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# SUPPORT IN FORMULATING NATIONAL EXPORT PROMOTION STRATEGIES FOR SELECTED PRODUCTS IN AZERBAIJAN, TAJIKISTAN, AND UZBEKISTAN

April 2020

SDGs:



Countries:

Azerbaijan, Tajikistan, Uzbekistan

Project Codes:

TCP/SEC/3602

FAO Contribution:

USD 321 000

Duration:

1 January 2018 – 31 December 2019

Contact Info:

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### Implementing Partner

Ministry of Agriculture, Azerbaijan; Ministry of Agriculture, Tajikistan; Ministry of Agriculture and Water Resources, Uzbekistan.

### Beneficiaries

Government representatives, business associations, chambers of commerce, farmer groups and smallholder farmers.

### Country Programming Framework

*Azerbaijan:* Government Priority 4: Strengthening the policy and institutional framework for agriculture and rural development Country Outcome 1: Government's rural development programmes for reducing poverty, increasing productivity and improving living conditions in rural areas supported

*Tajikistan:* Government Priority 1: Enhancing national food and nutritional security and safety

CPF Output 1.1: Food security, nutrition and food safety policies, strategies and laws on agrarian reform formulated/amended with FAO's technical support in setting the enabling institutional environment for its implementation in line with international standards including those governing trade.

*Uzbekistan:* CPF Priority 2: Development of agricultural and food value chains and access to markets.



## BACKGROUND

Agriculture is a critical sector in the Caucasus and Central Asia (CCA). It is one of the largest generators of livelihoods in the region and is therefore integral to the development of economic and social stability. Since the dissolution of the former Soviet Union in 1991, the countries in the CCA have worked to establish trade flows and explore international markets to boost exports.

Azerbaijan, Tajikistan and Uzbekistan are three of the countries working towards this goal. All three have included the promotion of agri-food exports in their agriculture and rural development policies; however, major bottlenecks and constraints are found in production and export in these countries. One reason for this is the fact that agricultural production is dominated by very small farms, with their average size in Azerbaijan and Tajikistan being 2.8 ha and 0.1 ha, respectively. These small farms are not included in large value chains, and they frequently have poor logistical and transport infrastructure (e.g. cool-storage facilities). Many of them are land-locked and highly dependent on traditional markets (usually Russia). Diversifying export markets in general and ensuring smallholder inclusion in value chains to boost livelihoods are top priorities in these countries.

This TCP project was designed to meet the requests of these the three targeted countries to develop export promotion strategies for a wider range of agricultural products beyond the traditional ones, and to develop local capacities to increase access to regional and international markets. This was to be done by supporting national government institutions and private sector stakeholders in increasing agri-food exports through: (i) an analysis of potential export markets in terms of demand and regulations for market access; and (ii) an assessment of domestic production, value chain and export capacities, including the subsequent formulation of national export promotion strategies aimed at overcoming the existing bottlenecks and unleashing the production and export capacities of the beneficiary countries.

Under the project, national reports on value chains and export capacities for persimmon and garlic in Azerbaijan and grapes and cherries in Uzbekistan were drafted, and export promotion strategies for all three countries were produced. A summary report consolidating the scenarios from all three countries was compiled. This kind of work had not been done previously in the targeted countries, and it provided a strong basis for increasing their export capacities.

## IMPACT

The national export promotion strategies formulated under this project are expected to boost agri-food exports in Azerbaijan, Tajikistan and Uzbekistan. Fostering the inclusion of smallholder producers in these strategies is expected to create a stronger and more efficient horticulture sector, which will improve the livelihoods, food security and market opportunities of smallholders in the long term.

## ACHIEVEMENT OF RESULTS

The project contributed to FAO's Strategic Objective (SO) 3 (Reduce rural poverty) and 4 (Enable inclusive and efficient agricultural and food systems), as well as FAO Regional Initiative (RI) 1 (Empowering smallholders and family farms for improved rural livelihoods and poverty reduction) and 2 (Improving agri-food trade and market integration). The project also supported SDG 1 (End poverty), SDG 2 (Zero Hunger) and SDG 12 (Responsible consumption and production).

