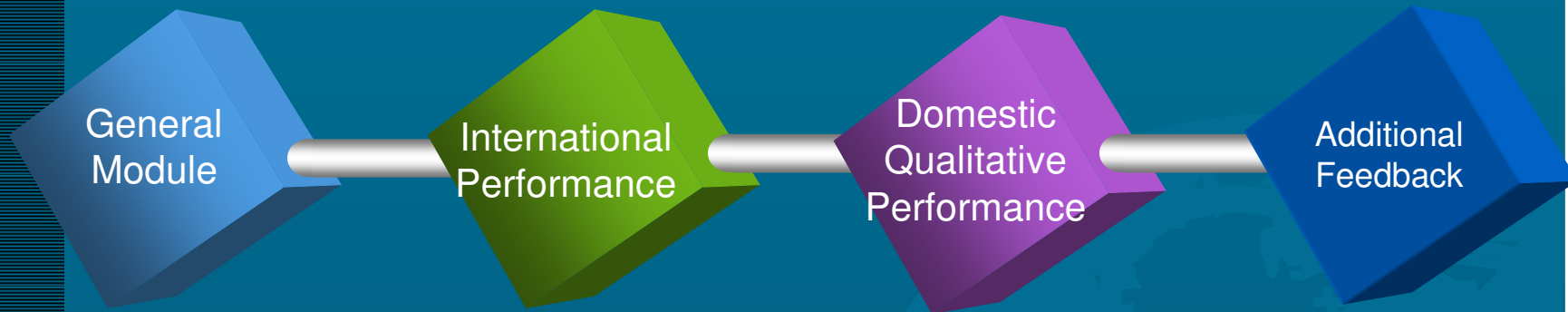
**Approx. 25 %
from large
worldwide
logistics firms**

**Over 900
Individual
respondents**

**Approx. 75 %
from small &
medium sized
freight forwarding
firms**



The LPI Survey – Structure



The survey used an anonymous web-based questionnaire asking respondents to evaluate their country of residence and eight countries they are dealing with on several logistics dimensions.



The 7 Key Dimensions of LPI



- International transportation costs;
- Domestic transportation costs;
- Timeliness of shipments;
- Traceability of shipments;
- Transport and IT infrastructure;
- Customs and other border procedures; and
- Logistics competence.



The LPI Survey – Structure

Trade patterns vary greatly among countries.

To maximize “authorized opinions,” LPI uses a tailor-made trade direction format for each group and for each of the 150 countries assessed:



1. Low income landlocked countries
2. Low income coastal countries
3. Middle income landlocked countries
4. Middle income coastal countries
5. High income countries



How to select the 8 countries ?

	Respondents from low income countries	Respondents from middle income countries	Respondents from high income countries
Respondents from coastal countries	<p>Five most important export partner countries + Three most important import partner countries</p>	<p>Three most important export partner countries + The most important import partner country + Four countries randomly, one from each country group a) Africa b) East Asia + Central Asia c) Latin America d) Europe less Central Asia + OECD</p>	<p>Four countries randomly out of one list of five most important export partner countries and five most important import partner countries + Four countries randomly, one from each country group:</p>
Respondents from landlocked countries	<p>Four most important export partner countries + Two most important import partner countries + Two landlocked countries</p>	<p>Three most important export partner countries + One most important import partner country + Two landlocked countries + Two countries randomly, one from each country group: a) Africa + East Asia + Central Asia + Latin America and b) Europe less Central Asia + OECD</p>	<p>a) Africa b) East Asia + Central Asia c) Latin America d) Europe less Central Asia + OECD</p>



Consistency & Robustness

- LPI very consistent with intuitive knowledge of country performance, very specific ranking.
- Homogeneous respondent population.
- The LPI, on a 1 (worst) to 5 (best) scale) is aggregated by standard techniques (PCA), so as to reduce noise,
 - Confidence interval (+/- 10 %) provided, on average 8 places in the ranking.
 - Strongly associated with and more robust than outcomes in the “domestic” survey such as time to import



LPI 2008 screenshots

Welcome
Bienvenue
Bienvenido
歓迎

Begin the survey

A NOTE ON SURVEY NAVIGATION:

You may have to move down each screen in order to see all of the questions. PLEASE DO NOT USE THE BUT ON YOUR BROWSER TO MOVE FORWARD OR BACKWARD THROUGH THE SURVEY. Instead, click the Next, or Resume Later buttons at the bottom of each screen.

You may interrupt your session at any time and resume your answer later. You were provided with a link specific company. This link allows you to enter and re-enter the LPI 2008 Survey website. If you re-enter, you will be returned to the place in the survey where you stopped. Please make note of it or save it for future reference.

If you need any technical help, or have any questions or comments about the Survey, please do not hesitate to contact us directly at mmustra@worldbank.org.

Thank you for your participation in this important global initiative and for providing your feedback.

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**LPI 2008 Survey in:
English, French,
Spanish, Chinese
and
Russian**



In this part of the questionnaire, you are invited to rate eight countries listed below along seven key dimensions in logistics performance.

Based on your experience in [international logistics](#), please provide [your assessment](#) of the following countries against the generally accepted industry standards or practices. The countries have been generated based on the trading partners of your selected country of work. Please select the option that [best applies](#) to each individual country:

9/30. Rate the [effectiveness and efficiency of the clearance process](#) by border control agencies, including Customs in ...

	Very low	Low	Average	High	Very high
Country 1	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Country 2	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Country 3	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Country 4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Country 5	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Country 6	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Country 7	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Country 8	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Previous Resume later Next

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In this part of the questionnaire, you are invited to provide [your assessment](#) on the logistics environment [in your country of work](#):

The questions have been grouped according to the following themes: cost, quality of infrastructure, competence, clearance.

16/30. Based on your experience in [international logistics](#), please select the options that [best describe](#) the logistics operational environment [in your country of work](#):

	Very high	High	Average	Low	Very low
Port charges are	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Airport charges are	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Road transport rates are	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rail transport rates are	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Warehousing service charges are	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service providers/agent fees are:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall, logistics costs (e.g. domestic transport, agent fees, port charges), are	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

17/30. Evaluate the quality of infrastructure in use for logistics operations in your country:

	Very low	Low
Fixed transport infrastructure (e.g. ports, roads, airports, border crossings)	<input type="checkbox"/>	<input type="checkbox"/>
Telecommunications infrastructure and services	<input type="checkbox"/>	<input type="checkbox"/>
Warehousing facilities	<input type="checkbox"/>	<input type="checkbox"/>

[Previous](#) [Resume later](#) [Next](#)



27/30. Estimate the following time parameters for export pre-carriage and import on-carriage:

Domestic

	Export pre-carriage:	Import on-carriage:
	Ex Works (shipper)	Free Alongside Ship (port of discharge)
	Free On Board (port of loading)	Carriage Paid To (consignee)
Best case (up to 10% of the shipments are pre-carried/on-carried within)	same day	same day
Median case (50% of the shipments arrive within)	same day	same day



The LPI Team

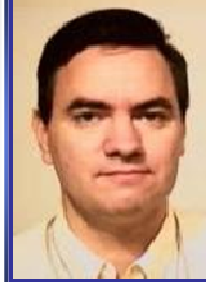


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Thank You!



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