

# FAST FACTS

United Nations  
Development Programme



## Aid for Trade Needs Assessments in Central Asia

The 'Wider Europe: Aid for Trade for Central Asia, South Caucasus and Western CIS' project developed in close collaboration with national stakeholders national **Aid for Trade Needs Assessments in Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan**. The goal of the Aid for Trade Needs Assessments is to identify a set of **policy recommendations and technical assistance needs** aimed at improving the contribution of trade to human development and poverty reduction in SPECA countries. **The Aid for Trade Regional Review** represents a summary of the findings of the national Aid for Trade Needs Assessment.

While exhibiting significant differences, the SPECA countries face a number of common **trade and human development challenges**. Several of these challenges have been highlighted or aggravated by the recent economic crisis. Trade, in particular, has declined owing to lower demand in key markets, lower commodity prices, a drop in remittances and other foreign inflows, and trade finance difficulties. Countries in the region have taken short-term measures to deal with the challenges mentioned, but the longer-term development of the region would benefit from concerted actions to increase trade in a way that contributes to human development.



Aid for Trade Regional Review  
For the countries of the United Nations' Special Programme  
for the Economies of Central Asia (SPECA)

Trade and Human Development

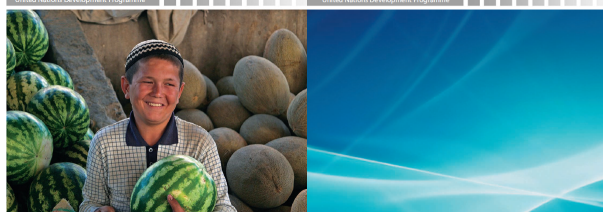
OCTOBER 2010



Aid for Trade Needs Assessment – Azerbaijan

Trade and Human Development

JULY 2010



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**Regional cooperation and better integration** into international trade play an important role in global efforts to reduce poverty. Trade is an essential ingredient for economic growth, and can have an important and positive

### MATTERS OF FACT

The project aims to develop **trade related capacities** in the Europe and CIS region using a human development approach.

Six national **Aid for Trade Needs Assessments** have been developed in SPECA countries (**Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan**). In addition, one **regional review** has been elaborated for SPECA countries.

The findings of the Aid for Trade Needs Assessments in the Central Asian region have been presented during the Aid for Trade **SPECA Ministerial Meeting** in Baku 2-3<sup>rd</sup> December 2010.

In addition, national **Aid for Trade Needs Assessments** in **Armenia, Belarus, Georgia, Moldova and Ukraine** were elaborated.

**impact on job creation, household incomes and poverty reduction**. Increasing exports provides new opportunities for enterprises to expand their production and to create new and better jobs. Exports are also a vital source of income to finance the import of goods and services. Imports, in turn, can help curb the price setting power of domestic enterprises, thus keeping the price of traded goods and services down, which can benefit the poor.

Aid for Trade (Aft) aims to help developing countries reap the benefits of existing and future market access opportunities, and to ensure that the benefits of trade development are felt by the vulnerable segments of the population. So far, however, apart from Afghanistan, the SPECA countries have attracted only a modest share of donors' Aft resources. Some possible ways for addressing this shortcoming are provided by the **Aft roadmap for SPECA countries**.

The regional review reveals **considerable untapped potential for trade diversification and trade development both within the region and with the rest of the world**. The main obstacles for developing this potential include a number of institutional impediments to trade, and the unfavourable geography of the countries.

In the short term, trade development opportunities should be exploited through targeted development of specific sectors with recognised export potential, combined with

measures for raising quality standards and improving input efficiency. Sectors that have received attention in several or most of the SPECA countries are: fruit and vegetables, meat and dairy products, other agro-processing and food industry, textiles and clothing, leather and footwear, and services.

In the medium and long term, harmonised trade policies, trade facilitation, institutional and regulatory development, continued product and market diversification, and improvement of business conditions would allow new sectors and enterprises to develop in response to future shifts in local and international demand, thus sustainably contributing to human development.



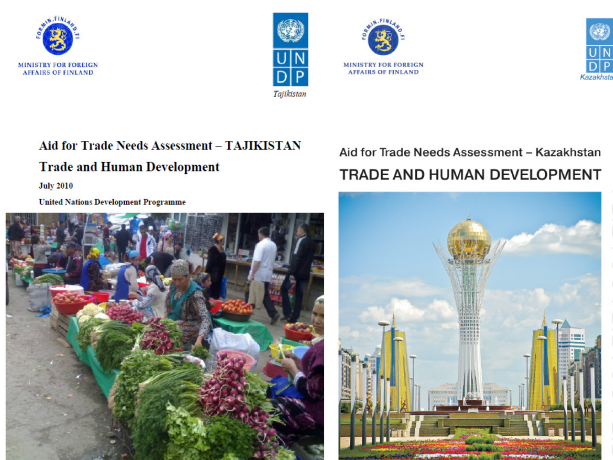
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In light of the above, drawing on the findings and conclusions of the national needs assessments, to make the best possible use of the opportunities for human development through trade, it is proposed to concentrate future AfT work in the SPECA countries along three main priority areas. A small number of well-targeted regional components is proposed under each. Key focus areas and related components include:

- I. **Within-border supply side measures** addressing the potential for raising the international competitiveness of the countries and their enterprises. These could be structured around three main components: (i) Sector development (fruit and vegetables, meat and dairy products, other agro-processing and food industry, textiles and clothing, leather and footwear, and services); (ii) Development of trade support institutions; and (iii) Enhancement of the business environment, especially through regulatory reforms.
- II. **Cross-border cooperation** to harness the potential for mutually beneficial trade among the SPECA countries themselves and with their (other) neighbours through two main components, aimed at improving (i) Physical and (ii) Institutional Trade Infrastructure.

- III. **Matters related to the multilateral trading system.** Here, three main components would serve to facilitate the integration of the SPECA countries into the multilateral trading system, including, as applicable, the creation of favourable conditions for and a positive outcome of WTO accession and membership and for reaping the benefits of such accession. These components are (i) Building awareness and knowledge; (ii) Identifying common interests and acting on them; and (iii) Consultation and cooperation on practical measures.

Key priority areas and related components are presented in the Action Matrix of the Regional Review, which provides a framework for the development of individual technical cooperation and investment programmes and projects. Selected project concept notes identified and prepared with reference to the AfT framework in the SPECA region were presented and discussed during the Aid for Trade SPECA Ministerial Meeting in Baku, 2-3 December 2010.



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*UNDP's Regional Bureau for Europe and the CIS (RBEC) serves 28 countries in Central and Eastern Europe and the former Soviet Union, including those in Central Asia. With its headquarters in New York, RBEC's outfit comprises 22 country offices and its Regional Centre in Bratislava. The Bratislava Regional Centre (BRC) links the country offices and the RBEC headquarters in New York. The BRC supports country offices by providing policy advice and backstopping services delivered by UNDP's Bureau for Development Policy, as well as by RBEC's regional specialists.*

For more information: [daniele.gelz@undp.org](mailto:daniele.gelz@undp.org)

UNDP RBEC Bratislava Regional Centre  
 United Nations Development Programme  
 Grosslingova 35  
 811 09 Bratislava  
 Slovak Republic  
<http://europeandcis.undp.org>

