

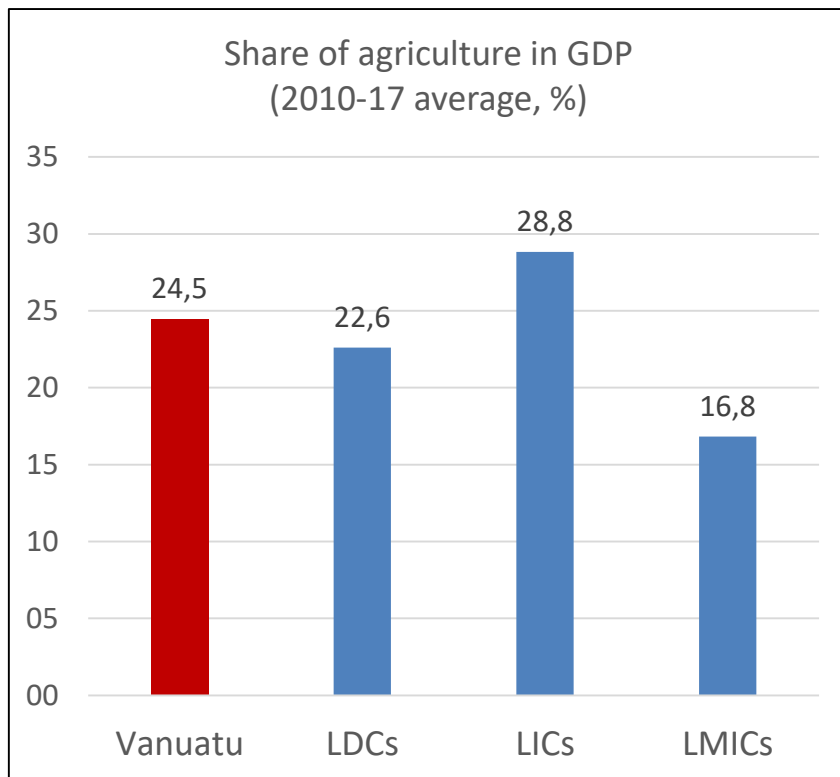


Value addition and diversification in agriculture

Vanuatu Coconut Summit
30-31 October 2019
Luganville, Vanuatu

Stefan Csordas
Commodities Branch, UNCTAD

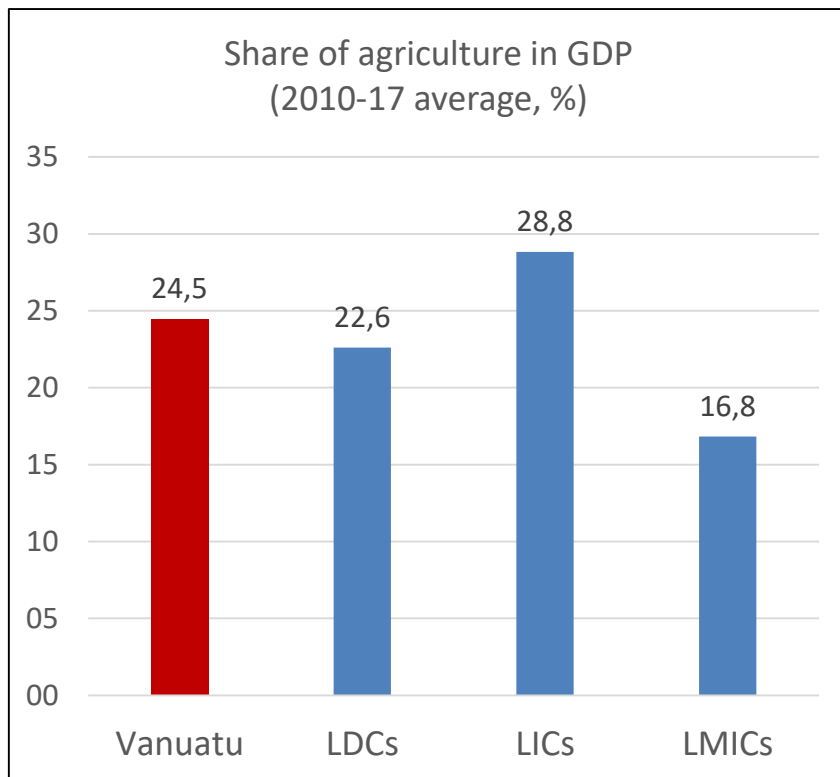
Agriculture remains the backbone of many low and middle-income economies...



