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# USAID | Central Asia

## Trade and Agriculture



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## Central Asia Regional Overview

*Central Asia is at a geopolitical crossroads that physically links the strategic geographies of China, Russia, and South Asia.*

### Central Asia's Strategic Location

Located between China, Russia, and South Asia, the five Central Asian countries have and continue to be strategic intersections for culture, trade, and geopolitics.

- **Silk Road History:** A network of trade routes, linking ancient regions in commerce, exchanging philosophies, religions, and goods
- **Soviet Legacy:** The USSR left behind outdated policy frameworks, resulting in obsolete infrastructure, weak intraregional relations, and inadequate agricultural systems
- **Modern Geopolitics:** Each Central Asian country prioritizes intraregional trade, economic diversification, and enabling infrastructure





## Focus on Horticulture

*Horticulture has significant potential to improve local resilience and livelihoods while diversifying and strengthening national export portfolios*

### Why Horticulture?

- For many years, USAID has supported the growth of the horticulture sector throughout Central Asia
  
- Benefits of Horticulture:
  - Greater returns for smallholder farmers
  - Potential for more off-farm jobs
  - Greater opportunity for “private sector” development
  - Less water intensive than cereal crops
  - Improved livelihoods and economic security
  - Promotes better nutrition



Photo: USAID



## Migration & Remittances

*Remittances from within and outside Central Asia influence the regional economy, demographic pressures, social stability, and intraregional relations*

### Migration Flows from Central Asia (2015)\*

#### Top Intraregional Migrations Flows



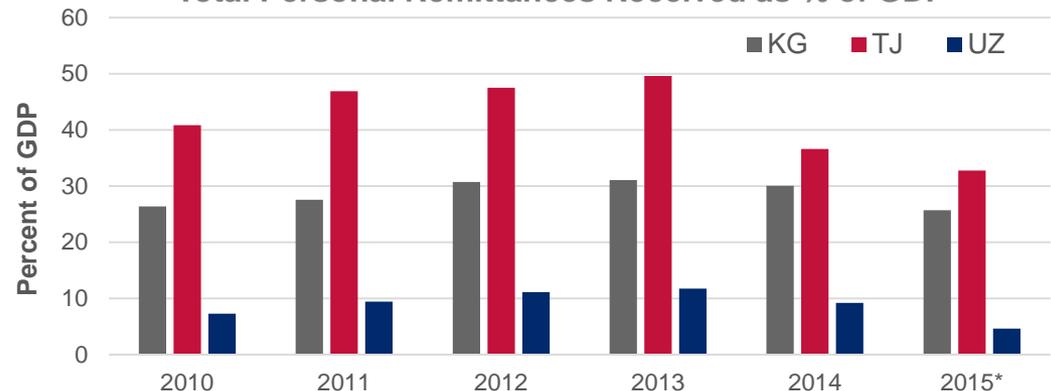
#### Top International Migration Destinations



### Lack of Regional Labor Opportunity

- Unemployment and lack of opportunity drive labor migration, most of which is destined to Russia
- Migrants in Russia, an ISIS recruiting location, are more likely to be exposed to violent extremism
- Remittances to Kyrgyz Republic and Tajikistan represent significant portions of their GDP
- Economic sanctions on Russia contributed to a decline in remittance inflows to the region in 2015

