



USAID
FROM THE AMERICAN PEOPLE

CENTRAL ASIA

Regional Development Cooperation Strategy

2015 - 2019



October 2014

ACRONYMS

ADB	Asian Development Bank
CAR	Central Asia Regional
CAREC	Central Asia Regional Economic Cooperation
CASA	Central Asia-South Asia
CBO	Community-based Organizations
CBTA	Cross-Border Transit Agreement
CCM	Country Coordination Mechanism
CDCS	Country Development Cooperation Strategy
CSO	Civil Society Organizations
DO	Development Objective
EBRD	European Bank for Reconstruction and Development
FtF	Feed the Future
GF	Global Fund
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IDB	Islamic Development Bank
IR	Intermediate Result
JICA	Japan International Cooperation Agency
MCH	Maternal and Child Health
MDR	Multi-Drug Resistant
NDN	Northern Distribution Network
NGO	Non-governmental Organization
NRM	Natural Resource Management
NSR	New Silk Road
ODA	Overseas Development Assistance
OECD	Organization for Economic Co-operation and Development
OSCE	Organization for Security and Co-operation in Europe
PEPFAR	President's Emergency Plan for AIDS Relief
RDCS	Regional Development Cooperation Strategy
SCA	South and Central Asia
SME	Small and Medium Enterprises
TB	Tuberculosis
UNDP	United Nations Development Program
USG	United States Government
WTO	World Trade Organization
WUA	Water Users Association

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Cover photo: Women from Tajikistan's Bokhtar district label and package tomatoes from their greenhouses, skills taught by USAID.(Photo: USAID)

EXECUTIVE SUMMARY

With this strategy, USAID enters its third decade of engagement with Central Asia. Total USAID grant assistance during the period 1993 to 2013 is estimated at over \$2 billion, divided among Kazakhstan (about 30 percent), the Kyrgyz Republic (about 30 percent), Tajikistan (about 10 percent), Turkmenistan (about 5 percent), Uzbekistan (about 20 percent), and regional, non-country specific allocations (almost 5 percent). Initially, programs focused on three main "transitions," one involving an economic transition toward more market-based economies, a second supporting a political transition toward more effective, transparent and democratic governance, and a third promoting sustainable approaches toward the social sectors, especially in health and education. Twenty years later, USAID still remains vitally involved from a development standpoint in issues surrounding economic growth, good governance and social sector improvements in Central Asia.



In retrospect, USAID programming over the last 20 years has followed two over-arching themes and been largely based on two broad concerns. During the first decade, roughly starting in 1993 and ending in summer 2001, development programs sought to fill the vacuum left by the collapse of the Soviet empire, promoting what was thought to be a linear movement away from centralized, control-oriented Soviet approaches to more "western" economic, political and social models of development. During the second decade, starting in the immediate aftermath of 9/11 and continuing until the end of this year, events in Afghanistan played an important and at times even decisive role, at least in terms of a perceived need to engage with Central Asia to maintain stability as well as provide alternate air and road routes to land-locked Afghanistan. As one prominent American academic analyst noted at the time, this was Central Asia's "second chance"¹ -- a chance that in the end has not materialized, at least to the extent that was initially expected or hoped.

Instead of maximizing resources and economic potential and engaging in regional approaches to regional challenges, the individual countries involved have more often rejected this

¹ Martha Brill Olcott. *Central Asia's Second Chance* (Carnegie Endowment for International Peace, 2005).

organizing paradigm, looking instead at ways to emphasize their differences and advance their own perceived country-specific interests and objectives while also asserting their own individual importance and strength. Given these acute tensions, USAID programs must balance among both bilateral and regional concerns, taking into account divergent national realities, to achieve regional impact. Indeed, most citizens of Central Asia understandably view themselves first as citizens of their respective nations and perceive the regional construct as artificial and an abstraction from their day to day reality. All USAID programs must take this fact into account and use the available opportunities to intelligently build space for regional engagement and cooperation.

The period covered by this strategy² now offers a third opportunity for the United States to constructively engage with Central Asia, an opportunity informed by our experiences of the past 20 years, including the perhaps premature optimism of the early period and the overarching strategic calculations of the second period, when policy concerns affecting neighboring Afghanistan necessarily played a significant role.



USAID supports Uzbekistan’s Annual Cherry Contest, where farmers compete for crop of the year in a variety of categories.

Over the next half decade, USAID has an opportunity to adopt a more pragmatic and possibly more modest but achievable approach, this time acknowledging the complexities of this challenging region while retaining a commitment to deal directly and creatively with them. Through a combination of country-specific and regional programs, we can offer each of the countries in the region a combination of balance as well as alternate possibilities that provide a much wider range of choices and prospective paths forward than would otherwise be available at a time of possibly momentous change.

From a geopolitical standpoint, the region remains as important as ever. Stretching from China in the east to the Caspian Sea in the west, Central Asia also shares a long border with Russia to the north and Afghanistan and Iran to the south. As recent events in Ukraine have demonstrated, Russia continues to shape the trajectory of political and economic developments in the former Soviet Union. The future direction of events in Afghanistan and Pakistan remains uncertain. From a US perspective, active engagement in Central Asia, and especially the goodwill and cooperation that result from well-designed and well-implemented assistance programs, can offer positive opportunities, bring international experience to bear, and promote greater stability.

² Fiscal Year 2015 to Fiscal Year 2019, i.e. October 1, 2014 - September 30, 2019

It is also in these circumstances that the unique advantages of USAID's regional approach become most apparent. Even as USAID's individual programs and activities are typically implemented in a bilateral, country-specific context, our regional presence within our "one Mission, multiple locations" paradigm allows us to work within a broader perspective, communicate across borders with counterparts on shared interests, and prioritize and implement regional and bilateral programs that can have a collective impact. Not all the development objectives and intermediate results put forward in this Regional Development Cooperation Strategy (RDCS) will be implemented in each country, given differing funding allocations and various and unique country circumstances. The result of this customized program is that the impact of the whole is greater than the sum of its parts. Regional and bilateral programming have at times been misperceived as being in conflict, when, in reality, bilateral programming provides the necessary foundation for achievement of regional results.

This RDCS provides the strategic rationale and focus for USAID's response to a complex and enormously challenging set of development challenges -- namely related to trade and markets; water and energy; and governance and social services -- as well as a flexible framework to help inform development choices that USAID as well as its partners will be making in Central Asia over the next five years, all while striking the appropriate balance between regional and bilateral activities necessary to achieve results.

The RDCS incorporates several major Presidential Initiatives, including Feed the Future, Global Climate Change, PEPFAR and Global Health. In addition, the Administration's "New Silk Road" (NSR) vision emerges in greater detail, both as a recurring theme and as an organizing principle. NSR focuses on improving connections between Central Asia and all of its neighbors further to the south.

The core goal for this RDCS for Central Asia as a whole is *enhanced regional cooperation and broad-based prosperity*, worked out through a set of three specific development objectives. These three Development Objectives³ are as follows:

DO 1: Expanded diverse and competitive trade and markets:

USAID will help integrate the economies of Central Asia to be stronger and more resilient, demonstrated by significant increases in cross-border trade, including with Afghanistan and the broader South Asia region, and increased income-generating opportunities for the poor.

DO 2: Enhanced regional cooperation on shared energy and water resources:

USAID will help convert the issues of water and energy to be compelling reasons for cooperation, instead of sources of conflict, resulting in more effective and equitable management of these two critical trans-boundary resources.

³ A Development Objective (DO) refers to a priority technical area in which USAID focuses its investments. Intermediate Results (IR) and Sub Intermediate Results (Sub-IR) refer to contributing components of a DO.

DO 3: More effective and inclusive governance institutions that serve the public good:
USAID will support national and local government institutions of the region to be more responsive and accountable to citizens, and will support civil society to advocate for citizens' needs, thus improving government's ability to manage and maintain delivery of key public services in order to mitigate health threats and improve literacy.

While the Kyrgyz Republic is referred to in the RDCS in relation to some regional activities and is certainly part of the USG's vision for the region, USAID/Kyrgyz Republic as a stand-alone Mission, presents the strategic concerns and programming imperatives of that country in a separate, stand-alone Country Development Cooperation Strategy.

DEVELOPMENT CONTEXT, CHALLENGES & OPPORTUNITIES

The five countries of Central Asia, taken together, have a population of more than 65 million and represent a wide diversity of ethnic groups, languages and clans. The physical landscape is dramatic, ranging from vast steppes to high, rugged mountains, formidable deserts to large rivers, lakes and seas. At the time of independence, more than twenty years ago, the socio-economic and political conditions in each country were broadly similar in many important respects. Since independence, however, each Central Asian country has made different choices and followed dramatically divergent trajectories. Some neighborhoods in Central Asia, for example, would not be out of place in Dubai or parts of Western Europe, but others are as poverty-stricken as those found in poorer parts of South Asia and Africa.

A brief account of each country's path relays the diversity of current conditions in the region. Kazakhstan has prospered economically and changed dramatically through the development of its oil and gas markets. Similarly, Turkmenistan's natural gas resources have allowed it to move to a different economic place, making significant financial resources available for its future development. Notwithstanding, it is still isolated from the rest of the world and lags behind most of the world on measures of democracy, human rights, and media independence. Tajikistan survived a civil war that left between 50,000 and 100,000 dead (estimates vary); in recent years it has enjoyed relative stability but looks with concern toward future developments in Afghanistan beyond its long and porous southern frontier. Uzbekistan, boasting the largest population and most significant historic sites in Central Asia, faces formidable challenges. More recently, the Kyrgyz Republic has embarked on its third attempt to establish something that has yet to be deeply rooted anywhere in the region -- a vibrant democracy marked by transparency, respect for human rights and a space for many voices and multiple opinions to be freely voiced and heard.

Even as Central Asian countries have diverged over two decades, many challenges remain unsolved across the region. The lack of diverse and competitive markets, lack of cooperation on energy and water, and less than effective governance and service provision represent challenges and missed opportunities that each country individually, and the region collectively, faces. This confluence of individual and collective challenges and opportunities create a

region that, despite its inherent enormous potential to be a driver of economic growth and political influence within and beyond the region, is still far behind its potential in achieving sustained stability and prosperity.

Diverse and Competitive Markets

While countries across the region are trying to increase their trade beyond the region, intraregional trade in Central Asia is less than 5 percent⁴ of total trade in Central Asia, which is low by global standards and reflects the lack of action to integrate trade corridors or customs procedures. Borders are frequently closed in response to bilateral conflicts. While trade figures remain modest for now, greater economic dynamism can provide future opportunities for international businesses, especially in key areas such as services, energy, mining, higher education, infrastructure and aircraft sales. American firms are well positioned to help promote this economic dynamism, introducing new technologies and management approaches while also strengthening ties between distant parts of the world in ways that benefit both the United States and Central Asia.



In Turkmenistan, USAID organized a children's camp for disadvantaged families.

Energy and Water Resources

The fortunes of Central Asian economies largely depend on water and energy to power economic growth and satisfy the demand for resources. The management and storage of cross-border water and other energy resources requires regional cooperation. The Kyrgyz Republic and Tajikistan possess 90 percent of the economically viable hydropower potential in the region while the rivers that feed the downstream populations, including Uzbekistan, Kazakhstan, and Turkmenistan, provide approximately 90 percent of water needed for agriculture. Competing claims on water and electricity exchange have led to regional water and electricity shortages, often during the cold winter months. Although some Central Asian countries have previously entered into agreements, commitments have not been upheld,

⁴ IMF, *Direction of Trade Statistics*, September 2012

leading to a breakdown in regional cooperation and resource management. This regional dynamic provides opportunities for cooperation and shared resource management, such as through support to water user associations and approaches to resolve water disputes.