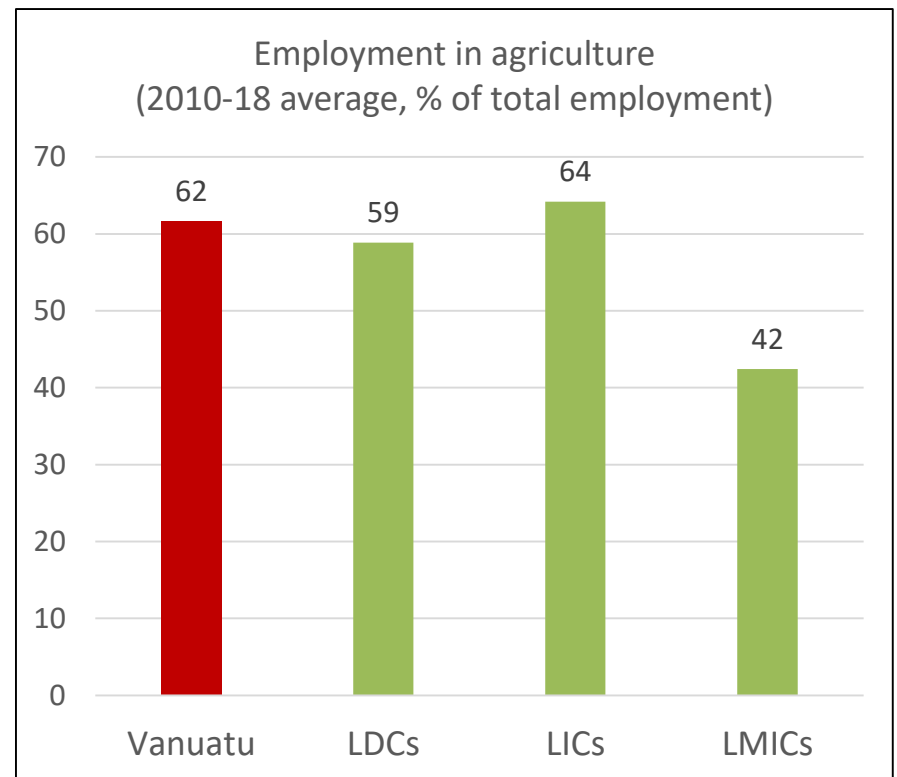
Data source: World Development Indicators



Agriculture remains the backbone of many low and middle-income economies and is crucial to achieve the SDGs



