Central Asia and the Caucasus

After the countries of Central Asia and the Caucasus gained independence following the collapse of the former Soviet Union in 1991, the international community provided support for their pursuit of market economic systems. Nevertheless, disparities have continued to grow in terms of the region's economic development due to each nation's respective natural resources and other factors. Furthermore, the proximity of Central Asia and the Caucasus to unstable nations including Afghanistan and Pakistan has made development and stability in the region vital to ensuring peace and economic development within the international community. JICA's cooperation in the region is focusing on efforts that contribute to the improvement of the electric power and transportation infrastructures and the development of the private sector.

Key Aid Strategies — Enhancing Intra-Regional Cooperation for Ensuring Stable Development

The region of Central Asia and the Caucasus, located in roughly the center of the Eurasian continent, comprises five Central Asia countries—Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan—lying east of the Caspian Sea, and their three neighbors to the west of the Caspian sea, namely Armenia, Azerbaijan and Georgia.

Support for Improving the Electric Power and Transportation Infrastructures

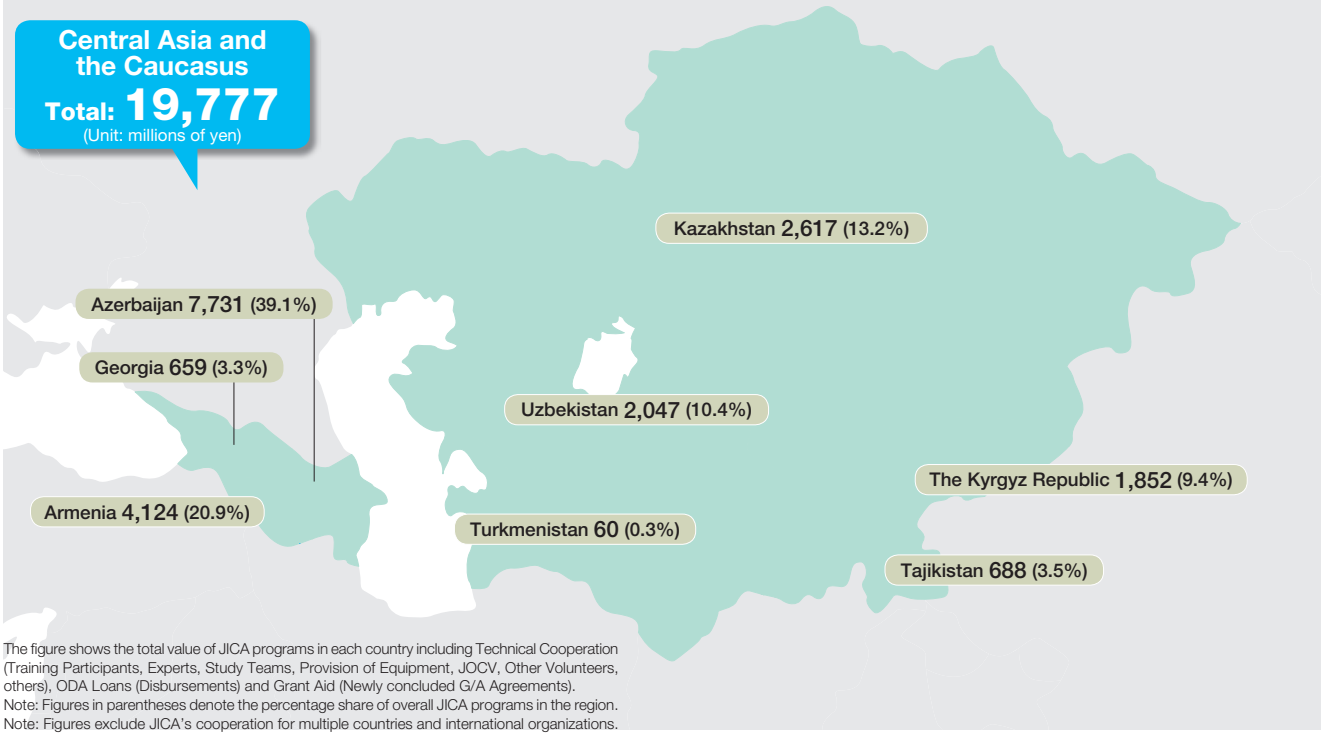
The region faces many challenges that need to be addressed through intra-regional cooperation. These challenges include conflict, terrorism, the drug trade, transportation, effective use of water and energy resources, accelerated trade and investment, and environmental protection.

