



Lao coffee sector development

Progresses, learning and challenges

Secretariat of the Lao Coffee Board (CNCL)

SWG-ARD meeting

31st of March 2015

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Reminder: core contents and principles of the LCSDS (2025)

The purpose of the Lao Coffee Sector Development Strategy is to **enhance the contribution of the Lao coffee sector to the achievement of the national socio-economic development goals of poverty alleviation and economic growth** and to support the sustainable development of this sector.

Its ambition is to **federate the economic and public stakeholders** of the Lao Coffee Sector, to improve the complementarities and build a relevant management of public action and private initiatives, and **mainstream** these actions in a coherent manner.

The Strategy is articulated around six pillars:

Pillar 1: Development of the production

Pillar 2: Improvement of the quality

Pillar 3: Promotion of the Lao quality coffee on domestic and international markets

Pillar 4: Securing producers' land rights, zoning and land use planning

Pillar 5: Improved business environment for competitiveness and reduction of costs

Pillar 6: Strengthening institutions and organizations capacities

Reminder: core contents and principles of the LCSDS (2025)

Implementation of the strategy is not seen as a centralized process: not to be considered as a project or a program to be funded and implemented through a sole and unique channel

→ Will be based on responsibilities sharing + encourages initiatives of the different categories of stakeholders including of the private sector

The Lao Coffee Board mainly contributes to build the coherence and enhance the synergies between the different actions of all stakeholders

1. Progress on the implementation of the Lao Coffee Strategy

Actions implemented and/or facilitated by the LCB secretariat

Organization principles

- Dialog and identification of priority interventions
- Setting up of specific taskforces gathering stakeholders from private and public sectors
- Coordination and definition of joint work plans
- Mobilization/collection of resources
- Implementation and monitoring with report to the LCB

1. Progress on the implementation of the Lao Coffee Strategy

Actions implemented and/or facilitated by the LCB secretariat

Examples

A- Pilot activities of supply chain structuring and development

Conservation and improvement of Robusta plantations

Lao coffee sector newsletter

B- Supply chain governance and control improvement

Diffusion of the Lao Coffee Sector Development Strategy

Geographical Indication process

C- Reinforcement of field actors' role

Elaboration and diffusion of a “manual for good practices”

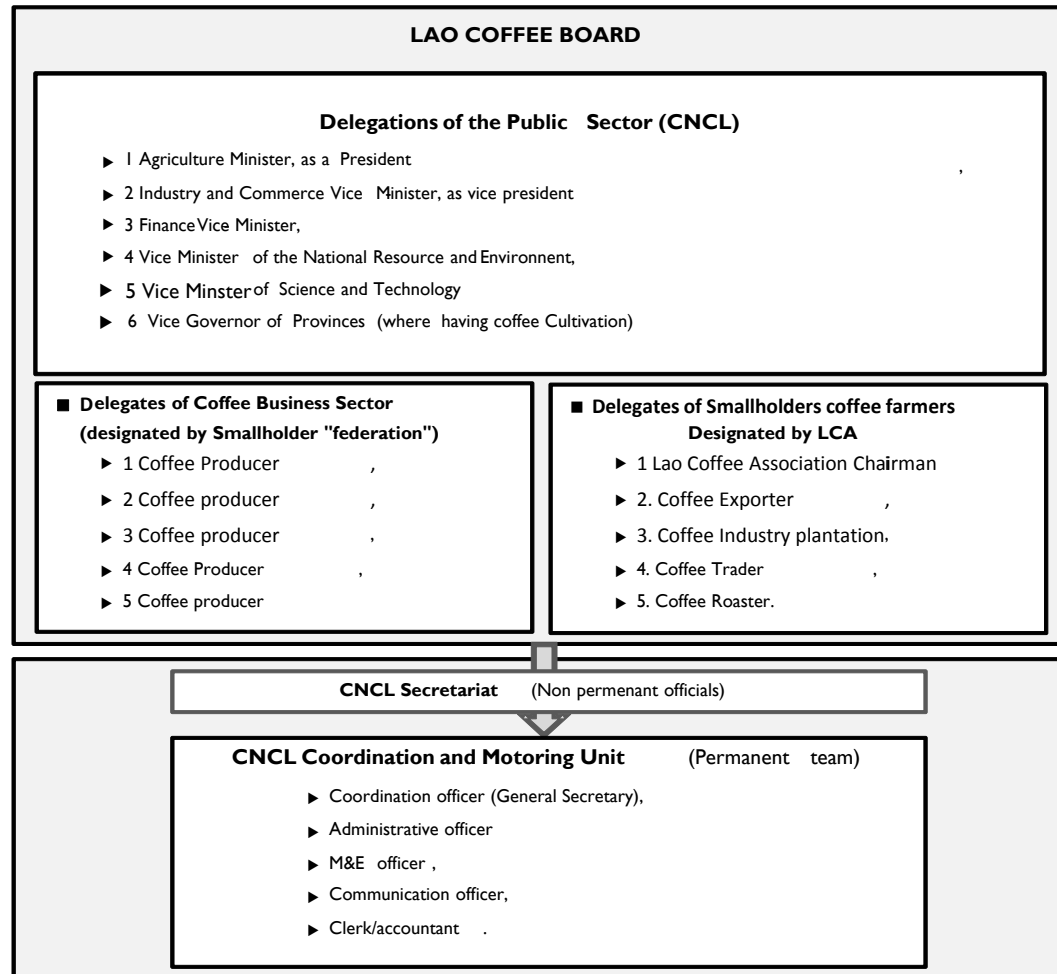
D- Promotion and connection with international institutions