### Total Personal Remittances Received as % of GDP\*\*



Source: \*United Nations Population Division, \*\*World Bank



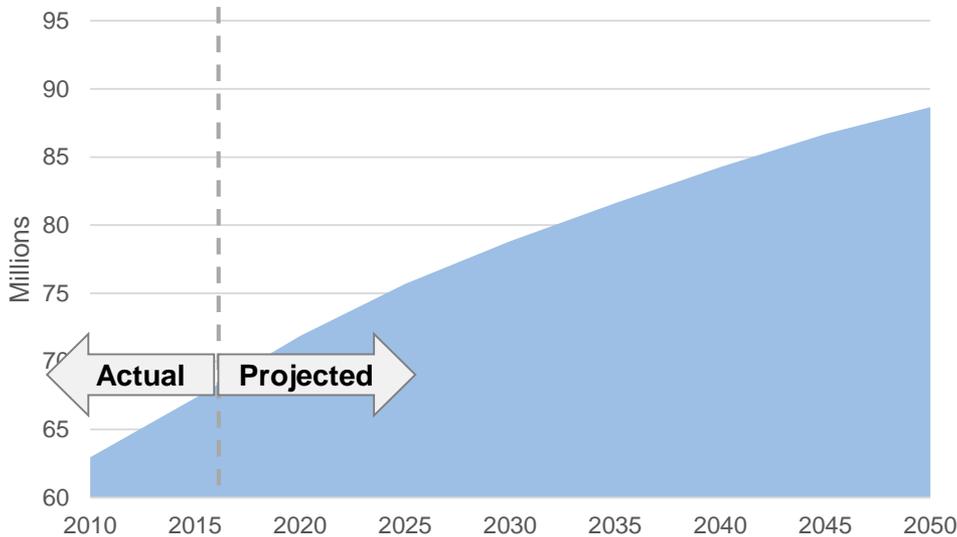
## Population Growth Pressure

*The population of Central Asia is expected to grow up to 50% in the next 25 years, from 60 million to 90 million in 2050\**

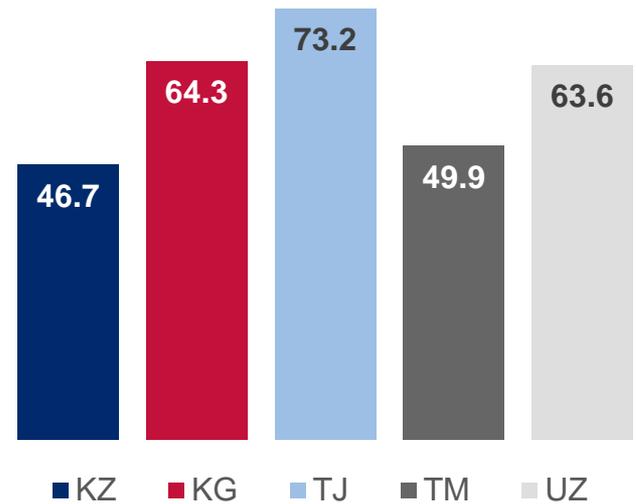
### Demographic Pressures

- High population growth is driving expanded land cultivation and irrigation
- This is increasing demand for, and pressures on, drinking water and sanitation

Central Asia Projected Population Growth (2015)\*



Percent of Population in Rural Areas (2015)\*\*





## Challenges to Horticulture Sector Growth

### Key Challenges

- **Poor Enabling Environments**
  - Border closures and lengthy inspections
  - Inconsistent regulations (official and unofficial)
  - Opaque and excessive tax regimes
  - Currency restrictions
  
- **Direct Government Involvement**
  - Government control over export (TJ, UZ)
  - Control over crops produced
  
- **Producer Level Challenges**
  - Unable to produce consistent quality
  - Unable to meet international standards
  - Limited access to finance



