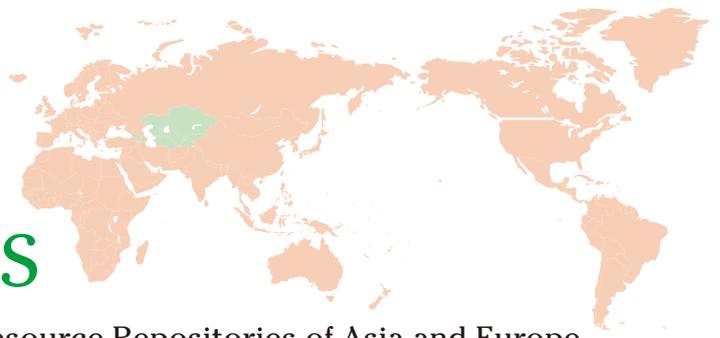


Central Asia and the Caucasus



International Community Eyes Open Natural Resource Repositories of Asia and Europe

Central Asia, which consists of the five countries of Uzbekistan, Kazakhstan, the Kyrgyz Republic, Tajikistan and Turkmenistan, is located in the heart of the Eurasia Continent, surrounded by the major powers of Russia to the north and China to the east, and bordering the Middle East, Afghanistan and Pakistan. The region is under conditions that make it susceptible to geopolitically unstable regional situations. The Caucasus stands on the other side of the Caspian Sea, which is situated in the western part of Central Asia, and comprises the three countries of Azerbaijan, Armenia, and Georgia. More than 17 years have passed since these countries gained independence following the collapse of the former Soviet Union, and while pursuing market economy systems, differences in economic development are substantial due to differing natural resource endowments, restructuring speed and other factors.

Pillars of Aid

Deepening Dialogue with the Whole Region and Strengthening Cooperative Relationships Centered on “Central Asia plus Japan” Dialogue

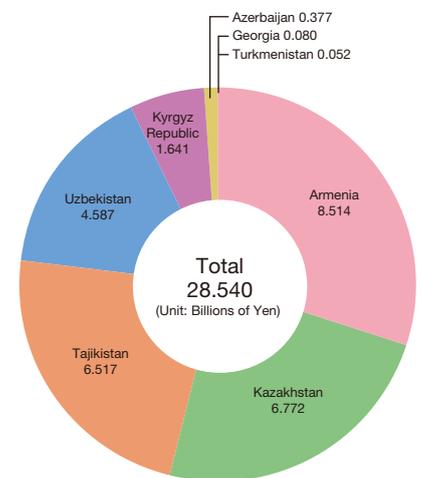
As a strategic point on the Silk Road connecting Asia and Europe, where the movement of people and goods flourished through time-honored trade, Central Asia has recently attracted the attention of the international community as a region endowed with abundant natural resources including oil and natural gas along the Caspian Sea as well as rare metals and other resources including uranium. The stability and development of this region is exceedingly important not only for the peace and development of the Eurasia Continent, but also for the international community. However, this region is beset with a host of issues that are difficult for countries to solve through individual efforts, such as terrorism, drugs, transportation, effective use of water and energy resources, accelerated trade and investment and environmental protection.

After Central Asian countries gained their independence from the former Soviet Union, the Japanese government has worked to strengthen cooperative relationships with the area and in 2004 launched the “Central Asia plus Japan Dialogue” as a framework for promoting communication between Central Asia and Japan. In 2006, the Second Foreign Ministers Meeting was held in Tokyo with Japan’s then Minister of Foreign Affairs Taro Aso in attendance. At this meeting, it was agreed to establish 1) political dialogue, 2) intra-regional cooperation, 3) business promotion, 4) intellectual

dialogue and 5) cultural and human resource exchanges as the five pillars of cooperation within the dialogue’s framework. In addition, the following nine priority areas were established as an action plan for promoting intra-regional cooperation. Focusing on the following nine priority areas, JICA is working to revitalize the Central Asia region while taking into account each country’s stage of development: 1) measures against terrorism and narcotics: support for tighter control of national borders; 2) clearance of anti-personnel mines: assistance to land mine victims; 3) poverty alleviation: narrowing regional gaps through small and medium-sized enterprise promotion and agricultural development assistance, utilizing JICA Japan Center; 4) health and medical care: preventing the spread of infectious diseases such as HIV/AIDS; 5) environmental protection: monitoring water quality while implementing Aral Sea measures; 6) disaster prevention and reduction: river disaster prevention in Tajikistan, earthquake prevention measures in Almaty, and support for landslide measures in Uzbekistan collectively bolstered by results sharing; 7) energy/water: modernization of electric power facilities and effective use of water resources; 8) trade and investment: support for WTO membership and modernization of customs system; and 9) transport: improving transport routes to the south through Afghanistan.