Capacities of the beneficiary countries were strengthened through a FAO-supported process of formulating export promotion strategies for two selected products in each country, and four potential export markets. For this purpose, five analyses and study reports were prepared. The studies were conducted in alignment with international standards and best practices.

Smallholder farmers were directly involved in the implementation process by selecting the commodities to be analysed, all of which are primarily produced by family farms, or dehkan farms, in Central Asia. Overall, the project helped to strengthen government policies and institutional frameworks for development and economic growth in all three countries.

Under Output 1, potential export products and markets were identified. The products were selected through stakeholder consultations. As stated above, these were persimmon and garlic for Azerbaijan, grapes and apricots for Tajikistan, and grapes and cherries for Uzbekistan. The export markets, comparative advantages, and competitiveness of the commodities were analysed, as were bottlenecks and constraints. These analyses were greatly appreciated by government actors and other stakeholders. Potential markets in Europe, East Asia and the Gulf countries were identified.

The achievement of this Output began with an inception mission by the Lead Technical Officer (LTO). National workshops were also held to map partners and stakeholders, and to review national policies and strategies to identify and build consensus on the commodities to be studied. A sub-regional workshop was then organized in Uzbekistan to establish a regional, multi-stakeholder mechanism to coordinate project activities, including the selection of the products and markets to be analysed. A detailed plan and timeframe were also formulated, and contracts for national and international consultants were signed. A collaboration with the International Food Policy Research Institute (IFPRI) was finalized through a Letter of Agreement (LoA). At a workshop held in Baku, Azerbaijan in June 2019, markets for the two commodities selected for each country were identified, and draft reports were prepared by the national and international consultants. Other sub-regional workshops were organized for representatives of the beneficiary governments, the technical team from FAO and the national and international consultants to present the findings of the market analyses, and to identify and discuss constraints. Under Output 2, the national export promotion strategies were drafted. To begin with, production capacities in the targeted countries were assessed. These assessments took into account quality and quantity of production, as well as a wide variety of constraints that affect production in general, including environmental, economic, institutional, regulatory, and gender issues. Draft country reports on the selected commodities were prepared by the national consultants in collaboration with the international consultants. Following this, the value chains and export capacities of each country were assessed and reports were prepared on these topics. The findings of these assessments were presented at two regional workshops that were held for representatives of all three countries. The national export promotion strategies were then formulated. Sub-regional workshops were organized for the presentation of the drafts of the national export promotion strategies, and suggested follow-up actions were compiled.

## IMPLEMENTATION OF WORK PLAN

The project was operational as of December 2017, but the inception workshop was not held until 13 March 2019, owing to unforeseen delays. Thanks to the approval of a no-cost extension, and the acceleration of project implementation through the signing of an LoA with the IFPRI, project activities were implemented on time. A budget reallocation was also approved.

The need to hold an additional inception workshop, which was due to a delay in the signing of the Project Document in Azerbaijan and Tajikistan, led to an increase in funding requirements. The cost for the international consultant also increased because more time was required than originally forecast to improve the reports drafted by the national consultants, and to ensure that the work of the IFPRI fit in with the priorities of the project. For these reasons, the budget was revised and expanded. The project was completed within the revised budget by making adjustments to some of the other components.

The risks for project implementation were managed through high-level consultations with responsible government ministries and agencies to ensure their awareness of the project's progress and expected outcomes.

## FOLLOW-UP FOR GOVERNMENT ATTENTION

It is recommended that more in-depth studies on the premium markets of the European Union, the Gulf countries and East Asia are done to continue working towards expanding into markets beyond Russia. In order to enter into these markets, safety and quality standards need to be developed to comply with those of the Codex Alimentarius and the World Trade Organization. A more detailed assessment on national capacities concerning food safety and quality, including human resources, testing facilities, and technical knowledge, is necessary to develop these standards.