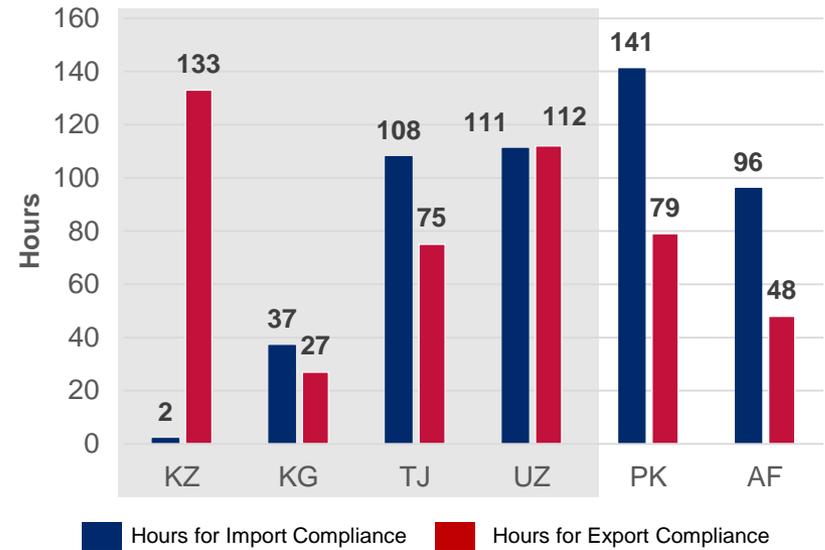
## Border Crossings

*It is at border crossings that the combined effects of policy, infrastructure, weak logistics services, and cross-border coordination constraints are most apparent*

Major Regional Border Crossings



Time to Comply with Required Border Paperwork (2014)\*



\*No information available: Turkmenistan

Long delays at border crossings contribute to very high transit costs, high losses on perishable goods, and opportunities for corruption.

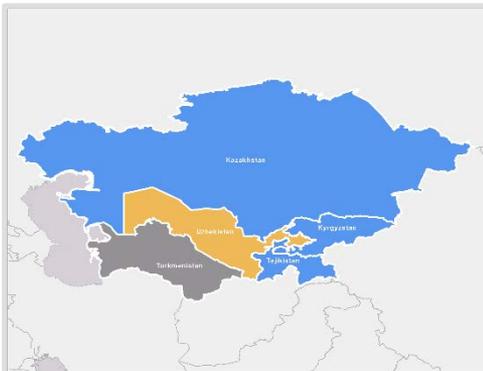


## Regional Enabling Environment: Trade Blocs and Agreements

*The most strategically relevant Agreements influence trade policy, geopolitics, and interactions with regional and global markets*

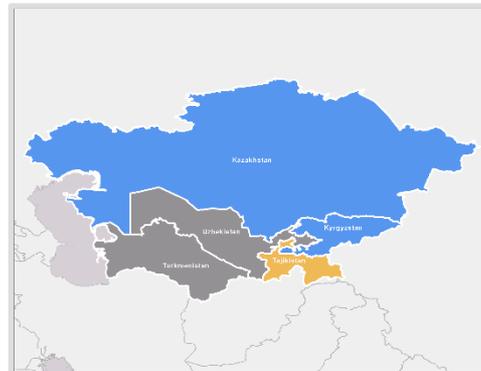
### World Trade Organization (WTO)

- Global reach, and an indicator of engagement with global markets
- Provides a framework for negotiating trade agreements and a dispute resolution process aimed at enforcing participants' adherence to WTO agreements



### Eurasian Economic Union (EEU)

- Imposes common external tariff on all goods entering the union, but does not levy customs on goods travelling within the union
- Negotiates as a single entity in international trade, such as WTO, instead of member states negotiating for themselves



### Central Asia Regional Economic Cooperation (CAREC)

- Encourages economic cooperation among Central Asian countries
- Aims to improve living standards and reduce poverty in CAREC countries through regional cooperation