Data source: World Development Indicators

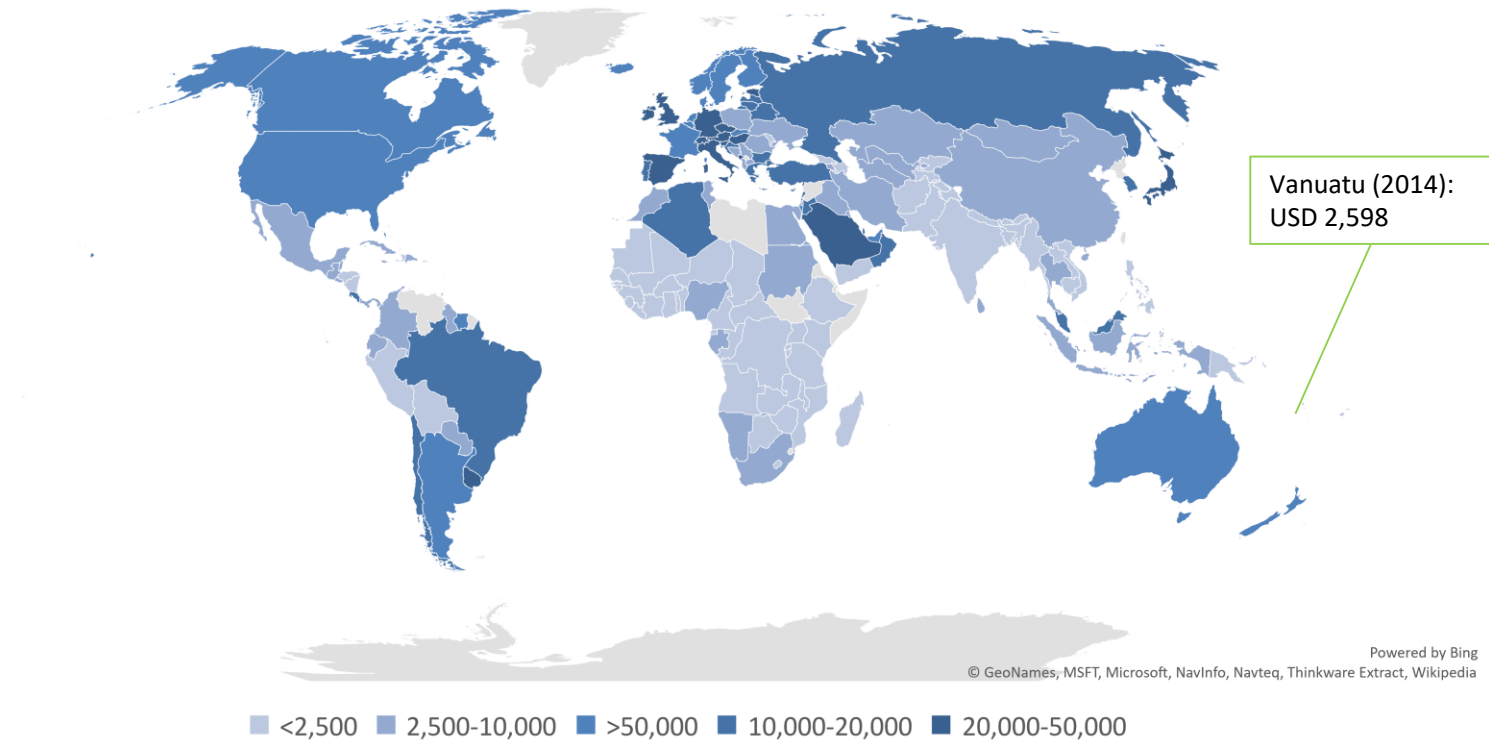


Data source: World Development Indicators



There are large differences in agricultural productivity - value addition is essential

Value added per worker in agriculture in 2016
(or latest year available, constant 2010 USD)



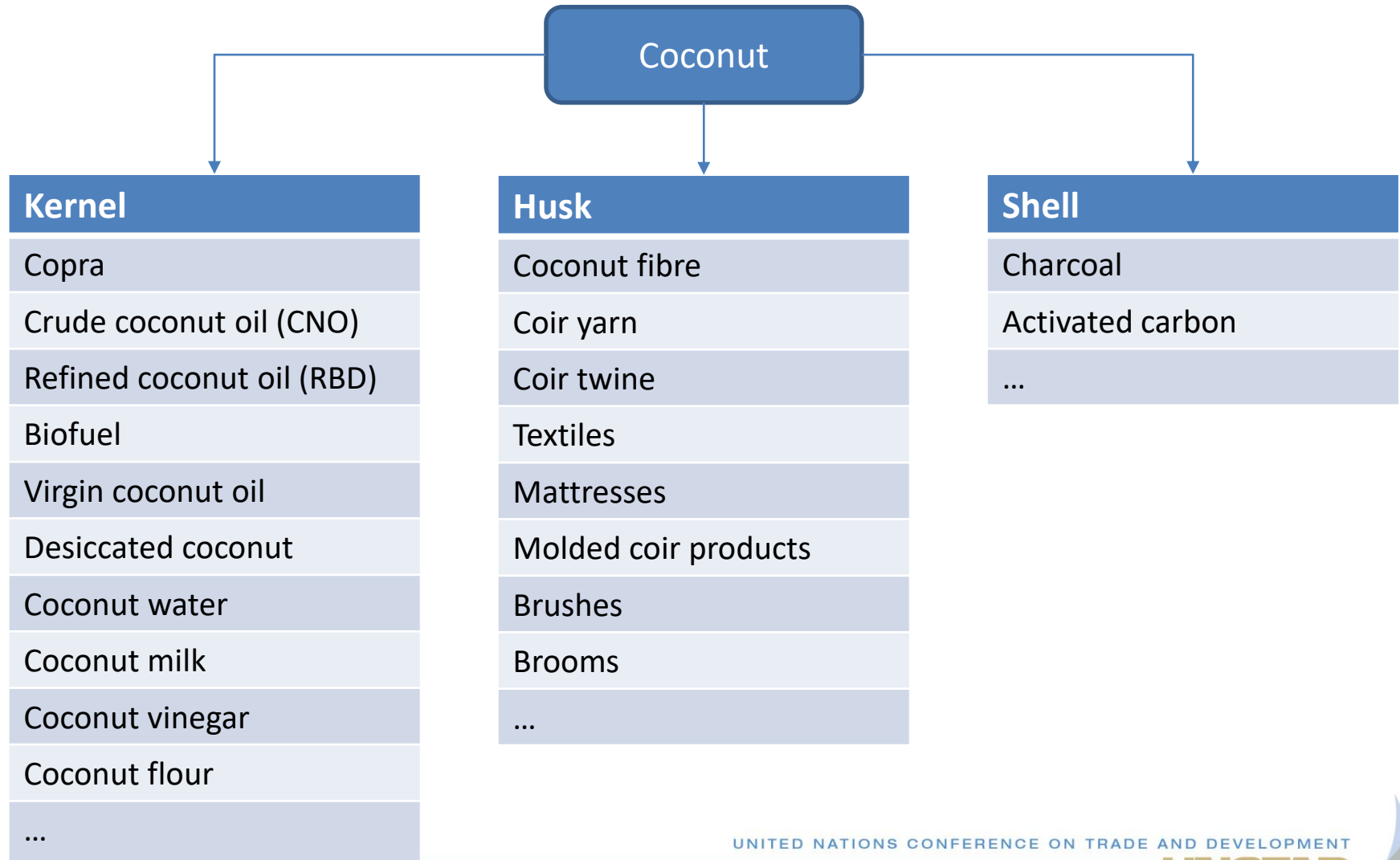
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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

