



BREAKING THE CHAINS OF COMMODITY DEPENDENCE

DIVERSIFYING ECONOMIES AND STRENGTHENING NON-COMMODITY ACTIVITIES



GLOBAL CONTEXT

In many developing countries, an overreliance on exports of raw commodities constrains structural transformation and the pursuit of the Sustainable Development Goals. UNCTAD estimates that, in 2017, two thirds of developing countries were commodity-dependent, that is, countries in which unprocessed agricultural produce, minerals or crude oil constituted 60 per cent or more of total exports. The economic consequences of this dependence are severe. The boom and bust cycle of commodity prices severely hampers countries' macroeconomic management, and the lack of value added activities restrains industrial development.

Achieving the Sustainable Development Goals requires breaking the chains of commodity dependence. Developing countries should add more value to their commodities and diversify into non-commodity activities. They should anticipate the boom and bust cycle of commodity prices with prudent macroeconomic and fiscal management policies. Finally, they should plan how to convert natural resources wealth into better jobs and livelihoods for their citizens. UNCTAD assists countries in these efforts through its programme on breaking the chains of commodity dependence.



HOW ARE NEEDS IDENTIFIED?

In response to a request for assistance, UNCTAD works with a country to evaluate its needs under the following four main thematic outcomes:

- Developing value added activities in its commodity sector.
- Establishing development linkages between the commodity sector and the wider economy.
- Diversifying to non-commodity activities.
- Integrating into global and regional value chains.

To respond to the identified needs, UNCTAD and the country concerned plan a programme of activities that may include workshops, training, advisory services, policy analyses, consensus-building events and information services.

Delivering an effective programme requires an integrated value chain approach that considers a country's commodity dependence in its full context. It also requires an inclusive process that engages the public and private sectors and civil society, with a special focus on small producers, women and minority groups. Inter-agency collaboration and South–South cooperation are two further principles of the Breaking the Chains of Commodity Dependence Programme.



RESULTS AND IMPACTS AT A GLANCE

Since 2008, the Programme has assisted over 30 developing countries in reducing their commodity dependence, diversifying their economies and converting their natural resource wealth into sustainable development.

