Dear participants,

For those who are not familiar with the countries of the Eurasia region, this is background information on the agriculture sector and reforms in Russia, Central Asia and the South Caucasus, which you might find useful.

### Russian Federation

**Reform** of Russian agriculture began in 1991–1993 with the change of property rights. Even though the total agricultural area individually owned is only 13 to 24% (depending on crop), its contribution to agricultural production is disproportional higher. Frequently, property rights for farmland are being acquired (usually through leasing) by large investors, such as the oil companies or banks. During the denationalization process lands (usually grasslands and ranges) were also allotted to municipal entities and are owned by rural administrations. In total, 62% of agricultural lands are either in private or municipal property (Milanova, 2012).

Although **agriculture** plays a relatively minor role in the overall economy when measured by value added and share in total exports compared to some other sectors, in particular oil and mining, it is still an important sector in terms of employment with a share of 9.7%. The agrarian system is characterized by the co-existence of large commercial producers with smallholders that predominately produce for own consumption and informal markets. The main crops grown in Russia as measured by area cultivated are wheat, barley, sunflower seed, oats, potatoes and rye. The largest share of arable is dedicated to wheat, which with 26.6 million hectares in harvested area in 2009 occupied 21.9% of all arable land in Russia (FAO, 2012).

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There are three different types of **land use** in Russian Federation: arable land (7.11%) - land cultivated for crops like wheat, maize, and rice that are replanted after each harvest; permanent crops (0.1%) - land cultivated for crops like citrus, coffee, and rubber that are not replanted after each harvest; includes land under flowering shrubs, fruit trees, nut trees, and vines, but excludes land under trees grown for wood or timber; and other (92.79%) - any land not arable or under permanent crops; includes permanent meadows and pastures, forests and woodlands, built-on areas, roads, barren land, etc. (Central Intelligence Agency World Factbook, 2013).

Central Asia: Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan

According to Manschadi et al. (2011), the Central Asia countries have actively **restructured** their agricultural sector, although with different pace and intensity. The land and water reforms have had significant implications for rural life, including proliferation of poverty, concentration of land, and changing but unconsolidated institutional arrangements between market mechanisms and state control. The interplay of socio-economic and environmental processes of change is especially pressing for rural populations, located in the periphery of the nation-states and being especially exposed to change-induced uncertainties. These socio-economic uncertainties threaten systems of livelihood provision, long-term planning, (entrepreneurial) creativity and innovation development, and thus agricultural production.

**Agrarian reforms** launched in 1991 have tended to focus mainly on land reforms consisting of ‘de-collectivization’ of the large state-owned enterprises and privatization of holdings. Whereas land reforms are taking place in all the countries, to-date private land tenure has been granted only in Kazakhstan and Kyrgyzstan. A quite sizable part of the agricultural output is generated by household plots and these have offered an important safety net for households struggling to cope with the economic transition. Presently, almost all agricultural land is cultivated either by private farmers (Kazakhstan and Kyrgyzstan) or individual leasehold farmers (Turkmenistan, Tajikistan, and Uzbekistan). Nearly all livestock are now held by private herders in small herds. However, most of the livestock production by individual small herders, especially in remote areas of Central Asia, is more of a subsistence nature than a commercial enterprise.

The **productivity and input-use efficiency** of agricultural production systems in the region are generally low. This is largely due to environmental mismanagement and under-investment in irrigation infrastructure, insufficient structural reformstowards market-oriented agriculture, limited knowledge of innovative and more productive management practices and cultivation techniques, and lack of incentives for the conservation of natural resources. While Kyrgyzstan, Tajikistan, and Kazakhstan introduced reforms to privatize and diversify the agricultural enterprises, Uzbekistan and Turkmenistan chose to maintain control over the major crops and their production, prices, input supplies, processing, and export.

Drawing on the development experiences of other Asian regions, a **strategy for the future** of the Central Asian region and its diverse countries should not mainly be based on natural resources in the long run, but needs to bring other forces of sustainable growth and development into the forefront, i.e. a strengthened human resource base, skills, science and technology, and conducive institutional frameworks that foster entrepreneurship. In spite of the region’s vast natural resources, the Central Asian countries face currently significant challenges of poverty, stability, and security. The poverty level is high in the region, particularly in the upstream countries. Poverty, inequality, and social exclusion threaten social and political stability, which may increase migration and tensions. Addressing these challenges requires substantial improvements in regional cooperation supported by regional infrastructure networks and institutional arrangements.

Drylands in Central Asia are predominantly used as rangelands for grazing cattle and goats. The **major crops** grown are cotton, wheat, maize, sunflower, potato and rice, often as mono-cultures on large areas. Kazakhstan is among the world’s top-eight grain producing countries and Uzbekistan among the five leading exporters of cotton fibre. Four **major agro-ecological units** include: (1) irrigated croplands, (2) rainfed croplands, (3) rangelands and (4) mountains.

South Caucasus:Armenia, Georgia, and Azerbaijan

According to Ahouissoussi et al. (2013), **agriculture** has traditionally been an important part of the economies of the

South Caucasus region. In 2011 agriculture contributed 28 percent of gross domestic product (GDP) in Armenia, 16 percent in Azerbaijan, and 22 percent in Georgia. Although the agriculture share of GDP has declined in the three countries over the past decade, all three are still agrarian societies. The main significance of the agriculture sector is its role in employment: it has provided 40 percent or more of total employment in recent years. However, the rural populations in these countries remain poor, with rural poverty rates in 2008 of 28 percent in Armenia, 19 percent in Azerbaijan, and 28 percent in Georgia.

The typical **agricultural system** in these countries is subsistence or semi-subsistence mixed crop production integrated with small-scale livestock production. The three countries also rely heavily on irrigation for high-value crop production. Agriculture in the region is predominantly carried out by rural households where some land has been distributed from former state-run farms and collectives after the Soviet breakup. These smallholder farmers usually have fragmented land holdings of 1–3 hectare (ha) in several plots, thus facing constraints of small areas, limited profits, and scarce financial means.

Please feel free to provide addition input on the above.

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