Governance

Governance and accountability remain are challenges across Central Asia. Governments in some cases are reluctant to embrace open decision-making, and opportunities for public input and scrutiny are typically discouraged. Governments often distrust civil society organizations, creating a rift between government bodies and civic actors. Conversely, a lack of transparency, civic engagement, and access to information, results in non-responsive policy outcomes and poor service delivery – a combination that not only impedes development, but is inherently destabilizing as populations demand more and better services than governments are typically able to deliver. Despite economic growth in some Central Asian countries, corruption and a lack of candor on social issues are also viewed as continuing concerns.

Public Health Threats

Global health problems -- including HIV/AIDS and drug resistant strains of TB – remain acute in Central Asia. Poverty and hunger are significant concerns in Tajikistan and parts of the Kyrgyz Republic, where social indicators in some areas are comparable to those more common in impoverished countries in Africa or South Asia. The lack of trans-boundary cooperation to reduce health threats such as HIV or TB exacerbates the challenges of diagnosing and treating these diseases, especially for people who inject drugs and migrant populations, respectively. In fact, virtually the entire spectrum of development issues -- ranging from the importance of disaster preparedness to the challenges of conflict mitigation and management to the impact of new technologies to the need for transparency and good governance -- is played out in one way or another across the five countries constituting present day Central Asia. Here and elsewhere, even modest USAID engagement can make a big difference.

US STRATEGIC INTERESTS IN CENTRAL ASIA

US strategic interests in Central Asia are compelling and complex. More than 20 years after the region first opened its doors to international engagement, American involvement -- along with that of its friends and allies -- provides balance as well as choice for a disparate collection of countries that face ever-more complex challenges. These challenges will become even more formidable during the next five years against a backdrop of uncertainty in Afghanistan, rising geo-political interests in Russia, growing Chinese influence, and looming political transitions across a region where the Soviet legacy continues to have an important impact.

Issues related to post-2014 Afghanistan remain important. However, given Central Asia's strategic location, energy resources and potential impact on the global stage, this region would be important even in the absence of a strong USG interest in what happens in Afghanistan. Against this backdrop, demographic transition and the eventual departure from the scene of an aging political, social and economic leadership dating to the Soviet era, give added importance to the period covered by this strategy.

Politically, the United States benefits from stability in a region that borders two nuclear powers (China and Russia) and is part of a neighborhood that includes countries that are either already part of the "nuclear club" (Pakistan and India) or have in recent years displayed an interest in joining it (Iran). Afghanistan's future remains cloudy but under any scenario will likely entail a period of

uncertainty. Major issues such as international terrorism, governance "deficits", infectious diseases, lost economic opportunities, climate change, environmental degradation, and the never-ending quest for energy all play an influential role in shaping Central Asia's future. All these influences underscore the importance of the region, shape US approaches, and help inform this Strategy document.



USAID works with Uzbek nurses to prevent the spread of tuberculosis.

Economically, a stable yet dynamic Central Asia will offer important trade and investment opportunities in the years ahead. The Kyrgyz Republic and Tajikistan are both members of the World Trade Organization; Kazakhstan has been working on accession but still needs to address several requirements to complete the process. Turkmenistan has expressed an interest in understanding the accession process and the potential benefits of membership, though it is

doubtful that it would do more than become an observer in the medium term. The US has been steadily increasing exports to the region and signed a Trade and Investment Framework Agreement with the five countries in 2004.

As the New Silk Road initiative suggests, the US also sees merit in viewing Central Asia and its common challenges through a regional lens, evoking regional approaches even while supporting interventions within a country-specific context. This too presents specific challenges, especially given a marked tendency across Central Asia toward "zero sum" approaches based on minimizing rather than maximizing cooperation. Two decades after achieving independence, the countries emerging from the Soviet empire have in fact grown further apart; they are less likely to work together to face common concerns even when such cooperation could be beneficial. This lack of cooperation weakens prospects for individual countries as well as the region as a whole. Indeed, from an economic standpoint, Central Asia now constitutes one of the least integrated economic regions of the world and suffers as a result.

While this lack of integration reflects political realities on the ground, it means that even relatively modest policy adjustments to streamline approaches to trade and markets (including topics of cross-border transport), energy and water, and governance and social services can have an outsized impact in achieving greater efficiency and promoting more robust levels of economic activity, to the benefit of populations of every country involved. Among other things, the economic and political efficacy of greater integration provides opportunity for a more unified Central Asia to truly become greater than the sum of its individual, disparate and occasionally antagonistic parts. This RDCS addresses the common challenges in Central Asia as shared challenges where bilateral programming can have a regional impact. For example, country-specific assistance to Turkmenistan and Kazakhstan on WTO accession and assistance to Tajikistan and the Kyrgyz Republic on WTO compliance will lead to greater regional trade as a rules-based trade system will open these countries' economies and bring about more trade to each other with proximity and shared borders.

Importantly, the next five years provide a rare and possibly unique window of opportunity for US, and specifically USAID, engagement to help shape and determine Central Asia's future for many more years to come. The need to provide positive assurance in the wake of the US military draw down in Afghanistan represents an especially important factor; a stable and more prosperous Central Asia will contribute to Afghan development through new business opportunities and trade linkages. Successes in economic growth, natural resource management and energy use, health, education, and democracy and governance in neighboring Central Asia can serve as nearby, positive best practices for future Afghan development. While US activity in Afghanistan will increasingly play out on the development stage, what happens in Central Asia also matters, if for no other reason than to lend credibility and substance to our claim that the changing situation in Afghanistan does not mean that we have "abandoned" or "lost interest" in this part of the world. Ironically, the US military withdrawal from the region presents an opportunity for deepening US engagement around certain issues, such as development, as Central Asian populations are generally supportive of USG development efforts in the region.

Yet over-arching strategic concerns related to Afghanistan are not the only ones that will play out in important ways across Central Asia over the next five years. For example, Russia's claims on Ukraine territory have sparked questions about Russia's intentions in the former Soviet space; at the same time they have prompted external and internal concern as well as international comment on Central Asia's territorial integrity as well as its political relations with its large neighbor to the north. Certainly, these events are a reminder that Central Asia's geo-strategic relevance should not be defined only through the "Afghanistan-centric" filter that characterized the past decade or more, and that policy towards the region must be shaped in response to the actions of others in areas far beyond Afghanistan.

The next half decade also marks the start of a critical new transition, resulting from the emergence of a new and younger generation on the social, economic and political stage that is increasingly detached from the Soviet past and may be more open to other, different approaches, whether drawing on Europe, Turkey, Russia, China, the Middle East or elsewhere. Here again, engagement in Central Asia over the next few years will have a much larger long-term impact.

Central Asia's emerging generation has fewer direct personal links to the Soviet Union which once controlled the destiny of 50 million people living across a vast region that is considerably larger than all of Western Europe combined. Of today's almost 65 million people in Central Asia, around half this population is under the age of 30; in Uzbekistan and Tajikistan, around a third of the population is close to age 20. This is the first generation for which independence and peace are assumed. While a new generation is beginning to take the stage, the older political leadership will increasingly have to prepare the ground for their successors. For the two largest countries in Central Asia -- Kazakhstan and Uzbekistan -- the challenges will be especially urgent as long-serving presidents intimately familiar with the inner workings of the Soviet Union will approach the age of 80 by the end of this strategy period. More than ever, these long-time leaders are faced with questions about their legacy as well as the future of their countries after their own generation has left the scene.

A coherent, focused and adequately funded strategy will ensure that USAID, and the USG more broadly, plays a positive and constructive role in offering alternate perspectives and shaping events and conditions as they unfold in Central Asia over the next five years. As one of several agencies charged with implementing USG foreign policy, USAID will take the lead on development aspects of our engagement. USAID will do so in ways that help reinforce and strengthen initiatives in other areas, including political and strategic ones. For example, USAID involvement in the New Silk Road initiative is integrated across this new strategy and will play a central role in helping to implement it. Similarly, prospective USAID activities countries such as Turkmenistan and Uzbekistan will play a useful part in advancing people-to-people ties, offering new ideas and opening doors for continued conversation on a wide range of issues, often in ways that go beyond immediate development concerns.

In sum, individual country realities and areas of opportunity will shape USAID's programs over the next five years to advance broader strategic concerns that transcend national borders. Throughout this period, funding levels and activities will provide tangible assurance of firm US support amid widespread uncertainty about the future of Afghanistan, the continued

emergence of China, and ongoing unpredictability surrounding Russia's role in the region and beyond. In addition, USAID will seek to introduce new approaches, technologies and opportunities for citizens across Central Asia to meet and engage directly with the United States on issues that matter to them. Finally, USAID will try to bring broader international experience to bear on vital issues other neighbors might otherwise define, shape and dominate – neighbors with wider ambitions but offering a narrower and more circumscribed set of possibilities.

The new RDCS positions USAID to provide bilateral and regional assistance that address shared and cross-border challenges in Central Asia – assistance which will lead to greater integration and a better future for people in each of the countries of Central Asia, as well as for this historically important region as a whole, which has remained far too isolated for far too long. In doing so, USAID will seek to become a catalyst for helping the various people of Central Asia to work toward achieving stability and prosperity while also reconnecting with the wider world in which they once played such an important and even vital part.

US POLICIES & INITIATIVES

USAID's approach aligns with several Presidential Initiatives (Feed the Future, the President's Emergency Plan for AIDS Relief (PEPFAR), Global Health, and Global Climate Change); the Administration's New Silk Road vision to connect Central and South Asia and advance cooperation and trade across both regions; as well as Agency-wide policies and priorities on gender, basic education, Stop TB, the USAID Forward suite of management and strategic reforms, and USAID's five recently issued corporate objectives.

First, with respect to Presidential Initiatives:

Feed the Future frames USAID agricultural programs in both Tajikistan and the Kyrgyz Republic, the latter covered under a separate bilateral strategy document. Tajikistan's inclusion as an FTF focus country reflects its large rural population, high dependence on agriculture for household-level income generation, limited amount of arable land, and high rates of poverty and child stunting. In providing the catalyst for a range of mutually reinforcing activities in the poorest region of the poorest country in Central Asia, our core intent is to improve food security and nutritional outcomes for the target population, thereby decreasing rates of poverty and the prevalence of stunting.

The Global Health Initiative frames the approach used to determine USAID health programming in Central Asia, especially for tuberculosis (TB). Central Asia has one of the highest rates of multi-drug resistant TB in the world. Four of the five Central Asian countries are among the world's top 27 countries where TB is the major cause of morbidity. Major challenges include vertical, hospital based treatment practices based on former Soviet Union models, outdated diagnosis and infection control procedures, and stigma and discrimination among high risk groups. USAID's TB programs introduce state-of-the-art, internationally accepted practices that promote testing, care and treatment of TB in key populations such as migrants, prisoners, injecting drug users and sex workers, including men. These programs position CSOs and Ministries of Health to scale up effective TB control and prevention programs in the region.

The PEPFAR Initiative in Central Asia is implemented by an interagency consortium of USG sections including USAID, Centers for Disease Control, the Embassy, and the Peace Corps (in the Kyrgyz Republic). Central Asia is characterized by rising HIV infection rates. The wide availability of heroin from Afghanistan en route to Russia and Western Europe fuels HIV transmission. While HIV affects less than 1 percent of the general population, infection rates among key populations—injecting drug users, commercial sex workers, and men who have sex with men—is high. USAID provides targeted, high-quality HIV prevention and treatment services and works with Central Asian CSOs and Ministries of Health to strengthen their national response in averting and controlling HIV in the region.

The Global Climate Change Initiative frames USAID's approach to climate change in a region where greenhouse gas emissions exceed the global average, and issues related to water, desertification, complex ecosystems and other climate change concerns loom especially large.

Altered water systems as well as a further drying of soils would adversely affect the region's main cotton and grain cultivating areas, in turn reducing incomes and employment. Rapidly melting glaciers, floods and mudflows would have catastrophic environmental consequences while also increasing the risk of water-borne diseases. USAID interventions here increase access to and use of climate data, supporting policy frameworks that promote low emissions growth and encourage investments in clean energy.

