



USAID | **CENTRAL ASIA**
FROM THE AMERICAN PEOPLE

CENTRAL ASIA REGIONAL ECONOMIC COOPERATION PROJECT

Contract No. AID-176-I-11-00003
Task Order No. AID-176-TO-11-00001

QUARTERLY PROGRESS REPORT JANUARY – MARCH 2015



Cover photos:

(Clockwise from upper left): General meeting of the Business Association of Women Entrepreneurs “ASIA”, Almaty, February 12, 2015; Awarding certificates to enterprises certified according to ISO 9001:2008, Quality Management seminar, Samarkand, Uzbekistan, February 26, 2015

This report was made possible by the American people through the United States Agency for International Development (USAID). The content is the sole responsibility of Chemonics International Inc., and does not necessarily reflect the views of USAID or the U.S. Government.

TABLE OF CONTENTS

Acronyms.....	3
Executive Summary.....	4
Activity 1. Export Partnership Initiative.....	5
Activity 2. Market Research.....	6
Activity 3. Supplying to DOD and Alternate Business Channels.....	7
Activity 4. Women’s Economic Symposium (WES).....	8
Activity 5. Tajikistan in WTO Post-accession.....	9
Activity 6. Pro-trade Policies, Regulations, and Processes.....	11
Communication and Outreach.....	13
Performance Monitoring Plan.....	13
Environmental Consideration.....	13
Annex A. Calendar of Events.....	14
Annex B. Success Stories.....	15

ACRONYMS

ADB	Asian Development Bank
ADBL	Association for Development of Business Logistics
AmCham	American Chamber of Commerce
ATAR	Afghanistan Trade and Revenue project
B2B	Business to business
CA	Central Asia
CA&A	Central Asia and Afghanistan
CAREC	Central Asia Regional Economic Cooperation Program
CATF	Central Asian Trade Forum
CCI	Chamber of Commerce and Industry
COP	Chief of party
DCOP	Deputy chief of party
DOD	Department of Defense
EBRD	European Bank of Reconstruction and Development
EPI	Export Partnership Initiative
EPG	Export Partnership Group
EU	European Union
GIZ	German Society for International Cooperation
MEDT	Ministry of Economic Development and Trade
MOU	Memorandum of understanding
NGO	Nongovernmental organization
PMP	Performance Monitoring Plan
REC	Regional Economic Cooperation project
STTA	Short-term technical assistance
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WDA/TJ	Women's Development Agency in Tajikistan
WES	Women's Economic Symposium
WTO	World Trade Organization

EXECUTIVE SUMMARY

The Regional Economic Cooperation (REC) project is a five-year Task Order under USAID/CA Macroeconomic Foundations for Growth Indefinite Quantity Contract (IQC), and has been operating in Central Asia since October 2011. This is the eleventh quarterly report of the project, covering the period from January to March 2015. The mission of the REC project is to facilitate trade among Central Asian countries, Afghanistan, as well as large trading partners of these countries.

During the reporting period, major REC accomplishments include:

- REC's Export Partnership Groups (EPG) export sales increased by \$1,791,184 this quarter, with \$273,670 in sales at REC-sponsored trade facilitation events.
- Five capacity building events were conducted in the reporting period; 285 Central Asian firms and 480 participants received project-supported trade and investment capacity building trainings this quarter. Four of the five capacity building public events were conducted in Uzbekistan and one in Kazakhstan.
- REC, in cooperation with the Small Business and Private Entrepreneurship Export Promotion Fund in Uzbekistan, hosted the "Export of Horticultural Products from Uzbekistan" roundtable on February 19-20, 2015 in Ferghana, Uzbekistan. More than 110 participants attended the event and participants signed letters of intent for sales totaling \$120 million.
- REC, in cooperation with the Small Business and Private Entrepreneurship Export Promotion Fund in Uzbekistan conducted a roundtable for 80 participants on transport and logistics for export of fruits and vegetables on February 20, 2015 in Ferghana, Uzbekistan.
- REC supported the Embassy of Latvia in Uzbekistan to organize the "Rural and Agricultural Advisory Systems: examples of good governance for sustainable development" conference, which was held in Tashkent, Uzbekistan. The event brought together more than 70 participants, including advisory services providers, governmental institutions and business representatives from Central Asia and Latvia.
- REC conducted a seminar on quality management on February 26, 2015, in Samarkand, Uzbekistan. Approximately 180 people attended the event, with 10 Uzbek companies applying for participation in an ISO staff education training session and one Uzbek company applying for an ISO pre-certification audit.
- REC assisted the Business Association of Women Entrepreneurs "ASIA" to hold a general meeting of the Association in Almaty, Kazakhstan. Fifteen voting members attended and elected the representatives and approved the Management Board and the Secretariat, and approved the Action Plan and grant proposal.
- During this quarter, Women's Development Agency/Tajikistan (WDA/TJ) successfully completed the grant activity "Economic empowerment of women and market access opportunity," which resulted in two new sewing workshops that provided jobs for 30 women and generated sales of more than \$28,000.
- Two members of REC's "Supplying the DOD" Export Partnership Groups (EPG) from Kazakhstan and Uzbekistan closed and fulfilled trade contracts for a total of \$1,791,184.
- The preliminary work on preparing and publishing the Dictionary of Trade Facilitation in Tajikistan has begun. The dictionary will be tri-lingual (English-Russian-Tajik) and will include basic terms of WTO Agreements and trade facilitation with explanations of these terms in all three languages.

