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# Leveraging Global Value Chains

How can Namibia Leverage on  
Global Value Chains?  
Experiences from other countries

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# Global Value Chains

## Introduction

### **Namibia Leveraging Global Value Chains in Agriculture**

Insights from International Practices

**Bank of Namibia**  
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# Concept of Global Value Chains

## Value Chain (VC)

Value Chain framework shows how a sector participates in the sequence of activities required to bring a product or service from its initial conception to production and sales (Henandez, 2014)

## Global Value Chains (GVCs)

The concept of GVCs involves integrated activities of commodity activities with outsourced processes in **at least 1 foreign country**, thus interlinkages across firm in different locations. (World Bank, 2020)



# Concept of Global Value Chains

**Global Value Chains (GVCs)** are networks of interconnected firms and activities involved in the production and distribution of a product or service. These chains often span multiple countries, with different stages of production taking place in various locations.



## Characteristics of GVCs

### Division of Labour

Production processes are divided into various tasks, with different stages being carried out in different countries or regions

### Interdependence

Firms within GVCs are interdependent, relying on each other for inputs, components, or services

### Global Governance:

GVCs involve complex governance structures, including international agreements, trade regulations, and corporate governance practices.

# Importance & Benefits of GVCs

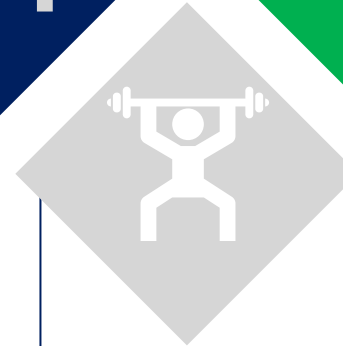
## Economic Growth

- ❑ Poverty Reduction
- ❑ Employment
- ❑ Increased Export



## Technological Transfer & innovation

- ❑ Knowledge Sharing
- ❑ Innovation



## Efficiency & Cost-Effectiveness

- ❑ Specialisation
- ❑ Economies of Scale

## Market Access

- ❑ Expanded Markets
- ❑ Diversification

## Resilience and Risk Management

- Diversification
- Risk Management

Global Value Chains contribute 60% of world trade and directly employ about 453 million people (UNCTAD, 2019; OECD, 2021; ILO, 2016). According to the World Bank's Report on Trade for Development in the Era of Globalization of Value Chains, countries in GVC networks have benefited from increased foreign direct investment, productivity, additional jobs, and improved living standards of local populations. Since the 90s, the dynamics of GVC have grown at an average annual rate of around 8%,

Public more than double the growth recorded by global GDP (OECD, WTO, 2021).



# Namibia's Agriculture Value Chains

## Livestock & Beef



Namibia's beef industry is a significant contributor to its economy. The country's vast, arid landscapes provide ideal grazing conditions for cattle, and its export-oriented beef industry has gained international recognition.

9/19/2024

The country's long coastline, rich marine resources, and well-developed fishing infrastructure have made it a major player in the global seafood market



## Fish

## Horticulture



The country's favorable climate, abundant sunlight, and access to irrigation resources make it suitable for cultivating a variety of crops.

Hardy grains commonly grown in Namibia include millet, sorghum, and finger millet. These crops are known for their drought tolerance and ability to thrive in low-fertility soils.



## Millet



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# Entry Points for Namibia into Global Value Chains.

