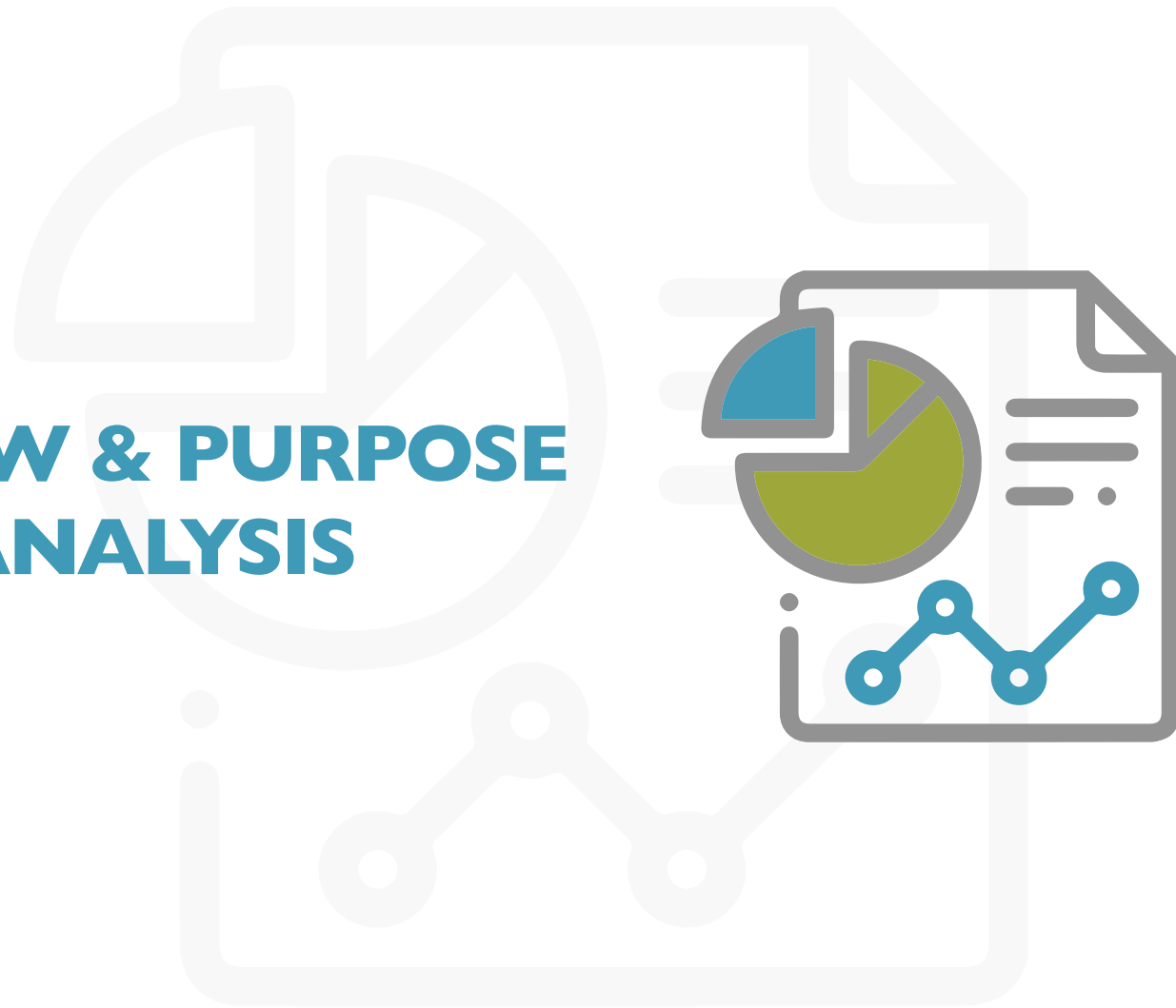


STRENGTHENING COMPETITIVENESS IN REGIONAL AGRICULTURAL TRADE ACTIVITY

OVERVIEW & PURPOSE OF THE ANALYSIS



1 WHAT

Strengthening Competitiveness in Regional Agricultural Trade

2 WHERE

Nine EAC and COMESA countries (i.e., Kenya, Uganda, Ethiopia, Tanzania, Rwanda, South Sudan, DRC, Zambia and Burundi).

