

United Nations Conference on Trade and Development

International Workshop on

**Fostering the Integration of Agricultural Value Chains of Commodity-Dependent Landlocked Developing Countries into
Regional and Global Value Chains**

24-25 November 2021, Palais des Nations, Geneva, and online

**Policy perspectives for fostering the maize value chain for
export in Lao People's Democratic Republic**

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“Integrating landlocked commodity dependent developing countries into regional and global value chains”

Policy perspectives for fostering the maize value chain for export in Lao People's Democratic Republic

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Content



1. The maize sector in Lao PDR.
2. Government objectives and supporting tools of the agricultural and maize value chains.
3. Specific policies for the maize sector and its integration to regional value chains
4. Applying the project's finding to practice



Maize production in Lao PDR



- For many years, farmers in remote upland areas of northern Laos just produced rice for self consumption. The production surpluses were bartered against other consumption goods or sold in the market to get some cash.
- Farmers traditionally planted secondary crops on sloping land such as cassava or maize to feed small livestock such as pig, duck, and chicken.
- At present, upland agriculture is in transition from subsistence to intensified commercialized production.
- The rapid expansion of hybrid maize crop illustrates this major shift, leading to increased farmers' income and reduced poverty.
- However, current maize-based production systems may not be sustainable, neither environmentally nor economically



Recent Dynamics of the Maize Value Chain



- Maize spread had a tremendous impact on the local communities, diversifying farmer's income, but at the same time changing socio-economic networks in favor of middlemen and traders.
- The widespread use of credit for consumption or production and the high variations in commodity prices have changed their economic environment.
- Farmers adapted their collective rules and negotiated trade arrangements with new stakeholders. New local institutions are emerging.
- So, how local farmers cope with these changes will determine to a large extent the future of their livelihood systems.



Policy Objectives - Agriculture



- Alleviating poverty by 2024 is our government ambitious goal. Export earnings from agricultural products will be one key solution for Lao government to meet our poverty reduction goals.
- Since a large rural population is employed in the agricultural sector, increasing agricultural income will contribute to attain Lao government's poverty reduction goal.
- Lao agricultural sector has been confronting many challenges with regard to low productivity, technical know-how, and limited access to finance and efficient policy from relevant institutions in agriculture, industry and trade, and bank, for instance.



Maize and Exports



- Maize is one export agricultural items which people in the northern provinces of Lao are constantly growing and exporting to neighboring markets (China, Thailand and Viet Nam).
- Since 2018, DTP has worked with UNCTAD to identify “what is needed in the Lao maize sector to be more competitive in the export market” We found some evidence through the survey and analysis of the value chain of maize where policy makers in central and local government agencies shall reframe our national policy to support production and promote exporting of maize better in the future.



Department of Trade Promotion (DTP): Responsibilities and Aims



The Department is a dependency of the Ministry of Industry and Commerce (MOIC) that aims to:

1. Support entrepreneurs promoting and developing products for the domestic and export market through exhibitions and fairs, both domestic and international.
2. Provide product information required for entrepreneurs penetrating into the both domestic and international market as well as for the foreign buyers.
3. Facilitate entrepreneurs producing and developing products in compliance with the various needs of the domestic and international market.

DTP: Business Support Tools I



- Conduct studies on drafting strategies, policy-plans, master plans, and programs related on marketing promotion and product development on periodical basis, along with a leadership role in implementation
- Organize training and provide technical recommendations on marketing promotion and product development to concerned officials, enterprises, individual and/or legal entities
- Disseminate information on policies and legislation related to marketing and promoting development
- Work closely with Department of Agriculture in terms of quality and standard of products like maize

DTP: Business Support Tools II



- Support and manage activities related to marketing promotion and product development such as:
 - trade fairs,
 - exhibitions,
 - information services, and
 - introduction of new products to both domestic and international markets
- Educate, build capacity and monitor technical progress of the Department's staff
- Develop handbook “Accession to China Market”

DTP Mission Support Tools



Mission support tools:

- DTP is working with number of project to support agricultural products but not in maize yet.
- DTP focus on only key few commodity such as coffee, rice, sugar, and some agriculture products exports via border trade and so on,

Specific policy to maize sector and its integration to regional value chains



Tools to boost Lao product to regional value chains

- Business matching (including co-organized event with UNCTAD, planned for January 2022)
- Regional and world EXPO participation (Past event – Milano – Rice sector – CIIE, CAEXPO, DUBIA2021)
- Digital Tools – developing Plaosmes.com – Platform to promote Lao products, including agriculture (.....items)
- Technical training to certified ODOP – (included agricultural sector but not maize yet)
- AMIS (Database)
- Product design AWARD

Applying Project Findings to Practice



- Promoting Lao maize via marketing tools
 - Exposition regional event (Thailand, China, Vietnam) market
 - Digital promotion tools (Plaosme.com and other upcoming tools)
- Utilize VC analysis paper to design project to support the maize sector (training for farmers, traders, exporters)
- Collaborating with other government entities and international agency to design policy and supporting the sector.
- DTP needs to improve access to credit by farmers and traders by working with financial institutions (interest rate & collateral)
- Fostering the strength of the maize VC (value added perspective not raw material oriented). In particular, strengthening institutions, increasing coordination and information flows for both private and public sector actors, and assessing bottlenecks across the VC.

Applying Project Findings to Practice



Cooperatives Policy Support

- Decree of Prime Minister no. 136/PM Date, 05/03/2010;
- Agreement of MAF's Minister no. 2983/MAF, Date: 25/09/2014;
- Agreement of MAF's Minister no. 2984/MAF, Date: 25/09/2014;
- Guideline no.1954/DAEC, 16/06/2014
- MAF's NEDP no. VIII (2015-2020);
- DRDC is responsible organization for cooperatives development

Applying Project Findings to Practice



- Under Department of Agriculture promotion and cooperatives
- Supporting agriculture techniques – growing, feeding, from down stream to upstream,
- Develop handbook including quality improvement and training to cooperatives, access to credit
- Set up buyers and sellers channels or mechanism for cooperative to meet buyers and sellers
- Supporting agriculture tools and experts to assist cooperative
- E.g. Bolaven Plateau Coffee Producers Cooperatives
- Since 1980, IFAD has invested US\$122.4 million to finance 14 projects and programmes related to agricultural development, benefiting 272,875 households.
- DGRV – Advices (financial, capacity building) – funded by Federal Ministry for Economic Cooperation and Development - 2020



Thank you