Collaborative diagnosis of the coffee Supply-chain

Proposals from the Technical Assistance Group

GTC Second Meeting
19th January 2007
Objectives of GTC Commission n°2

- To supervise the collaborative diagnostic study of the coffee value chain

- This diagnosis will be a basis for elaboration of the national policy for development of the Lao coffee value chain:
  - in the short,
  - medium,
  - and long term.
Groupe de Travail Café GTC – 2nd meeting, 19 January 2007

GTC Commission n°2 Members

- M Kethkèo Phouangphèt
  Director of Technical Division, DA, MAF
- M Bounsi
  Representative of producers, Chansavang village, Champassak Province
- M Bounlèo
  Representative of producers, Phokhèm village, Saravane Province
- Mrs Leuang Lît dang
  CEO, Dao-Heuang Import-Export Company, Consultor of Lao Coffee Association
- M Thongkham Phanthalay
  Member of the Board, Lao Coffee Association
- M Khamsène Inthalaphet
  Deputy Director of PAFO, Saravane
- M Chansamone Sisa ath
  Product Promotion Department, Ministry of Commerce and Industry
- M Bounliep Chounthavong
  Director, Point d’Application des Bolovens
Collaborative analysis

- WHY a collaborative study?
  - To build among government, producers, roasters, traders and exporters, a common understanding of:
    - the current mechanisms
  
  - And to build a common vision of:
    - the strengths and weaknesses
    - Areas for improvement

  - The process is as important as the data collection and analysis..

  .. because the goal is to lay the foundation for the future Lao National Coffee Council
Collaborative analysis

**WHAT is a collaborative study?**

- It is a free discussion of issues, problems and solutions by all members
- A study with the participation in data collection and analysis by all members
- A consensus on the conclusions by all members
- In this process everybody is equal
Technical assistance team

- To assist Commission n°2, a Technical Assistance Team has been set up:
  - Technical Assistant of UC-PCADR, Mr Steven Shepley
  - 1 person of UC-PCADR, Mr Phouthanousone Meuansithida
  - 1 professor of National Faculty of Agriculture, Nabong campus: Ms. Chitpasong Kousonsavath
  - GTC Assistant: Ms Phonpaseuth Mahavong
  - Technical assistant of PAB, Mr Bertrand Sallee
  - Supported by food chain analysis expert: M Denis Sautier
Analysis of agrofood supply chains

- Food circulation = a chain

- If one link is weak, then the whole chain is weak.

- Understand the relations. Example:
Why a new study?
Definitions

- **Supply chain:**
  - « the set of economic actors and of their relations, that contribute to the production, processing, distribution and consumption of a produce » (Fabre, 1996)

- Its identification sheds light on the economic players, the processing and trading operations, the formation of the prices, the strategies to improve market access.
« 5 main STEPS »
for the coffee chain collaborative study:

- Step 1: National analysis
- Step 2: Linkages with international markets
- Step 3: Structure of the chain
- Step 4: Operation of the chain
- Step 5: Interpretation of the results
1 – National analysis

- Objectives
  - To understand the trends in national market organisation and consumption

- Data collection:
  - Roasters
  - Coffee retailers
  - Consumers
  - National regulations
2 – Linkages with international markets

- Objectives:
  - To understand the limitations and potential of Lao coffee on the international markets

- Data collection:
  - Export statistics
  - Importers’ survey
  - Exportation regulations, procedures, costs..
  - Future evolution:
    - Standards, WTO, world market trends, infrastructure..
3 – Structure of the chain

- Objectives:
  - To understand the chain, step-by-step

- Data collection with each type of player:
  - Input providers
  - Processers
  - Exporters
  - Producers
  - Transporters and collectors
  - Out of border operations and buyers:
    - Vietnam
    - Thailand
    - Europe, etc
4 - Operation of the chain

- Designing the map of the chain:
  - Circulation of products
  - Prices
  - Circulation of money
  - Circulation of information
5 - Interpretation of the results

- Sources of improvement?
- Strengths?
- Weaknesses?
- Value addition potential?
- Simulations of possible changes
Let us begin with the first step
National market analysis
With participation of
  - Roasters
  - Ministry of commerce, National Chamber of Commerce, STEA and Provinces
  - Will be in contact with Technical Assistance Group