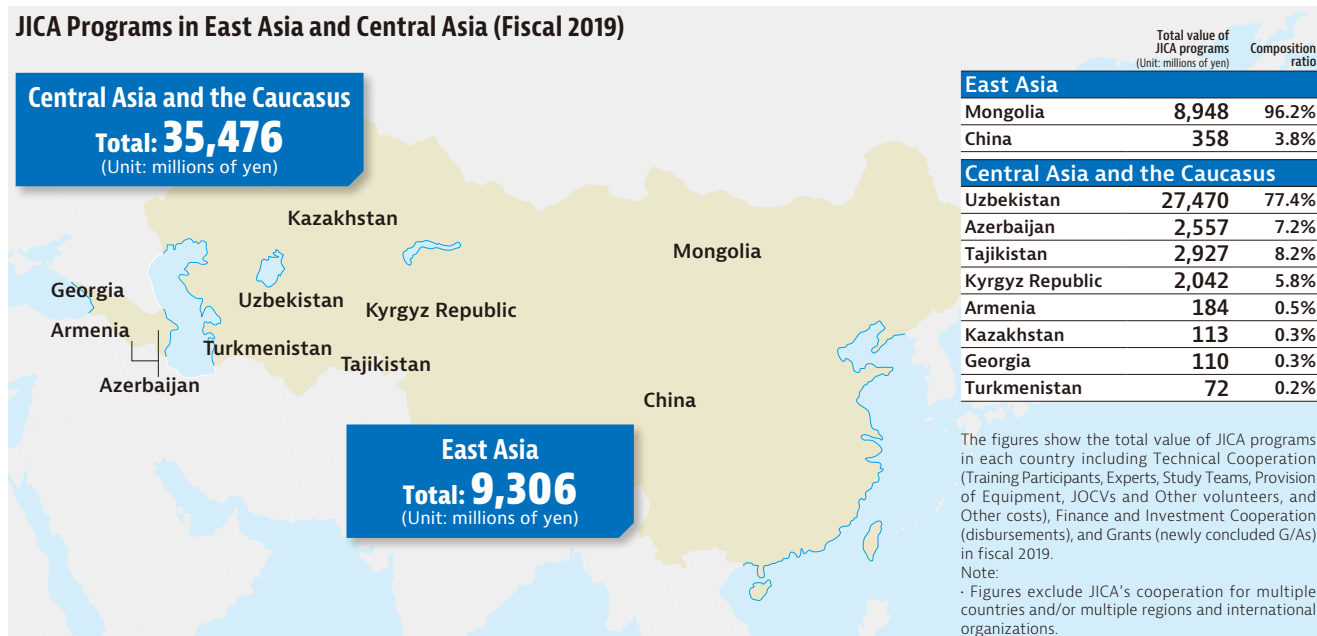


East Asia and Central Asia

Toward Sustainable Development through Better Regional Connectivity and Industrial Diversification



Regional Issues

JICA operates ODA in 10 developing countries of the East Asian and Central Asian region: China, Mongolia, the five Central Asian countries, and the three Caucasus countries.

The nine countries other than China are former socialist states and are now transitioning to market-oriented economies. They are under the strong political and economic influence of the two neighboring major powers, Russia and China. Maintaining the independence and stability of the countries in the region is essential to the stability of the entire Eurasian continent.

Four countries in the region are endowed with natural resources—Mongolia with coal and copper, Kazakhstan with oil, Turkmenistan with natural gas, and Azerbaijan with oil and natural gas. These countries are experiencing rapid economic growth but their economies are vulnerable to fluctuating global commodity prices. Uzbekistan needs to wean itself from its dependence on cotton plants and natural gas through investment and industrial promotion amid political and economic reforms led by the country's president. Kyrgyzstan and Tajikistan, on the other hand, are not rich in natural resources. Remittances from Kyrgyzstanis and Tajikistanis working in Russia and elsewhere account for more than one-third of the GDP of these countries. The two countries are thus faced with the urgent need to foster domestic industries and create employment, not least in order to avoid social instability.

In recent years, there is concern that sluggishness of prices of natural resource, and slow economic growth in Russia and China will have a bad effect on the economies in the region. For the sustainable development of these economies, it is important to stimulate economic activity based on fair rules

and transparent systems and to diversify industry to break free from the dependence on natural resources, as well as to develop infrastructure, which will help strengthen regional connectivity.

JICA Initiatives

Since the 1990s, Japan has been engaging with the Central Asian countries and Mongolia as the top bilateral donor. These countries appreciate the contributions of Japan and have high expectations for future cooperation.

