

Central Asia and the Caucasus

An Internationally Spotlighted Resource-Rich Region Open to Asia and Europe

Key Aid Strategies

Supporting Intraregional Cooperation for Stable Economic Development

The Central Asia and the Caucasus region, located roughly in 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 in 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.

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

the electricity and transportation sector, such as modernizing thermal-electric power stations; (2) supporting human resources development and system-building that contributes to expanding the private sector by nurturing human resources for businesses and other measures through the Uzbekistan-Japan Center for Human Development; and (3) providing cooperation in the priority fields of improving agricultural infrastructure, which raise income levels in rural areas, and expanding and improving health care.

Country Overviews and Priority Issues

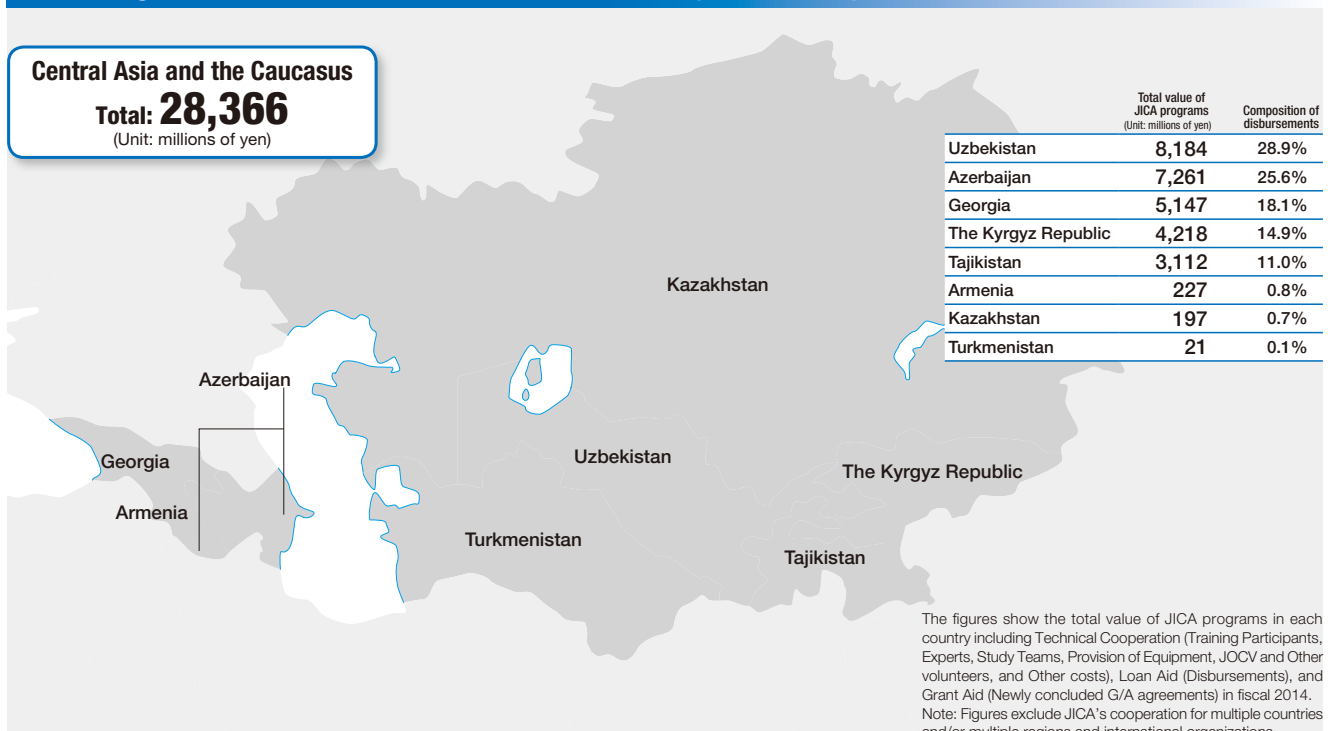
Uzbekistan

Uzbekistan maintains a robust economic growth rate underpinned by high international commodity prices for natural resources such as natural gas and gold. To ensure the country's continued firm development, JICA is providing aid in three areas: (1) improving and building economic infrastructure for

Kazakhstan

Kazakhstan, endowed with abundant natural resources, including the world's second-largest uranium reserves is seeking to change its resource-dependent economic structure, and pursuing industrial diversification to achieve balanced and sustained economic growth. The level of Kazakhstan's economic development is high, and JICA selects and implements projects

JICA Programs in Central Asia and the Caucasus (Fiscal 2014)



in the sectors where Japan's knowledge and technology can be utilized, including disaster risk management, energy conservation, and production and quality management, with an eye to strengthening business relationships between Kazakhstan and Japan. Further, rapidly developing Kazakhstan is building a system to provide support to other countries and play the role of a donor country. In fiscal 2014 JICA also started providing assistance to Kazakhstan for this "donorization" [[→ see the Case Study below](#)].