Based on the Japanese government's "Central Asia plus Japan Dialogue" policy, which was launched in 2004 as a framework for promoting communication between Japan and the Central Asia countries, JICA has been providing assistance for the development of the electric power and transportation infrastructures in line with the framework for regional cooperation that includes the Central Asia Regional Economic Cooperation (CAREC) Program.

Support for Developing the Private Sector

Since gaining independence, the countries of Central Asia and the Caucasus have been pursuing a range of economic reforms, aiming for sustained economic development based on a market economy. In order to encourage economic reforms in each of these countries, JICA is providing support for the development of the private sector in areas such as private-sector human resource development, based on assistance for legislative development and

JICA Programs in Central Asia and the Caucasus (Fiscal 2010)



The figure shows the total value of JICA programs in each country including Technical Cooperation (Training Participants, Experts, Study Teams, Provision of Equipment, JOCV, Other Volunteers, others), ODA Loans (Disbursements) and Grant Aid (Newly concluded G/A Agreements).
Note: Figures in parentheses denote the percentage share of overall JICA programs in the region.
Note: Figures exclude JICA's cooperation for multiple countries and international organizations.

the Japan Center for Human Development.

Country Overviews and Priority Issues

Kazakhstan

Kazakhstan is endowed with abundant energy and mining resources, including the world's second largest uranium reserves, which has made it the target of much attention in recent years.

The Government of Kazakhstan is aware that the diversification of industry is necessary in order to sustain economic growth in the future, and JICA is assisting in this endeavor, with its main emphases on training human resources through the Japan Center for Human Development, and on the economic infrastructure that serves as a foundation for industry. Moreover, Kazakhstan intends to pursue a joint project for energy conservation and renewable energy use based on mechanisms ratified under the Kyoto Protocol, a project that JICA is planning to support as a climate change measure.

The Kyrgyz Republic

The Kyrgyz Republic has fewer natural resources and leading industries than other countries in the region, and has been exposed to intense international competition due to rapid liberalization. The country still suffers from a high poverty rate due to unstable development. Furthermore, the political changes of April 2010, followed by the disturbances that occurred in two southern provinces in June of that year have led to severe economic strife within the country.

JICA has set a goal of aiding in promoting the reduction of poverty through economic growth based on the transition to a market economy. JICA is promoting intra-regional cooperation in priority support areas based on: 1) developing a foundation for economic growth including transport infrastructure; 2) support for social sectors; and 3) the Central Asia plus Japan Dialogue.

Tajikistan

Tajikistan is situated at the southern gateway to Central Asia. The country overcame a civil war with the signing of a peace accord in 1997, and has since pursued macroeconomic stability and structural reforms.

In April 2009, the Japanese government formulated the Country Assistance Program for Tajikistan, which identifies four priority areas for assistance: rural development and industry promotion; transportation (road development, maintenance and management); border control; and development of basic social services. JICA is providing Technical Cooperation for a project to improve agricultural extension service through reinforcing agrarian organizations and Grant Aid to develop roads and improve water supply in areas bordering Afghanistan.

Elementary fourth grade pupils visiting the Japan Center for Human Development in Uzbekistan.

Turkmenistan

Turkmenistan possesses one of the world's largest repositories of natural gas. This natural gas, which exists in rich reserves, drives the nation's industry. Other key industries include oil and the production of raw cotton. In 1995, the United Nations (UN) General Assembly acknowledged Turkmenistan's position as a permanently neutral country, and since the change in leadership in February 2007, the government has been taking steps to strengthen relations with Europe and neighboring countries. The direction of Turkmenistan today has a strong impact on the gas pipeline strategy in the Eurasian continent, as exemplified by the country's opening of a gas pipeline to China in December 2009.