Second, with respect to the New Silk Road:

The Administration's vision for a New Silk Road is to support a network of economic and transit connections running across and between Central, South Asia, and beyond. The US is working closely with Central Asian governments and other interested parties to turn this vision into reality. As the US military presence in Afghanistan draws to a close, US diplomacy and development will take center stage in assisting Afghanistan as it connects more to Central and South Asia in its ongoing efforts to shape a more promising future.

USAID's contribution to the New Silk Road builds on major aid investments in Afghanistan, Pakistan and Central Asia to promote deeper regional integration, stronger economic and trade ties and improved links between people. Importantly, this strategy complements US development efforts in Afghanistan. In addition, the three Development Objectives (DOs) that form the heart of this RDCS align with the New Silk Road priorities: energy security, economic growth and trade, and good governance. This approach is further reinforced at the Intermediate Result level within each Development Objective, ensuring that project outcomes directly contribute to New Silk Road priorities. Indicators for measuring success in achieving these objectives are also included in the results framework.

Third, with respect to other Agency priorities:

Gender dynamics have changed significantly across Central Asia over the last two decades. The breakup of the Soviet Union was accompanied by a marked decline in public social services and in many cases it was women who were most severely affected. For example, the collapse of child care services forced women to leave the workplace and return home to raise their children.

At the same time, pressure on men also mounted in the face of rising unemployment and an increased need to become the sole source of income for families that had lost a social safety net. This in turn led to depression, unhealthy lifestyles, heavy drinking, drug use and risky and violent behavior. Declining economic opportunity also precipitated a growth in external migration with large numbers of men from Tajikistan and Uzbekistan departing to Kazakhstan, Russia and elsewhere in search of work. Remittances from these workers quickly became an important source of income and foreign exchange, especially for Tajikistan. Such movements also have important social consequences, in this case resulting in a large increase in the number of female-headed households.

Cross-cutting gender issues will be addressed throughout the strategy period in a variety of ways. Taken together, these activities will also advance USAID's policy on Gender Equality

and Female Empowerment, reducing gender disparities related to access to, control over and benefit from resources, wealth, opportunities and services. The issues will be especially salient under Development Objective Two (which includes agriculture and nutrition) and Development Objective Three (which includes health service delivery).

Education is a relatively small part of USAID's portfolio in Central Asia. However, it remains a vital area of concern across the region and even relatively modest USAID inputs can have significant impact, especially in Tajikistan where the basic education systems have been ravaged, initially by civil war and later by years of neglect. While USAID has generally scaled down support for secondary and higher education, USAID still has a useful role to play in addressing literacy rates in Tajikistan that are now much lower than was the case when the country became independent more than two decades ago. These programs will continue to pursue broader Agency goals within the context of USAID's participation in the Global Partnership for Education.

This RDCS for Central Asia is also poised to address operational priorities, including those associated with the USAID Forward suite of management and implementation reforms. USAID/Central Asia will build upon initial successes to build local capacity and forge development partnerships within the broader context of Implementation and Procurement Reform.

Local Organizations and Engagement

USAID is looking toward opportunities to further strengthen its direct engagement with local organizations, including those involved in watershed management, health service provision, civil society engagement and democracy and governance. The number of direct grants to such organizations has grown sharply in recent years and should continue to increase in the years ahead. Local organizations figure as sub-grantees across all three Development Objectives.

Science, Technology and Innovation

USAID Central Asia is moving forward with incorporating the use of groundbreaking new approaches and technologies, especially mobile and geospatial, to better implement our development programming. Some of the intriguing new areas presently being explored or implemented include the use of mobile technology to increase access for vulnerable populations to TB and HIV services, piloting cold storage innovations developed by the Global Development Lab, and using geospatial data to better support performance monitoring and to improve the cross-border basin management between Tajikistan and Afghanistan. In addition, the Central Asia Mission will seek to engage the Global Development Lab to stay informed of new innovations from Washington, particularly those we might pilot dealing with maternal and child health and governance. Finally, USAID Central Asia will use AGMIP (Agricultural Model and Intercomparison and Improvement Project) technologies for agriculture planning in the region to enhance climate change adaptation capacity.

Partnerships

During the duration of the RDCS, several opportunities exist for USAID to pursue new partnerships. At a government-to-government level, this includes cooperation with the wealthiest country in the region, Kazakhstan, and proposals for cooperation with Turkmenistan. USAID has already established co-funding arrangements for bilateral economic development programs in Kazakhstan, with the Government of Kazakhstan assuming an increasing share of overall costs. Over the next five years, USAID plans to continue this effort.

In addition, joint cooperation on a prospective government development agency in Kazakhstan -- provisionally known as "KazAID" -- provides intriguing possibilities for an entirely new level of engagement, this one marking a significant milestone in the country's transformation from an aid recipient to a donor country, joining the ranks of places such as South Korea and Brazil that have made a similar transition.

Early indications are that nascent KazAID programs will focus on Central Asia, notably the Kyrgyz Republic and Tajikistan, as well as Afghanistan. Such a decision would help contribute to the New Silk Road initiative. Indeed, Kazakhstan has already provided useful aid to Afghanistan, including the provision of wheat as well as scholarships for Afghan students to study in Astana and Almaty. During the next five years, USAID will strengthen and deepen its engagement with Kazakhstan as it develops its own aid program, using lessons learned from USAID's own experience.

USAID leverages the work of other donors to provide comprehensive support to Central Asia's regional cooperation, especially for health, energy and water resources. USAID carries out the important role of providing technical assistance and "convening authority" while larger donors, like the World Bank, provide funding for infrastructure. This is the case for USAID's coordination with and support to the Central Asia Energy and Water Development Program, a multilateral program managed by the World Bank, as well as USAID's support for the CASA-1000 (Central Asia South Asia-1000) water and energy initiative to connect power produced in Tajikistan and Kyrgyzstan to customers in Afghanistan and Pakistan.

Similarly, on development challenges such as TB and HIV, USAID will leverage its influence with the Global Fund (GF) for Tuberculosis, AIDS and Malaria, since the US contributes up to one-third of the GF's budget worldwide. In Central Asia, USAID's technical leadership in TB and HIV is shaping national programs and policies and has resulted in substantial new GF funding for four of the five Central Asian countries for the next



In Turkmenistan, USAID and Chevron support Junior Achievement, enriching the lives of youth.

five years. In addition to the GF, USAID will partner with the World Health Organization (WHO), the World Bank, and UNAIDs to advocate for increased health investments by selected Central Asian countries experiencing economic growth. USAID will partner with the World Bank to support Kazakhstan's Health Sector Reform & Science and Technology Project. We will share models of successful health financing schemes to help Kazakhstan shape its program and avoid pitfalls faced by other emerging economies.

USAID engages the private sector in co-funding partnerships to support shared development objectives, notably the collaboration in Turkmenistan with Chevron that supports economic growth and health activities. Since the Chevron partnership was established in 2009, Chevron has contributed to four USAID projects in Turkmenistan. With a variety of large, multilateral companies engaged in Central Asia, opportunities exist for more of these co-funding partnerships. Our work under this RDCS will develop more of these arrangements in all three DOs.

USAID has several partnerships with the Aga Khan Development Network for activities in Tajikistan extending along the border with Afghanistan, and is exploring other collaborative efforts and co-funding arrangements to expand this partnership more broadly in Central and South Asia and structure the programs as Global Development Alliances (GDA).

USAID programs have developed and are strengthening partnerships with local NGOs across the region. For example, one leading Kazakh NGO implements programs elsewhere in Central Asia and one of the Tajik NGOs it supports in turn is managing development programs in neighboring Afghanistan.

Throughout the duration of the RDCS, USAID will build on these partnerships and start to transform our assistance to the Central Asian countries away from representing a traditional, project-based assistance relationship to more of a partnership in which local actors play a prominent role.

OTHER DONORS

The aid profile across Central Asia varies considerably. Partly, this reflects the very different development situations faced in different countries across the region, with Tajikistan representing one extreme in terms of its poor social and economic indicators and Kazakhstan the other with respect to its impressive record of economic growth, providing the Government of Kazakhstan with more resources than ever to deal with its own pressing social and economic concerns. The working environment in both Turkmenistan and Uzbekistan also affects donor decisions in terms of what types of programs to mobilize and the level of

funding that can be reasonably attached to them.

Bilateral Donors	ODA to Central Asia (USD m) 2011
United States	176
Turkey	166
Japan	124
Germany	110
UAE	46
Switzerland	36
South Korea	24

Multilateral Donors	ODA to Central Asia (USD m) 2011
World Bank	539
ADB	178
EU	89
IMF	72
IDB	39
OSCE	22
Global Fund	361*

According to OECD data, the US is the largest bilateral donor in Central Asia. Other major bilateral donors include Turkey, Japan, and Germany, with other countries such as the United Arab Emirates (UAE), Switzerland and South Korea offering more modest support.

The list of multilateral donors working in Central Asia is more robust, as are the programs that they help design, fund and implement.⁵ Most notably, the World Bank,

Asian Development Bank (ADB), the Global Fund and European Bank for Reconstruction and Development (EBRD) have been and remain an active presence, offering major loan packages and funding important infrastructure improvements. Smaller multilaterals such as the Islamic Development Bank and Eurasian Development Bank are also involved. To varying degrees, the European Union, UN agencies and the Organization for Security and Cooperation in Europe (OSCE) also support aid activity within the region, especially in Tajikistan.

USAID will continue to coordinate with the full range of other donors, both through our regional office in Almaty and via the various country offices across Central Asia. We will be especially forward-looking in areas of important strategic concern such as the New Silk Road initiative where we are engaged. Already, our work on trade and energy is closely coordinated

⁵ ODA data for bilaterals and multilaterals taken from OECD/DAC statistics for 2011, with the exception of the World Bank, for which 2013 figures were available.

* Official Global Fund figures are cumulative to date and include TB, HIV and Malaria funding across Central Asia. An additional \$216m is expected through 2016, for a total investment of \$577m.

with multilateral organizations such as the ADB and the World Bank, which share similar concerns. In some cases, this coordination includes joint funding. In other instances, USAID purposefully enters into areas where no other donor is actively involved but where our own engagement can make an important difference. Perhaps the best example of this is Tajikistan, where our involvement in basic education brings international experience and lessons learned to bear on an important area where other donors are not involved. In Turkmenistan, USAID has been the lead donor offering assistance and information related to WTO accession and accounting reform.

As in other parts of the world, coordination in the health sector is especially well-developed across the region. As our funding levels decline, our ability to work with and in some cases help shape health activities funded by the Global Fund becomes more important than ever. The RDCS presents an approach to strengthen and deepen this cooperation over the next five years.

OTHER USG PROGRAMS

Finally, it should be noted that USAID is not the only USG entity that funds and administers aid programs in Central Asia. Other US agencies and departments also administer significant assistance. The Department of Justice offers support through its legal training and International Criminal Investigative Training Assistance Program. The Department of Treasury provides technical assistance related to the financial sector, and the Department of Commerce assists on commercial law development. The Department of Agriculture runs the Cochran Fellows program, offering short-term agricultural training to host country government employees and private farmers. Various programs supported by the Department of State are also of particular interest, including in the areas of law enforcement, export control, civil society, and study tours on cultural, educational and other topics. The Department of Defense supports activities on civil-military issues. Diplomatic engagement through our embassies in the region advises the countries in Central Asia on how to best meet conditionalities of development assistance, whether they originate from the US or other bilateral and multilateral donors. USAID programs are closely coordinated with those programs implemented by other USG sections.