2 GOAL

To understand the critical factors and root causes of low regional trade and identify the potential and options for regional trade expansion in the region.

Scope of Competitiveness Analysis

a) Analysis of Regional Trade Outlook, Performance and Competitiveness

Identification of **critical factors** that determine trade competitiveness, priority export-facing agriculture **value chains** that have high potential to be competitive, and regional trade **policy and program opportunities** (by AKADEMIYA2063).

b) Identification of Innovative Options

Identification of strategic areas of focus, and **innovative private sector-led solutions and approaches** that can increase trade and agriculture competitiveness (by Dev-Pact).

SUMMARY OF FINDINGS OF THE IST ANALYSIS



Analytical Questions

A

What is the **current trajectory of agricultural trade in the region** and among the target countries? What is the status of and critical factors that influence agriculture trade competitiveness in the region?

B

How **available policy options are likely to alter the current trajectory** to achieve desired regional trade outcomes?

C

What are the **leading regional value chains with the highest potential to boost transborder trade** in agricultural commodities? How will the candidate value chains contribute to broader regional and national development goals?

D

What are some of the **useful policies and program opportunities to increase competitiveness** and regional trade?

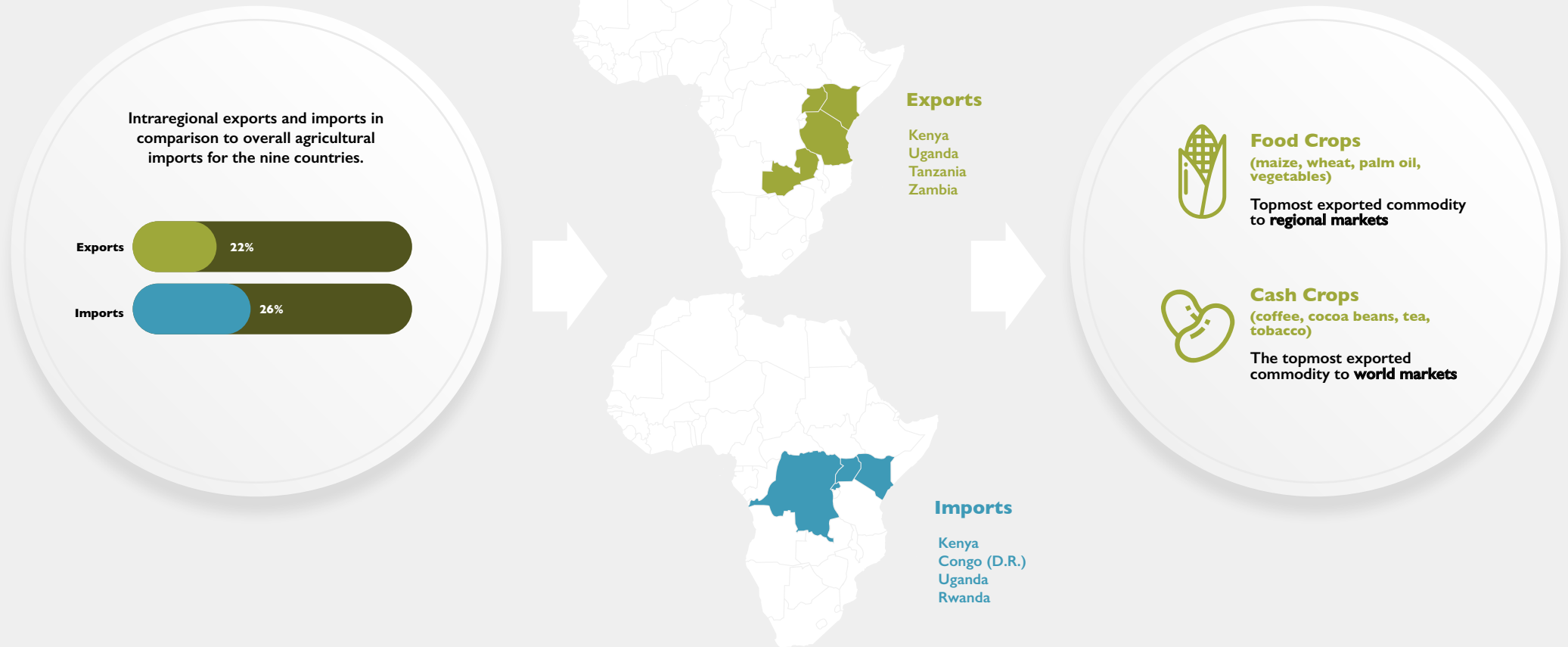
A. CURRENT TRAJECTORY OF AGRICULTURE TRADE IN THE REGION



FINDINGS ON CURRENT TRAJECTORY OF AGRICULTURAL TRADE IN THE REGION

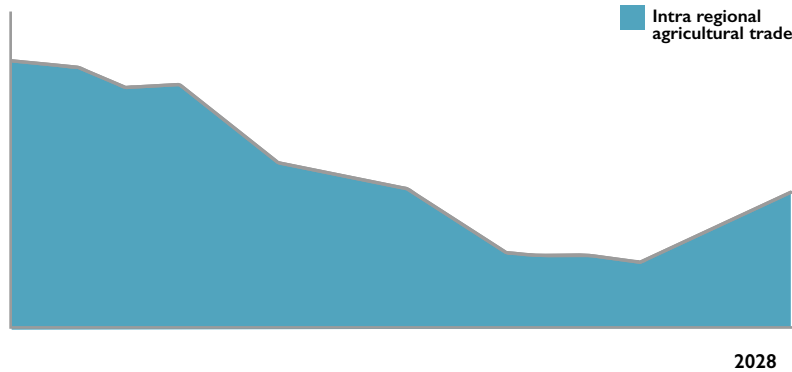
INTRA REGIONAL TRADE

The biggest players in regional agricultural markets

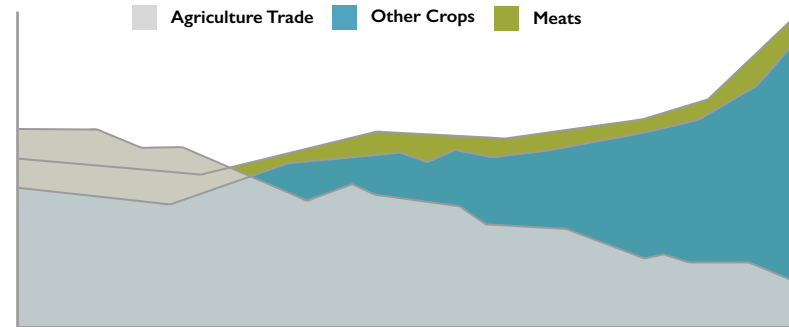


There is a scope for transborder trade expansion within the group of target countries and with the rest of the Eastern and Southern Africa region as suggested by low production and export similarity indices, and large overlapping trade flows.