Scale of JICA Projects by Country in the Central Asia and the Caucasus (Fiscal 2008)

Composition of JICA projects for each country based on total Technical Cooperation project expenses, ODA loans (total), and Grant Aid (concluded Grant Aid including activities expedited).



* Excludes Technical Cooperation with multiple countries or international organizations.

Priority Issues and Efforts

With the potential of abundant natural resources, the Central Asia and Caucasus region has now begun to construct new pipelines and reconstruct roads and railways. However, the governance and economic infrastructure necessary for an independent nation and basic functions such as human resource development are not in place. Furthermore, except for urban areas, rural life is harsh and therefore poverty reduction and the creation of job opportunities remain serious issues. While each

country is in the process of nation-building as independent states, the necessity of promoting regional cooperation to solve issues common to the region (establishment of systems for democratization and transition to a market economy, etc.), as well as issues transcending national borders (development of traffic and shipping networks, etc.) is increasing.

JICA is working within a framework for regional cooperation that includes Central Asia Regional Economic Coop-

eration (CAREC) on issues that transcend national borders as well as other issues common to the region based on such government policies as the Central Asia plus Japan Dialogue, and is providing assistance that leverages region-specific training. JICA is also assisting in the transition to a market economy and reinforcing efforts to address the issue of poverty through rural development and public service improvement.

Country Overviews and Priority Issues

■ Uzbekistan

Support Based on Four Priority Areas of Cooperation

Endowed with abundant underground resources including natural gas, the lowest decline in productivity among the now independent countries of the former Soviet Union, and moderate inflation, Uzbekistan showed a positive GNP growth rate in 1996, but has been lagging behind in privatization of state-owned enterprises and modernization of strictly controlled financial markets

and agriculture. Japan's Country Assistance Program for Uzbekistan was formulated in September 2006, in which the following were established as four priority areas of cooperation: 1) support for building human resource development systems needed for developing a market-oriented economy and industrial development; 2) support for rebuilding social sectors; 3) support for upgrading and improving economic infrastructure; and 4) promotion of intra-regional cooperation.

■ Kazakhstan

Building Economic Relations through Joint Government and Private-Sector Cooperation

Cooperation between Kazakhstan—a country with abundant energy and mineral resources including the world's second largest uranium reserves—and Japan has already progressed in such peaceful uses of atomic energy as the development of uranium mines. However, in June 2008, an agreement was reached to initially decide on investment

Example

Kazakhstan

Astana Airport Reconstruction Project

Revitalization of the Astana Airport and Renovation of Soviet Union Era Passenger Transport

Kazakhstan is one of five Central Asia countries that achieved independence from the former Soviet Union in 1991 and is the second largest country after Russia among the former Soviet Union republics with an area seven times the size of Japan. With an industrial structure based on a division of labor system among the republics of the former Soviet Union, Kazakhstan specialized in producing raw materials and intermediate products, but external transport routes for products had been developed as radial networks that were basically centered on Moscow. As a result, the network was in fact inefficient, despite extremely high freight transport demand.

Consequently, ODA loans were provided to Kazakhstan for ensuring navigational safety and improving and expanding the Astana Airport in order to cope with growing air transport demand. Specifically, airport runways were extended (from 2,511m to 3,500m), taxiways and aprons expanded, paving upgraded and perimeter roads and car parks were improved. At the same time, new passenger and freight terminals and a new air traffic control tower were constructed and renovated while old and decrepit airport facilities were refurbished.

This project was implemented after the transport sector was positioned as one of the key sectors for national development in the Public Investment Program (1996–1998) announced by the Kazakhstan government in November 1996 and the National Development Plan (1997–2030) announced in October 1997. Through these efforts JICA has contributed to the revitalization and economic development of the transport sector by developing Kazakhstan's aviation industry.



Astana Airport

treaty negotiations and to construct a joint government and private-sector framework for negotiating economic relationships as a whole. Kazakhstan is planning to ratify the Kyoto Protocol soon and also intends to pursue joint projects for energy conservation and the use of renewable energy, and it is a Cool Earth Partner with Japan.