DEVELOPMENT HYPOTHESIS

USAID's regional development goal for Central Asia is to *enhance regional cooperation and broad-based prosperity in Central Asia*. The development hypothesis is that the combination of *diversified markets and trade, improved regional cooperation in the management of shared energy and water resources, and more effective and inclusive governance institutions that serve the public good* will together *lead to greater prosperity and stability in Central Asia and the broader region*. As markets are diversified and become more competitive, trade will increase, markets will expand, and incomes will rise. As service delivery improves, people will be healthier and better educated, will more constructively participate in the economy, and hold their governments accountable. As water and energy resources are more effectively and equitably managed, communities will meet their basic needs for improved access to electricity, drinking water, and water for agricultural purposes.

USAID's achievement of this development goal depends on three Development Objectives (DOs) that are within USAID's manageable interest and where the Agency has a comparative advantage.

- *DO 1: Expanded diverse and competitive trade and markets*
- *DO 2: Enhanced regional cooperation on shared energy and water resources*
- *DO 3: More effective and inclusive governance institutions that serve the public good*

A well-calibrated mix of bilateral and regional programming is necessary to achieve each of these three development objectives. Furthermore, bilateral programs are essential to achieve many of the reforms that promote and lay the foundation for regional cooperation.

By the end of the timeframe for the RDCS, USAID anticipates the following results:

- The economies of Central Asia are stronger, more resilient, and more integrated, demonstrated by significant increases in cross-border trade among these five countries and beyond and increased income-generating opportunities for the poor.
- Water and energy are compelling reasons for cooperation, resulting in more effective and equitable management of these two critical trans-boundary resources.
- The national and local government institutions of the countries of Central Asia are more responsive to citizen needs and more accountable to the people they serve, evidenced by declines in TB and HIV incidence rates in key populations in the region and improved nutrition and childhood literacy rates in Tajikistan.

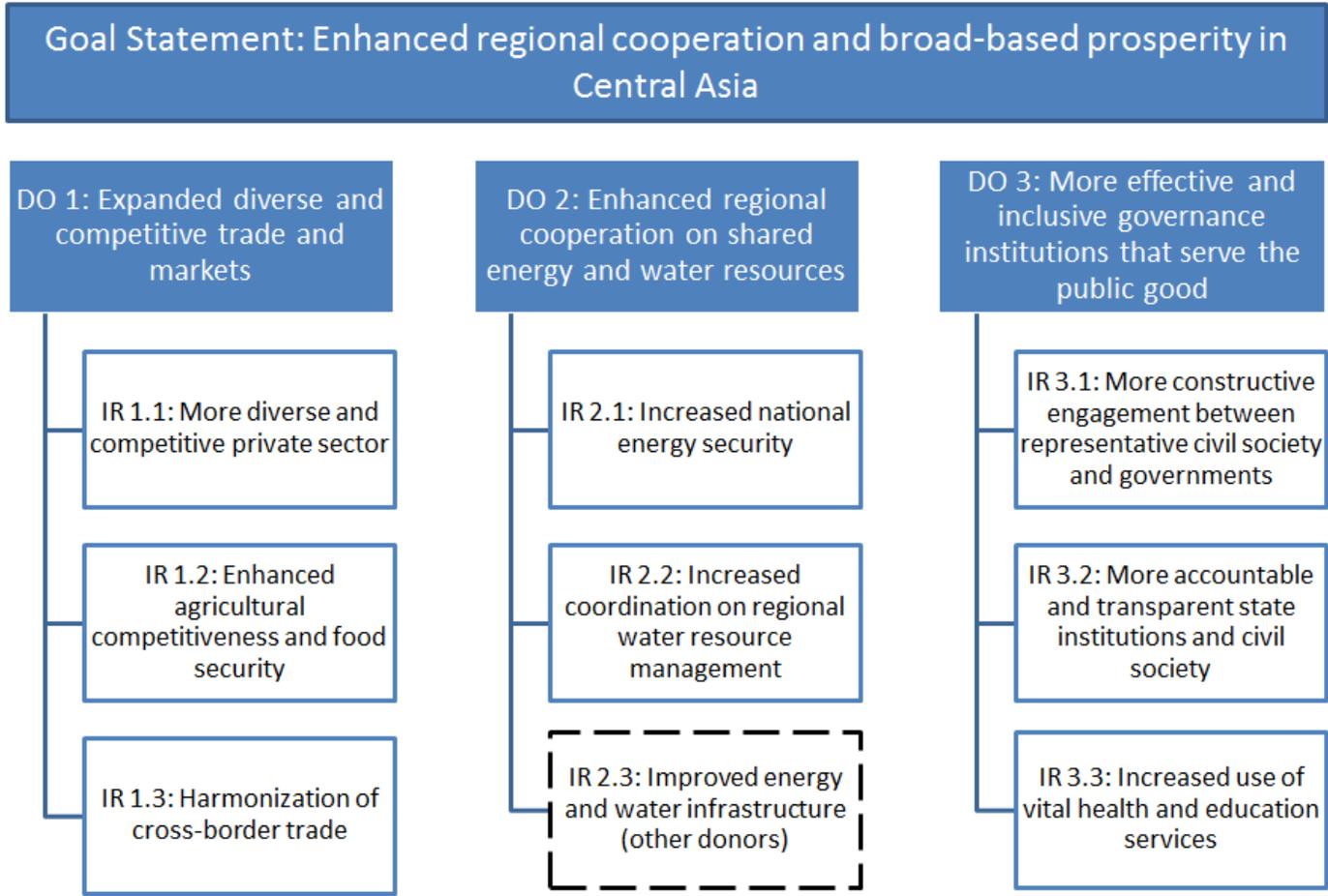
CRITICAL ASSUMPTIONS

- Central Asian governments provide the legal and operational space for the US to continue assistance across the region.
- Central Asian countries remain committed to open economic models.
- Central Asian countries will not close political, economic and other channels of cooperation with Afghanistan.
- General upward trend in per capita GDP continues.
- Trends in labor migration and remittances continue.
- Other donors remain engaged at current levels and in current areas of collaboration with USAID.
- US assistance levels for USAID/Central Asia do not drastically decrease (i.e., do not decrease more than 5 percent from anticipated levels).
- State collapse, widespread conflict and/or violent extremism do not occur.

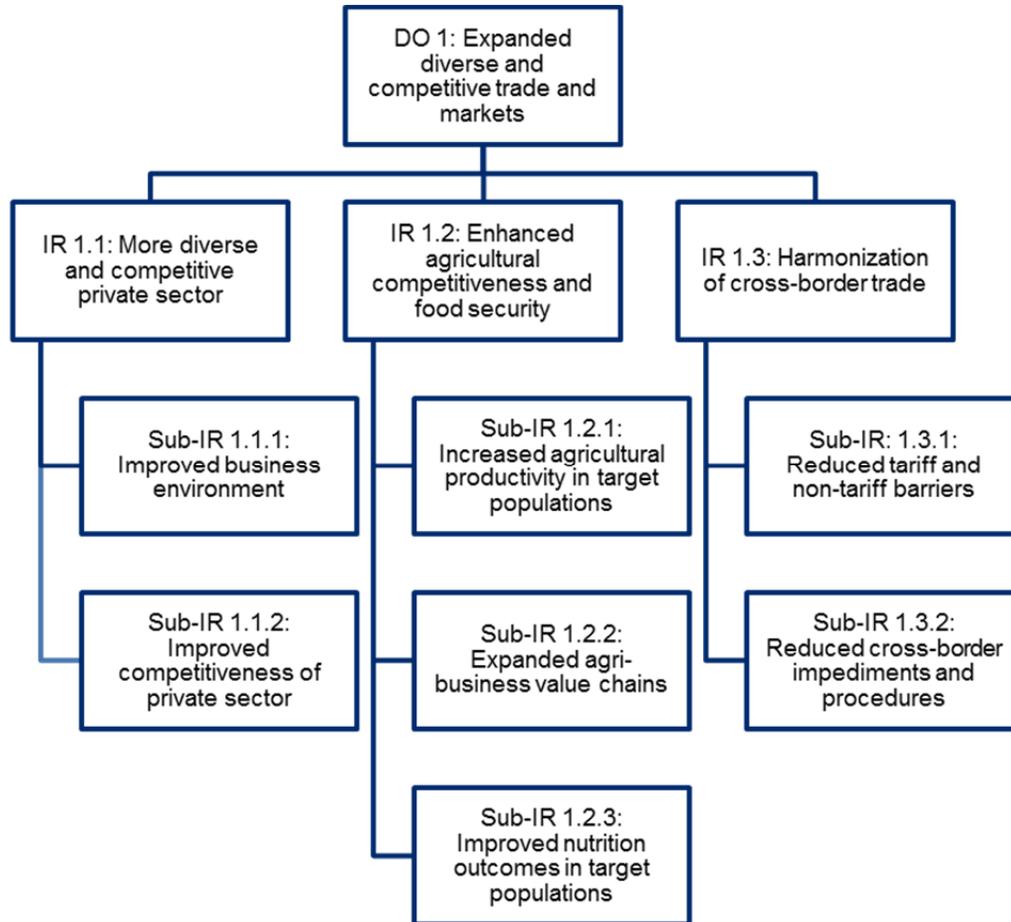
RISKS

- Commodity prices (oil, gas, minerals, cotton, wheat) change dramatically, up or down.
- Major instability in Afghanistan spills into Central Asia, including an increase in refugees and trafficking of drugs and/or arms.
- Regional trade is disrupted due to political conflicts.
- Influence of regional and neighboring countries significantly shifts.
- Deterioration in human rights leads countries to restrict US assistance.
- Conflict becomes more marked and widespread within the region over access to resources (water, energy, etc.).
- Natural or man-made disasters occur in the region.
- Climate change alters precipitation patterns/water access, etc.

RESULTS FRAMEWORK



DO 1: EXPANDED DIVERSE AND COMPETITIVE TRADE AND MARKETS



The countries of Central Asia have very different economies, but they share two important characteristics: (1) a high reliance on primary commodities for economic growth, making the economies especially vulnerable to price volatility, downward price shocks, and periodic steep recessions; and (2) stagnating trade in the past 10-15 years as a result of trade barriers that impede competitiveness and regional economic growth. Like many developing countries, the countries of Central Asia are trying to develop value-added industries to minimize their historical reliance on primary commodities, but they still require more investment in physical capital and improvements in human capital and management practices. Trade has stagnated for several reasons, including lack of regional trade agreements stemming from distrust and limited participation in a global, rules-based trading system, namely the WTO.

The development challenge is how to increase competitiveness and promote economic growth in emerging non-extractive industries that are not dominated by the state. The

development hypothesis for this DO is: *If agricultural and private sector competitiveness are increased and diversified, while simultaneously cross-border trade regimes are made transparent and harmonized, then trade and market opportunities will be expanded, and economic growth across the region will be stimulated.* This economic growth will be broad-based and gradually lift the poor out of poverty. The first priority result to achieve this DO is to help develop a more diverse and competitive private sector, and the highest priority sub-result is an improved business environment. The business environment is influenced by factors internal to firms such as physical and human capital, technology, resources and management, as well as by external forces such as laws and regulations, the financial system, customers and competitors, infrastructure, demographics, and culture. Gains made at the bilateral level will increase trade and regional cooperation. The next priority is the harmonization of cross-border trade (and transparency) that would allow business competition to flourish. Another priority within this DO is agricultural competitiveness and food security, although this topic varies in its degree of importance across the region. Kazakhstan, for example, is a very competitive agricultural exporter while Tajikistan is a food insecure nation.



In Tajikistan, USAID helps families expand agricultural production, improving nutrition and food security.

Most of the Central Asian countries are lagging in reforms that would deepen and sustain competitive markets. Corruption, inadequate transport infrastructure, punitive tariffs, border tensions, and tentative respect for contracts and entrepreneurial activity have discouraged major foreign investment in Central Asia. If the countries enact domestic economic reforms that promote competition, then domestic firms will be more competitive and will seek external markets, leading to greater cross-border trade. The private sector needs access to finance and the requisite technical and human resources to diversify and enhance competitiveness in key value-chains and sectors. Business-friendly policies and regulations – and effective implementation of these – are necessary to improve the business environment for small and medium enterprises and to support their role in helping to diversify growth. Governance and business climates need to attract foreign direct investment and domestic investment into non-resource sectors in a number of ways, including regulatory streamlining, improved domestic competition environments, and enhanced financial reporting and management structures.