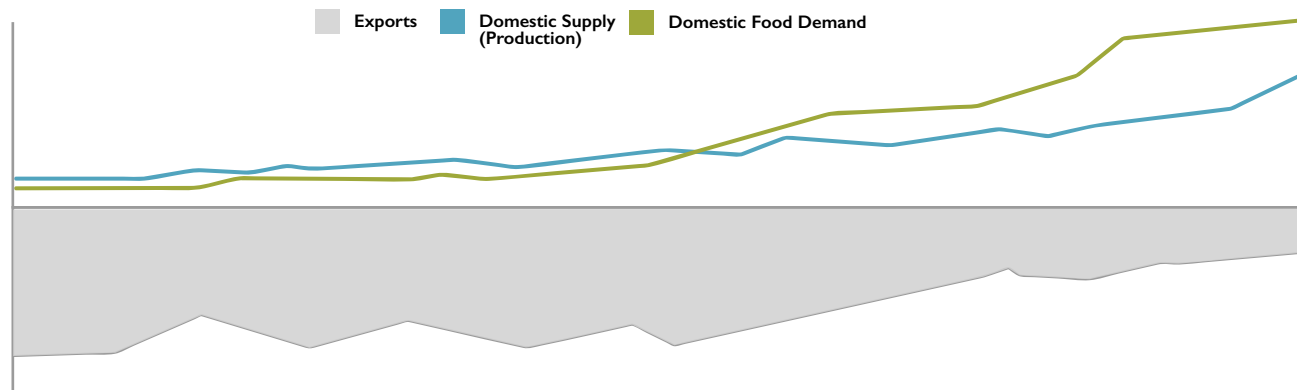
FINDINGS ON CURRENT TRAJECTORY OF REGIONAL AGRICULTURE TRADE



Assuming a continuation of the direction of current trends, the size of intra regional agricultural trade is expected to continue its decline before stabilizing and starting to reverse around 2027-2028.

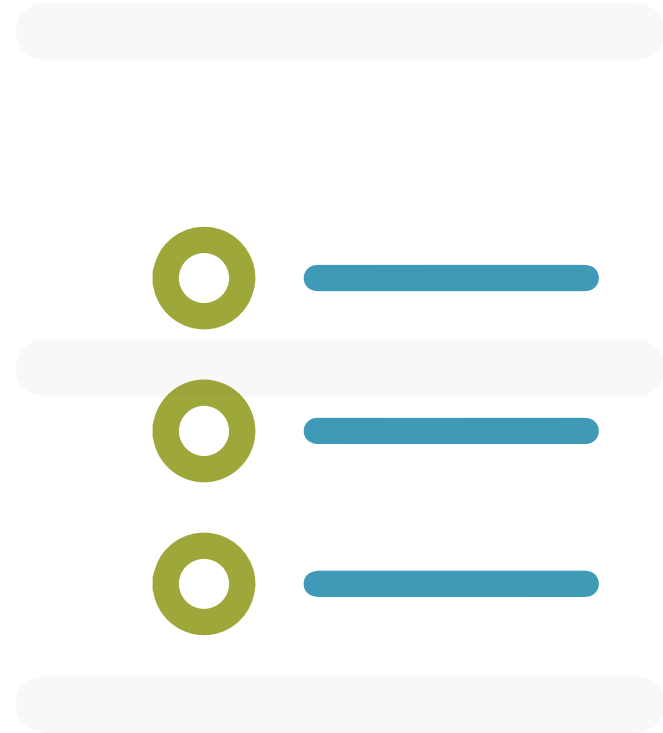


While regional Agriculture trade is trending downward, driven primarily by cereals, other crops and meats have continued to surge.