■ **Tajikistan**

Assisting in the Dispatch of Human Resources to Four Priority Sectors

Tajikistan has overcome many years of internal conflict and after the final peace agreement was reached in 1997, it achieved a GDP growth rate of 7.6% in 2005 and has maintained a high 6–10% growth rate in recent years thanks to macroeconomic stabilization and structural reform efforts. Formulated in April 2009, Japan's Country Assistance Program for Tajikistan established the following four priority areas of cooperation: 1) rural and industrial development; 2) transport and traffic (road operation and maintenance); 3) border control;

and 4) the upgrade of basic social services. Tajikistan is located at the southern gateway to Central Asia and is improving roads that connect with the Afghanistan border through Grant Aid cooperation.

■ **Kyrgyz Republic**

Supporting Poverty Reduction through Economic Growth

The Kyrgyz Republic, a country that is not well endowed with natural resources and leading industries, has been exposed to intense international competition due to rapid liberalization and still suffers from a high poverty rate because it has not been able to maintain stable development. In contrast to the Kyrgyz Republic's goal of cutting poverty in half by 2010, JICA has set a goal of promoting the reduction of poverty through economic growth based on the transition to a market economy, and is promoting regional cooperation in priority support areas based on 1) developing a foundation including transport infrastructure, 2) support for

social sectors and 3) the Central Asia plus Japan Dialogue.

■ **Turkmenistan**

A Permanently Neutral Country Cautious of Accepting ODA

Turkmenistan is a world leader in natural gas reserves. The mining and export of natural gas is a driving force for industry. Other key industries are petroleum and the production and processing of raw cotton. The 1995 UN General Assembly recognized Turkmenistan's position as a "permanently neutral country." While it is a country of Central Asia, Turkmenistan has adopted policies that draw a clear line with other countries, but after the change of presidents, it has gradually stepped up diplomacy and strengthened relations with neighboring countries. Moreover, because of the nation's abundant natural resources, developments in Turkmenistan now have a major impact on the Eurasian continent's gas pipeline strategy.

Example

Georgia
East-West Highway Improvement Project

Reconstruction of the Silk Road Region and Further Development of Transport Network

Georgia's transport system is comprised of land transport via roads and railways, sea transport primarily via Port Poti, Port Batumi and Port Supsa on the Black Sea Coast, and air transport via two domestic airports. Of these, land transport forms the core of Georgia's transport system and is expected to steadily expand as a result of economic development.

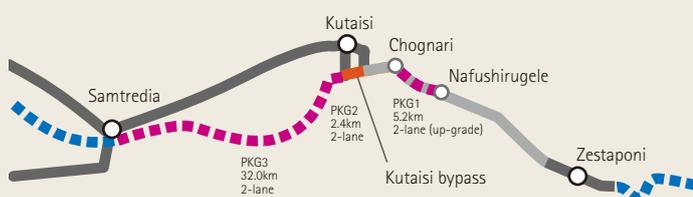
However, with the collapse of the former Soviet Union, financing from the Soviet Union

stopped, resulting in roads in Georgia today that are virtually unmaintained. The East-West corridor is part of a major international transport network that connects the Black Sea and the Caspian Sea, as well as Europe and Asia, and is a road vital to the entire Silk Road region. Because it is in a state of poor upkeep and interferes with the movement of people and the distribution of goods for the region as a whole, it cannot completely fulfill its function as a corridor.

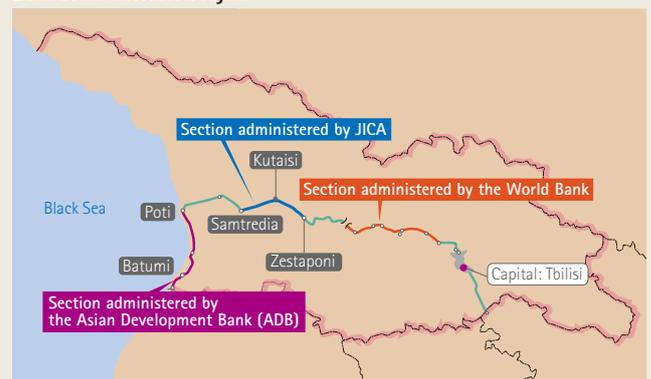
Furthermore, Georgia's infrastructure has been demolished due to its armed conflict with Russia that broke out around South Ossetia in August 2008. As a result, Japan has committed to provide a maximum of about US\$200 million in ODA loans for the restoration of Georgia's infrastructure.