In addition to tackling challenges in the overall business climate, USAID has identified the agricultural sector as a focal point because agriculture is the primary employer and driver of incomes in rural areas, where most of the Central Asian population resides.

Agriculture is a major employer and contributor to the GDP and driver to end rural poverty. Across the region, private farms and agro-producers create jobs and increase economic growth. USAID supports the development of private agriculture through the introduction of new technologies, improved on-farm practices, irrigation and water resource management, support for harvest and food processing, and cold storage. In the agriculture sector, women are heavily engaged in small-scale income generation and are frequently managing a household alone. As such, gender integration in the economic sector is a priority as expanding women’s participation in productive enterprises will boost economic growth in the region.

Selected agricultural indicators for USAID/CAR		
Country	Agricultural share of GDP (%)	Rural population (%)
Kazakhstan	4.3	46.5
Tajikistan	25.6	73.4
Turkmenistan	14.3	50.9
Uzbekistan	18.9	63.1

Increasing prosperity for the region depends upon the expansion of inclusive domestic markets and opportunities for trade with regional neighbors. Given that the entire region is landlocked and geographically isolated from major international markets, it makes economic sense that Central Asian countries should strive for greater intra-regional and extra-regional trade as an engine of economic growth and to strengthen food security. Countries with high levels of trade tend to be more competitive and experience higher rates of economic growth than other countries. In addition, countries that are more diversified economically are better able to withstand price shocks for primary commodities due to higher shares of value-added production as well as the ability to spread economic risks across multiple sectors.

Building on success thus far, USAID will reinforce the implementation of modern customs management, logistics practices, good governance of transport corridors and other best practices related to international trade, and facilitate firm level implementation of WTO-related reforms. All of these efforts directly support the New Silk Road initiative, which envisions an integrated web of economic, trade, transit, and human connections running through Central Asia and Afghanistan.

Illustrative Performance Indicators

- % increase in value of trade between Central Asia and Afghanistan for manufactured, processed and agricultural products
- # of new export partnerships formed between Central Asia and Afghanistan firms

- # of women, women's groups and associations participating in trade and cross border business

IR 1.1: MORE DIVERSE AND COMPETITIVE PRIVATE SECTOR

Central Asian countries face the challenge of diversifying their economies away from a heavy reliance on revenues from primary commodities, such as oil, natural gas, aluminum, and cotton. For example, Kazakhstan depends on oil for 58 percent of its total exports while Tajikistan relies on aluminum for 62 percent of its total exports. Such commodities are prone to long-run price volatility and downward price shocks, which usually drag down on economic growth. Economies with a high reliance on primary commodities also are susceptible to periodic steep recessions. To reduce this vulnerability and strengthen the Central Asian economies, this intermediate result will focus on improving the business environment as well as the capacity of the private sector. Both are necessary to achieve a more diverse and competitive economy.

Many factors play an important role in creating a business environment that attracts investment, creates new businesses, and strengthens existing businesses. One very important factor is a stable, transparent, and relatively simple regulatory environment that is free of arbitrary government decisions that affect businesses. Another important factor is to have predictable, reasonable tax burdens that are enforced transparently. Other factors important to the business environment, such as the availability of natural resources, an educated or skilled work force, access to credit, and access to technology, are also influenced by government policies.

This intermediate result will also focus on improving the capacity of the private sector in each of the Central Asian countries. For example, it will be important to continue to assist with entrepreneurial training and the development of management skills. Another key activity will be to help establish business linkages, whether vertically and horizontally in the creation of value chains or by connecting traders across country boundaries. In some cases, it may be necessary to focus on activities that improve financial literacy or focus on promising sub-sectors, such as textiles or tourism.



USAID helps diversify Central Asian economies. In this Kazakhstani town dominated by a single industry, a budding entrepreneur presents her concept during a business plan competition.

Illustrative Performance Indicators

- # of commerce laws and regulations simplified and implemented in accordance with international standards
- # of private sector firms that have improved management practices
- Amount of private sector financing mobilized with loan guarantees
- % change in investment in the agriculture sector

IR 1.2: ENHANCED AGRICULTURAL COMPETITIVENESS AND FOOD SECURITY

Enhanced agricultural competitiveness and food security in the region can mitigate the effects of volatile global fuel and food prices, especially for rural populations. With global fuel and food prices expected to remain volatile over the medium-term, and food inflation projected to remain high, enhanced agricultural competitiveness and food security will encourage regional cooperation and prosperity. Approaches to increase agricultural competitiveness will vary from country to country as each country has different needs, comparative advantages, and target opportunities for growth. The definition of food security includes four pillars: availability, accessibility, utilization, and stability.

Tajikistan is a focus country under the Feed the Future (FtF) initiative. FtF programs will increase incomes through agriculture and achieve persistent improvements in the nutritional status of the target population. Agriculture is the primary source of income in rural areas of Central Asia; in Tajikistan, agriculture contributes to 26 percent of GDP and employs 75 percent of the labor force, yet 46 percent of Tajiks live below the poverty line and chronic food insecurity debilitates certain areas of the country. The Government of Tajikistan is eager to diversify the agricultural sector by encouraging profitable food crops in conjunction with expanded agricultural extension opportunities. USAID's FtF program in Tajikistan helps transform subsistence farmers into successful small businesses.

Of all Central Asian countries, Tajikistan has the largest food insecure population. The World Food Program's 2013 Hunger Map categorizes Tajikistan as a country with high undernourishment. The FtF baseline population-based survey conducted in January 2013 found that nearly 37 percent of children under five were stunted (height for age) and over six percent of children under five were wasted (weight for age) in Tajikistan's FtF geographical focus area. As part of the FtF initiative, agriculture and nutrition programs in Tajikistan will address food insecurity by: (1) helping farmers to improve production, income, and nutrition on household and small commercial farms; (2) building an effective local system of agricultural and health extension to reach and assist the target rural population; and (3) providing policy support to implement agrarian reform in the selected districts. USAID's approach to addressing food security in Tajikistan will contribute to increasing social cohesion, strengthening state institutions and supporting regional stability.

Despite having a lower poverty rate than other FtF focus countries, Tajikistan has alarmingly high stunting rates. Realizing the need to improve nutrition in the FtF zone of influence, USAID will address stunting using a three-pronged approach: (1) innovative local private sector solutions; (2) behavior change; and (3) purchase and distribution of key micronutrients.

USAID's FtF programs will help smallholder farmers improve agricultural productivity, sales (market access) and access to off-farm and on-farm labor employment opportunities in the target value chains, thus increasing smallholder farms' incomes. FtF programs will help increase consumption of diverse and nutritious foods, improve access to safer drinking water, and contribute to behavior change that encourages maternal and child health, thus improving the nutritional status in these populations.



USAID trains women from rural Uzbekistan to improve harvesting techniques.

Improved agriculture productivity will result from greater access to land, irrigation, agriculture inputs, and technical and financial services. Local government should become more responsive to agricultural needs and help to facilitate these changes. For example, authorities' removal of regulatory constraints related to target crops would expand markets and trade and drive market linkages for smallholder farmers.

Other countries in Central Asia also face challenges in the agricultural sector. Kazakhstan is an important supplier of wheat for Central Asia. Over the long run, climate change could have dramatic negative impact on Kazakhstan's ability to produce wheat, thus decreasing its export of wheat and imperiling the region's food security. Thus it is imperative for Kazakhstan and development partners to address these potential climatic changes now.

In Uzbekistan, the relative share of the country's rural population decreased from 60 percent in 2008 to 48 percent in 2013, a massive change that the Government of Uzbekistan did not anticipate for its economic strategy. According to the Center for Economic Research in Uzbekistan, the reasons for this migration away from rural areas include a lack of jobs and insufficient education and healthcare services in rural areas, as well as limited supply of arable land. Agriculture contributes significantly to economic growth, employment, and private sector development; therefore, agriculture has a critical role in private sector development, stemming the tide of labor migration, and easing social pressures in urban areas. Uzbek horticulture and grape value chains have grown immensely and have the potential to continue as a strong driver of further

private sector development. Unlike the state-run cotton and wheat sectors, horticulture is largely the domain of private farmers, businesses, and entrepreneurs.

Turkmenistan faces challenges to diversify away from cotton and improve the productivity of meat, dairy, grains and forage crops. USAID plans to continue its successful animal husbandry program by improving the breeding stock for dairy and beef animals, improving animal nutrition, and upgrading of veterinary and laboratory services. In the horticulture sector, USAID will support activities to increase incomes of producers through improved production and marketing of high value fruit and vegetable crops. Such activities include using improved seeds, developing plant protection techniques, and utilizing greenhouses to extend and expand opportunities for farmers. USAID will also build the capacity of Turkmen Government officials responsible for trade in agricultural products, including sanitary and phyto-sanitary regulations.

Illustrative Performance Indicators

- Women's Empowerment in Agriculture Index (Tajikistan only)
- % change in agricultural incomes of targeted populations, e. g. women and smallholder farmers, in FtF zones of influence
- Prevalence of stunting in children under 5 years of age (Tajikistan only)
- # of farmers, processors, and other producers who adopt new technologies or management practices (Turkmenistan, Tajikistan and Uzbekistan)

IR 1.3: HARMONIZATION OF CROSS-BORDER TRADE

Central Asia can emerge as a natural hub and transit point for roads, railroads, pipelines and power transmission lines. For this to occur, Central and South Asian countries should implement pro-trade policies, regulations, and processes.

The achievement of priorities under the New Silk Road vision depends heavily on transport corridors through which trade must flow. Improved transport corridors will help spur economic growth and align the economic interests of Central and South Asian countries. In order to maximize significant investments made in the Northern Distribution Network (NDN) pending US troop withdrawal from Afghanistan in 2014, the utilization of NDN as a civilian-centric trade route could continue to influence the region of Central Asia and Afghanistan.

Harmonization of cross-border trade within Central Asia and consequent increases of trade volumes will help these countries economically and off-set the geographical disadvantages that make it difficult to compete outside of Central Asia. Yet, intra-regional trade has actually declined significantly (as a share of total trade) in most of the Central Asian countries during the past decade. Improved regional cooperation should lead to increased investment in trade-facilitating infrastructure and transit facilities, and address concerns about food, energy and water security. Achieving greater regional

trade cooperation would enhance domestic and regional competitiveness and achieve greater economies of scale throughout the region. Although some Central Asian countries have made progress over the past decade, they lag behind other emerging market economies—and, in some cases, low-income countries—in transparency, governance, and institutional quality related to international trade.