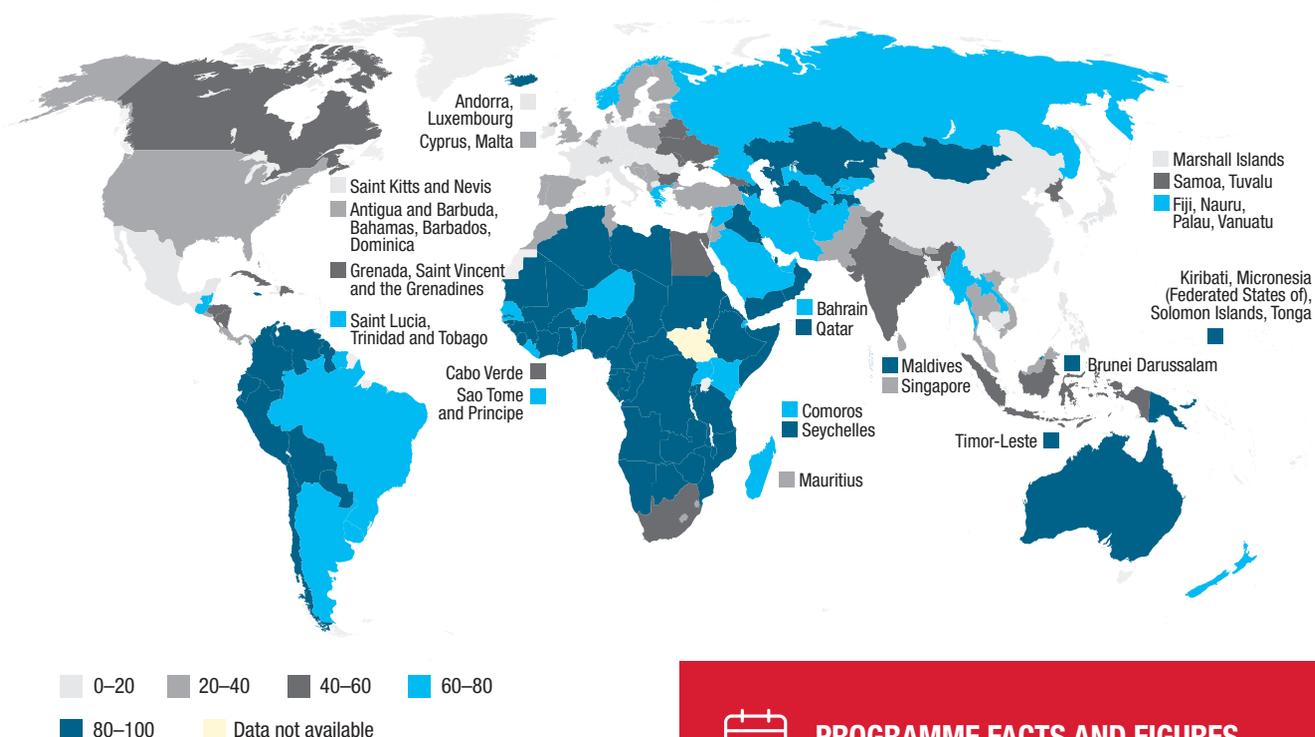
- A set of customized policies and information tools has been disseminated in project countries, as part of a \$3.9 million technical assistance project of UNCTAD, funded by the All African, Caribbean and Pacific Group of States Agricultural Commodities Programme of the European Union.
- UNCTAD conducted a review of agricultural commodity policies of Mexico related to agricultural production, trade, food security and poverty reduction, in relation to 13 agricultural products identified by authorities from Mexico as being of strategic importance.
- The New Partnership for Africa's Development has appropriated the Pan-African Cotton Road Map, a regional framework for developing the cotton sector in Africa, a process led by the Secretary-General of UNCTAD.
- UNCTAD trained more than 600 policymakers in three countries in Africa in formulating effective policies and regulations related to development linkages and local content in extractive sectors. According to one project-trained policymaker from Chad, who was promoted to Deputy Director-General of the National



Refinery, the UNCTAD project equipped her with the knowledge to better bridge the oil sector with other sectors of the Chadian economy through the provision of petrol and other oil derivatives. The project is funded by the United Nations Development Account.

- With another Development Account project, UNCTAD helped four countries in eastern and southern Africa design commercial initiatives, draft policies and create investment profiles so as to develop value added processing of cotton by-products, such as fuel briquettes from cotton stalks and absorbent cotton products from waste fibres. This is meant to contribute to increased income opportunities for farmers and entrepreneurs, especially in rural areas, and to a more resilient cotton sector overall.

Degree of commodity export dependence of all countries in the world, 2013–2017 (percentage)



"A farmer can increase daily income by making a bit of transformation to the cotton they have. What is needed is to empower the farmers with the technologies appropriate to their income and environment."

Director of Industry, Common Market for Eastern and Southern Africa, 2019

"Briquettes and pelleting can help us reduce deforestation because it can be an alternative to biomass charcoal, which has led to deforestation in my country."

Vice-Chair, Cotton Association of Zambia, 2019



PROGRAMME FACTS AND FIGURES

Scope: commodity-dependent developing countries in all regions

Start date: 2008

Projects per year: 1 (average)

Projects to date: 11

Persons trained: more than 2,000, including more than 600 women, in 21 developing countries

Website: unctad.org/commodities



Sustainable Development Goals addressed: Directly: 8, 9



DONORS/FUNDING SOURCE (2014–2019)

China, African Export Import Bank, Department of Economic and Social Affairs (2030 Agenda for Sustainable Development Sub-Fund), Food and Agriculture Organization of the United Nations, International Institute for Sustainable Development, United Nations Development Account