

# Central Asia and the Caucasus

— A Region with Many Natural Resources Opened for Asia and Europe That Is Attracting the World's Attention

The Central Asia and the Caucasus region, located in roughly the center of the Eurasian continent, comprises five Central Asia countries—Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan—and three Caucasus countries—Armenia, Azerbaijan and Georgia that gained their independence from the former Soviet Union in 1991.

Achieving balanced development of the entire region is an important global issue because of the increase in economic disparities within this region. Furthermore, Afghanistan, a country that is still unstable, is located nearby.

## Key Aid Strategies

## Supporting Intra-Regional Cooperation for Stable Economic Development

In this region, JICA is concentrating on intra-regional cooperation and the promotion of democracy and market economies. Cooperation priorities are: (1) programs for improving the electric power and transportation infrastructures in the Central Asia and (2) programs to enhance market economies by activating the private sector.

## Country Overviews and Priority Issues

### Uzbekistan

To maintain economic growth that is backed by high prices of natural resources such as natural gas and gold, JICA is supporting three sectors: (1) improving and building the economic infrastructure, focusing on electric power and transportation; (2) supporting human resources development and institution-building to facilitate a market economy and develop industries through the Uzbekistan-Japan Center for Human Development and support for the legal framework; and (3) social support for rural areas.

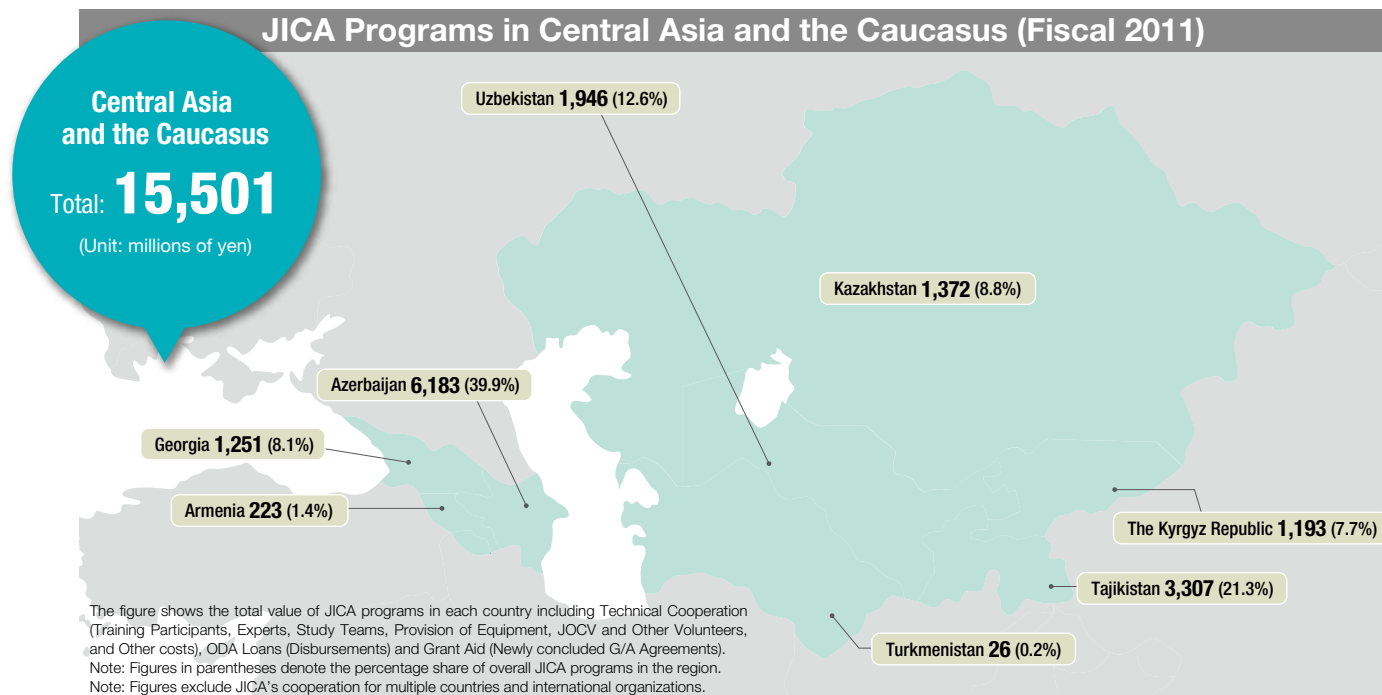
### Kazakhstan

Kazakhstan is endowed with abundant natural resources, including the world's second largest uranium reserves. Diversification of industry in the country is needed to achieve balanced and sustained economic growth. JICA is assisting in this endeavor, with its main emphasis on training human resources through the Japan Center for Human Development and on the economic infrastructure that serves as a foundation for industry.