ACTIVITY 1. BUILD AND SUPPORT EXPORT PARTNERSHIP GROUPS

A. Support to the existing Export Partnership Groups

Organic Farming

During the reporting period, REC financed the participation of one of the leaders of the Organic Farming export partnership – Vadim Lopukhin, executive director of the Association of Organic Agriculture of Kazakhstan—to present at the “Rural and Agricultural Advisory Systems: examples of good governance for sustainable development” seminar in Tashkent, Uzbekistan. In his presentation, Mr. Lopukhin showed opportunities and challenges in the development of organic agriculture in Central Asia.

B. Export Development in Uzbekistan

On February 19-20, 2015, REC, in cooperation with the Uzbekistan Small Businesses’ and Private Entrepreneurship’s Export Promotion Fund, hosted a roundtable on Uzbek fruits and vegetables export, called “Export of Horticultural Products from Uzbekistan,” in Ferghana, Uzbekistan. More than 110 participants—including local farmers, entrepreneurs, government representatives, exporters of fruit and vegetables from Ferghana, Namangan, Sirdariya and Tashkent regions, as well as representatives from MFERIT, export promotion organizations, Uzbek transport and logistic companies, trading companies from Latvia and Kazakhstan, the European Union, the Customs Union, and other international organizations—gathered together to discuss opportunities and existing barriers for development. Topics included the export of fruits and vegetables to retail chains and distributors to the Customs Union and the European Union; requirements for supplying horticultural products; customs clearance; product quality; ways to increase the efficiency of transportation and logistics when supplying fruits and vegetables from Uzbekistan to foreign markets; and contracting procedures.

During the event, farmers from the Ferghana oblast organized an exhibition showcasing their fruits and vegetables to buyers from the Customs Union and European Union. The round table also featured business to business (B2B) meetings of export companies and importers of horticultural products. The value of the signed letters of intent during the roundtable totaled more than \$120 million USD.



Exhibition of fruits and vegetables in the framework of the roundtable, Ferghana, February 19, 2015

On March 24, 2015, REC supported the Embassy of Latvia in Uzbekistan in organizing the conference “Rural and Agricultural Advisory Systems: examples of good governance for sustainable development” in Tashkent. REC helped the Latvian Embassy select the participants and finance speakers from Kazakhstan and Kyrgyzstan. The purpose of the event was to share the EU’s lessons learned regarding optimization of consultation agencies’ governance, as well as production best practices for the agricultural sector. The event brought together more than 70 participants, including representatives from advisory services providers, governmental institutions, and business representatives from Central Asia and Latvia. The event also provided participants with an opportunity to share their experiences on different advisory systems, initiate discussions on their models, structure, and sustainability, and strengthen cooperation between stakeholders in the agricultural sector. Topics covered included the rural, agricultural and advisory systems in the EU, prerequisites for successful transition from collective planning in post-Soviet countries, effective management principles, and means to increase agricultural production.

C. Central Asian Trade Forum

The current, tentative dates for the next CATF V are October 28-29, 2015. REC has begun preparations for the event by conducting meetings with various stakeholders and creating a stakeholders map for the Forum. REC is currently negotiating co-sponsorship of the event with different international organizations, such as EBRD, GIZ, World Bank, and ITE, and is leading the process of venue selection. REC also began to identify international experts to present at CATF V.

D. UPCOMING ACTIVITIES

- The “Ways to Increase Export to the European Union and the Customs Union” roundtable (Samarkand, April 28-29, 2014).
- “Trade cooperation Kazakhstan-Afghanistan” B2B meeting in Mazar-e-Sharif, June 11, 2014.