Illustrative Performance Indicators

- % increase in Value of exports (non-resource)

DONOR COORDINATION, KEY STAKEHOLDERS AND OTHER USG SUPPORT

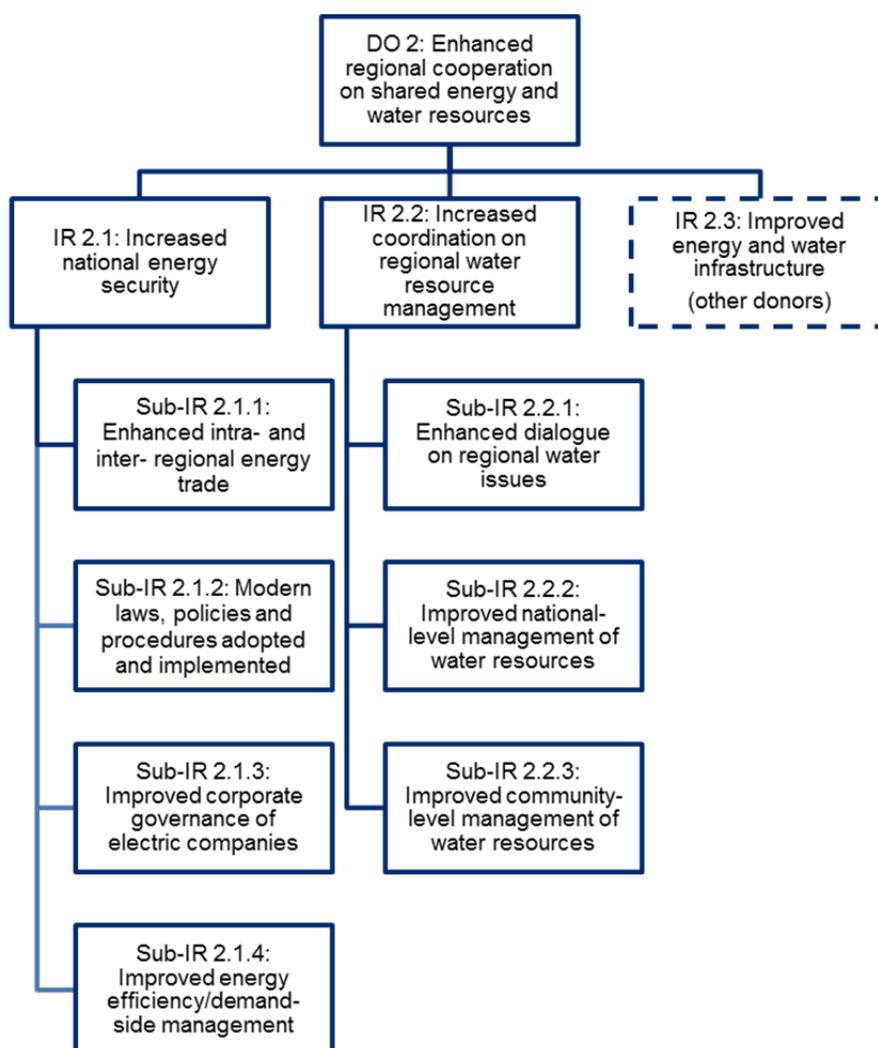
USAID coordinates assistance under this DO with several multilateral initiatives. For example, USAID aligns activities to support the ADB's Central Asia Regional Economic Cooperation (CAREC) program, which improves and expands trade corridors from Afghanistan to Central Asia. USAID coordinates with the World Bank's regional office on energy, trade, integrated water resource management, and private enterprise coordination. USAID also coordinates with the EBRD on private sector development. USAID co-sponsors a regular donor forum on economic issues, leading to greater understanding and coordination among the previously mentioned donors as well as German GIZ, Helvetas, Islamic Development Bank, JICA, UNDP, and the OSCE.

Of particular note in the case of Tajikistan, the World Bank Board of Executive Directors approved a \$45.9 million Global Agriculture and Food Security Program (GAFSP) grant in November 2012. Planned GAFSP irrigation infrastructure improvements overlap with seven of the 12 target districts in Tajikistan under the Feed the Future initiative. As outlined in an MOU, USAID, the World Bank, and the Government of Tajikistan expect to implement collaborative activities to improve irrigation management in the Khatlon region through creating and enabling new WUAs, strengthening the capacities of the established WUAs, and supporting improvement of on- and off-farm irrigation infrastructure.

REGIONAL TIES AND BILATERAL EFFORTS

This DO covers a range of inherently regional activities and bilateral approaches. Activities related to trade policy and cross-border customs and transport practices have a regional approach, although efforts may target countries differently according to the trade needs in individual countries. These efforts around trade are slowly developing a coherent picture of increased trade capacity systems in the region. Most of the agricultural programs are bilateral efforts, although USAID sees many opportunities to improve collaboration across country offices and activities. The current wheat/climate change resiliency program in Kazakhstan is already doing this, involving agricultural research and policy makers across Central Asia.

DO 2: ENHANCED REGIONAL COOPERATION ON ENERGY AND WATER RESOURCES



Access to water and energy resources is a major source of disagreement across Central Asia. These tensions have a substantial, negative economic impact on cross border connections and trade. Inadequate infrastructure and problematic intra- and inter-regional relationships make Central and South Asia one of the least economically integrated regions on earth. This lack of integration results in unused water and energy resources just across the border from areas of great need. Central Asia's economic foundation and future prosperity are predicated on efficient and environmentally sound exports of hydrocarbons, exploitation of the region's hydroelectric potential, and use of the region's water resources to support agriculture and preserve its ecosystems.

The development hypothesis for DO 2 is: *If Central Asian neighbors can reduce their energy and water related disagreements, the countries will see improvements in*

prosperity. The highest priority result within USAID’s manageable interests to achieve under this DO is increased national energy security, and the highest priority sub-result under national energy security is modern laws, policies and procedures adopted and implemented. A second level priority under the DO is increased coordination on regional water resource management. The third key result under this DO is improvement to energy infrastructure; USAID’s technical assistance enables and complements larger infrastructure investments by other donors.

Under this DO, USAID supports the development of a legal framework for trans-boundary resource cooperation and strengthened compliance with existing agreements.



On the Aspara River, delimitating the border between Kazakhstan and Kyrgyz Republic, USAID installed water measurement equipment helping the countries equitably share water resources

USAID will provide technical assistance and capacity building for power sector reform, energy trade, efficiency improvements, and climate change adaptation. USAID will also support regional and local water dialogue, improvements in water governance, sustainable management, and water resiliency. At the community level, for example, improved collaboration and basic understanding of sustainable resource management practices is essential. USAID will also help to increase women’s role in the water sector with regards to decision-making, dialogue and

policy; these efforts support more balanced gender representation and strengthen economic development in Central Asia.

In the five Central Asian countries, water is used for irrigation, household consumption, and electricity generation. The upstream countries, Kyrgyz Republic and Tajikistan, run it through their turbines first and then it flows downhill to the downstream countries, Kazakhstan, Turkmenistan, and Uzbekistan, to be used for irrigation. The upstream countries manage their water resources to maximize electricity generation in winter. However, glacier and snow melt water stored in reservoirs in summer is not sufficient to produce power for the entire winter. Tajikistan and the Kyrgyz Republic are contemplating large hydroelectric dams, with riparian neighbors expressing concern that this may decrease the volume of water flowing to downstream countries, creating a basis for serious international disputes that could potentially lead to conflict unless basin-wide agreements on water sharing are developed. Water is thus a potential source of great tension between the region’s upstream and downstream countries. Part of that tension is certainly political, based on the personalities of the countries’ leaders. Part is based on lack of knowledge at the technical and community levels in the

countries regarding how to manage shared water resources to maximize total economic benefits and to allocate those benefits among the countries. Lastly, part of the tension is based on the upstream countries' need for energy security. This dynamic is the basis of the "energy-water nexus," which affects relations between the governments of Central Asia and with neighboring regions, and creates potential flashpoints for conflict around issues of water and energy resource management.

USG funding for this DO is limited, but USAID leverages the work of other donors to provide comprehensive support to Central Asia's regional cooperation on energy and water resources.

Illustrative Performance Indicators

- # of regional water or energy agreements presented for consultation /approved by governments

IR 2.1: INCREASED NATIONAL ENERGY SECURITY

Work under this IR will promote an increased rational use of energy sector resources within and across Central Asia. Across the region, USAID will support skill building, knowledge transfer, and collaboration for energy sector government officials and other actors in the sector. For example, USAID is engaging with the ADB and other donors in Tajikistan to improve governance of the country's monopoly electric company, and in Turkmenistan, USAID is training government officials and technicians to modernize the management of the energy sector and improve export capacity. The majority of work under this IR will take place in Tajikistan and the Kyrgyz Republic since they are the most energy insecure.

USAID expects to have an active technical advisory role in the creation and oversight of new institutions, such as a new host government-funded think tank in Kazakhstan devoted to green economy issues. USAID also supports the regional management unit for the Central Asia-South Asia (CASA-1000) energy project. Together with our partners, USAID improves existing policies, designs new policies and provides the technical assistance to help countries effectively implement these policies.

Illustrative Performance Indicators

- # of policy reforms/laws/regulations/admin procedures drafted and presented for public/stakeholder consultation as a result of US assistance.

IR 2.2: INCREASED COORDINATION ON REGIONAL WATER RESOURCE MANAGEMENT

The increasing demand for and declining supply of water have been compounded by the region's failure to work together and agree on a modern regulatory framework or even on the data itself. USAID plans to address this by building the capacity of a community of technocrats, scientists, engineers, policymakers, civil society, and other stakeholders to support the rational management of current and future water resources. For example, in Tajikistan, USAID will strengthen domestic water management institutions to support nationwide water sector reform. Regionally, USAID is coordinating with the World Bank, European Union, Asian Development Bank, and Swiss Cooperation Organization to strengthen water management institutions to implement integrated water resource management schemes, as well as local partners/NGOs, universities and government ministries. In addition, USAID will support the World Bank's Central Asia Energy Water Development Project. Work under this IR may take place in any of the five countries in Central Asia and may include Afghanistan as well.

Illustrative Performance Indicators

- # of instances of the following institutional arrangements made between two or more countries: planning, monitoring and information-sharing mechanisms, capacity-building, knowledge and technology sharing

IR 2.3: IMPROVED WATER AND ENERGY INFRASTRUCTURE (BY OTHER DONORS)

Agencies of the United Nations (UNDP, UNECE, and UNRCCA), the World Bank Group, Asian Development Bank, European Commission, Islamic Development Bank, GIZ, JICA, and others are also making significant infrastructure investments in Central Asia. These investments are critical to the success of this DO, because energy sector reforms are not enough – billions of dollars are needed to upgrade the region's energy infrastructure, and USAID does not have the resources for these improvements. Efforts under this IR may take place in any of the five Central Asian countries, but the work most relevant to DO2 will be in Tajikistan, Kyrgyz Republic and Turkmenistan. Investments in Tajikistan and Kyrgyz Republic are relevant because their infrastructure is the least maintained. Infrastructure investments in Turkmenistan are also relevant because Turkmenistan has great potential to sell surplus thermal power to its Central Asian neighbors and/or to Afghanistan and South Asia.

Illustrative Activities – of other donors:

- In Tajikistan, the ADB is investing in infrastructure upgrades and deep management reforms of Barki Tojik, the country's monopoly electric company.

- The World Bank and the Islamic Development Bank are leading investment in CASA-1000, a multi-country electric power transmission and trade project

Illustrative Performance Indicators

- % completion of the CASA-1000 Central Asia-AF-PK power line

DONOR COORDINATION, KEY STAKEHOLDERS AND OTHER USG SUPPORT

Many donors are engaged in resource management across the region and USAID works closely with them. In Tajikistan and Turkmenistan, for example, USAID participates in the Donor Coordination Council and ensures complementarity of its projects with a host of multilateral and bilateral donors as well as international financial institutions, including ADB, World Bank and EBRD. There is increasing opportunity to collaborate with other key donors including the Eurasian Development Bank, which recently signaled its interest in energy sector reform. With respect to inter-regional trade, USAID works closely with the World Bank and the Islamic Development Bank to implement the CASA-1000 trade project on power between the Kyrgyz Republic, Tajikistan, Afghanistan, and Pakistan.

In Turkmenistan and Uzbekistan, the ADB provided significant loans to upgrade the countries' generation and transmission infrastructure. Turkmenistan is also using its own resources to construct significant new electricity infrastructure to the Afghan border, and is selling electricity to the Herat Region at a price far lower than market rates as part of its humanitarian assistance package to Afghanistan. USAID collaborates with a variety of other donors to develop the Afghan electrical grid and increase generation. Notably, the ADB recently prepared a 20-year, partially funded plan to supply the country with transmission lines and to source power imports from Central Asia into Afghanistan.