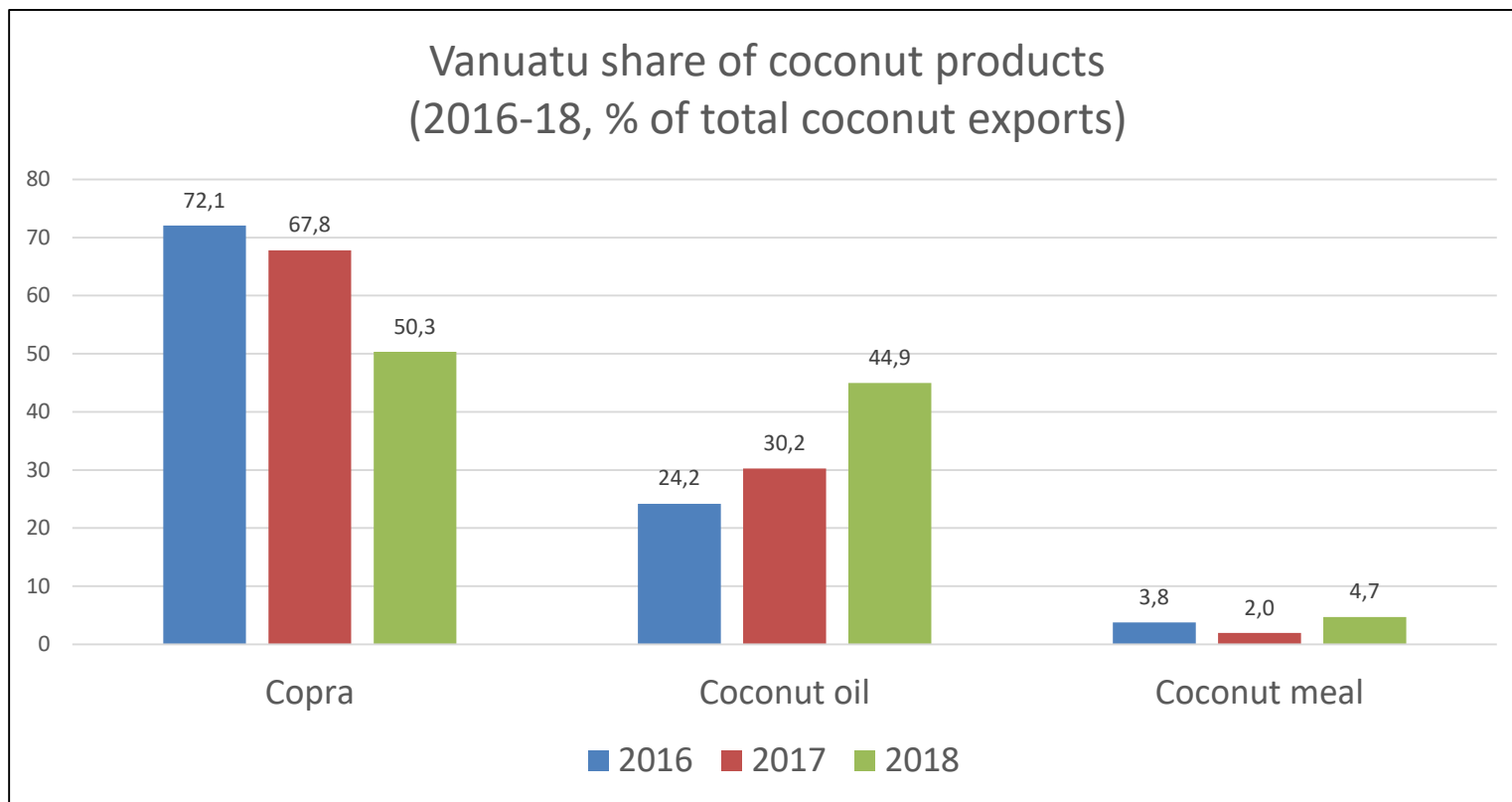
UNCTAD



Coconut products



Vanuatu's coconut product exports



Data source: Vanuatu National Statistics Office

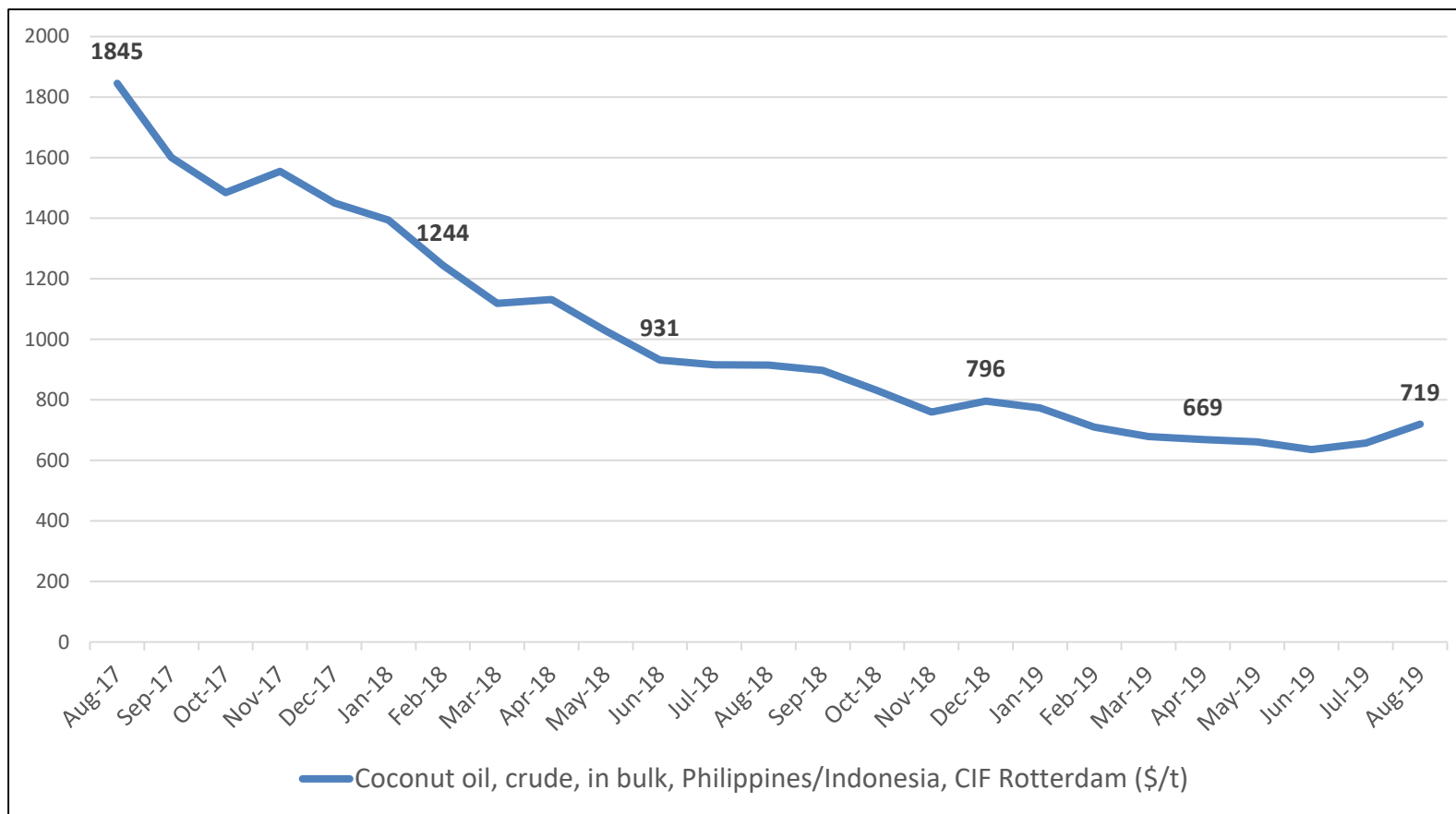


Diversification can help mitigate weather and climate-related risks

- Vanuatu is one of the most vulnerable countries to climate change
 - 21st out of 181 countries according to the 2017 ND-GAIN climate vulnerability score
- Agriculture is major receiver of climate-related impacts
 - crop losses and damages to agricultural infrastructure due to floods, storms, and droughts
 - Rising sea levels
 - Changing precipitation patterns
 - Increase in weeds, insect pests and plant diseases



