

Making a difference in Central Asia: Investing in smallholder farmers through inclusive value chains

Excellencies,
Ladies and gentlemen,

It is an honour to be here today. I am pleased to have the opportunity to come back to Uzbekistan and contribute to this Conference. Let me start by thanking our Host for their warm hospitality. Uzbekistan is Central Asia's most populous country, with nearly 30 million inhabitants. It is a country with a rich culture, as seen in the ancient oasis cities of Tashkent, Samarkand, and Bukhara - all evoking the old Silk Road. And it is also one of the world's top five producers of cotton.

However, I am not here to talk about ancient cities of Uzbekistan and the past, but rather about rural communities today, and to look forward to the future. Today, just as centuries ago, cities depend on rural areas for food, water and other natural resources. At the heart of rural agriculture are families, more than 500 million small family farms that provide up to 80 per cent of the food produced in parts of Asia and in sub-Saharan Africa. Our future food security depends on the small farms, and their transformation from subsistence to market activities. As such, agriculture and rural development are also an essential mainstay of the economy. They are the basis for social cohesion and the foundation for shared global prosperity and stability.

I welcome this opportunity to share with you IFAD's experience in the Central Asia and Eastern Europe region. The mission of the United Nations International Fund for Agricultural Development (IFAD) is to invest in rural people to help them improve their incomes, food security and resilience. IFAD is both an international financial institution and a UN specialized agency. We, in IFAD, support agricultural and rural development projects in 98 countries. Globally, IFAD total investment since 1978 stands at US\$ 15.8 billion, and we have reached some 430 million beneficiaries. Of these, 10 countries are in Europe and Central Asia.¹ Since 1993, a total of 40 projects have been designed and implemented in these countries, with a total value of more than US\$ 500 million. This financing has been predominantly comprised of loans as well as some grants for agricultural research and innovation.

IFAD is working with governments and other development partners to tackle some of the urgent challenges in Central Asia and Eastern Europe. Rural people need expertise, access to finance, infrastructure, markets, as well as favourable national policies that encourage smallholder agriculture.

IFAD supports policies and investments that create jobs and opportunities for people in the rural areas, especially the rising younger rural population, and that also respond to increasing market changes and climate-related issues.

In fact, IFAD projects in Central Asia and Europe focus on promoting rural financial services, establishing links to markets, developing SMEs, improving infrastructure, and enhancing the

¹They are Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan and, of course, Uzbekistan.

productivity of the livestock sector. IFAD-supported projects have helped create new jobs and reduce unemployment in rural areas, especially among young people.

My message today is that by investing in smallholder farmers, we can indeed make a difference for them, their communities and the food security of their home countries.

We believe that farming, at whatever scale, is a business. And in order to thrive, farmers need what other businesses need including finance, technical assistance and training. This is where IFAD has a significant comparative advantage and impact. Let me give you an example. In Moldova, IFAD-supported projects make loans available to farmers and small- and medium-sized enterprises through commercial banks. Rural entrepreneurs are given support in drawing up business plans and setting clear, time-bound objectives. The project also provides training to local business service providers to build capacity in-country. For example, the IFAD-funded Rural Business Development Programme (RBDP) helped smallholder farmers develop their farming and non-farming businesses in a sustainable manner. The RBDP investments directly benefited 130 rural enterprises, and approximately 7,000 people of whom nearly half were women. Due to IFAD-sponsored interventions in Moldova, some 280,000 rural people were reached. Two thirds of more than 10,000 directly created jobs through IFAD's country programme in Moldova were taken by young people, of whom half were women.

Integrating smallholder farmers and rural entrepreneurs into sustainable value chains lies at the heart of IFAD's work. In 2012, SIS Natural company – a producer of fruit juices in Armenia - received an equity investment and a subordinated loan from an IFAD-funded programme to buy technology for bottling, and to invest in specialized training for staff. As a result, the number of people employed by the FREDIA investee companies has grown by 35 percent, from 250 to 350. The value of purchases from rural suppliers has increased by nearly US\$ 3 million. Nearly 700 households selling to such companies have seen a 53-percent increase in income from sales, resulting in an average income per household of US\$1,500.

IFAD-supported projects are building on the outstanding work of farmer organizations to help their members receive technical training and strategic marketing support. In Albania, a project provided support to fruit farmer's associations to set up small demonstration plots and to enable its growers to learn new technologies. Linking the farmers to local companies led to increased purchases of large quantities of plums, grapes and berries.

I am also proud to say that IFAD already started its first-ever investment of more than US\$31.7 million in Uzbekistan. The Horticultural Support Project will benefit nearly 12,000 households and create at least 2,000 new job opportunities in districts of the Surkhandarya region. The project seeks to increase the incomes and assets of smallholder farmers. The project will support modern farming techniques, establishment of rural refinancing facilities, access to domestic and international markets, as well as investments in productive assets. A more advanced irrigation network is also planned.

Our partnership in Uzbekistan is growing. We are in the process of launching the design of a new livestock project valued at approximately US\$ 24 million. It builds on our experience with the Livestock and Market Development Programme in Kyrgyzstan where we focused on improving livestock productivity and marketability of livestock products as well as enhancing climate resilience

of pasture communities. More than 500,000 livestock farmers in Kyrgyzstan saw the value of their livestock and livestock products increase by 25%. Their families also saw improved nutrition and food security from increased consumption of meat and dairy products.

Inclusive and sustainable growth helps nations develop and thrive. The purpose behind IFAD's investments is to create the conditions where people have the dignity and the pride of being self-sufficient either by starting their own businesses, finding employment, or creating new employment opportunities for others. Therefore, integrating smallholder farmers and rural entrepreneurs into sustainable value chains impacts not just the lives of people, but the national economy and food security.

Targeted, inclusive investment can ensure that economic growth benefits everybody, and is done in a way that can be sustained. Our job is to facilitate these processes, to catalyse inclusive economic growth, and to channel investment to our most important partners—member governments and rural people themselves.

Thank you!