Smallholder farmers should be supported through: (i) capacity building and knowledge dissemination on extension services and market information systems; (ii) increased access to micro-financing; (iii) investments in technology, infrastructure, and research, and the construction of greenhouses and cold storage facilities; and (iv) the formation of farmer groups to increase their bargaining power and economies of scale.

Consolidating and codifying lessons learned into a variety of knowledge products and assessing the possibility of applying this initiative to alternative products, markets or beneficiary countries, and a final report by the Project Task Force (PTF) are also recommended as follow-up actions.

## SUSTAINABILITY

### 1. Capacity development

The FAO interventions that occurred under this project have been institutionalized, and all three beneficiary governments feel a high degree of ownership with regards to the project. The studies and results of the field research are reflected in policy formulation, institutions and capacity development activities. The policies formulated based on the findings of the project are also expected to become institutionalized in the future. The Ministries of Agriculture in each country expressed a commitment to increasing agri-food exports and have requested FAO support in doing so.

Many partnerships were strengthened through this project, and they will support its sustainability. The Ministry of Agriculture of Azerbaijan, the Ministry of Agriculture of Tajikistan, and the Ministry of Agriculture and Water Resources of Uzbekistan were the main stakeholders. Taking into account the nature of the project and its focus on value chains and export, the following institutions were also consulted during the formulation process and are considered to be key stakeholders: the Ministry of Economy of Azerbaijan, the Ministry of Economic Development and Trade of Tajikistan, the Ministry of Industry and New Technologies of Tajikistan, the Ministry of Economy of Uzbekistan and the Ministry of Foreign Trade of Uzbekistan. Furthermore, business associations and chambers of commerce, local authorities, communities, representatives of the private sector and farmers (particularly smallholders and women) were consulted throughout implementation. Collaboration is expected to continue among beneficiaries.

### 2. Gender equality

Gender issues were taken into account during the activity design phase, and it was a specific focus of activity 2.1 (Assessment of production capacities in the beneficiary countries) and 2.2 (Assessment of value chain and export capacities in the beneficiary countries).

The project aimed to have men and women benefit equally in terms of capacity building and knowledge sharing. Because gender issues play a role in smallholder agricultural production in beneficiary countries, special attention was paid to providing equal access to value chains for both men and women, and this was addressed in the project where necessary.



### 3. Environmental sustainability

Environmental sustainability was taken into account during project design and implementation. No negative environmental impacts were foreseen.

### 4. Human Rights-based Approach (HRBA) – in particular Right to Food and Decent Work

While the HRBA was not a direct target of the project, the livelihoods of smallholder farmers are expected to increase through their inclusion in the export promotion strategies.

### 5. Technological sustainability

Capacity building sessions for national consultants, farmer associations, chambers of commerce and government officials all contributed to the development of local knowledge. That being said, there is a wide variation in capacities between Uzbekistan and Azerbaijan, where capacities are high, and Tajikistan, where capacities are generally low.

### 6. Economic sustainability

In the period following the project’s NTE, the COVID-19 outbreak occurred, which required a great deal of attention. For this reason, the economic sustainability of the results of the project has not been a primary focus; however, follow-up projects are expected to materialize towards the end of 2020.



### DOCUMENTS AND OUTREACH PRODUCTS

- ❑ National report on formulating export promotion strategies for Tajikistan’s grapes and apricots (fresh and dried). S. Atabaeva. Dushanbe, Tajikistan, 2019. 51 pp.
- ❑ National report on value chains and export capacities for Azerbaijan’s persimmon and garlic. Z. Bayramov. Baku, Azerbaijan, November 2019. 61 pp.
- ❑ National report on value chains and export capacities for Uzbekistan’s grapes (fresh and dried) and cherries. K. Norov. Tashkent, Uzbekistan, February 2020. 71 pp.
- ❑ Export promotion strategies for selected agricultural products in Azerbaijan. IFPRI. Washington D.C., USA, December 2019. 36 pp.
- ❑ Export promotion strategies for selected agricultural products in Tajikistan. IFPRI. Washington D.C., USA, December 2019. 41 pp.
- ❑ Export promotion strategies for selected agricultural products in Uzbekistan. IFPRI, Washington D.C., USA. December 2019. 41 pp.
- ❑ Synthesis report consolidating all three country scenarios. IFPRI. December 2019. 6 pp.



