



# Trading Food

## For Sustainable Development

Fostering Integration of the Lao People's Democratic Republic  
Downstream Value Chain of Maize into Regional Value Chains

### National Virtual Workshop

13 October 2020 (Online via Zoom)

#### Project Background

Maize is a very important agricultural commodity for Lao People's Democratic Republic. It is the second largest agricultural crop after rice by cultivation area, and its cultivation also provides upland farmers, many of which are below the poverty line, with a cash crop that can improve their living standards.

The importance of maize for development has also been explicitly recognized in the country's medium-term strategic frameworks, namely the "Agriculture Development Strategy to 2025 and Vision to the Year 2030" document of the Ministry of Agriculture and Forestry published in 2015, and the "8th Five-year National Socioeconomic Development Plan (2016–2020)" published in 2016. In these documents, the objectives of increasing production and value addition in the maize sector are explicitly mentioned, and the need for studying the value chain of maize in order to prioritize, coordinate and time policy interventions emerges.

For these reasons, Lao People's Democratic Republic participates in UNCTAD's project "Integrating Landlocked Commodity Dependent Developing Countries into Regional and Global Value Chains", funded by the United Nation's 2030 Agenda for Sustainable Development Sub-Fund. This two-year project (March 2018 - March 2020) has the objective to support integrated value chain development in four landlocked commodity dependent developing economies (Ethiopia, Lao People's Democratic Republic, Mongolia, and Uzbekistan), focusing on the agri-food sector. It aims at enhancing the countries' capacities in formulating and implementing policies and strategies to promote better integration into Regional and Global Value Chains (RVCs and GVCs). In particular, the project's activities aim to improve the analytical and data capacity of beneficiary countries in effective policy formulation to promote the integration of local food industries into RVCs and GVCs, taking advantage of UNCTAD's expertise as the leading UN agency working in the area of trade for development.

In Lao People's Democratic Republic, the project has analyzed the maize value chain for export, using tailored survey data obtained from six districts (Beng, Houne, Kenethao, Parklai, Kham and Nong Het) in three maize-producing provinces (Oudomxay, Xayaboury, Xiengkhuang).

First, the study identified and analysed the different roles played by three main stakeholders in the maize value chain: farmers producing maize, small traders aggregating and carrying out basic processing, and larger traders doing further processing and exporting.

Second, the study analysed the relationships between farmers and traders. In this regard, the analysis highlighted the role of traders in the provision of farmer finance, where bargaining power and "relational capital" appear to be especially important.



Third, the study empirically explored the relationship between selected stakeholder characteristics and maize prices. Controlling for geographical location, the study found a positive and statistically significant relationship between farmer maize sale prices and whether they sell maize in grain (versus cob) form, cooperative membership, ownership of storage, and duration of maize storage; and a negative relationship between prices and whether a farmer receives trader-supplied inputs. Similarly, the study found a statistically significant positive relationship between trader size (measured as the quantity of maize traded in a year) and maize price margins, sales prices, and purchase prices. These correlations were found controlling for the form of maize bought, the geographic location of traders and whether traders are engaged in external trade.

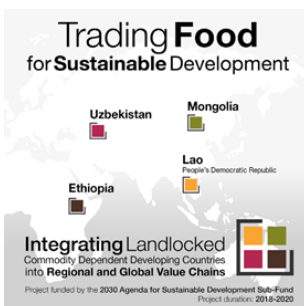
On the basis of the findings of this empirical-based study, a series of policy implications for improving the functioning of the chain and increasing benefits to stakeholders were identified. These focus on improving information availability, enhancing farmer and trader access to finance, and potential measures to foster smallholder farmers' earnings.

### Objectives of the National Virtual Workshop

The objective of this national virtual workshop is to contribute to policy discussions with the different stakeholders from the public and private sectors, International Organizations and others in order to strengthen the maize value chain for export in Lao People's Democratic Republic, including its integration into regional value chains.

During the workshop, the empirical and analytical findings of the project will be presented, regarding the functioning of the downstream maize value chain in Lao People's Democratic Republic, and we will discuss possible ways in which the current and future policy framework in Lao People's Democratic Republic can be strengthened in order to contribute to public policy formulation in the sector at the national and sub-national levels.