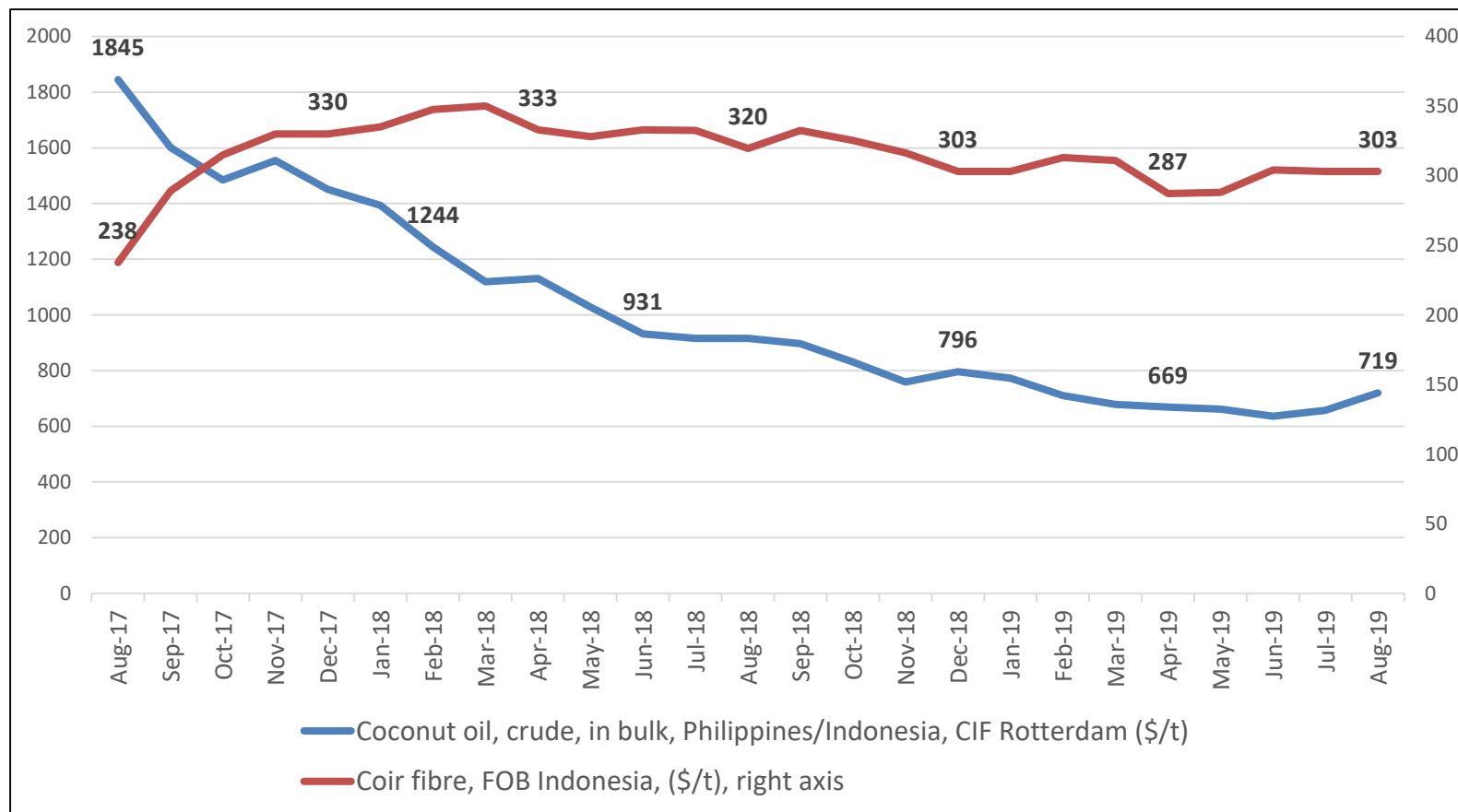
Diversification can help mitigate price risks