ACTIVITY 2. EVALUATE EXPORT POTENTIAL OF FIRMS AND INDUSTRIES THROUGH MARKET RESEARCH

A. Coordinate market research activities and technical assistance to new and existing REC EPG members, industries, and markets

Market Research on problems and opportunities of Uzbek producers when exporting their products to European Union and Latvia

To foster linkages between Uzbek exporters of fruits and vegetables and buyers from the European Union and the Customs Union, REC conducted surveys and market research to identify problems and opportunities for increasing Uzbek fruit and vegetable exports. The draft report on barriers to export growth in the fruits and vegetables/packaging industries in Uzbekistan was recently completed, and in April 2015, REC will send the draft report to export promotion agencies in Uzbekistan and Kazakhstan and other partners for their review and feedback. REC will finalize the report and present it to the new EPG “Export of fruit and vegetables” members and other interested parties.

Market Research on the Pharmaceutical Sector in Central Asian to increase sales between Central Asia countries

As follow-up to the CATF IV pharmaceutical session, REC will conduct market research and analysis of the pharmaceutical market, including ways to expand this market and increase sales between the Central Asian countries. This research will also examine opportunities for pharmaceutical producers to improve their knowledge of the sector and more effectively meet the demands of Central Asian and International markets.

REC has developed terms of reference (TOR) for the pharmaceutical market research, taking into consideration the request of the USAID/Central Asia (CA) Health and Education Office to identify and research sales by CA producers of antiviral drugs, including HIV and TB drugs.

B. Coordinate market research activities and technical assistance to Kazakh and Uzbek trade promotion agencies

REC continues to cooperate with export promotion agencies to conduct events in Uzbekistan and Kazakhstan. Uztadbirkoreksport, an organization in Uzbekistan, helped organize the roundtables held in February 2015 and conducted surveys on barriers and opportunities for boosting the export of fruits and vegetables. Representatives of other state bodies and export promotion agencies such as the Ferghana regional office of the Ministry of Foreign Economic Relations, Investment and Trade and the State Joint Stock Foreign Trade Company "Uzinterimpeks" also participated in these events.

REC plans to expand its cooperation with trade promotion agencies in Uzbekistan and Kazakhstan through organizing events and matchmaking companies for B2B meetings, hosting a special workshop on the WTO experience in other countries, and through a trade mission with KAZNEX in Afghanistan in July 2015.

C. Maintaining the Exporters Database

REC continues to maintain a database of exporters and has recently added the names of new Central Asian firms with export potential. Participation of new companies in REC's events in Uzbekistan and Kazakhstan during the reporting period has expanded REC's database and today it includes 1,564 companies from Central Asia, Afghanistan, India, Pakistan, Latvia, and other countries.

D. Upcoming activities

- REC plans to finalize market research study focusing on opportunities for export development and barriers to growth in CA fruits and vegetables exports (April 2015).
- Conduct market research on the pharmaceutical sector in Central Asia to increase sales between Central Asian countries (April –June 2015).

ACTIVITY 3. TEST BARRIERS TO EXPORT ALONG THE EXPORT CHAIN THROUGH SELECTED PILOTS

A. Facilitate sales from CAR suppliers to DOD alternatives

Two sales to DOD and GSA alternative companies closed and fulfilled.

The main achievements of this activity during the reporting period included deals made by two members of the "Supplying to DOD" EPG from Kazakhstan and Uzbekistan that closed and fulfilled new sales to DOD and GSA alternative international suppliers, totaling [REDACTED].

The Kazakh company Tsesna Astyk, which is a REC beneficiary and a member of the "Supplying to DOD" EPG, made deals totaling [REDACTED]. The Tsesna Company won the UN World Food Program's bid to supply more than 200 tons of wheat flour, valued at almost \$150,000. The company also signed a trade contract with KFC's Kazakh franchisee, Caspian International Restaurants Company, to supply 800 tons of flour valued at almost [REDACTED].

Uzbek dairy products manufacture Gerfed, another REC beneficiary and member of the "Supplying to DOD" EPG made deals valued at \$1,100,000. The company signed the contract to supply dairy products to Afghan companies in 2014 and fulfilled the order during the reporting period.