● Tajikistan

Neighboring Afghanistan with a lengthy 1,344-km border, Tajikistan is positioned at the juncture of Central Asia and Southwest Asia. A civil war broke out in the year following independence from the former Soviet Union. The country's economy and society deteriorated until the 1997 peace accord that ended the war. Currently Tajikistan is working on achieving economic and social stability, enacting structural reforms, and improving the living standard of its people. JICA's basic policy is to assist the path of departure from poverty and transition to growth by building a foundation for sustainable economic growth through correction of disparities in living standard and the building of infrastructure. JICA priority areas for assistance include (1) improving rural development, including essential social services in Khatlon Province, bordering on Afghanistan; and (2) establishing transportation and small-scale electric power

infrastructure at the crossroads of Central Asia and Southwest Asia. In addition, JICA cooperates with other international organizations to achieve safety and stabilization, and to improve people's lives, in the border regions of Tajikistan and Afghanistan.

● The Kyrgyz Republic

After its independence from the former Soviet Union, the Kyrgyz Republic was one of the first countries in the region to actively pursue a market economy. However, as a mountainous country with few significant natural resources other than gold, the Kyrgyz Republic has been unable to attain stable economic growth. The goal of JICA's assistance is to achieve "economic development and poverty eradication by strengthening export competitiveness and promoting business." With that in mind, JICA is focusing on the priority fields of (1) building transportation infrastructure and (2) developing agriculture and business. Therefore, JICA is providing aid such as road and bridge improvements, aid to strengthen road administrative and maintenance capacity [[→ see the Case Study on page 37](#)], the One Village One Product Project, support for agriculture promotion, and human resources development for the business sector through the Japan Center for Human Resources Development.

● Turkmenistan

Turkmenistan has been strengthening ties with the United States, Europe, and its neighboring countries, with its economy

Case Study

Kazakhstan: ODA Scheme Seminar

From the Supported Side to the Supporting Side — Assisting Kazakhstan's Donorization

Kazakhstan, whose economy has been rapidly developing in recent years, enacted the Law on Official Development Assistance in December 2014 and is planning to establish an ODA executing agency in order to fulfill the country's obligations, which correspond with its economic growth. JICA invited officers of the related ministries of Kazakhstan, a country accelerating its efforts toward donorization, and conducted an ODA scheme seminar for them in December 2014.

Aiming to Join the World's Top 30 Developed Countries by 2050

With the surge in oil prices as the driving force, Kazakhstan has sustained steady economic growth since the 2000s, and GNI per capita reached \$11,380 in 2013, according to the World Bank. In December 2012, President Nursultan Nazarbayev announced the country's long-term goals, which included the objective to join the world's top 30 developed countries by 2050. Kazakhstan is now entering a new phase of nation building that has continued since its independence in 1991.

As part of the efforts to achieve its goals, the Government of Kazakhstan has set forth a policy to enhance the country's role in the international community by becoming a donor country in the field of international cooperation. Kazakhstan is currently reviewing the ODA cases of other countries and building its own structure for ODA execution.

To support these donorization endeavors, JICA invited seven officers from government institutions that are involved in establishing an ODA executing agency, such as the Ministry of Foreign Affairs and the Ministry of Finance, and conducted a seminar for them in December 2014. The presentations in the two-week seminar included an overall picture of Japanese ODA, with its 60-year history, as well as the process of JICA's establishment, its

organizational structure, and its schemes.

A New Cooperation Partner

Kazakhstan faces many challenges that are similar to what its neighboring countries face, including development of preventive measures against natural disasters such as earthquakes, construction and maintenance of transportation infrastructure, and improvement in health care services, so it has the advantage of understanding these countries' needs better than Japan does.

To make use of this advantage and extend more effective cooperation in Central Asia, JICA expects to conduct joint projects with Kazakhstan as a cooperation partner in the future.