Data source: UNCTADStat



Diversification can help mitigate price risks

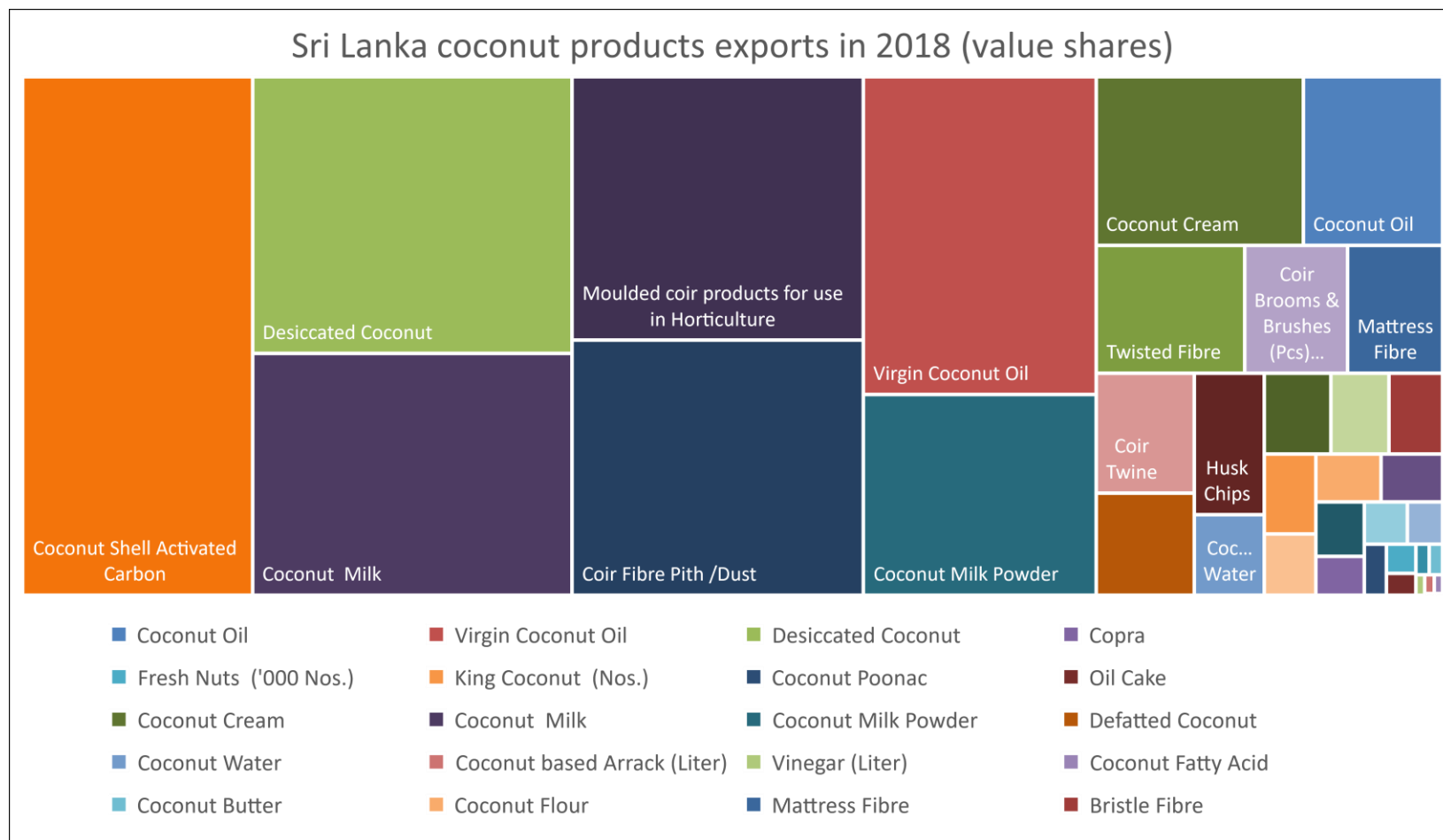


Data source: UNCTADStat, International Coconut Community



Coconut products

- example of a diversified coconut export structure



Data source: Sri Lanka Coconut Development Authority

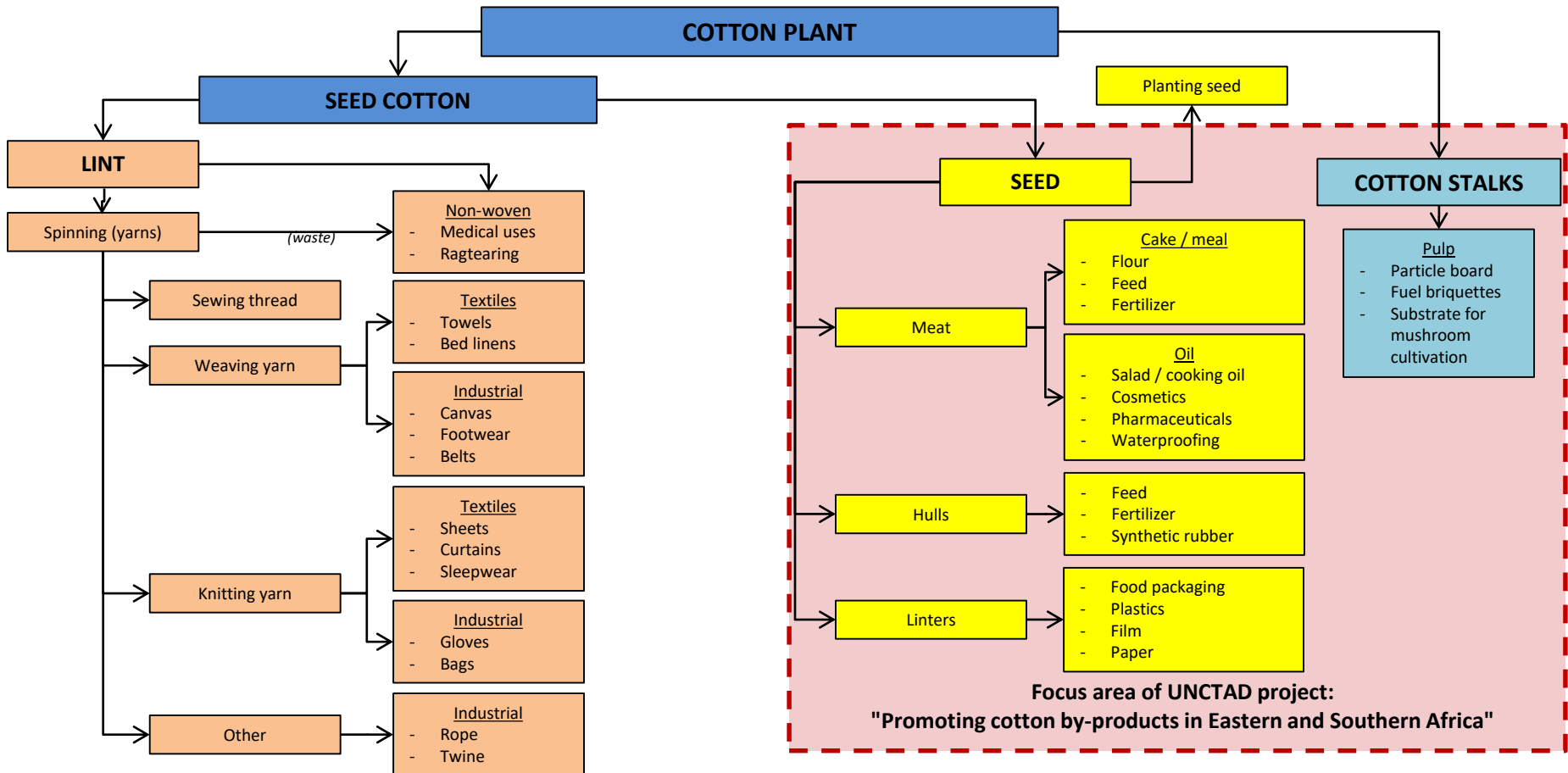


UNCTAD project on cotton-by products in Eastern and Southern Africa

- Cotton sector in many African countries characterized by low value addition
- Project aims at strengthening the capacity of beneficiary countries to
 - assess the potential value, market situation and prospects for cotton by-products
 - formulate evidence-based policies that improve the value added of cotton by-products
 - devise investment profiles to attract potential investors
- Project implemented in United Republic of Tanzania, Uganda, Zambia and Zimbabwe from 2016 - 2019



Cotton-by products



Source: Adapted from Cotton Development Organisation, Uganda



Cotton-by products can contribute to development objectives

- Income opportunities for farmers
- Small-scale, rural business opportunities, including for women
- New business opportunities for entrepreneurs