Seminar on quality management "Quality and competitiveness of export products" in Samarkand

As a follow-up to the CATF IV quality management session in Almaty and conference in Tashkent, REC conducted a seminar on quality management in Samarkand on February 26, 2015, in cooperation with the Cert Academy Group. About 180 exporters, producers, and representatives of private sector certification bodies from Samarkand, Dzhizak, Surhandariya, Ferghana, Bukhara, Kashkadariya, and Tashkent attended the event. Seminar participants discussed the new ISO 9001:2015 requirements, development of strategic management, creation of the key performance indicators (KPI) system, and implementation of an efficient communications systems. Participants also reviewed tools for performance evaluation based on ISO 9001:2015 criteria, as well as quality management concepts based on risk management criteria. As an incentive, the CERT Academy Group awarded certificates to five enterprises that met the ISO 9001: 2008 certification standards. Among the awardees were "INTEGRA DD" ("gold certificate"), JSC "Navoiypaxtasanoat" and its divisions: JSC "Khatirchi buttermilk tozalash" Ltd, "Navbakhor buttermilk tozalash," and JSC "Kiziltepa tozalash buttermilk."

As a follow-up to this quality management seminar, the Cert Academy Group informed REC that 10 Uzbek companies applied for the ISO staff education training session to be held at Cert's facilities and one Uzbek company applied for an ISO pre-certification audit to be conducted by Cert.



Participants of the Quality Management seminar, Samarkand, Uzbekistan, February 26, 2015



Awarding certificates to enterprises certified according to ISO 9001:2008, Quality Management seminar, Samarkand, Uzbekistan, February 26, 2015



Presentation by Marat Habibullin, Quality Management seminar, Samarkand, Uzbekistan, February 26, 2015



Welcome speech by Ms. Nodira Husanova, Project Management Specialist, USAID Uzbekistan; Quality Management seminar, Samarkand, Uzbekistan, February 26, 2015

B. Analyze potential export channels for products currently supplied by Central Asian companies to the Department of Defense in Afghanistan and include those companies in all regional roundtable and other activities connected with trade growth

REC is performing a market analysis to identify alternative avenues for DOD suppliers in the private and public sectors to increase export potential and enterprise sustainability. The analysis of potential business channels will be completed in April 2015. REC will conduct a focus group in May, 2015 in Almaty with Kazakh suppliers and in April 2015 in Uzbekistan with Uzbek suppliers to identify gaps and needs in response to a decrease in business operations.

C. Upcoming activities

- Complete a market analysis to identify alternative avenues for the US Department of Defense suppliers in the private and public sectors, and give a presentation to Uzbek and Kazakh focus group participants (April 2015).
- Conduct focus groups with the Uzbek suppliers to identify gaps and needs in response to a decrease in business operations (April 2015).
- Conduct focus groups in Almaty with the Kazakh suppliers (May 2015).

ACTIVITY 4. SUPPORT WOMEN’S ECONOMIC SYMPOSIUM (WES) FOLLOW-ON ACTIVITIES

A. Grant Program

WDA/TJ

In January 2015, WDA/TJ successfully completed the grant project “Economic empowerment of women and market access opportunity.” With REC support, the grant activity resulted in the following:

established and equipped two sewing workshops, providing jobs for 30 women. The 30 women were trained in marketing, product quality, and market trends in the development of new textile products. The new knowledge and skills acquired by the women during the training sessions resulted in obtaining trade contracts for manufacturing bedding, clothes, uniforms for schoolchildren, and uniforms for an Afghan construction company, altogether valued at more than [REDACTED]. Also as part of the grant project, WDA opened a specialized kiosk in Khudjand for selling textile products made by the two sewing workshops. The monthly kiosk sales total on average \$300. Within the framework of the grant project, WDA participated in a Crafts Fair in Dushanbe, where sales totaled [REDACTED].

SPINNA Circle

In the reporting period SPINNA Circle submitted its technical proposal for the follow-on grant. In response to REC's request to focus activities in Uzbekistan and Tajikistan, SPINNA updated and resubmitted its application. The proposal includes training workshops, a study visit to Istanbul, showcasing events, participation in CATF V, and participation in roundtables. The activities will be held in Uzbekistan, Tajikistan, Kazakhstan, and a study visit to Turkey, and grant activities are planned to launch in late April to early May of 2015.

Business Association of Women-Entrepreneurs "ASIA"

In February 2014, REC assisted the Business Association of Women Entrepreneurs ("ASIA") organize a general meeting of the Association in Almaty, Kazakhstan, at which 15 representatives attended. The general meeting elected and approved the Management Board, including representatives from Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan and Afghanistan, and the Secretariat executive body of the Association, including representatives from Kazakhstan.