In the Kyrgyz Republic, China is financing the Datka-Kemin transmission line and substation that will provide a high capacity connection from the Kyrgyz Republic directly to Kazakhstan. Russia and Iran have also invested in hydropower generation plants in the Kyrgyz Republic. Other donors, including the ADB, German KfW, and the World Bank are working with the Kyrgyz Republic's Ministry of Energy to develop and implement a joint action plan for reform of the country's energy sector. Goals under the action plan include: increasing independence of regulation and dispatch; modernizing the management of the distribution companies; increasing transparency of cash flows between the various energy sector entities; raising tariffs to cost recovery levels; repairing and upgrading the energy sector infrastructure; reducing losses; and improving service quality.

In general, the success of any energy-related reforms in Tajikistan and the Kyrgyz Republic is predicated on the governments' ownership and support. The Government

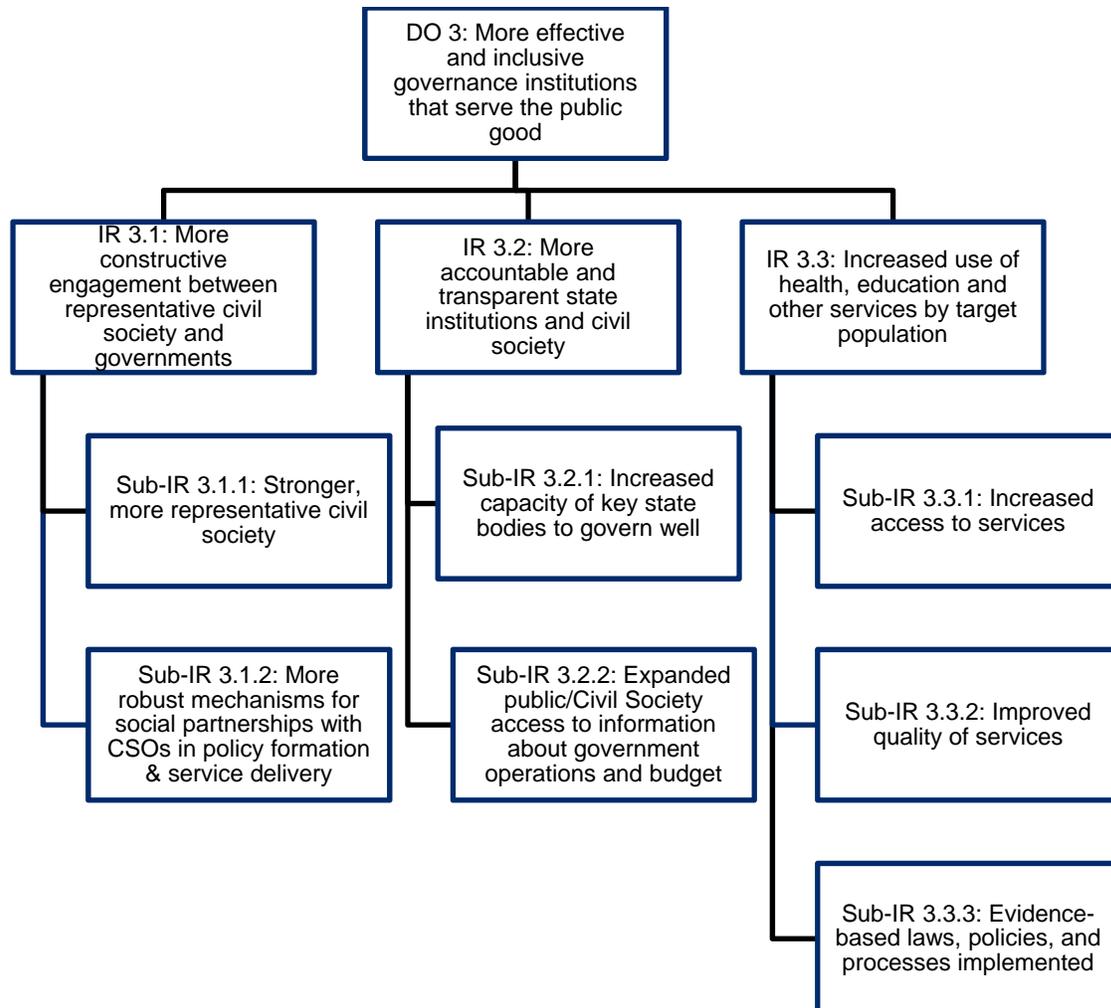
of Kyrgyz Republic supports energy reforms through assistance by USAID. In Tajikistan, the national government expresses support but progress implementing corporate governance reforms for Barki Tojik has been slow.

Major players in the water sector include multilateral banks, UN organizations, and bilateral donors such as JICA. Bilateral and multilateral donors have been involved in the energy-water-food nexus for many years in the region and a great deal of information can be gathered from their experience.

REGIONAL TIES AND BILATERAL EFFORTS

USAID will implement this DO through a combination of country specific and multi-country interventions. The energy security work will be mostly country specific because the countries face different challenges. The energy trade work will be primarily multi-country. On the water side, USAID will facilitate multi-country dialogue, but the water management capacity building work will be more country specific. USAID will coordinate closely with the World Bank's Central Asia Energy Water Development Project, which is a multilateral program.

DO 3: MORE EFFECTIVE AND INCLUSIVE GOVERNANCE INSTITUTIONS THAT SERVE THE PUBLIC GOOD



Since the collapse of the Soviet Union, Central Asian countries have faced fundamental questions about the role of the state, of society, and the interaction between them. On the one hand, citizens preserved unrealistic expectations of what the state should provide while possessing limited experience in articulating such expectations or voicing dissatisfaction or offering constructive suggestions. Meanwhile, states inherited bureaucracies that were over-staffed and under-resourced, and failed to invest resources to improve, update or maintain levels of service provision over time. Though in some sectors the situation is improving, government institutions across Central Asia still face serious challenges in meeting basic human needs. A lack of adequately trained civil servants, lack of transparency and civic engagement, and limited access to information result in non-responsive policy outcomes and poor service delivery — a combination that not only holds back development, but is inherently destabilizing. Thus,

the development hypothesis for this DO is: *If capable civil society organizations are able to constructively engage with competent state and local bodies, then public services, policies, and legal/regulatory environments will improve, utilization of health and education services will increase, resulting in more effective and inclusive governance institutions.*



In Kazakhstan, USAID helped organize a dancing flash mob to help integrate people with disabilities into society

Across Central Asia, systems originally designed to regulate nearly all aspects of economic, social, and political life have suffered from numerous impediments, including: years of corrupt privatization; erosion of state capacity; and unreliable or insufficient salaries that encourage corruption through unofficial payments for services. These conditions are further compounded by extreme centralization of decision-

making and policy formulation as well as limited opportunities for citizen input, lessening the responsiveness of public institutions and disconnecting them from real citizen needs.

This situation is exemplified by languishing health and education service provision across the region. Four out of the five Central Asian countries are among the 27 high burden countries for multi-drug resistant tuberculosis in the world and are faced with the growing problem of HIV due to injecting drug use given the wide availability of drugs from Afghanistan. Travel across what are now international borders has accelerated the movement of people and goods but also infectious diseases. Twenty years after independence, a new generation of Central Asia youth has emerged. Those under 30 now represent 20-30 percent of the population and did not live through the region's transition after the fall of the Soviet Union. This next generation of youth must be healthy, well-educated, and able to compete in regional and international job markets to ensure that they can contribute to the region's economy and future development.

Twenty years ago, parents were content to leave their children's education in the hands of the teacher and school director. Financing was sufficient and school practices dependable enough to avoid the need for close civil society involvement. But the education landscape has changed as a result of drastic cuts to national education budgets. A decade of government assessments, internationally administered tests such as the OECD-funded Program for International Student Assessment (PISA), and donor-

supported interventions each separately conclude that learning outcomes and reading levels in several Central Asian countries are precipitously declining.

While health and education services are the first, most familiar line of government services for the majority of citizens in Central Asia, the involvement of non-state actors in social sector services is emerging. The declining quality of and access to public services is especially evident in relation to health services, where civil society organizations (CSOs) increasingly fill a major gap in the provision of national HIV and TB efforts, in particular for vulnerable and hard to reach groups.

USAID will seize opportunities to strengthen partnerships, including promoting public/private partnerships and encouraging government outreach to civil society to support their comparative advantage of working at the community level to improve service delivery and accountability. When working with governments, USAID will track measurable improvements in the ability of Central Asian governments (complemented by robust engagement with CSOs) to provide services and generate rational policies that respond to citizen needs.

USAID will identify government partners based on a transparent process that takes into account: (a) an institution's relevance to the "good governance equation;" (b) the degree of demonstrable political will for reform and commitment to professionalization, reflected in the willingness to move beyond rhetoric and adopt concrete structural and binding reforms - a trend normally captured on a range of standardized governance indices; and (c) an interest in cooperation with the international community, manifested in concrete buy-in and, where applicable, co-funding of programs. Identifying political will for policy reform will be a nuanced task and USAID will coordinate closely with US diplomatic engagement and objectives through our embassies in all Central Asian countries.

Colleagues across the US government, including the CDC and others, where appropriate, may be able to maximize a combination of existing relationships and public/private diplomacy to open opportunities for USAID good governance assistance and build on successes in health and education over the past decade. Engagement with Central Asian state institutions will heavily rely on efforts to strengthen the "feedback loop" between citizen/taxpayer/voter on the one hand, and government on the other.

USAID initiatives under this DO include numerous partnerships with local CSOs - current activities already involve ten direct local awards with several more envisioned. When working with civil society organizations, USAID will focus on increasing the inclusiveness of CSOs to improve access to health and education services for marginalized groups. Stigma and discrimination are the core drivers of the HIV and TB epidemics and fuels a vicious circle - social marginalization increases the risk of being affected by HIV and TB, and the diseases in turn exacerbate social stigma. In Kazakhstan and Tajikistan, USAID has supported the creation of Community Advisory Boards (CABs) which are brokering important relationships between local authorities and their communities in providing TB and HIV support and referral services.

Availability and quality of those services strongly color citizen perception of overall governance. USAID's health programs will increase access for those most vulnerable and hard to reach key populations. In Tajikistan in particular, women and children will directly benefit from improved maternal, child health and nutrition services. Private sector funds in Turkmenistan will target high risk youth to provide them with critical information on HIV, reproductive health and TB. Efforts will be replicated to identify opportunities for engaging the private sector in health in selected Central Asian countries. For education, the main beneficiaries are primary school teachers and students in grades 1-4. Parents are also targeted beneficiaries, as are youth who will be engaged in education and service-learning tasks. USAID will accelerate key strategies within the school community that create linkages with Boards of Trustees, Advisory Committees, Parent-Teacher Associations or more informal channels to encourage their successful involvement. Local schools and health facilities will produce and publicly disseminate data in order to better demand services and hold their local providers accountable. This supports inclusiveness and effectiveness in governance.

Across development sectors, gender equality must also be treated as both a goal and a means to ensure that gender issues are integrated into citizens' priority needs. Recent Demographic Health Surveys in the Kyrgyz Republic and Tajikistan found that up to 20 percent of women experience domestic violence in their lifetimes. USAID has incorporated approaches to countering gender-based violence through HIV programming, given that those female partners who are forced into unprotected sex or sharing injecting instruments are at high risk for acquiring HIV. Gender equity will continue to be a primary focus through targeted nutrition interventions for women and children in Tajikistan. Notably, women comprise the absolute majority of CSO leaders in certain Central Asian countries (up to 90 percent in Uzbekistan). While this can be read as a success in terms of women's empowerment, it also represents a potential warning sign of women's marginalization from other socio-political sectors, such as business and government. Women in Central Asia should be better served as consumers of good governance and also better integrated into core decision-making, policy generation, and as providers of services via social partnerships between government and civil society.

More accountable and inclusive governance institutions that serve the public good are dependent on a model of good governance, which we recognize as the confluence of rational and evidence-based public policy, transparent and consistent regulatory regimes, and quality public service delivery accessible to all. Competent state and local bodies represent one element of this formula, while strong and capable civil society institutions are another. The resulting symbiotic functioning of these entities hone their efforts to meet public needs in the tangible form of services to citizens – education, health, sanitation, housing, environmental management, and business development among many others.