Contribution to the organization of the first Lao Coffee Festival

Adhesion to the International Coffee Organization

1. Progress on the implementation of the Lao Coffee Strategy

Suggested structure for coffee sector management



Provincial / District Support Committees

(set-up to coordinate actions related to the strategy implementation in a given territory)

- Chaired by Governor or Vice - Governor;
- Facilitated by the Lao Coffee Board Secretariat / Executive Unit.

LAO COFFEE FORUM

Network / "think -tank" of all public and private stakeholders:

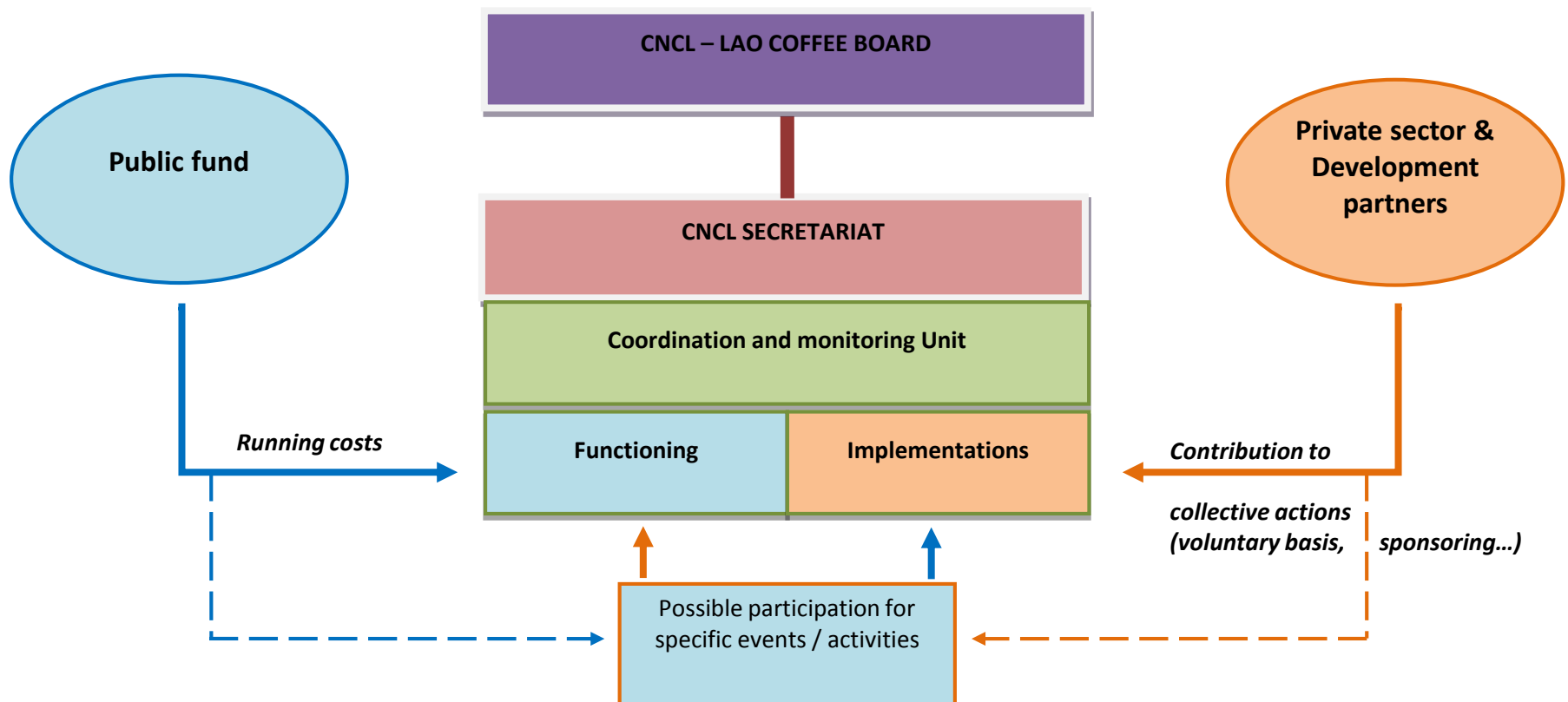
- ▶ Public institutions ,
- ▶ Economic stakeholders,
- ▶ Development partners, projects, NGOs ,
- ▶ Experts.
- ▶ Others .