Members of the Management Board of the ASIA Association - Dildor Alimbekova/UZ (left), Meruert Kazbekova/President/KZ (center) and Sabohat Rahimzoda/TJ (right), February 12,2015, Almaty



General Meeting of the Business Association of Women Entrepreneurs "ASIA", February 12,2015, Almaty

At the General meeting, the representatives also discussed and approved the ASIA Association's Action Plan and its technical proposal for obtaining grant funds from REC. The proposal includes capacity building training seminars for the Secretariat, arranging forums for women entrepreneurs in Astana, Kazakhstan and Tashkent, Uzbekistan, organizing a roundtable in Dushanbe, Tajikistan, and member participation in the CATF V event. The grant activities are planned to be launched in late April to early May of 2015.

B. Upcoming activities

- May 2015 – the ASIA Association will organize and co-host breakout sessions on gender equality in Central Asia at the Central Asia and Afghanistan Women's International Forum in Astana, in the framework of the VIII Astana Economic Forum
- REC is finalizing the review process of the grant applications submitted by SPINNA Circle and the Business Association of Women-Entrepreneurs "ASIA."

ACTIVITY 5. ASSIST TAJIKISTAN IN FULFILLING ITS WTO POST-ACCESSION COMMITMENTS AND IMPLEMENTATION OF THE WTO TRADE FACILITATION AGREEMENT

A. Tajikistan WTO Activities

Council for TRIPS Questions

After the meeting of the WTO Council for TRIPS, Tajikistan has received the list of questions related to protection of intellectual property rights, applicable IPR legislation, and the implementation of TRIPS rules in Tajikistan. Replies were finalized with REC support and were subsequently submitted to the TRIPS Council in February 2015.

Accession to the WTO Agreement on Government Procurement

REC provided funding and provided on-site technical support for Tajikistan's chief trade negotiator, Mr. Saidrahmon Nazriev, Deputy Minister of Economic Development and Trade, to participate in the session of the WTO Government Procurement Committee held in Geneva, Switzerland on February 11, 2015. At the session, the delegation of Tajikistan made the appropriate statements and submitted its initial offer, which is the first step in the negotiation process. The Tajik delegation committed to negotiate accession to the Agreement in a fair and constructive manner and has expressed its hope for technical assistance and support by WTO members. In addition, the Tajik delegation participated in a Capacity Building Session for Observers at the WTO GPA from Eastern Europe/Central Asia.

B. Legislative Developments

WTO Agreement on Trade Facilitation

The new WTO Agreement on Trade Facilitation, in which REC provided the Tajik translation, was submitted to proceedings leading to its parliamentary ratification, which is expected to be finalized by the end of June 2015. The agreement will take effect after ratification by two-thirds of WTO Members.

Apostille Convention

The Hague Convention Abolishing the Requirement for Legalization for Foreign Public Documents (the Apostille Convention) has been ratified by the Parliament of Tajikistan on October 29, 2014 and the instruments of ratification were deposited at the Hague Conference on International Private Law on February 20, 2015. The convention will become effective for Tajikistan on October 31, 2015. Accession to the Apostille Convention will enable documents issued in a foreign country to be used in Tajikistan without the need to be additionally legalized by Tajik authorities.

Trade Remedies Regulation

The work on the draft regulation on implementation of trade remedies (antidumping, countervailing and safeguards) resumed and further updates are expected in the coming quarter.

C. Public Outreach Activities

The Dictionary of Trade Facilitation

The preliminary work on preparing and publishing the Dictionary of Trade Facilitation has started. The dictionary will be tri-lingual (English-Russian-Tajik) and will include basic terms of WTO Agreements and trade facilitation with explanations of these terms in all three languages. The Dictionary will be based on the English-Russian Glossary of Trade Facilitation compiled by UNECE.

Urumqi Conference

Senior WTO Advisor Jovan Jekic participated as an invited speaker at the conference "Central Asia's Economic Opportunities: Economic Corridors and Global Value Chains" organized by the Asian Development Bank Institute (ADBI), which took place on March 2-3, 2015 in Urumqi, China. Participants included government officials from Central Asian countries and Pakistan. The topics included policies necessary to boost participation of Central Asian countries in transport/economic

corridors and global value chains, as well as experiences of other countries, including China and Singapore.

Reform of the Food Safety System

In support of Post-WTO Accession Action Plan implementation, REC provided technical assistance to prepare a plan for strengthening the institutional framework for the single agency for food safety risk management, inspection and official controls. REC short-term food safety expert Aivars Berzins traveled to Dushanbe in January 2015 for a fact finding mission, where he met with all relevant authorities and stakeholders involved in food safety matters. The final report and the proposal for the reform of the food safety system will be finalized in early April 2015, and will be presented at the roundtable organized jointly by REC and MEDT in the last week of April.