## Value Chain Bottlenecks

### Climate Constraints

- Arid Conditions
- Desertification

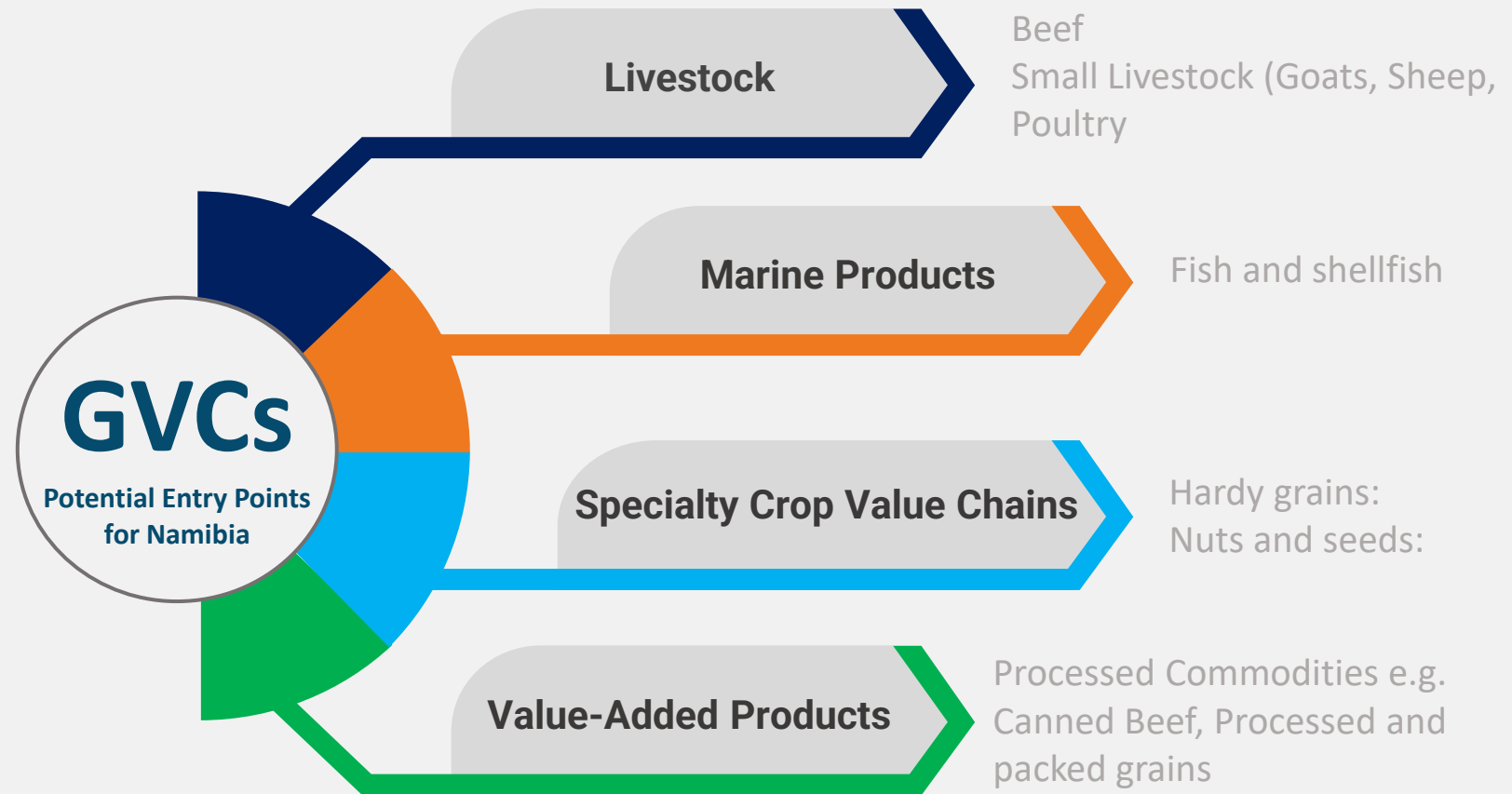
### Low & Declining Productivity

### Infrastructure Deficiencies

- Transportation
- Storage facilities

### Limited Access to Markets

- Trade Barriers
- Lack of Market Information







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# Regional Integration & Trade



**Economic Cooperation:** Namibia has been involved in several regional economic integration projects, such as the Southern African Customs Union (SACU) and the Common Monetary Area (CMA). These initiatives have facilitated trade, investment, and economic growth among member states.





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# Global Experiences on Global Value Chains



Morocco



Luxembourg



Turkey

To illustrate how Namibia can leverage global value chains, we can examine the experiences of Morocco, and Luxembourg & Turkey. Among other countries. These countries have demonstrated significant success in integrating into Global Value Chains (GVCs), offering valuable lessons for Namibia.




# Country General Information

## Other Competitive Sectors



### GENERAL INFORMATION FOR 2022

 **Population**  
2.567 Millions

 **Exchange rate**  
16.356 NAD/US\$

 **GDP**  
12 607 Millions current US\$

 **Land area<sup>1</sup>**  
(q) 823 290 km<sup>2</sup>

 **CPI growth**  
6.09 %


 **GDP growth**  
4.56 %

Mining




### GENERAL INFORMATION FOR 2022

 **Population**  
0.648 Millions

 **Exchange rate**  
0.950 EUR/US\$

 **GDP**  
81 531 Millions current US\$

 **Land area<sup>1</sup>**  
(q) 2 574 km<sup>2</sup>

 **CPI growth**  
8.15 %

 **GDP growth**  
1.38 %


Mining



### GENERAL INFORMATION FOR 2022

 **Population**  
85.341 Millions

 **Exchange rate**  
16.549 TRY/US\$

 **GDP**  
907 118 Millions current US\$

 **Land area<sup>1</sup>**  
(q) 769 630 km<sup>2</sup>

 **CPI growth**  
72.31 %

 **GDP growth**  
5.53 %


Textiles  
Electronics  
Automotive  
Food Processing



### GENERAL INFORMATION FOR 2022

 **Population**  
37.458 Millions

 **Exchange rate**  
10.161 MAD/US\$

 **GDP**  
130 913 Millions current US\$

 **Land area<sup>1</sup>**  
(q) 446 300 km<sup>2</sup>

 **CPI growth**  
6.65 %

 **GDP growth**  
3.68 %

Automotive



# Experiences from Morocco

**Commodities** : Citrus fruits, olives, and vegetables



Morocco has successfully integrated into global automotive supply chains. By offering a **competitive business environment**, skilled workforce, and strategic location,

