



An online review of Foreign Agricultural Service initiatives and services

## Programs and Opportunities

### Initiative Uses Technical Assistance and Trade Capacity Building To Jumpstart Economic Development in the Caucasus

**By Linda Habenstreit**

When the Doha Development Agenda was launched in November 2001, WTO (World Trade Organization) members agreed that this round of negotiations must emphasize development so that developing countries can share in the benefits of expanded global trade.

However, to take full advantage of the opportunities trade can offer, developing countries need technical assistance and trade capacity building so they can attract investment and the critical private sector capital that will bring with it the latest technology and skills.

CADI (the Caucasus Agricultural Development Initiative) is one of many capacity building efforts the U.S. government and USDA in particular have spearheaded. This initiative focuses on economic development and trade capacity building in Armenia and Georgia. The aim is to raise agricultural growth and integrate these countries into global agricultural markets.

CADI provides targeted, long-term technical assistance and institutional and policy capacity building to governmental bodies and private agribusiness.

#### **Economic Progress Spurs Investment**

Despite separation from the Soviet republics in 1991, Armenia and Georgia still have transitional economies.

Armenia's wide-ranging reforms in 1994 dramatically lowered inflation and created growth, making the country economically stronger.

Steady economic progress has attracted the attention of international organizations and foreign financial institutions, which have extended grants and loan

s to reduce Armenia's budget deficit, stabilize its currency (the dram) and develop its private business sectors.

Continued progress depends on increasing tax and revenue collection, improving the investment climate, eliminating corruption and resolving regional ethnic conflicts.

Georgia's economic progress has slowly improved since 2000. Its economic activity has not reached its full potential due to poor fiscal management, pervasive corruption, arbitrary implementation of laws and regulations and the poor condition of the country's energy, transportation and communication sectors.

In 2004, the newly elected Georgian government began to address these problems, rescheduling its debt and establishing a program with

the International Monetary Fund to reduce poverty and increase growth.

The United States and other countries have encouraged reforms in both countries by providing technical and institution building assistance.

In fiscal 2006, both Armenia and Georgia were made eligible to apply for U.S. MCA (Millennium Challenge Account) assistance. The MCA provides U.S. development assistance to countries that rule justly, invest in their people and promote economic freedom.

#### **CADI Partnerships, Projects Make a Difference**

CADI is an example of technical and trade capacity building assistance that makes a difference. It has helped to increase Armenia's agricultural productivity and improve its marketing, resulting in significant job creation. The secret to this success is the partnerships formed under CADI between U.S. and Armenian public and private sectors, academia, nongovernmental organizations and private voluntary organizations.

CADI is funded by the Freedom Support Act, which is administered by the U.S. Department of State. In fiscal 2005, CADI was allocated \$7.6 million for activities in both Armenia and Georgia.

With the assistance of USDA's Cooperative State Research, Education and Extension Service, FAS has used this funding to send U.S. land grant university experts and USDA specialists to Armenia to provide assistance in food safety, animal and plant health and agricultural trade policies and regulations.

FAS also has an agreement with CARD (the Center for Agribusiness and Rural Development), an Armenian

### USDA Helps Build Developing Countries' Capacity To Trade

USDA's trade-capacity building strategy falls into three categories:

- **Developing regulatory frameworks, especially on SPS (sanitary and phytosanitary) issues, promoting sound science and strong international standards-setting bodies and fostering international standards based on sound science. USDA provides training and technical assistance in topics ranging from food safety to SPS standards to standards-setting bodies.** This training and assistance helps developing countries create regulations that are transparent and scientifically based; supports the adoption of science-based regulations concerning human, animal and plant health and safety so that plant infestations or animal diseases can be better monitored and mitigated; strengthens infrastructure; and enhances cooperation with foreign policy and regulatory officials, thereby reducing trade impediments and barriers by increasing compliance with international norms.
- **Enhancing institutional market infrastructures, including strengthening market information systems, grades and standards and cold chain practices.** USDA provides technical assistance and training to help developing countries enhance their agricultural market information systems, using both conventional and emerging technologies. This training shows developing countries how to collect, analyze and disseminate statistical and economic information needed to compete, both regionally and globally. Better, faster and more reliable communications and transportation systems must underpin these information systems. USDA also provides training so countries can create clear, concise grades and standards for fruits, vegetables and bulk commodities. USDA supplies technical assistance so countries can use appropriate cold chain processes to preserve the safety and quality of perishable products.
- **Instilling human and organizational capacity to help countries engage effectively in trade discussions and international organizations and to promote science-based policies.** Developing countries need help in understanding how internationally recognized guidelines work, understanding their obligations and rights and having workable and credible institutional systems in place. Many developing countries need to understand more fully about the Codex Alimentarius, the International Plant Protection Convention and the World Animal Health Organization, which are the three international standards-setting bodies for food, plants and animals. USDA provides technical assistance, scientific training and research opportunities to developing country decision makers, researchers and scientists so they become familiar with these organizations and their regulations.