D. Upcoming activities:

- Finalize the work on the draft regulation on implementation of trade remedies (antidumping, countervailing and safeguards) by the end of July 2015.
- Finalize the feasibility study related to establishing a single food safety control body and organize a public roundtable discussion on the study's findings (April 2015).
- Finalize the work on preparing and publishing the Dictionary of Trade Facilitation (July 2015).

ACTIVITY 6.HELP CENTRAL ASIAN COUNTRIES IMPLEMENT PRO-TRADE POLICIES, REGULATIONS, AND PROCESSES

A. Develop and manage trade facilitation efforts

Roundtable "Organization of transport and logistics for export of fruits and vegetables"

On February 20, 2015, REC hosted a roundtable on transport and logistics for the export of fruits and vegetables in Ferghana, Uzbekistan, in cooperation with the Uzbekistan Small Businesses' and Private Entrepreneurship's Export Promotion Fund. There were more than 80 participants, including Uzbek government officials from the Ministry of Foreign Economic relations, Investments and Trade and the State Customs Committee, representatives from international organizations, Uztadbirkorexport, Uzbekistani transport and logistics companies, trading companies from Latvia and Kazakhstan, and Uzbek farmers and agricultural product exporters. The participants discussed ways to increase efficiency of transportation and logistics when supplying fruits and vegetables from Uzbekistan to foreign markets, as well as the challenges and barriers faced by Uzbekistani exporters.

Challenges that participants discussed included transportation problems; delays at border crossings; border corruption; and the lack of basic resting places for drivers.

On behalf of the participants, Mr. Hojiakbar Muratov, Director of Transport and Logistics company HOJIAKBAR expressed gratitude of the for the much-needed, relevant and timely event. Participants also voiced the need to hold meetings on a regular basis to discuss challenges, to make recommendations to relevant ministries and departments of neighboring and transit countries regarding reducing delivery times and transportation costs, and to improve methods for loading and unloading, and storage and handling.

For future discussions, participants suggested considering opening a so-called "hot or direct line" (web site, telephone) for carriers where they will be able to report specific physical and non-physical barriers on their routes, as well as considering the creation of an online resource for carriers to obtain the necessary information about routes, orders, and proposals. Lastly, REC established strong relations with the Uzbekistan Small Businesses' and Private Entrepreneurship's Export Promotion Fund and agreed to co-host a series of activities at the regional level.



Opening the round table “Organization of transport and logistics for the export of fruits and vegetables “ October 29, 2014 Almaty

Mr. Mingbayev Shukhrat , Head of Marketing Department, SSRC "Uzbekistan Railways", Kokand regional railway hub, delivers a speech, February 20, 2015, Ferghana

B. UPCOMING ACTIVITIES

- “Role and activities of Export promotion institutions” roundtable in Samarkand, Uzbekistan (April 29, 2015).
- “Public-private partnership in trade facilitation” roundtable in Tashkent, Uzbekistan (May, 2015).
- “Development issues of transport and logistics between the South (Pakistan and Afghanistan) and Central Asia” round able in Almaty, Kazakhstan (May 20, 2015).

COMMUNICATIONS AND OUTREACH

During the reporting period, REC continued promoting awareness of its mission, objectives, activities, and initiatives. REC maintains a website (<http://car-rec.net/>) and Facebook account, posting photos from its events, press-releases, relevant regional news, and training materials. For the reporting period, two press releases/announcements were issued and posted on the website and Facebook account.

REC's Samarkand and Ferghana events were featured in the media. Below are the links to these news articles:

<http://kommersant.uz/news/novosti-uzbekistana/v-samarkande-sostoyalas-konferentsiya-po-iso-9001-2015->

<http://uza.uz/ru/business/rastut-obemy-eksporta1-20-02-2015>

During the reporting period, REC created three success stories that illustrate how REC's assistance helps people improve their business operations and increase sales, making positive and lasting impacts in the lives of the people of Central Asia. Please see the success stories in Annex A below.

PERFORMANCE MONITORING PLAN

To track the project's progress, REC developed life-of-project indicators for impact and outcome levels that measure achievements and expected results. There are indicators for each component objective, as well as indicators that respond to the program goal.