### Tajikistan

Tajikistan overcame 10 years of civil war after its independence from the former Soviet Union, and has been working on achieving economic and social stability while enacting structural reforms. JICA has three priority areas for assistance: the development of basic social services, rural development and industry promotion, and transportation.

## JICA Programs in Central Asia and the Caucasus (Fiscal 2011)





## ■ The Kyrgyz Republic

The Kyrgyz Republic is a mountainous country with few significant natural resources other than gold. The economy is stagnant because it is not on the track of stable economic growth. JICA has set a goal of assistance in promoting the reduction of poverty through economic growth based on the transition to a market economy. To create a foundation for economic growth, JICA is cooperating in the fields of transportation infrastructure, development of agricultural and rural areas, and human resources development for the transition to a market economy.

## ■ Turkmenistan

Turkmenistan has an economy supported by large reserves of natural gas. In recent years, the country has been strengthening ties with the United States, Europe and neighboring countries. Japanese cooperation for Turkmenistan focuses on training so that government workers can learn about Japanese experiences and on other activities.

## ■ Azerbaijan

Azerbaijan's economy has been expanding due to the

country's large reserves of petroleum and natural gas. Improvement of the infrastructure and the development of non-petroleum sectors are major issues for the country. JICA is providing support for the construction of a power plant near the capital of Baku and for the construction of water and sewer systems in provincial cities.

## ■ Armenia

Since its independence from the former Soviet Union, Armenia has proactively pursued democratization and a market economy. JICA is focusing on assistance for infrastructure development to overcome the aging economic infrastructure and prevent environmental degradation.

## ■ Georgia

Georgia aims to use its geographically advantageous position between Europe and Asia to expand its economy and reduce poverty. JICA is providing support for improvement of the East-West Highway, which is an arterial road in Georgia, to develop regional economies by strengthening the transportation capacity.

### Case Study

### The One Village One Product Project in the Kyrgyz Republic

#### Small Business Promotion by Ryohin Keikaku and JICA

**Issyk Kul, which means "hot lake," is located along the Silk Road, which passes through the Kyrgyz Republic. The lake is nine times larger than Japan's Lake Biwa and is well known as a resort area among the people in the Commonwealth of Independent States. The One Village One Product Project is taking place in the region around Issyk Kul.**

The One Village One Product Project, which is the Community Empowerment Project through Small Business Promotion by One Village One Product (OVOP) Approach, aims to bring together ambitious people to form an association in each village for a particular product. At the same time, the project's concept of using local materials to make products will be extended to other areas. Taking these actions will promote business activities by facilitating information sharing within regions and building efficient frameworks for manufacturing.

However, many people are still unable to abandon the mindset of the Soviet-era. The concepts of OVOP and manufacturing products remind most people of investments to build large factories and constructing one factory in each village. When seeking a way to end this way of thinking, a joint project with Ryohin Keikaku Co., Ltd. was considered.

The newly formed associations held

discussions with producers of handicrafts that resulted in technical training programs for fabricating felt products such as eyeglass cases made of locally produced wool. When production began, though, it was much more difficult than expected. Everything from procuring raw materials to shipping final products was a new experience for the workers. As a result, problems had to be solved one by one.

The producers complained about the receipt of payments after production and the rigorous quality standards. Managing production was the most difficult task of all. It was extremely difficult to monitor the production activities of 33 groups located around a lake with a shoreline of almost 700km. Monitoring was performed by the project's staff with the support of Japan Overseas Cooperation Volunteers (JOCV). They worked nights and days during the days leading up to shipments.



An expert shows how to measure the size of products

Total production was more than 13,000 eyeglass cases. Fabricating the cases required more than 300 people and approximately four and a half months. The experience was sufficiently effective to alter the communities' attitudes. People learned many things, such as the strict quality standards of Japanese companies and the benefits of working as a team. Furthermore, completing a task that involved entirely manual labor gave everyone confidence and a positive attitude. Currently, the associations are seeking production technology and sales opportunities rather than credit and the provision of free machinery. In addition, the number of people participating in this project has increased.

This joint project of JICA and Ryohin Keikaku is under way again in 2012. Everyone is working hard with the goals of tackling new challenges and using even more efficient production methods.