1. Progress on the implementation of the Lao Coffee Strategy

Funding mechanisms

Complementary sources:

- A public fund especially allocated to the running costs of LCB's operational unit
- Additional funds (private and development sectors) for projects in the frame of the Strategy



2. First Lao Coffee Festival - outcomes



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FESTIVAL
24-25 OCTOBER 2014 | CHAMPASAK

2. First Lao Coffee Festival - outcomes

Initial challenges:

- ✓ Major event which mobilized stakeholders from the whole sector
- ✓ Show collaboration and coordination capacities through the creation of organization committees and in a proper distribution of responsibilities

2. First Lao Coffee Festival - outcomes

Successes:

- ✓ Efficient communication strategy: high frequentation by local, national and international participants (3200 *participants*)
- ✓ Smooth implementation with 3 spots properly organized (exhibition area : 178 booths+ seminars : 220 participants) + coffee tour : 164 persons)
- ✓ Representation of various stakeholders from the whole value chain – reinforcement of the *value chain spirit or identity*
- ✓ Creation of networking and business opportunities
- ✓ Efforts put in promotion of Lao coffee sector on international scene
- ✓ Relevant information displayed on coffee local and international industry

2. First Lao Coffee Festival - outcomes

Further improvements:

- ✓ Tighten organization of logistics aspects
- ✓ Emphasis on business meetings, arrangement of specific area and planning for private sector participants
- ✓ Attract worldwide coffee industry stakeholders
- ✓ Improve mobilization and use of financial resources
- ✓ Promote an increased participation of small scale producers and traders
- ✓ Debriefing sessions to perfect organization of this yearly event

3. Dissemination of the Coffee Sector Development Strategy in Northern Laos

Stakeholders meeting

Seminar on Strategy diffusion: 31/01/2015 in Louangprabang

Massive participation of public sector from 6 provinces, plus private companies or other possible investors (81 participants)