Ultimately, good governance outcomes are only possible when high levels of state capacity are coupled with robust citizen participation and feedback. While civil society can provide input, expertise, and catalog citizens' interests, a balanced "governance

equation” underscores the importance of state institutions providing the space for citizen input in decision-making, developing a legal framework to engage this input, and ensuring technical and organizational expertise and budget appropriate resources to respond to these requests. Such conditions are essential prerequisites for achieving sustainable outcomes across all development sectors. Broad prosperity, equality and stability are not possible without rule of law, strong public service delivery, and equitable utilization of social and health services.

A key operational element of this DO is monitoring and evaluation. A primary contributor to tracking overall success of DG activities at the DO level will be the public opinion surveys being conducted in four of the five Central Asian countries. Focused on citizen perceptions of various governance institutions and processes, annual data collection will also lead to analysis of citizen satisfaction with and participation in such institutions and processes as well. Beyond routine data collection and analysis at the activity level, at least three impact evaluations will be conducted under this DO.

The anticipated resources required to achieve this DO are already spread extremely thin. An approach that emphasizes and supports good governance in terms of both demand (citizen input, feedback, and access) and supply (competent state bodies and quality service provision) is essential.

More effective and inclusive governance institutions require the constant, systematic application of skills, knowledge, and public participation by non-governmental actors (IR 3.1) and competent state and local bodies (IR 3.2), which combined increase access and utilization of quality health and education services (IR 3.3).

Illustrative Performance Indicators

- % of target population reporting increased public trust in state institutions
- % of target population reporting increased satisfaction with government services
- # of most-at-risk/populations with access to HIV prevention and treatment services
- # of vulnerable/hard-to-reach populations with access to TB diagnosis and treatment services
- % of population in target area with access to clean drinking water and solid waste management services (i.e. include local government)

IR 3.1: MORE CONSTRUCTIVE ENGAGEMENT BETWEEN REPRESENTATIVE CIVIL SOCIETY AND GOVERNMENTS

Effective and inclusive governance requires that civil society institutions are able to act as partners with government entities, sources of expertise in policy discussions, counterweights advocating for the interests of key constituencies in society, service delivery mechanisms, and independent watchdogs in public spending and activities.

This IR will help produce a virtuous cycle of good governance - wherein civil society engagement with competent state/local bodies leads to self-reinforcing improvements in public trust and service delivery. Increasing civil society participation in public policy and practice will be accomplished through two interdependent Sub-IRs that: (1) boost the capacity of CSOs; and (2) develop and/or enhance mechanisms for civil society and government cooperation. Thus, civil society will be able to serve its multiple roles of informing and empowering citizens on issues of public interest, as well as generating ideas for improving government performance. USAID will demonstrate new concepts for CSOs becoming a trusted and reliable partner to government in the joint delivery and oversight of quality health and education services. Activities under this IR will take place in all Central Asian countries.

Illustrative Performance Indicators

- # of Central Asian countries where civil society organizations have access to and contribute input into government legislative, policy or budget formulation processes
- # of CSOs graduating from USG support that are considered sufficiently capable and equal partners for government counterparts

IR 3.2: MORE ACCOUNTABLE AND TRANSPARENT STATE BODIES

Historically, state bodies in some settings have typically been weak and poorly run due in part to a legacy of centralized power dominated by executive branches and personalized ruling parties. This imbalanced political field subsequently weakens checks-and-balances and limits the accountability and transparency of governance as well as broad-based participation. The resulting apathy and distrust on the part of citizens is exacerbated when they attempt to access government services but face poor quality, overly bureaucratic and complicated processes, corrupt or politicized practices, with limited opportunities for recourse. Institutions responsible for service delivery are typically citizens' most common or only direct experience with government. Where opaque or corrupt state bodies are prevalent, for example, interaction with such institutions is unhealthy and potentially destabilizing.

This IR will support reforms and strengthen key state institutions to more efficiently and equitably allocate and manage resources in response to citizen needs. USAID will

support key Central Asian government institutions, including local governments, courts, parliament and selected ministries to improve their ability to provide services, generate rational policies, and develop or enhance citizen participation. USAID will help state bodies to: (1) further develop their capacity to govern well using state of the art management approaches; (2) improve inclusiveness by increasing the role of women, minorities, and affected populations in decision-making related to policy and implementation; and (3) use technology to increase access to information in order to engage in relationships and partnerships with civil society. Activities under this IR will take place in all Central Asian countries, as the political context allows.

Illustrative Performance Indicators

- % of target local government bodies with improved capacity for budget development and fiscal management

IR 3.3: INCREASED USE OF VITAL HEALTH AND EDUCATION SERVICES

Health systems across Central Asia continue to struggle with the transition from a highly vertical and inefficient inpatient hospital treatment. USAID has introduced new models of prevention, evidence-based, and decentralized systems that use cost-effective outpatient models of care and support. Service delivery within the education system is stalled, with teachers lacking modern pedagogical skills and curricula that are antiquated. These factors jeopardize public perception of the value of schooling and the successful acquisition of skills



In Turkmenistan, USAID helps families ensure early child and maternal health.

and behaviors by the next generation of workers and citizens. By increasing access to higher quality health and education services, citizens in Central Asia will be better able to contribute to and demand more accountable and inclusive governance institutions.

Most of the Mission's health activities will focus on HIV and TB prevention and control, the top two burdens of infectious disease in the region. In Central Asia, the population groups most at risk for HIV include injecting drug users, sex workers, prisoners, and men who have sex with men. Men account for most registered infections. The proportion of HIV cases has increased, in some countries doubling between 2005 and 2011. USAID will prioritize these key populations with targeted HIV prevention and

treatment programs. The latest Global TB Report data confirm an alarming increase over the past decade in rates of multi-drug resistant TB (MDR-TB) in all five Central Asian countries. Four of the five Central Asian countries are listed among the 27 high MDR-TB burden countries in the world which account for over 85 percent of the world's estimated MDR-TB cases. Globally, Central Asian countries account for approximately 20 percent of new cases and more than 50 percent of previously treated cases diagnosed as MDR-TB. USAID's TB programs in Central Asia work with vulnerable populations, including people living with HIV, migrants, and prisoners. USAID will strengthen food security and improve family planning, maternal and child health and nutrition, specifically in Tajikistan. Efforts will emphasize improving feeding and dietary practices, supporting essential health care needs, and nutrition-sensitive agriculture extension interventions. Under the strategy, USAID will target its technical assistance to increase use of HIV and TB services by increasing demand for and access to services, and improving the supply and quality of these services. These efforts will put greater emphasis on training trainers in the public or CSO sector, who will in turn directly train providers of critical TB and HIV services. USAID will target dwindling resources to create demand and improve the supply so that services can be sustained after USAID completes its direct investments.

The lack of quality education services are reflected in test results that demonstrate a decline in the knowledge and reasoning skills of today's students – specifically, their ability to practically apply in the workplace the knowledge and skills gained in school. Average pre-primary student enrollment in Kyrgyz Republic and Tajikistan, where USAID's regional efforts are focused, are low (roughly 10 percent), well below the regional norm (32 percent) and drastically short of OECD averages. This impedes students' ability to maximize classroom learning when they enter primary school. These structural obstacles are compounded when instruction occurs in a second language (a student's non-mother tongue), a common occurrence for almost 20 percent of the population in countries such as Tajikistan. Recent USAID education sector analyses in Central Asia confirm a ten-year decline in students' reading ability – the fundamental building block of any future learning. In several countries, only half of grade 4 students passed the national standard for reading fluency. When compared to an international benchmark, 82 percent of grade 4 students did not pass. More importantly, associated data strongly suggests that Central Asian students struggle with both literal and inferential reasoning, meaning they have difficulty comprehending what they read. As a result, USAID will focus on strengthening the key building blocks for solid reading skills which are the foundation for higher-order thinking.

Illustrative Performance Indicators

- % of HIV-positive patients who were screened for TB in HIV care settings
- % change in number of children stunted in the Feed the Future zone of influence
- Proportion of students who, by the end of two grades of primary schooling, demonstrate that they can read and understand the meaning of grade level text

REGIONAL TIES AND BILATERAL EFFORTS

The strategic focus of this DO encompasses the four countries within USAID/Central Asia: Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan, utilizing a combination of bilateral programming and regional initiatives where appropriate and advantageous. While regional programming typically brings economies of scale and leverages support for objectives that span national boundaries, Central Asian countries also follow uneven and divergent development priorities and trajectories across various sectors. Therefore, regional objectives require in-depth discussion, consultation and consensus. In this regard, avenues for achieving regional objectives will include: advocacy and networking; models of capacity development; civil society and government interaction; and best practices in delivering and sustaining quality health and education services. Advancing more accountable and transparent state bodies will predominantly have more bilateral focus given the unique political and operating environments of respective governance institutions.

LINKS TO PREVIOUS STRATEGIES: CONTINUITY AND/OR EVOLUTION

Support to secondary and higher education has been greatly reduced and focus is shifting to early grade reading projects in Kyrgyz Republic and Tajikistan, consistent with USAID's global strategy. USAID's health efforts in Central Asia are aligned with the US' Global Health Initiative, PEPFAR priorities, and the Stop TB Partnership. Consistent with USAID/Forward goals, innovations in science and technology, particularly mobile telecommunications and internet-based tools, will be leveraged to scale up and promote government adoption of solutions addressing access to and quality of health and education services.

Building on past successes, USAID has already demonstrated impact in education by influencing Central Asia leaders to address this politically sensitive topic – notably, USAID has leveraged the resources of the Global Partnership for Education, the first time the US has contributed to a such a fund. USAID's focus on improving reading in the primary grades complements - and does not duplicate – the limited education activities of other donors.

MONITORING, EVALUATION & LEARNING

USAID will implement a robust Monitoring, Evaluation and Learning (MEL) Plan to monitor progress toward achievement of the RDCS goal and Development Objectives. The MEL Plan takes a comprehensive approach to establishing and improving systems, processes, tools and staff capacity in M&E over the next five years. USAID Forward establishes the Agency's strong emphasis on MEL and creates standards for timely, high-quality performance, budget, and location information to better manage the complexity of USAID's programming. Towards this end, USAID/Central Asia has recently decided to move forward with a management information system. By the end of 2014, USAID/Central Asia intends to roll-out *CAR (Central Asia Regional) Info*, based

on the USAID Info platform managed by the USAID missions in Afghanistan and Pakistan.

CAR Info will serve as the backbone of USAID/Central Asia's performance management activities. CAR Info turns USAID/Central Asia's "one Mission, multiple locations" principle into a reality. Creating an environment that promotes learning, from both successes and failures, requires opportunities for both formal and informal skills building and knowledge sharing. To continue to develop USAID staff capacity for monitoring and evaluation, USAID will continue organizing in-house trainings on developing a Logical Framework, Performance Monitoring, reviewing Activity M&E Plans, conducting Data Quality Assessments, and designing, budgeting for and using evaluations. In addition, USAID will train implementing partners on how to prepare and utilize high-quality Activity M&E Plans and how to enter performance data into CAR Info.

USAID/Central Asia is also committed to expanding informal learning opportunities, including instituting an internal M&E Working Group whose members review evaluation statements of work and draft evaluation reports. Members also attend regional M&E conferences in order to broaden USAID's network of local evaluators. At the end of each evaluation, USAID/Central Asia organizes an open-house brown bag presentation to discuss preliminary findings.

USAID/Central Asia's entire MEL process will be captured fully in a Mission Performance Monitoring Plan (PMP) to be developed after approval of the RDCS. The above DO narratives include illustrative performance indicators at the DO, IR and Sub-IR levels of the Results Framework, and these indicators will be refined when USAID develops the RDCS Performance Management Plan.