Japanese cooperation for Turkmenistan is focused on ODA Loans for the railroad sector and training efforts to allow government workers to learn about Japanese experiences.

Uzbekistan

Uzbekistan has maintained high economic growth for a number of years, dependent on the export of underground resources including natural gas and gold. However, to continue this high level of economic growth in the future, a number of improvements will need to be made in areas including improvements to the business and investment environment, modernization of agriculture, and upgrading of the economic infrastructure. In September 2006, Japan formulated the Country Assistance Program for Uzbekistan, which identifies four priority areas for assistance: support for human resource development and institution-building to facilitate a market economy and develop the economy and industry; support for restructuring the social sector; economic infrastructure renovation and improvement; and promotion of intra-regional cooperation.

JICA opened the Uzbekistan-Japan Center for Human Development in 2000 to encourage the development of Uzbekistan's market economy and increase mutual understanding between the two nations. As well as efforts to provide business

training, Japanese language education and promote mutual understanding, JICA is providing a wide range of assistance in areas including legislative development, electric power plant construction and railroad development [➡ See the Case Studies on pages 47, 149].

Armenia

Armenia has proactively pursued democratization and a market economy since the collapse of the Soviet Union. Japan is extending assistance to Armenia with a focus on infrastructure development to support nation building, overcome aging economic infrastructure and prevent environmental degradation.

JICA is providing ODA Loans for the Electricity Transmission and Distribution Project and Yerevan Combined Cycle Co-Generation Power Plant Project as a priority area as part of its support for the energy sector [➡ See the Case Study below].

Azerbaijan

With steady petroleum development in the Caspian Sea, Azerbaijan has enjoyed rapid economic growth. However, improvement of the country's dilapidated infrastructure and development of non-petroleum sectors have become urgent challenges for ensuring sustainable economic development in the future.

The Japanese government has focused on three priority areas in providing development support for the country: economic infrastructure, the social sector, and human resource development. JICA is providing support for the Shimal Gas Combined Cycle Power Plant Project (Second Unit) and Provincial Cities Water Supply and Sewerage Project through ODA Loans, and is assisting with administrative management and in the development of agricultural areas.

Georgia

Georgia depends on the livestock industry and agriculture as its key economic drivers due to its lack of natural resources. In its efforts to reduce poverty through economic development, the country faces substantial challenges in the form of cultivating domestic production and small and medium enterprises, and in improving its education, health and public services, the quality of which are progressively falling due to a dilapidated infrastructure.

Following the armed conflict with Russia in mid-2008, Georgia is facing the challenge of rehabilitation of its infrastructure, which is urgently needed for future economic growth. In October 2008 at the Georgia Donor's Conference, Japan announced it would provide up to US$200 million, under which JICA signed a ODA Loan agreement for the East-West Highway Improvement Project to improve the East-West Highway that is an important part of the international transportation network between Europe and Asia. This project will contribute to the economic development and postwar rehabilitation of Georgia.

Case Study **Armenia Yerevan Combined Cycle Cogeneration Power Plant Project**

Contributing to the Stable Supply of Electricity While Reducing Greenhouse Gas Emissions

The Armenian capital of Yerevan suffers from an overconcentration of population, economic activity and industry and was in danger of facing energy shortages in the future. This problem was solved by the construction of Yerevan Combined Cycle Cogeneration Power Plant, which was funded by ODA Loan. Operation of the plant began in April 2010, and the stable supply of electricity now supports the economic development of the country. At the same time, this energy-saving power plant contributes to reducing greenhouse gas emissions.

An Energy-Saving Power Plant Preventing Power Shortages in the Capital

Because most of the thermal power generation plants in Armenia were built in the 1960s and 1970s, they had become dilapidated and their supply capacity was declining. The demand for electric power, however, was increasing due to economic development. Compared with a maximum daily demand of 1,177MW in 2004, the supply capacity was only 1,266MW. At the time, it was expected that peak daily demand would reach as high as 1,430MW by 2010, meaning that the issue of increasing the power supply capacity had to be solved as a matter of urgency.

