



Trading Food for Sustainable Development

Update #2 on Project Implementation in Ethiopia, Lao PDR, Mongolia and Uzbekistan

WHAT Is the Project All About?

The project's objective is to support integrated value chain development in four landlocked commodity dependent developing economies (Ethiopia, Lao PDR, Mongolia, and Uzbekistan), two of which are Least Developed Countries (Ethiopia and Lao PDR). The project aims at enhancing the capacities of each beneficiary country to design and implement development policies and strategies to promote better integration into Regional and Global Value Chains (RVCs and GVCs), as well as creating multi-level development linkages.

In particular, the project is surveying, analyzing and evaluating for policy discussion the downstream value chains of roasted coffee in Ethiopia, maize in Lao PDR, meat in Mongolia and dried fruits in Uzbekistan. All these agricultural products are not only important for these countries, but also have important current or potential linkages to regional and global value chains that can be fostered.

WHAT Have We Done in Each Country?

After validation of the project in the four countries by the national authorities until February 2019, during the last year of the project life the project has developed a series of solid, data-intensive research activities on and off the field. In turn, these will form the basis of the project's policy discussion with the national authorities for attaining the project's objectives.

Integrating Landlocked Commodity Dependent Developing Countries into Regional and Global Value Chains

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Donor: **UN PDF 2030 Agenda for Sustainable Development Sub-Fund**

Implemented by **UNCTAD**

Beneficiary countries: **Ethiopia, Lao PDR, Mongolia, Uzbekistan**

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Website: <https://unctad.org/en/Pages/SUC/Commodities/SUC-Project-LLDCs-in-GVCs.aspx>

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ETHIOPIA

In Ethiopia, the coffee industry is essential for the Ethiopian economy, bringing nearly 636 USD millions of export revenue in 2018 (22.5 per cent of the total Ethiopian exports) and providing a vital source of income for around one-fourth of the country's population. Yet, the potential of this industry has not been fully realized. In particular, the coffee sector faces major challenges to move up the global coffee value chain, exporting little roasted coffee.

In order to attain the project's objectives in the country, an international market analysis of Ethiopian roasted coffee and an analysis of on the downstream coffee value chain were implemented in Ethiopia. The international market analysis, completed in 2019, explores 5 different markets: the European Union (with a focus on the EU-15 countries, especially the Netherlands), Saudi Arabia, South Africa, China and South Korea. The selected markets are mapped across different areas, thus highlighting: 1) Market trends and consumer preferences, 2) Roasted coffee imports, 3) Trade channels and transportation, 4) Legislative requirements and tariff on imports, 5) Main events and interesting resources. The analysis of individual markets is complemented by a review and analysis of Colombia's best practices in its roasted coffee sector.

The analysis of the national downstream value chain involved interviewing 22 roasters, 15 of which actively engage in export activities, as well as other important stakeholders for the mapping of the export segment of the roasted coffee value chain. On the back of this direct interaction with on-site stakeholders and other research activities, the analysis of the downstream value chain also explores the strengths, weaknesses, opportunities and challenges of the different value chain actors involved in the development of roasted coffee export.

Furthermore, it proposes an upgrading strategy for the roasters, and suggests a series of key recommendations for public administrations involved in the regulation of this sector.

The UNCTAD team is now preparing the national workshop with its partners at the Ethiopian Coffee and Tea Authority, where the different coffee stakeholders in Ethiopia will be brought together to discuss the findings of the project and to contribute to strengthening both private and public initiatives to strengthen the capacity of the country to export roasted coffee.



TOMOCA Coffee shop coffee processing technologies at coffee shop, source: UNCTAD survey, 2019

LAO PDR

Maize is a key agricultural commodity for Lao PDR. Not only is maize the second most produced agricultural crop by surface in the country, but it also plays a very important role in rural employment and poverty reduction in rural areas. The Laotian maize value chain is also closely linked to the animal feed value chains in neighboring China, Thailand and Vietnam, highlighting the importance of its study.

In Lao PDR, during the last year the project implemented a series of research activities to better characterize and analysis the downstream maize value chain. In particular, the project carried out a field survey of the three most important maize-producing provinces in the country: Oudomxay, Xayabury and Xieng Khuang. Using a set of tailor-made field survey questionnaires, stakeholders were interviewed in May-June 2019 and a preliminary report was produced revising the characteristics, opportunities, challenges and implications for possible policy intervention in the downstream maize value chain.