## Key drivers for growth

- ❑ **Public investment in research and development:** By investing in research and development, improving agricultural practices, and building processing facilities, Morocco enhanced its position in the global food market.
- ❑ **Institutionalized Value Chain Planning:** The **Green Morocco plan (fruits and vegetables)**, the **Halieutic plan (fish and seafood)**, and the **Industrial Acceleration plan**.
- ❑ **Exporting Companies:** Experienced Moroccan producers have managed to develop long-term contracts and build trust relationships with exporters and distributors, and this is facilitated by export companies.
- ❑ **Technology:** Morocco's agriculture systems benefits from modern agricultural technologies, including irrigation systems, pest control methods, and processing equipment.



# GVC Lessons from Morocco

## Government Facilitation



Government facilitation is critical in driving value chain development and growth.

## Effective Value Chain Planning



### Sector Plans

Green Morocco plan  
(fruits and vegetables)

Halieutic plan (fish and  
seafood),

Industrial Acceleration  
plan.

## Innovation & Technology



### Modern Agricultural Technology

Irrigation systems, pest  
control methods, and  
processing equipment.

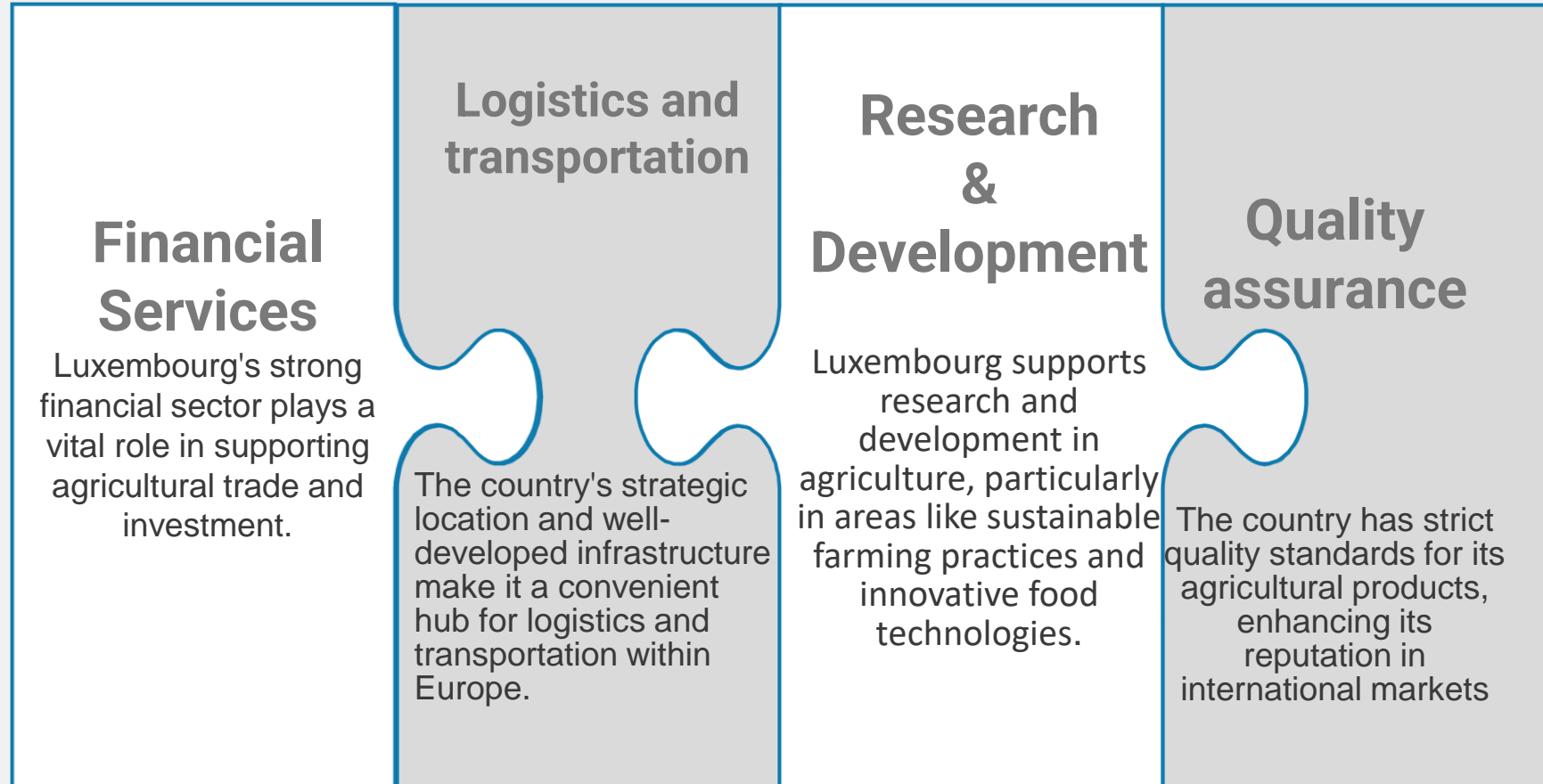


# Experiences from Luxembourg

## Luxembourg Agriculture Sector

### Luxembourg

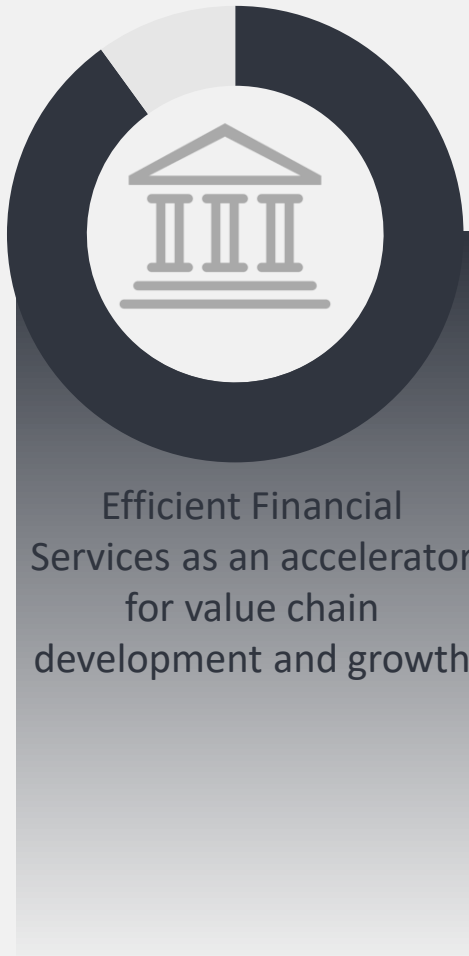
Luxembourg is a small country, plays a significant role in global agriculture value chains due to its strategic location, strong financial sector, and focus on high-quality agricultural products.





# GVC Lessons from Luxembourg

## Financial Services



## Logistics and Transport



## Research and Development





# Experiences from Turkey



Turkey

- ## Key drivers for value chains growth
- ☐ Geographic location
  - ☐ Skilled workforce,
  - ☐ Competitive manufacturing sector.