- Improved nutrition
- Substitution of fossil fuels
- Substitution of wood charcoal (deforestation)
- Reduced pollution

Financial projections for selected cotton stalk-based businesses

Item	Briquetting plant	Pelleting plant	Mushroom farm
Capacity	20 MT/day	4 MT/day	3,600 kg/yr
Total capital investment (US\$)	69,000	25,000	14,850
Total revenues / year (US\$)	350,000	59,000	5,832
Net profits / year (US\$)	35,000	8,000	3,644
Net profit margin	10%	14%	25%
Return on investment, annual	53%	32%	25%
Investment payback period (months)	23	38	49

Sources: Estimates by UNCTAD, CIRCOT and Uganda Industrial Research Institute

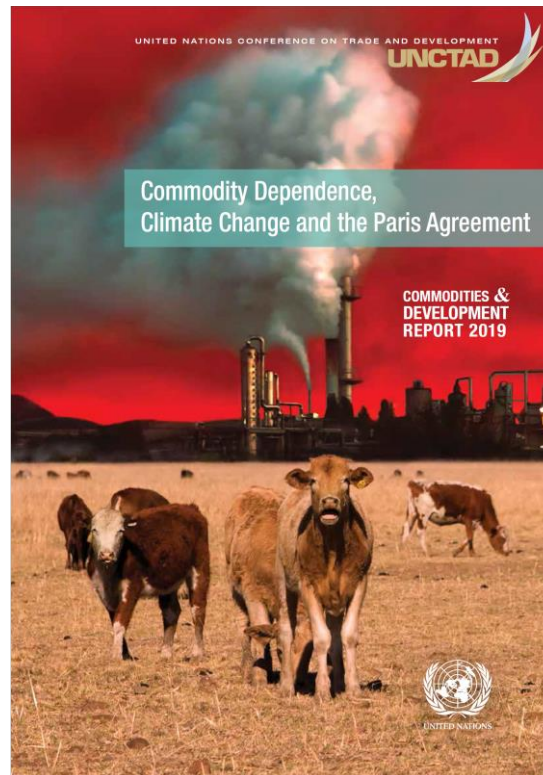
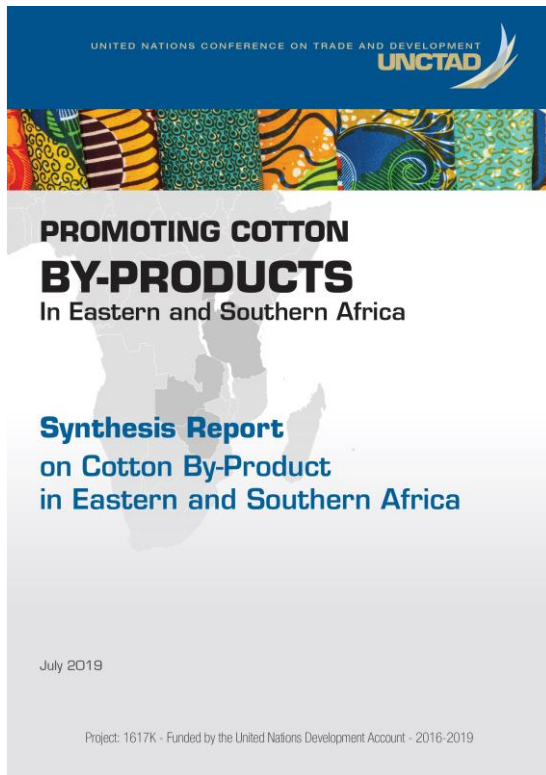


Summary

- Agricultural development is a crucial aspect of the sustainable development agenda
- Value addition and diversification can help to mitigate risks and contribute to achievement of SDGs
- Large potential for value addition and diversification exists in coconut sector



Thank you.



More information:
[https://unctad.org/en/Pages/SUC/
Commodities-Special-Unit.aspx](https://unctad.org/en/Pages/SUC/Commodities-Special-Unit.aspx)

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