Reinforcement of Lao Coffee Board position as the national institution in charge

3. Dissemination of the Coffee Sector Development Strategy in Northern Laos

Objectives

(i) Introduce LCSDS legitimacy and contents as:	
<ul style="list-style-type: none">▪ A decision making tool▪ A reference to monitor coffee-related activities▪ A “communication” tool	<ul style="list-style-type: none">→ Sector/value chain managers, policies makers→ Technical departments, professionals, development partners→ International public and investors, institutions
(i) Ensure a proper understanding of Strategy contents as:	
<ul style="list-style-type: none">▪ An evaluation and monitoring frame▪ A sensitization support to improve practices▪ A strong support to Lao coffee identity building▪ A framework to identify assistance and development interventions	<ul style="list-style-type: none">→ Sector/value chain managers, policies makers, technical departments→ “Upstream” value chain stakeholders such as producers, middlemen-traders, processors→ All stakeholders linked with an interest in Lao coffee promotion and inter-professional collaborations→ Donors and projects implementers

3. Dissemination of the Coffee Sector Development Strategy in Northern Laos

Features and coffee sector current situation in the North

- Relatively recent development of coffee production → reduced number of **stakeholders** in the supply chain
- Coffee not among main productions in volumes for Northern provinces but could become a **priority** for some districts in the future
- Authorities expressed consideration for coffee as an opportunity of improved **smallholders incomes**.
- Alternative for **land management issues** and to slash n burn practices.

3. Dissemination of the Coffee Sector Development Strategy in Northern Laos

Challenges

➤ **Bordering areas = market opportunities**

→ Exports in China, Thailand and Vietnam

→ But requires improvement of access and infrastructure to improve Foreign Investment attractiveness (roads and facilities for storage and processing)

➤ **Relevant geographical conditions**

→ Altitude and ecology suitable for coffee growing

→ Relevant alternative to conversion of smallholders to cash cropping on a sustainable basis

➤ **Tourism industry = additional outlet** for roasted coffee
(+ possible development of agrotourism activities)

3. Dissemination of the Coffee Sector Development Strategy in Northern Laos

Challenges

➤ Young economic sector in growing phase

→ Necessary reinforcement of arbitration roles and responsibilities among stakeholders to ensure conformity of practices with MDGs (improvement of living conditions for Lao citizens, sustainable development)

➤ No research center or expertise resource proper to Northern Laos

→ Development of specific curriculum at Northern Agriculture and Forestry College?

→ Formalization of technical linkages with CREC?

4. Further cooperation opportunities

Coffee value chain gathers development issues to be tackled in the frame of Strategy pillars and implementation principles, and in order to the national socio-economic development goals of poverty alleviation and economic growth

Contribution of development partners and public necessary to reinforce LCB governance and projects implementation

4. Further cooperation opportunities

Intervention areas

- **Agriculture development (pillars 1,2,4,6)**
 - Development of production, focus on quality
 - Technical innovation and endorsement by farmers and extension services
 - Land zoning for Coffee cultivation, soil fertility management
 - Etc.

4. Further cooperation opportunities

Intervention areas

- **Private sector and agribusiness development (pillars 3,5,6)**

- Value chain management

- Improvement and regulation of trading and business environment, reinforcement of public-private partnerships

- Promotion and marketing initiatives

- Etc.

4. Further cooperation opportunities

Intervention areas

- **Institutional development and organization capacity (pillars 3,4,5,6)**

- Farmers and traders organizations

- Development of technical extensions
(technical monitoring, improvement of
databases, etc.)

- Capacity building for the LCB and its
operational unit

- Etc.

4. A commodity management model

Lessons learnt

- Consultation and involvement of all categories of stakeholders as first requirement to build a sector unity and produce a Strategy resulting of a consensus
- Leading responsibilities allocated to a commonly designated group representative of diverse interests and able to encourage/support stakeholders initiatives

4. A commodity management model

Lessons learnt

- Build a *sector identity* to stimulate synergies and defend overall sector interests
- Mobilize available and collect additional resources for sector permanent coordination and monitoring of activities
- Regulate economic environment and production conditions to ensure improvement and smallholders incomes and business development opportunities

4. A commodity management model

Key orientations for commodities in Laos

- ✓ Focus on quality products in accordance with production conditions and capacities
- ✓ Strengthen smallholders and local stakeholders roles in the value chain, through a relevant organization
- ✓ Develop possible standards and support promotion initiatives



Thank you