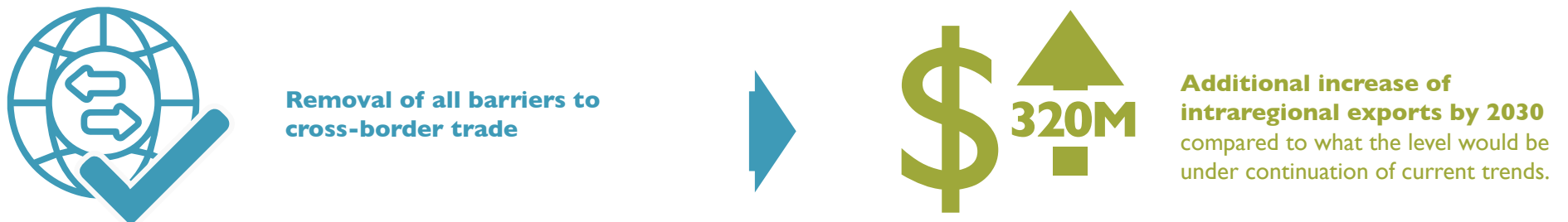
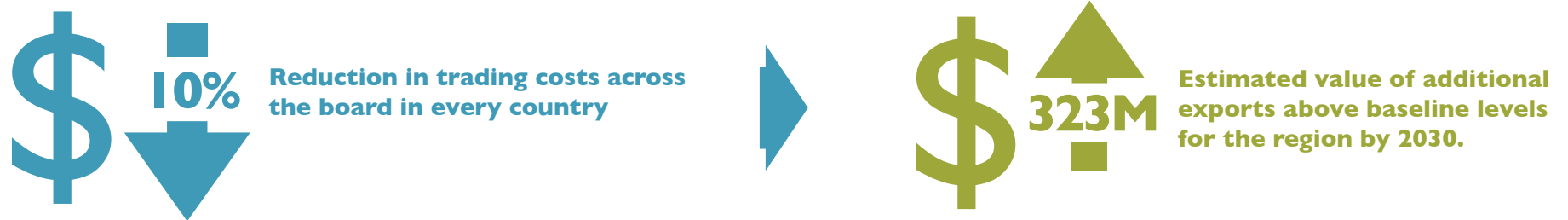


The declining trend in exports is due to domestic food demand growing more rapidly than domestic supply (production).

**B. 3 POLICY OPTIONS
LIKELY TO ALTER
THE CURRENT
TRAJECTORY TO
ACHIEVE DESIRED
REGIONAL TRADE
OUTCOMES**



POLICY SCENARIOS THAT COULD ALTER THE CURRENT TRAJECTORY



Under the later two scenarios, the additional export revenues for the region as a whole is about \$300 million (50% lower).

C. IDENTIFICATION OF LEADING VALUE CHAINS



STEPWISE ASSESSMENT OF CANDIDATE VALUE CHAINS CONTRIBUTION TO BROADER REGIONAL AND NATIONAL DEVELOPMENT GOALS



Analysis of future regional trade dynamics and implications on agricultural trade performance and value chain competitiveness.

Prioritization of agricultural value chains based on their respective contributions to promoting regional trade.

FINDINGS ON STEP I

EMM RESULTS: LEADING EXPORT VALUE CHAINS BY COUNTRY TO BOOST REGIONAL TRADE

	BURUNDI	CONGO (D.R.)	ETHIOPIA	KENYA	RWANDA	TANZANIA	UGANDA	ZAMBIA
Cattle	●			●				●
Chickens				●				
Cocoa		●				●	●	
Coffee	●	●	●	●	●	●	●	
Cotton						●		●
Cottonseed Oil			●			●	●	
Freshwater Fish				●		●	●	
Groundnut Oil		●					●	
Maize			●			●		
Nuts				●		●		
Other Fruits				●				
Other Live Animals			●					
Other Meats				●				
Other Vegetable Oils			●				●	
Pig Meat	●			●				
Sesame Oil							●	
Sesame Seed			●			●		
Sheep & Goats				●				
Sheep & Goat Meat	●							
Skin							●	
Soybean Oil							●	
Soybeans			●					●
Tea			●	●	●	●	●	
Tobacco				●		●		●
Pulses			●			●		
Spices			●	●				●



Other Meats

(i.e. other than cattle, chicken, sheep & goats, and pig meats)



Freshwater Fish



Maize



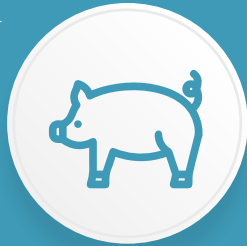
Coffee Green

Emergent Value Chains For Regional Trade Expansion

Based on the above, we have eight emergent focus commodities:



Tea



Pig Meat



Cattle



Pulses

These products are those in which countries among the sample under study revealed the highest potential for intraregional expansion in response to simulated policy changes



Step 2

Assessment of candidate value chains contribution to broader regional and national development goals

- ✓ Considered socioeconomic effects of regional agricultural trade expansion – contribution to national development agenda.
- ✓ Broadened value chains selection criteria by:
 - Assessing the contribution to regional and national overarching development goals.
 - Addressing the inclusivity issue by disaggregating groups of economic actors by gender and age.

Key Findings

Value chain ranking by country are based on the effectiveness and efficiency scores.

Ethiopia

1. Maize
2. Coffee
3. Other live animals
4. Spices
5. Pulses
6. Groundnut
/Cottonseed/Other processed oils
7. Other oil crops, sesame seed
8. Seed cotton
9. Tea
10. Soybeans
11. Hides and skins

Kenya

1. Goat meat and other meat
2. Coffee and tea
3. Cattle
4. Fruits
5. Sheep and Goat
6. Poultry
7. Spices
8. Freshwater fish
9. Sesame seed
10. Nuts
11. Cottonseed Oil
12. Tobacco

Rwanda

1. Spices
2. Hides and skins
3. Groundnut oil
4. Tea
5. Coffee

Tanzania

1. Maize
2. Pulses
3. Groundnut
4. Freshwater and sea fish
5. Spices
6. Groundnut oil, cottonseed oil, sesame oil
7. Sesame seed
8. Cocoa
9. Coffee
10. Hides and skins
11. Tobacco
12. Nuts
13. Seed cotton /cotton

Uganda

1. Coffee
2. Other vegetable oils
3. Freshwater fish
4. Seed cotton
5. Cottonseed oil
6. Tea
7. Hides and skins
8. Cocoa
9. Tobacco