## ACHIEVEMENT OF RESULTS - LOGICAL FRAMEWORK

Expected Impact	Increased agri-food exports through improved international and (sub-) regional market integration of smallholder producers in the beneficiary countries, ultimately contributing to enabling inclusive and efficient agricultural and food systems and reduced rural poverty.	
Outcome	Capacities of the beneficiary countries to formulate national export promotion strategies are strengthened through a FAO-supported process of formulating export promotion strategies for two selected products and four potential export markets.	
	Indicator	<ul style="list-style-type: none"> <li>- Number of national export promotion strategies formulated</li> <li>- Increased capacity of national stakeholders to identify and analyse market access restrictions and potential demand in potential export markets</li> <li>- Increased capacity of national stakeholders to formulate export promotion strategies</li> </ul>
	Baseline	<ul style="list-style-type: none"> <li>- Azerbaijan: The Strategic Road Map on Agriculture and Food Security envisages that the general competitiveness of agriculture will grow and the production of export-oriented agricultural/agro-processed products will expand. It is expected that the share of non-oil sector exports will increase from the current 200 USD per capita to 450 USD per capita by 2025, and to 1 200 USD per capita by 2035.</li> <li>- Tajikistan: The Government adopted State Program of Export and Import Substitution in the Republic of Tajikistan for 2016-2020 (November 2016) specifies the need to create an effective national system of export promotion and import substitution.</li> <li>- Uzbekistan: The Presidential Decree (October 2017) states “On measures to radically improve the system for protecting the rights and legitimate interests of farmers, <i>dehkan</i> farmers and landowners, efficient use of agricultural acreage” and outlines the need for developing sub-sectoral strategies and programmes.</li> </ul>
	End Target	<ul style="list-style-type: none"> <li>- At least 3 export strategies are formulated</li> <li>- Market restrictions and potential demand of four potential export markets are analysed and reported</li> <li>- A coordination/communication mechanism among the institutions and other international and national stakeholders involved in export related matters established in all beneficiary countries and at sub-regional level</li> </ul>
	Comments and follow-up action to be taken	<p>Overall, project activities were successful in developing export promotion strategies through respective country studies on the selected commodities, contributing to FAO’s Strategic Objective (SO4). During the implementation process, smallholder farmers were involved by selecting commodities produced primarily by family farms in the Central Asian region. This indirectly addressed SO 3 and RI 1.</p> <p>In all three countries, the project contributed to strengthening government policies and institutional framework for development and economic growth. Detailed studies on the production benefits of the selected commodities, on food safety and quality, and on the enabling institutional environment aligned with international standards and best practices. Capacity building on infrastructure development, technical knowledge and expertise, and trade negotiations are anticipated as follow-up support in the future. General components on export promotion strategies are outlined as key ingredients, as is the formulation of detailed strategies on agri-food trade and market diversification with particular reference to smallholder farmers.</p>