Especially, they highly evaluate human resource development cooperation such as the Project for Human Resource Development Scholarship (JDS) program, the Japan Center projects, and other Japan-based training programs for learning Japan's approaches and experience concerning development and promotion of market-oriented economies [→ see the case study on page 27]. In recent years, some countries have mentioned a need for innovation strategies to promote economic development and thus hope to collaborate with Japanese universities.

JICA remained committed to supporting the Caucasus with focus on sectors in which it can leverage Japan's strengths, such as disaster risk management for Armenia and energy for Azerbaijan.

The following paragraphs describe JICA's initiatives and major achievements in fiscal 2019.

1. Governance Strengthening

JICA continued its assistance in training young government officials responsible for national institution building and developing human resources who support industrial promotion in the respective countries. In Mongolia, JICA continued to

support higher engineering education by inviting students to Japan for study at universities and *Kosen* (Japanese-style polytechnics). It also launched assistance aimed at stimulating the market economy by building the government capacity to formulate public investment plans and develop bond markets.

2. Industrial Diversification

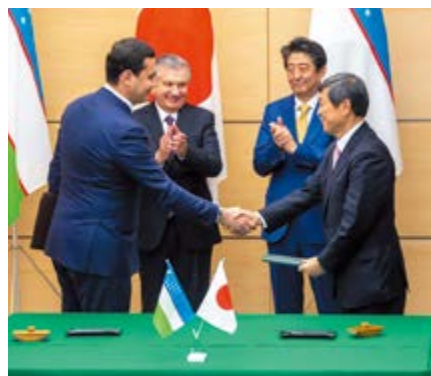
JICA formulated an ODA Loan project for promoting the production and processing of horticultural crops in Uzbekistan. This project is specifically designed for agricultural diversification and export expansion with a focus on capacity development for farmers and financial institutions. In Tajikistan, JICA initiated a project for promoting small and medium enterprises.

3. Infrastructure Development

JICA continued to work on planning and constructing airports, international arterial roads, and power stations toward enhancing intra- and inter-regional connectivity and narrowing disparities. JICA formulated two ODA Loan projects for Uzbekistan. One is to construct a gas turbine combined cycle power plant with high generating efficiency. The other is to develop an operation and management system for the existing thermal power plants. In Azerbaijan, JICA's contribution to the construction of the Shimal Gas Combined Cycle Power Plant was evaluated so highly that the consultant who oversaw the whole project, from its design to completion, was awarded a decoration from the country's president.

JICA will further maintain and deepen good relations with the countries in the region with a focus on the following priorities:

- Health care and other social services in addition to the existing three priority areas of good governance, industrial diversification, and infrastructure development.



A signing ceremony for three ODA Loan agreements, including the one for modernizing a thermal power plant, during the Uzbekistani President's visit to Japan

- In particular, initiatives that form a base for diversification of industrial activities, such as industrial human resources development. For strengthening governance, development of human resources in the fields of finance, policy, and institution.
- Quality infrastructure development with consideration for regional and inter-regional connectivity and reduction of domestic disparities.

The Japanese government approved its final ODA project for China in fiscal 2018, putting an end to the history of Japan's ODA to the country. The Chinese government expressed its high appreciation for Japan's ODA to China over the past 40 years. This contribution garnered extensive media coverage in both countries. In December 2019, a photo exhibition and a symposium that reviewed the four-decade-long Japan's ODA to China were held in Beijing. JICA will remain committed to implementing the ongoing projects, the last of which will be completed by March 2022.

Tajikistan: The Project for Human Resource Development Scholarship (JDS)



Putting the learning in Japan to good use for state building back home



A JDS reception ceremony in fiscal 2019

Tajikistan lacks human resources who understand market economy and support state building due to two major factors: (1) lingering socialist systems and the framework formed during the former Soviet Union, and (2) the brain drain resulting from the civil war in the wake of the country's independence.

Under the Project for Human Resource Development Scholarship (JDS) that JICA launched in fiscal 2009, young government officials from Tajikistan's various government offices are studying such subjects as economic development and public policy in master's and doctoral courses at universities

in Japan. By the end of fiscal 2019, a total of 62 Tajikistanis studied in Japan under JDS. They are now leveraging what they have learned in Japan in many different fields in Tajikistan, thus contributing to the development of their homeland.

In January 2020, a JDS graduate assumed the chair of the Committee for Tourism Development, a ministerial-level post. She is working hard to develop tourism in the mountainous nature-rich country that embraces the Pamirs or "the roof of the world."

Under JDS, JICA will continue to help develop human resources who will play a central role in state building in Tajikistan.