In terms of local capacity building, UNCTAD has worked with a local team composed of 100% Laotian nationals for implementing the field survey. Additionally, at the request of the national authorities, a team of staff members of the Ministry of Industry and Commerce took part as observers/collaborators in the field survey financed by the project, thereby strengthening their data collection and survey skills.

Once validated and discussed during a National Workshop, which will take place in Vientiane, UNCTAD's research will complement the authorities ongoing efforts to foster the agricultural sector in Lao PDR and to strengthen the maize value chain and its linkages and benefits for the rest of the economy.



Maize field in Boumlao village, Paklay district, Xayabury Province, Lao PDR



Trader storage in Xayabury province, Lao PDR

MONGOLIA

Mongolia possesses an abundant resource, which could become an important driver for its economic and social development: its livestock sector. With a per capita livestock ratio of 19 heads per person, this sector, which employs a third of the country's labour force and comprises roughly 14% of its GDP, holds tremendous potential.

Mongolia's livestock herds and domestic meat production have surged in recent years, far in excess of domestic demand. Nevertheless, despite the growing demand for meat from China, livestock products only constituted approximately US\$ 330 million or 7% of its exports in 2016. The international development of the Mongolian livestock sector could have important and positive effects on social development and environmental preservation, contributing to create new development linkages in rural and isolated areas.

UNCTAD hence aims at supporting Mongolian efforts to leverage its livestock endowment and further integrate into international value chains. In coordination with the national authorities, UNCTAD hired a team of local experts who are conducting in 2020 a national survey on the Mongolian meat value chain, as well as an export market analysis. For the former, a representative sample of strategic stakeholders in the meat value chain was identified, including herders, meat processors, traders, public administrations and transporters, and tailor-made questionnaires were designed in order to conduct a field survey once the ongoing COVID-19 emergency is past. For the latter, five key destination markets were identified as priorities for Mongolian exporters (i.e. Russia, China, Iran, Kazakhstan, and Vietnam, based on a series of criteria), and a report of the opportunities, regulatory and other hurdles to export, and other important challenges is being currently being written.

Ultimately, the project will help getting a clearer understanding among key stakeholders (policy makers and business community) on the trade and industrial opportunities related to the development of meat exports in Mongolia. It will improve the enabling environment for meat agribusiness, supporting national policies aiming at improving Mongolian competitiveness of its livestock exports.

UZBEKISTAN

Uzbekistan produces and exports a rich array of dried fruits, including raisins, plum and apricots. However, and despite exporting to countries like Russia and Kazakhstan, a large part of its export potential is still untapped.

In Uzbekistan, the project team is currently in the process of implementing a field survey of the downstream value chain of dried fruits. Notably, this includes the implementation of a field survey by a local team composed 100% of experienced national experts in the field, with the technical support and guidance of the UNCTAD team in Geneva. This survey is being implemented in March-April 2020, interviewing different stakeholders in key areas of the country, including Andijan, Fergana, Namangan, Tashkent and Samarkand.

The detailed first-hand information being gathered will be included in a report analyzing the characteristics of the downstream dried fruits value chain, as well as identifying challenges, opportunities and possible policy implications for the sector.

Additionally, the project is currently elaborating another report that complements the national review of the value chain, by focusing on the international dimension of the integration into international value chains, in particular analyzing market access issues, including barriers, as well as opportunities and lessons to be learnt for fostering international value chain integration.



Interviewing fruit farmers in Uzbekistan



Drying fruits in Uzbekistan

WHAT ARE THE NEXT STEPS ?

As the different research efforts in each of the four beneficiary countries come to an end, the project will implement in each national capital a National Workshop. These will bring together national and sub-national policy-makers, private sector, academia and other relevant sectorial stakeholders for the discussion of the project's empirically-based analytical findings and for dialogue about how the current strategies in place to foster these sectors in each country can be strengthened by the project.

Following such national dialogue and policy discussions in individual project countries, UNCTAD will bring all countries together for the joint sharing of experiences and policy dialogue among all beneficiary landlocked commodity-dependent developing countries. Such policy dialogue will be illuminated not only by the mentioned national-level research and analysis, but also by the elaboration of two more research studies aiming at identifying common lessons to be learned, opportunities and challenges for all the countries in the project.



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