In association with this, JICA will implement the East-West Highway Improvement Project in

Georgia. The East-West Highway links Azerbaijan's Caspian Sea coast with the Black Sea and is a vital artery for the distribution of goods. The 39.6km section of the East-West Highway that runs between Zestaponi, Kutaisi and Samtredia, will be upgraded. Specifically, the project involves 1) the restoration of an existing section of two-lane roads between Zestaponi and Kutaisi, 2) construction of a new Kutaisi bypass and bridge, and 3) construction of a new road between Kutaisi and Samtredia. Along with the separate Needs Assessment Study for the Reconstruction Assistance Project in Georgia that is currently underway, JICA plans to come up with Grant Aid and Technical Cooperation projects that work synergistically with this project and step up support for Georgia.



East-West Corridor Project



■ Azerbaijan

Priority Implementation of Technical Cooperation in Non-Petroleum Fields

Against a backdrop of petroleum development in the Caspian Sea, the development of non-petroleum sectors including agriculture in Azerbaijan—a country that is both economically and politically stable—has become a pressing issue in order to effect and maintain continuous economic development. Aid from Japan to Azerbaijan has covered agricultural assistance to increase food production as well as agreements in the three areas of upgrading the economic infrastructure, social sectors, and developing human resources. In order to respond to these issues, JICA has carried out efforts centered primarily on income improvement and promotion of employment as well as enhancement of the quality of and access to public services.

■ Armenia

Assistance in Promoting Free Trade System in Two Areas

Having hammered out a path to reform early on and being the first CIS country to achieve land privatization in 1991, Armenia has pursued a free trade system, becoming a member of the WTO in 2002. Japan has extended assistance to Armenia primarily to upgrade infrastructure and develop human resources with a view to solving such problems as human resource shortages, aging economic infrastructure and environmental deterioration. JICA's efforts have focused on the promotion of employment and income improvement (promoting the private sector and small and medium-sized enterprises) and enhancement of access to public services (health and medical services and local development).

■ Georgia

Expecting Economic Spillover from the Oil Pipeline

Georgia, poor in natural resources and with cattle breeding and agriculture as its key industries, has experienced the disintegration of inter-industry relations, growing ethnic conflict since gaining independence, and the greatest economic decline among CIS nations. Although on a recovery track, the development of domestic industries and small and medium-sized enterprises and the improvement of educational, health and public services, which continue to decline in quality due to financial distress and aging infrastructure, have become major issues. Georgia is situated at the center of the transit route of the BTC pipeline, which transports oil from the Caspian Sea, and prospects for an economic ripple effect from transport revenue are increasing.

Example

Uzbekistan

Nursing Education Improvement Project

Revision of the Nursing Education Curriculum toward Client-Oriented Nursing

Uzbekistan, boasting the largest population in Central Asia, gained independence from the former Soviet Union in 1991. Since 1994, Japan has provided Grant Aid for materials and equipment for medical care, but the traditions of the former Soviet Union remain strong in medical practice and there have thus been problems with the quality of service. In particular, the tendency is still strong for nurses, who play an important role wherever medical services are provided, to play a peripheral role in doctors' medical practices.

In 1998, as a reform in the health system, efforts were made to upgrade the education of medical professionals in Uzbekistan. As part of these efforts, a restructuring of the nurse education system was begun in order to raise nursing quality. Nursing education has been standardized into a three-year program of study following nine years of general education. As a period of professional education following this, a three-year nursing program is being offered in medical schools. All domestic nursing schools were elevated to college (professional trade school) level status as of 2005. The number of medical vocational high schools has increased due to a larger number of students, resulting in 76 schools nationwide.

As these reforms progress, Uzbekistan has asked Japan—which until now has dispatched specialists in nursing education and nursing management fields to Uzbekistan on a short-term basis—for additional cooperation in nursing education and nursing management.

As a result, from July 2004 to June 2009, JICA had been engaged in a project to improve nursing education by shifting away from disease-focused nursing education, which has been predominant in Uzbekistan, and adopting the concept of "client-oriented nursing," the current international standard.

Specifically, client-oriented nursing is the provision of nursing care and life support in line with the health needs of medical service clients during childhood, early adolescence, adulthood and old age.

As part of the project, a Nursing Education Center has been formed within the First Republic Medical College and a new curriculum has been drawn up by the Curriculum Committee and Working Group composed of the Ministry of Health, Ministry of Higher and Special Education, teachers of medical colleges and medical vocational high schools, and relevant parties in Japan.



Practice using a doll

A new curriculum has been introduced using the First Republic Medical College as a model school. It is hoped that this new curriculum will spread nationwide.