To date, REC has achieved the following cumulative results:

- Total EPG sales are \$38,970,359, with export sales for all EPGs increased by \$21,647,025 during the life of the project thus far. For Q2 Y4, EPG's export sales increased by \$1, 791,184
- REC export sales in other areas (B2B, CATF and others) increased by \$7,679,033 during the life of the project thus far. For Q2, this category of sales increased by \$273, 670
- The number of firms receiving project-supported capacity-building assistance to increase exports in Quarter 2 is 285.
- The number of participants in project-supported trade and investment capacity building trainings in the 2nd quarter is 480.

ENVIRONMENTAL CONSIDERATION

Per the umbrella Initial Environmental Examination – Request for Categorical Exclusion for the EG MACRO IQC, the recommended environmental determination for this task order is a categorical exclusion. The activities are classified as low risk and are not expected to result in actions that directly affect the environment.

Annex A. Calendar of Events

Dates	Meeting/Event	Location
February 12, 2015	General Meeting of Representatives of Asia Association	Almaty, KZ
February 19, 2015	Roundtable on Export of Horticultural Products in Uzbekistan	Fergana, UZ
February 20, 2015	Roundtable "Organization of transport and logistics for export of fruits and vegetables"	Fergana, UZ
February 26, 2015	Seminar "Quality and competitiveness of export products"	Samarkand, UZ
March 25-26, 2015	Conference "Rural and Agricultural Advisory Systems: examples of good governance for sustainable development"	Tashkent, UZ



SUCCESS STORY

USAID facilitates Europe-Asia air transport



Zhan Aidarov, Director of Turksib Magistral LLP, at the Transport and Logistics conference "Connecting Asia with Europe", Riga, Latvia, June 4, 2014

"I am very grateful to USAID/REC Project for the assistance they provide to facilitate regional and international cooperation"

Zhan Aidarov, Director of Turksib Magistral LLP



Air Baltic plane, Photo courtesy of Turksib Magistral LLP

One of the key goals of the USAID regional development cooperation strategy for Central Asia is to enhance regional cooperation and trade. By implementing the "New Silk Road" strategy, USAID draws attention to various ongoing initiatives held in and beyond the boundaries of the region aiming to promote trade, economic cooperation and development in Central Asia and in other countries located along the Silk Road. One of these initiatives is the High Level Conference on Transport and Logistics "Connecting Asia with Europe" organized by the Ministry of Foreign Affairs of Latvia and held in Riga in June 2014. The forum focused on the revitalization of the ancient Silk Road based on new logistics and cargo transportation technologies.

Zhan Aidarov, Director of the Uzbek freight forwarding company Turksib Magistral LLP, signed an agency agreement with Air Baltic Corporation valued at 200,000 Euro as a result of his participation in the conference in Riga in June 2014. As one of the core objectives of USAID's Regional Economic Cooperation (REC) Project is to facilitate trade among Central Asian countries and large trading partners of these countries, REC decided to take part in the conference. To fulfill this aim, REC selected Zhan Aidarov and two other Central Asian transport and logistics professionals in June of 2014 to participate in the Riga conference, which focused its discussions on opportunities to develop transport and logistics linkages between Europe and Central Asia.

Mr. Aidarov's company, Turksib Magistral LLP, is one of the most active companies in the transportation market of the Republic of Uzbekistan. Turksib Magistral carries out all types of international cargo transportation to 35 countries. The business liaises closely with a broad network of transport carriers in former Soviet countries and many other European countries.

As a result of Mr. Aidarov's deal with Air Baltic, which included an interline agreement, Turksib Magistral's transportation networks will be both streamlined and expanded. Air Baltic and Turksib Magistral will now be able to accept each other's cargo, an arrangement that benefits Central Asian airline Uzbek Airlines. Turksib Magistral LLP plays a vital role in regional transport. It accepts all types of cargo, which allows the company to have a broad clientele base. Its new partnership with Air Baltic will enable Turksib Magistral to optimize the trade connections and options it can offer to Central Asian exporters. To date, Turksib Magistral has transported to Riga 3,7 tons of Uzbek export goods valued at 17,200 Euro.

In addition to its participation in the conference, during its Latvia visit REC organized several meetings with Baltic logistics and transportation companies. The Latvia trip provided Mr. Aidarov and the other participants with valuable

networking opportunities, which in Mr. Aidarov's case led directly to the signing of his agency agreement with Air Baltic.

Uzbekistan and Latvia have long-established business ties. However, the agency agreement between Turksib Magistral LLP and Air Baltic will further develop and promote trade between the two countries via facilitation of Europe-Asia air transport.