The newly built power plant uses a natural gas fuelled cogeneration system featuring high power-generation efficiency. Since the exhaust heat and cooling water generated during power generation are used for cooling, heating and supplying hot water to the surrounding region, the plant is contributing to a decrease in greenhouse gas emissions.

For Armenia, this was the initial step in converting from low-efficiency Soviet-era power plants to modern high-efficiency ones. Since this is a newly introduced system, JICA has assisted with the technological transfer through training and in strengthening the systems of operation, maintenance and management.

The completed Yerevan Combined Cycle Cogeneration Power Plant

Case Study

Uzbekistan Project for the Installation of X-Ray Scanning Equipment at Check Points on Uzbekistan's Borders with the Neighboring Countries

Contributing to Speeding Up Customs Clearance and Preventing the Flow of Illegal Goods

Uzbekistan is situated in the central part of Central Asia, serving as an important location on the trade routes used by surrounding countries. However, the possibility has been raised of drugs, weapons and other illegal goods from neighboring Afghanistan flowing through the country. Strengthening the function of Uzbek border checkpoints is therefore vital for improving the efficiency of physical distribution in the Central Asia region, as well as for social stability.

Uzbekistan plans to introduce large-scale X-ray scanning equipment at 16 major border customs check points, and JICA is providing support through Grant Aid to assist in upgrading the equipment at three such points where the level of urgency is particularly high.

Vehicle-mounted large-scale scanner provided for use with cargo (Oybek Customs Check Point).

A Substantial Decrease in Customs Clearing Times

Support from JICA is being utilized at the Ayritom Customs Complex adjacent to Afghanistan, the Galaba Railway Check Point, and the Oybek Customs Check Point adjacent to Tajikistan. Each of these checkpoints has a significant record for the discovery of illegal goods such as drugs and weapons.

The first stage of the project, in March 2011, was the delivery of a single vehicle-mounted large-scale cargo X-ray scanner to the Ayritom Customs Complex and Oybek Customs Check Point, respectively.

These were the first X-ray scanners used by the checkpoint workers who had previously carried out inspections by opening all cargo by hand. After their delivery, JICA also provided technical training at the Customs Training Center in the capital Tashkent, the Oybek Customs Check Point, and the Ayritom Customs Complex. The customs staff worked very hard in training to learn how to operate the equipment and analyze the X-ray images.

For each vehicle loaded with cargo, the customs clearance procedure had previously taken three to five hours, with transport trucks frequently forming a long line. Through mastery of the newly introduced X-ray equipment, this time can be reduced to around 20 to 30 minutes.

By strengthening the capacity to discover and control the import and export of illegal items such as heavy weapons and drugs, Uzbekistan will contribute not only to its own social stability, but also to that of the entire Central Asia region.

Technical training was provided for operation of the equipment and image analysis (Ayritom Customs Complex).

Support for Railroad Customs Check Points

The next stage will be the installation of a large-scale X-ray cargo scanner at the Galaba Railway Check Point. Like the first stage, this will be carried out in combination with technical assistance in developing the checkpoint system, operating the equipment provided, and improving the image analyzing technology.

The new scanner is expected to reduce the customs clearance process, which currently requires approximately an hour and a half per vehicle, to around 15 minutes. Thanks to the synergistic effect together with the railroad between Tashguzar and Kumkurgan, developed with an ODA Loan, this advance is expected to contribute to an increase in capacity for the transportation of goods to Afghanistan.

From Our Partner

Zohid Dusanov
Chairman, State Customs Committee

Large-scale X-ray scanning equipment for inspecting cargo is very expensive, but it is extremely useful for the State Customs Committee, which is trying to strengthen the system of inspection at checkpoints. In order to make this project a success, we have made preparations in collaboration with the relevant agencies and ministries in the country.

The two vehicle-mounted X-ray scanners provided recently were received with gratitude by the workers at both customs check points, who were eagerly awaiting their arrival. As the head of customs in the country, I guarantee that this equipment will be used effectively. By using these machines over the long term, I anticipate that the inspection work of border checkpoints will be carried out more effectively and efficiently.