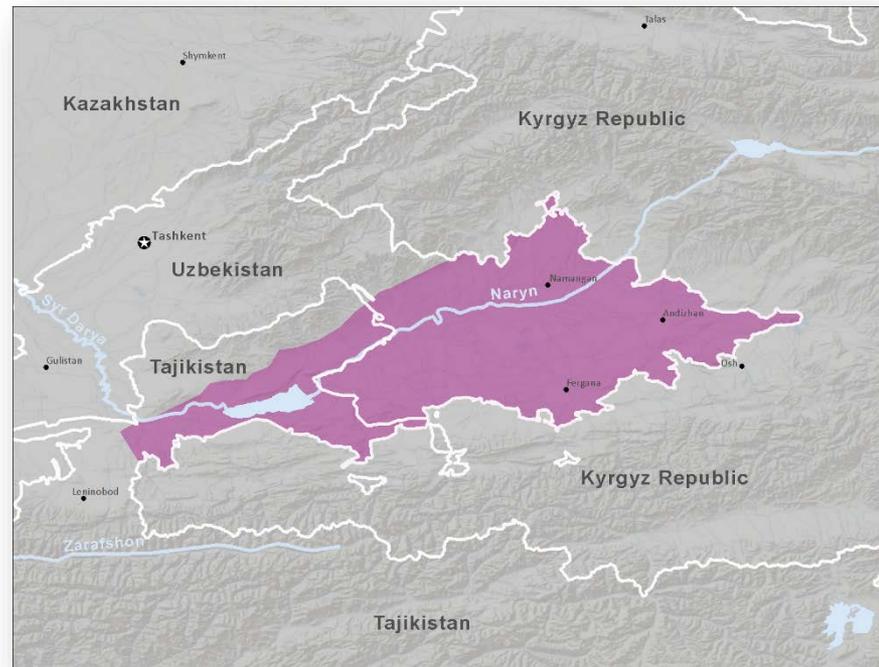


## Agriculture Challenges: Fergana Valley

*The fertile land of the Fergana Valley shared between the Kyrgyz Republic, Uzbekistan, and Tajikistan has been a historically critical area for the trade, water, and agricultural sectors*

### Critical to Three Countries

- The valley is transboundary, ethnically diverse, and agriculturally rich
- The Soviets drew borders through the valley dividing ethnic groups living in the region across three newly formed republics which later on went to become independent states: Kyrgyz Republic, Tajikistan, Uzbekistan
- The high population density of the valley is placing stress on the water, energy, and agriculture sectors
- Fergana Valley is highly significant to each of the three countries as they rely on it for agricultural production



The Fergana Valley is an ethnically diverse region spread across southwest Kyrgyz Republic, northern Tajikistan, and eastern Uzbekistan





## Feed the Future\*

*Feed the Future (FTF) is a US government initiative that seeks to reduce poverty and food insecurity by focusing on agriculture-led economic growth, addressing undernutrition, and gender inequality*

### Strategy

- FTF focuses on 12 districts in Khatlon due to the high districts were chosen because of high poverty rates, poor nutrition outcomes, and great agricultural potential.
- The objectives of FTF are to reduce the prevalence of poverty and stunting in children under five in the ZOIs, increasing productivity of smallholder farms, implementing agrarian reform in the Khatlon province as it has the largest percent of arable land, reforming national agriculture and nutrition policies, and improving maternal child health and nutrition.

**PEOPLE**

**LIVING IN FTF TARGET REGIONS**

**1.5M**

**10.4%**

**POPULATION**

**LIVING IN EXTREME  
POVERTY IN  
FTF TARGET REGIONS**

**PREVELANCE of  
STUNTING OF  
CHILDREN UNDER 5**

**30%**



Photo: USAID



# Feed the Future Tajikistan - Agriculture and Water

Our flagship agricultural program to emphasize scaling for population level impacts for farms of less than 5 hectares.

- Extension - build on the Extension pilot with a special focus on women producers and small commercial farms
- Vegetables - extended season vegetables under plastic and containerized seedling production
- Orchard - management and processing improvements
- Dairy - sector improvement including improved hygiene, feed formulations, and forages

## Improve Irrigation Water Management

- Technical Support to the existing 60+ Water Associations





## Competitiveness, Trade, & Jobs Project (CTJ)\*

Competitiveness, Trade, & Jobs works to enhance Central Asian economies

### Challenge

The impact of Soviet state control and weakness of market economy institutions contribute to a difficult climate for business in Central Asia

### Objective

CTJ works to improve the competitiveness of Central Asian economies by supporting the horticulture and transport/logistics sectors.

### Key Activities & Milestones

- Assist private sector firms to understand opportunities and requirements of markets, adopt technologies/techniques to develop needed skills to meet international standards, reduce barriers to trade.



Project at a Glance	
<b>Total Value:</b>	\$20-24M
<b>Period of Performance:</b>	TBD
<b>Countries Covered:</b>	Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, Uzbekistan
<b>Implementing Partner(s):</b>	DAI



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Thank You!