SUCCESS STORY

USAID helps Kazakhstani Flour Business to Flourish

USAID helped a Kazakhstani food producer meet international standards which resulted in new international contract deals



Photo: Tsesna Astyk

Tsesna Astyk's production facility

"We are very grateful to USAID for all its assistance. We hope for further collaboration and we are planning to take part in all future USAID initiatives as they foster such good business results for our company." - Mr. Ibragimov, Deputy Chairman of the Board, Tsesna Astyk

Tsesna Astyk Group of Companies is a leading Kazakhstani company in the cereal processing sector, producing high quality food products from Kazakhstani grain. USAID's Regional Economic Cooperation Project (REC) has been working with Tsesna Astyk since 2012.

With USAID assistance in meeting international production standards, the company obtained International Organization for Standardization (ISO) certification.

USAID recommended that the US Department of Defense include Tsesna Astyk on its list of food supplier vendors. After a thorough audit by one of DOD's prime vendors, Tsesna Astyk was provided with a list of recommended upgrades in to its production needed to become a food supplier for the US DOD.

USAID supported Tsesna Astyk in obtaining all necessary ISO certifications and become certified by the DOD's Public Health Command. Based on the audit results, in October 2013 the company was included in the directory of approved food suppliers for the US Armed Forces.

Due to the withdrawal of US troops from Afghanistan, Tsesna Astyk did not begin supplying the DOD in Afghanistan. However, its ISO certification and inclusion in the list of US DOD-approved food suppliers have added significantly to the company's credibility.

With this new found credibility, in December 2014, the company won a major UN World Food Program contract to supply more than 200 tons of flour valued at approximately \$150,000. Similarly, the company signed a half million dollar deal to become a large scale supplier with Caspian International Restaurants Company which is a Kazakhstani subsidiary of the US restaurant chain KFC.



SUCCESS STORY

USAID helps Uzbek farmers increase fruits and vegetable exports



Uzbek farmers meet with potential buyers at the exhibition, Fergana, Uzbekistan, February 19, 2015

“Our company is interested in new suppliers and we are grateful to USAID for this unique opportunity to find new trade partners.”

Larisa Rud, Head of Procurement and Sales Department, “Umut” LLP

“If the quality of Uzbek products improved, European customers are ready to pay more.”

David Khefets, Director, Trialto Latvia Transportation Company



Participants at the Roundtable during an international expert's presentation, Fergana, Uzbekistan, February 19, 2015

Vital to Uzbekistan's economic growth, the horticulture sector is a critical source of income for over 4.5 million rural households and 20 thousand large farms. Despite Uzbekistan's focus on increasing horticultural output, challenges remain, including quality of processing, sorting, and warehousing of fruits and vegetables, as well as a lack of information about international markets.

In order to help farmers take advantage of new opportunities and increase export volumes, the USAID Regional Economic Cooperation (REC) Project supports fruit and vegetable exporters in Uzbekistan through targeted technical trainings on quality improvement and networking events that match international buyers with local producers. On February 19-20, 2015, in cooperation with the Small Business and Private Entrepreneurship Export Promotion Fund of Uzbekistan, REC conducted the “Export of Horticultural Products from Uzbekistan Roundtable” on how to increase Uzbek fruits and vegetable exports in Fergana, Uzbekistan. More than 110 local farmers, entrepreneurs, government representatives, and international experts from the European Union and Customs Union participated in the event.

During the two-day event, participants learned about the current situation in the region for fruit and vegetable exports, met with representatives of export promotion agencies and transportation companies, and discussed opportunities as well as existing barriers for development. International experts addressed important issues related to exports, such as the quality of processing, sorting, and warehousing of fruits and vegetables. A representative of the Uzbekistan Trading House in Latvia shared his experience in solving existing quality problems and gave recommendations to farmers on how to improve the situation. In addition, a horticultural exhibition showcasing Uzbek products was arranged for foreign guests.

During the business-to-business (B2B) meetings, local producers had the unique opportunity to communicate directly with buyers and were able to establish new partnerships. These B2B meetings also provided a forum for importers and exporters to sell other products such as fertilizers, textiles, and handicrafts. As a result, exporters and wholesale buyers signed letters of intent totaling \$120 million, including more than \$20 million for horticultural products during the two-day roundtable. The Uzbekistan Trading House in Latvia signed multiple letters of intent totaling more than \$10 million to import dried fruits and melons to Latvia. “Umut” LLP (a wholesale buyer from Kazakhstan) plans to purchase fresh fruits and vegetables, and signed letters of intent with “Ming Bulog”, “Kalvak Agrosanoat” and other Uzbek farming companies for a total of \$10.4 million.