Output 1	Potential export products and markets including demand and regulations for market access (tariff and non-tariff barriers) are identified		
	Indicators	Target	Achieved
			Yes
<b>Baseline</b>			
<b>Comments</b>	<p>Through stakeholder consultations, two horticultural commodities were identified and endorsed for each of the countries respectively. The following commodities were selected:</p> <ul style="list-style-type: none"> <li>– persimmon and garlic for Azerbaijan</li> <li>– grapes and apricots for Tajikistan</li> <li>– grapes and cherries for Uzbekistan</li> </ul> <p>Potential markets beyond Russia were identified in Europe, East Asia, and Gulf countries, with the higher safety and quality standards of these markets taken into account. Recommendations on comparative market analyses and product competitiveness of the respective national export trends and major export partners were prepared. Policy recommendations on improving products, which must adhere to internationally accepted standards of Codex Alimentarius and the World Trade Organization, were highlighted in the reports.</p> <p>In Azerbaijan, the largest export markets for Azeri garlic and persimmon were analysed, and weaknesses in Azerbaijan’s ability to compete with other global players were identified. The market analysis revealed that the share of garlic export in Azerbaijan has not been able to utilize its comparative advantage over the last twenty years.</p> <p>Similarly, in Tajikistan, an analysis of the country’s comparative advantage for grapes and apricots was conducted. The main conclusions were that Tajikistan was not exploiting its comparative advantage in exports of these commodities. The analysis showed that the country only utilized about one-third of its fruit and vegetable export potential, especially to premium markets in Europe.</p> <p>For Uzbekistan, the analysis revealed that that the country was able to export more than 22 times its due share in the global grape market, indicating that the country is fully exploiting its comparative advantage for grapes. For cherries, Uzbekistan is ranked among the top nine major agricultural exporters, and it seems that its comparative advantage in cherry exports is second only to Chile.</p> <p>These analyses were found to be extremely helpful by representatives of the three governments and other stakeholders.</p> <p>The major constraints and bottlenecks in terms of production and export of agri-food products are listed below.</p> <ul style="list-style-type: none"> <li>– Agricultural production was dominated by very small farms.</li> <li>– There was a limited capacity in terms of laboratory testing infrastructure and technical expertise, as well as a lack of legal frameworks.</li> <li>– Food safety and quality standards were still not aligned to international best practices.</li> <li>– The logistical, cold storage and transport infrastructure is inadequate.</li> <li>– The countries are dependent on Russia as a single market, with few alternatives.</li> </ul>		
Activity 1.1	Partner or stakeholder mapping and review of national policies and strategies aimed at identifying and building consensus on the priority products and markets the project will focus at.		
	Achieved	Yes	
	Comments	An inception mission carried out by the LTO, along with national workshops, allowed for discussion with beneficiary countries to reach a consensus on priority products and market studies to boost production and trade.	
Activity 1.2	Sub-regional inception workshop for establishing organizational framework and planning		
	Achieved	Yes	
	Comments	<p>An inception workshop was organized in Uzbekistan on 13 March 2019, to establish a regional multi-stakeholder mechanism for the coordination of project activities, and particularly for the selection of the products and priority export markets, and to formulate a detailed plan and timeframe.</p> <p>National and international consultants were identified, and contracts were signed. Collaboration with the IFPRI was formalized through a LoA.</p>	
Activity 1.3	Import regulation and market analysis of selected countries/regions		
	Achieved	Yes	
	Comments	<p>Market analyses for the export of the identified commodities were selected and endorsed by all participating governments at the Baku, Azerbaijan workshop held from June 26 – 27 2019.</p> <p>Draft reports from the international consultants on the market analyses were completed as part of the synthesis/summary report.</p>	