Specific examples of USDA trade capacity building efforts include:

- **CAFTA-DR (U.S.-Central America-Dominican Republic Free Trade Agreement).** This was the first free trade agreement with a trade capacity building component. From this point forward, every U.S. FTA (free trade agreement) negotiated with an emerging or developing country will likely include trade capacity building. To meet this requirement, the United States provided training and technical assistance in science-based standards for meat and poultry to Costa Rica and Nicaragua, and worked with all six CAFTA-DR partners to improve their capacity to collect data and conduct statistical surveys on agricultural planted area and production, agricultural prices and rural incomes. Access to timely and accurate agricultural statistics will help producers, exporters and importers better identify trade opportunities in international markets.
- **WTO/SPS Outreach to Latin American and Caribbean Countries.** For nearly three years, USDA has supported the efforts of the Inter-American Institute for Cooperation on Agriculture, a regional international agriculture organization, to train two government officials from each of its 34-member countries on the WTO/SPS committee and the issues and rules it covers. All members have received this training.
- **Africa Pest-Risk Assessment Training.** Since 2000, FAS and APHIS (USDA's Animal and Plant Health Inspection Service) along with USAID (the U.S. Agency for International Development) have collaborated on SPS issues in Africa. Before this training began, virtually no such assessments were being conducted in Africa. More than 200 people from 35 countries in Sub-Saharan Africa have been trained on a variety of SPS issues. These activities support the Africa Growth and Opportunity Act, which was enacted by the U.S. Congress in 2000 to support the growth of democracies and economies in Sub-Saharan Africa.

nongovernmental organization, to provide the country's private sector with technical assistance.

Last November, in an effort to better manage the initiative, FAS opened an office in Yerevan, Armenia.

Other CADI partnerships and projects include:

- Working with the Armenian Ministry of Agriculture to improve the collection of agricultural statistics and market information, develop a food safety system that meets international sanitary and phytosanitary standards and develop an organic

certification program to increase agricultural trade.

- Supporting development of a functioning farm credit system by working with the U.S. FCA (Farm Credit Administration) and CARD.
- Helping create sustainable nongovernmental organizations and institutions with local technical expertise.

### Worldwide Development Goals Give Impetus to U.S. Capacity Building Efforts

The United States has broad, comprehensive trade capacity building programs throughout the world. With such programs, developing countries can harness the power of trade and create open, predictable policies and procedures to boost economic growth and reduce poverty. Examples of these programs include:

**The MCA.** Provides targeted aid to developing countries that take responsibility for their own economic progress through good governance, sound policies and the rule of law. To date, the Millennium Challenge Corporation has been allocated \$4.1 billion to run the MCA.

**ODA (Official Development Assistance).** In 2002, President Bush pledged to increase U.S. core development assistance by 50 percent over three years. The United States has gone beyond this pledge—ODA was increased from \$10 billion in 2000 to \$19 billion in 2004.

**Trade Capacity Building Assistance.** The United States is the largest single country donor of such assistance. Total U.S. funding for trade capacity building activities in 2005 exceeded \$1.34 billion, up from \$921.2 million in 2004.

**Integrated Framework for Trade-Related Technical Assistance.** Since the launch of the Doha Development Agenda in November 2001, the United States has contributed almost \$5 million to this international initiative through which the International Monetary Fund, International Trade Centre, United Nations Conference on Trade and Development, United Nations Development Program, World Bank, and the WTO combine efforts to respond to the trade development needs of least developed countries.

**Aid for Trade.** At the December 2005 WTO Hong Kong Ministerial, the United States announced it would more than double its grant contributions to help developing countries build their capacity to trade. The U.S. contribution to the global Aid for Trade fund administered by the World Bank and International Monetary Fund will increase from \$1.3 billion in 2005 to \$2.7 billion annually by 2010.

Much of the impetus for these efforts originated with the Millennium Development Goals set at the United Nations Millennium Summit in 2000 and the 2001 Doha Development Agenda. These efforts focus on the needs of developing countries—from the development and trade perspectives, which complement one another. Both have the potential to make positive changes in the lives of half the world's people.

So far, CADI has sponsored activities with Armenia's Agribusiness Teaching Center, CARD, the ARID Goat Breeding and Research Center and the Small Farm Water Management Resource Center.

Both the Agribusiness Teaching Center and the Small Farm Water Management Resource Center are located at the Armenian State Agrarian University in Yerevan.

Since the Agribusiness Teaching Center was formed, 23 Armenians and Georgians have graduated with bachelor's degrees.

In addition, FAS is sponsoring a two-way trade and investment mission with Georgia, May 15-19, 2006, to promote agribusiness cooperation, trade and investment in the Caucasus. Product focus will be on agricultural processing equipment, inputs, livestock genetics, ready-to-eat products, meat and poultry and grain and feed.

Up to 15 U.S. companies will be able to attend this trade mission. This means that, while U.S. companies are exploring trade and investment opportunities in the Caucasus for their products, Georgian agribusiness representatives will be able to explore opportunities for exporting their products to the United States. ■

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