## Turkey a significant player in global value chains (GVCs)

**Diverse agricultural production:** Turkey produces a wide range of agricultural products, including fruits, vegetables, grains, and livestock.

**Strong export orientation:** The country is a major exporter of agricultural products, particularly to the European Union and the Middle East.

**Integration into regional value chains:** Turkey is deeply integrated into regional value chains, serving as a supplier of raw materials and processed agricultural goods.





# GVC Lessons from Turkey

## Geography



Turkey is strategically  
located

## Skilled Workforce



**Human Capital**  
Turkey has a skilled  
workforce

## Competitive Manufacturing Sector



**Competitive  
Manufacturing**



# Recommendations for Namibia



01

**Value-added processing:** Namibia can benefit from investing in value-added processing of its agricultural and marine products to increase export earnings and create jobs.

02

**Attracting foreign investment:** Creating a favourable business environment, offering incentives, and promoting the country's competitive advantages to attract foreign investment and integration into global value chains.

03

**Developing specialized skills:** Investing in education and training to develop a skilled workforce.

04

**Leveraging geographical location:** Namibia's strategic location in Southern Africa provides opportunities for regional integration and access to broader markets.



# Recommendations

05

**Diversify agricultural production:** Promote the cultivation of high-value crops and livestock species that are in demand in international markets.

06

**Invest in quality improvement:** Implement rigorous quality control measures and certification programs to meet international standards.

07

**Enhance infrastructure:** Prioritize the development of transportation, storage, and processing facilities to ensure efficient supply chain management.

08

**Create a supportive policy environment:** Implement policies that promote agricultural exports, attract foreign investment, and address regulatory barriers.





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# Thank you