Activity 1.4	Sub-regional workshop "Potential Markets for Diversifying and Expanding of Agri-food Exports from Azerbaijan, Tajikistan and Uzbekistan"		
	Achieved	Yes	
Comments	<p>Sub-regional workshops were organized with the participation of the representatives of the beneficiary governments, FAO technical teams and the project's national and international consultants, to present the findings of the market analyses, and to identify and discuss existing constraints to expanding exports from the beneficiary countries to the export markets. The dates and venues of the regional workshops were as follows:</p> <ul style="list-style-type: none"> <li>– Baku, Azerbaijan, June 26 – 27 2019</li> <li>– Dushanbe, Tajikistan, November 5 – 6 2019</li> <li>– Tashkent, Uzbekistan, December 6 – 7 2019</li> </ul>		
Output 2	Draft national export promotion strategies aimed at overcoming the existing bottlenecks and unleashing the production and export capacities in the beneficiary countries are formulated		
	Indicators	Target	Achieved
Baseline			Yes
Comments	<p>The project produced the following documents, with initiatives towards export promotion aimed at overcoming constraints and bottlenecks:</p> <ul style="list-style-type: none"> <li>– a national report on value chains and export capacities for Azerbaijan's persimmon and garlic;</li> <li>– a national report on formulating export promotion strategies for Tajikistan's grapes and apricots (fresh and dried);</li> <li>– a national report on value chains and export capacities for Uzbekistan's grapes (fresh and dried) and cherries;</li> <li>– export promotion strategies for selected agricultural products in Azerbaijan;</li> <li>– export promotion strategies for selected agricultural products in Tajikistan;</li> <li>– export promotion strategies for selected agricultural products in Uzbekistan; and</li> <li>– a synthesis report consolidating all three country scenarios.</li> </ul> <p>Key stakeholder consultations carried out through regional workshops in all three countries facilitated the following achievements:</p> <ul style="list-style-type: none"> <li>– an assessment of the domestic production capacities of persimmon, garlic, grapes, apricots and cherries in terms of varieties, growing areas, production and marketing bottlenecks;</li> <li>– studies on value chains on the listed commodities above; and</li> <li>– regional workshops on agri-food exports from Azerbaijan, Tajikistan and Uzbekistan.</li> </ul>		
Activity 2.1	Assessment of production capacities in the beneficiary countries		
	Achieved	Yes	
Comments	<p>Domestic production capacities of the selected products, in terms of quantity and quality, were analysed by national consultants, taking into account a variety of constraints that affect agricultural production (e.g. environmental, economic, institutional, regulatory factors and gender issues). Under the supervision and guidance of the international consultant, national consultants produced draft country reports on the selected commodities.</p>		
Activity 2.2	Assessment of value chain and export capacities in the beneficiary countries		
	Achieved	Yes	
Comments	<p>Domestic value chain and export capacities for the selected products were assessed by national consultants. All constraints were taken into account.</p>		
Activity 2.3	Sub-regional workshop "Capacities for Diversifying and Increasing Production and Export of Agri-food Products from Azerbaijan, Tajikistan and Uzbekistan"		
	Achieved	Yes	
Comments	<p>Two regional workshops were organized with representatives from all three participating countries. Consultants presented findings and stakeholders discussed production and marketing capacities, including diversifying and increasing production and exports.</p>		
Activity 2.4	Formulation of national export promotion strategies for selected products		
	Achieved	Yes	
Comments	<p>National consultants formulated draft reports that investigated production and markets to expand exports for the selected products beyond the traditional market of Russia. Three draft national reports on export promotion and markets from the national consultants were submitted after revisions were made by the international consultant.</p>		



Activity 2.5	Sub-regional Workshop “Export Promotion Strategies for Selected Agri-food Products in Azerbaijan, Tajikistan, and Uzbekistan”	
	Achieved	Yes
	Comments	A sub-regional workshop presenting the drafts of national export promotion strategies for the two selected products in the three beneficiary countries was carried out. The venues and dates are listed above.
Activity 2.6	Follow up	
	Achieved	Yes
	Comments	<p>As suggested in the summary report submitted by the international consultant, key follow-up actions are listed below.</p> <ul style="list-style-type: none"> <li>– Market studies in premium markets of the European Union, Gulf countries and in East Asia should be carried out to diversify markets beyond the traditional Russian market, with attempts to remove dependency on a single market.</li> <li>– Food safety and quality standards should be developed and include testing in scientific laboratories, based on international standards of the Codex Alimentarius and the World Trade Organization.</li> <li>– Government support is required in the areas of developing cold storage and logistical support amenities.</li> <li>– Smallholder farmers should be supported through training and knowledge dissemination (extension services, market information system).</li> <li>– Micro-financing should be boosted (inclusion of farmers, non-collateral).</li> <li>– Public investment should be made in technology, infrastructure, green houses, cold storage, and research.</li> <li>– Farmer groups should be supported to increase their bargaining power and economies of scale.</li> </ul>

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