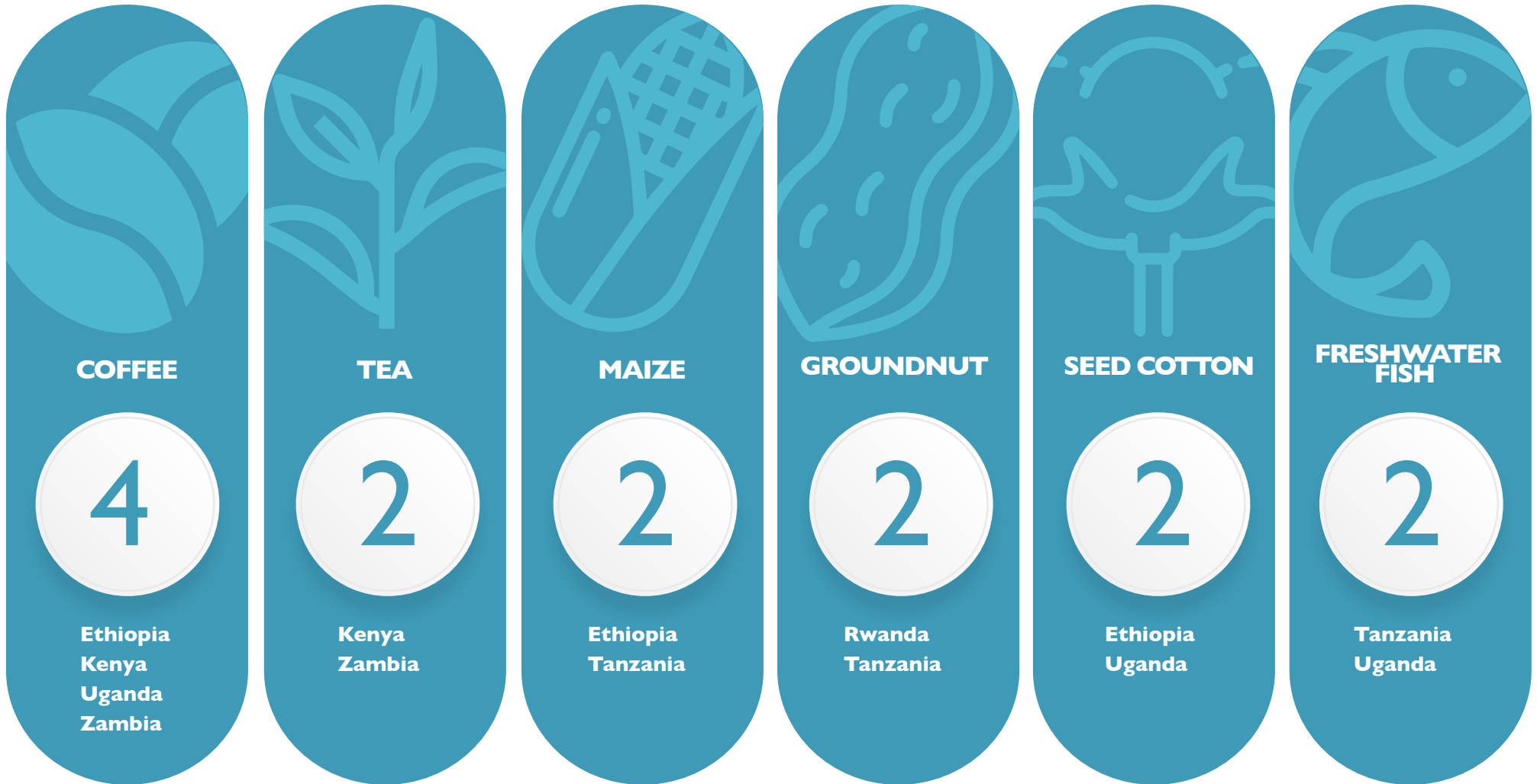
Zambia

1. Groundnut oil
2. Tea and coffee
3. Tobacco
4. Chickens
5. Cattle, pigs, sheep, goats, other live animals, hides and skins
6. Cottonseed oil, seed cotton
7. Soybeans
8. Spices

Key Findings

Six commodities of particular interest at the regional level.