## Contacts



For more information on the project, please contact the Commodities Branch:

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## Programme of the workshop

14:00–14:15      **Opening session**

### *Opening statements:*

*Ms. Sara Sekkenes, United Nations Resident Coordinator in Lao People's Democratic Republic.*

*Mr. Rodrigo Cárcamo, Project Coordinator, Division of International Commodities and Trade, UNCTAD.*

*Mr. Xaysomphet Norasingh, Director General, Department of Production and Trade Promotion, Ministry of Industry and Commerce.*

14:15–16:00    **1st Session: The Maize of The Downstream Value Chain in Lao People's Democratic Republic - Diagnostic**

Effective policy design requires fact-based, updated information and analysis for success. During this session, the current state of the downstream value chain of maize in Lao People's Democratic Republic as well as different ongoing initiatives to strengthen this and other agricultural value chains will be discussed and analyzed.

Moderator: Mr. Nasar Hayat, Representative of the Food and Agriculture Organization of the United Nations in Lao PDR.

14:15 – 14:35      *Presentation of UNCTAD's Study "Analysing the Maize Value Chain for Export in Lao People's Democratic Republic"*

*Mr. Rodrigo Cárcamo, Project Coordinator, Division of International Commodities and Trade, UNCTAD*

14:35 – 15:20      *Discussants/Presenters*

*Mr. Peter Lentjes, World Bank Agricultural Competitiveness Project*

*Mr. Matthew Johnson-Idan, Office of the United Nations Resident Coordinator, Vientiane*

*Mr. Salaksone Korasack, Assistant to the President, Lao Agro Processing Association.*

15:20 – 16:00      *Panel discussion followed by general discussion with participants*

16:00 – 16:15 **Coffee Break**



16:15–17:45 2<sup>nd</sup> Session

### **Policies for Strengthening the Maize Value Chain in Lao People's Democratic Republic and its Integration into Regional Value Chains**

Fostering a successful and sustainable agricultural export sector can be an important tool for development. However, the policy efforts to strengthen agricultural value chains like maize are multi-dimensional effort that spans different aspects of policy action. During this session, we will discuss the existing policy framework at the national and subnational levels for strengthening the maize value chain for export, as well as how the findings from the project can contribute to ongoing and future policy efforts in that direction in Lao People's Democratic Republic.

Moderator: Mr. Chantha Thipphavongphanh, Director General, Department of Agriculture, Ministry of Agriculture and Forestry

#### **16:15 – 17:15 Presentations**

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

*Mr. Xaysomphet Norasingh, Director General, Department of Production and Trade Promotion, Ministry of Industry and Commerce*

##### ***Support policies to promote and strengthen producer groups (farmer cooperatives)***

*Mr. Somboun Vongphet, Director of Cooperative Promotion Division – Department Rural Development and Cooperative*

##### ***Support policies to strengthen productive finance for farmers and traders***

*Mr. Phetanong Insarn-Deputy Director of SMEs Promotion Fund - SMEs Department, MOIC*

##### ***Provincial policies pertaining to the Maize Value Chain: current situation and perspectives***

###### *Oudomxay Province*

- *Mr. Singdala Sonethwnou – Provincial Industry and Trade*
- *Mr. Somesanouk Phongsavad – Provincial Agriculture and Forest*

###### *Xayaboury Province*

- *Mr. Chanpheng Phanthou Amat, Director Provincial Industry and Trade*
- *Mr. Inthavong Khamphout – Deputy Provincial Agriculture and Forestry*

###### *Xiengkhuang Province*

- *Mr. Bounkhong Nanthavong Deputy Provincial Industry and Trade*
- *Mr. Chanthala Viengkham, Deputy of Agriculture and Forestry*

#### **17:15 – 17:45 General discussion with participants**

#### **17:45–17:55 Closing session**

*Mr. Xaysomphet Norasingh, Director General, Department of Production and Trade Promotion, Ministry of Industry and Commerce.*

*Mr. Rodrigo Cárcamo, Project Coordinator, Division of International Commodities and Trade, UNCTAD*