



## Farms in Central Asia and the Caucasus face hurdles

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Countries in Central Asia and the Caucasus face challenges integrating their agricultural value chains to spur farm growth. Value chains are the goods and services required for a product to move from farm to consumer.

Movement from farm to consumer can be likened to a river flow. Upstream challenges lie in farm production, which is dominated by small, scattered, unorganized and inefficient farms. Midstream challenges occur in processing. Food processors endure an unreliable supply of quality fruits, vegetables, dairy, and livestock. Another challenge is that most food processors are informal and largely unorganized small and medium-sized enterprises or SMEs. This means productivity is low and production systems are inadequate. Poor access to finance forces SMEs to use antiquated equipment. SMEs do not meet international standards for food safety and quality and are not linked to urban domestic and foreign markets or to large agro-processors.

Downstream difficulties include marketing the goods and shipping them to consumers. Farmers and processors don't have access to regional trade hubs or logistics platforms to move their perishable goods. The available logistics infrastructure and services for moving food-related exports are inadequate. Abattoirs and domestic markets are unsanitary and lack facilities. Since road and rail systems are not connected, railway lines don't extend to customs clearance areas. Roads at border checkpoints are often narrow, which increases transport costs and delays.

Farms need the right policies, regulations, and institutions backing them. They need access to credit and adequate market infrastructure, support for technology and innovation, and greater opportunities for private sector investment.

With these reforms in place, countries will be able to access new markets and meet growing local and overseas demand, which will create jobs and boost incomes of the rural poor. Landlocked economies stand to benefit, thanks to cross-border production sharing and investments. An integrated value chain can make all the players more productive and efficient and contribute to agriculture-driven economic growth.

This has been a summary of part of an ADBI policy brief by Aladdin Rillo and Suryo Aryanto Nagroho.