Candidate Value Chain Ranking Based on Country Prioritization



**D. WHAT ARE SOME OF
THE USEFUL POLICIES
AND PROGRAM
OPPORTUNITIES TO
INCREASE
COMPETITIVENESS
AND REGIONAL
TRADE?**



Key Findings

Program and Policy Opportunities links with Preliminary analysis policy options

Policy Option 1 Decrease in costs of trade

Strengthening trade logistics and facilitation measures

Investment in productive infrastructure

Export promotion Policy Frameworks



Policy Option 2 Removal of cross-border trade barriers

Technical, business management, and enterprise skills development

Elimination of harassment at borders

Export promotion Policy Frameworks

Promotion of competition in the economy



Policy Option 3 Increase in crop yields

Promotion of technology adoption and innovation along agricultural value chains

Investment in productive infrastructure

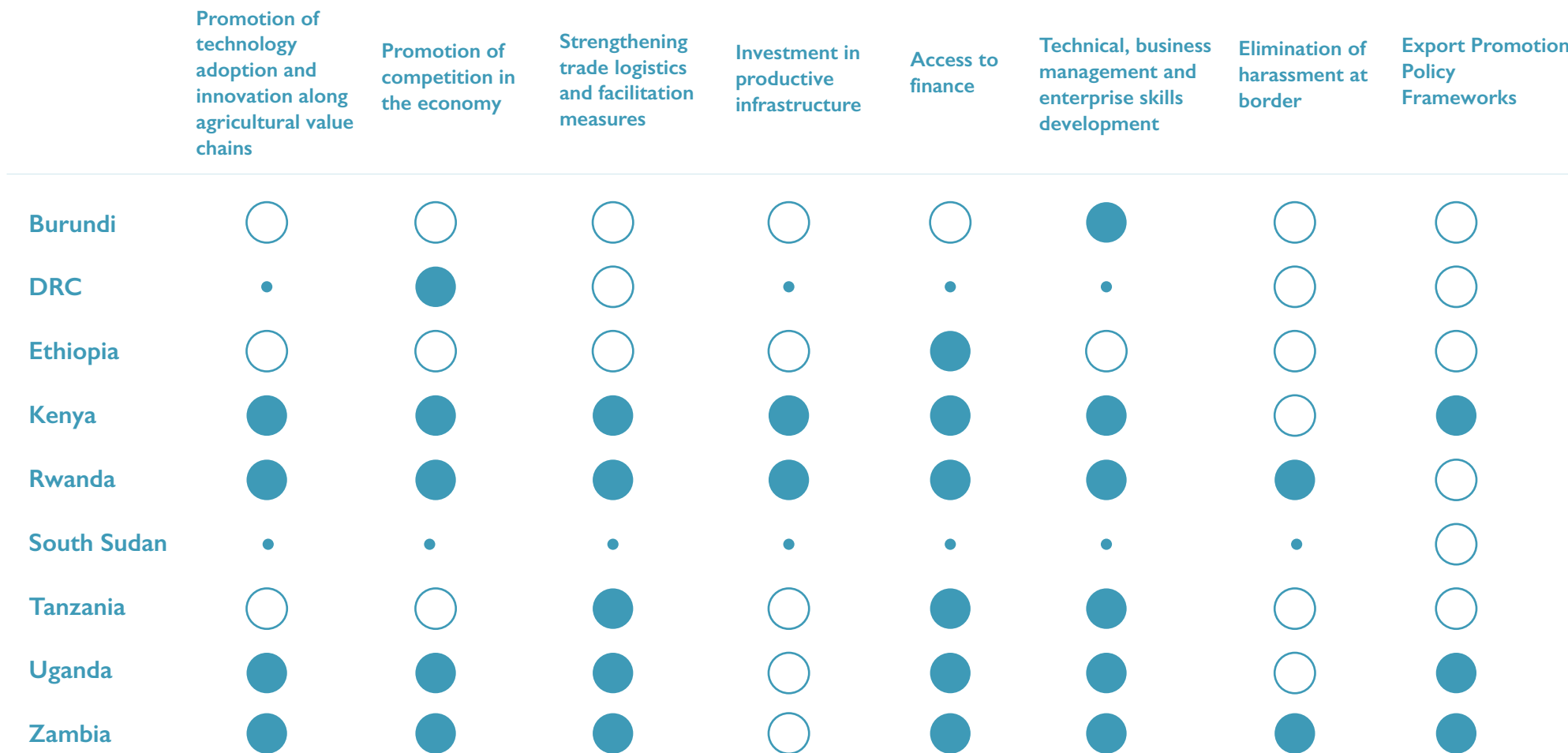
Promotion of competition in the economy



Key Findings

Program and Policy Opportunities links with Preliminary analysis policy options

Candidate Value Chain Ranking Based on Country Prioritization



NOTES:



Notable underperformance



Performs better than the African average



Missing values

Policy and programmatic implications



Design interventions around practices where countries underperform by adapting and replicating some experiences of the five performing countries



Review and strengthen the practices based on best performing countries experiences in countries where these practices have been implemented but without significant results



Implement or strengthen (if already exist) regional interventions around practices where most countries are under performing: Investment in productive infrastructure, Elimination of Harassment and Export promotion Policy Framework.

Next Steps



2nd Competitiveness analysis

Analysis to identify viable options, approaches and interventions for trade competitiveness.



Proof of Concept

Exploring several approaches (technical analysis, case studies, scenario planning, dashboards) to come up with feasible, viable solutions, identifying implementing partners and a clear roadmap/ end game.