Participants in the seminar visiting JICA's Global Plaza

supported by large reserves of natural gas. JICA's cooperation concentrates mainly on supporting the development of the economy and society through providing training in such fields as transportation, health care, agricultural development, and promotion of small and medium-sized enterprises (SMEs). The Technical Cooperation Agreement was signed between the governments of Japan and Turkmenistan in September 2013, and it is expected to facilitate smooth implementation of technical cooperation more than ever. Based on this agreement, discussions are currently ongoing to start the first technical cooperation project in Turkmenistan.

● Azerbaijan

With large reserves of oil and natural gas, Azerbaijan has built up its international standing as a natural resource exporter to neighboring countries and to Europe. However, the country needs to diversify its industries to achieve sustainable economic growth. From a viewpoint that renewing economic and social infrastructure and developing human resources supporting industrial development are indispensable to sustaining the country's economic growth, JICA is providing assistance for construction of a power plant near the capital, Baku; construction of water and sewer systems in provincial cities; and training in fields such as health care, promotion of SMEs, disaster risk management, and agriculture.

● Armenia

Linking Central Asia, the Caspian Sea region, and Europe, Armenia has proactively pursued democratization and a market economy since its independence from the former Soviet Union. Given the dilapidated infrastructure built during the Soviet era and the country's location in an earthquake zone, the issues facing Armenia are infrastructure development and the strengthening of measures to reduce the impact of disasters. Therefore, JICA is focusing on assistance for economic infrastructure, rural development and strengthening of disaster prevention measures, guided by a basic policy of achieving balanced, sustainable economic growth in Armenia.

● Georgia

Situated at the crossroads of Asia and Europe, Georgia is becoming increasingly important as a route for exporting Caspian Sea oil and gas to Europe. Georgia's issues, therefore, revolve around leveraging its geographically advantageous position to develop its trade and transportation industries and to foster the export industry. JICA is giving priority to building economic and social infrastructure, and agriculture and rural development as a basis for economic development. JICA is providing assistance for the improvement of the East-West Highway which plays an essential role in transportation; and training programs for local industry development and the creation of a more attractive business environment.

Case Study

The Kyrgyz Republic: Comprehensive Cooperation in the Transport Sector

To Remove Bottlenecks in the Landlocked Mountain Country

Securing smooth transportation is a big challenge in the Kyrgyz Republic, a landlocked mountain country hemmed in by high mountains to the north and the south. To overcome this challenge, JICA extends comprehensive cooperation that combines enhancement of policy development and road maintenance management expertise through technical cooperation, as well as improving transportation infrastructure through ODA Loans and Grant Aid.

Deteriorating Infrastructure and Frequent Disasters

In the landlocked Kyrgyz Republic, 95% of the transportation of people and goods relies on roads. However, necessary road maintenance management was absent after the country's independence that came with the collapse of the Soviet Union, due to an insufficient national budget, an outflow of engineers, etc.

Deterioration of transportation infrastructure is progressing, and enhancement and proper maintenance management of this infrastructure is of high importance. Furthermore, because of the severe natural environment, even major trunk highways are closed by natural disasters such as mudslides, landslides, rock falls, avalanches, and drifting snow; human casualties are also seen.

Cooperation in Human Resources Development and Infrastructure Development

For enhancement of local expertise, JICA

currently supports the strengthening of government officers' policy planning capabilities by dispatching a road administration advisor (2014–2016). JICA also provides training on inspections and implementation of preventive measures against accidents, and assists in drawing up medium- to long-term maintenance management plans for bridges and tunnels, through the Project for Capacity Development for Maintenance Management of Bridges and Tunnels (2013–2016).

For infrastructure development, JICA provides materials and equipment for road repairs, recovery from disasters, snow removal, and snow melting under the Project for Improvement of the Equipment for Road Maintenance in Osh, Jalal-Abad, and Talas Oblasts (2014–2015). In a series of projects, including this project, maintenance management equipment will be provided to all oblasts (provinces), except for Batken Province, among the seven oblasts in the Kyrgyz Republic.



Personnel of the Ministry of Transport and Communications learning bridge inspection methods from a Japanese expert. (The Project for Capacity Development for Maintenance Management of Bridges and Tunnels)

ODA Loan Restarted after 16 Years

In July 2014, Fumio Kishida, Minister for Foreign Affairs of Japan, visiting the Kyrgyz Republic to attend the 10th anniversary of the Foreign Ministers' Meeting of the Central Asia Plus Japan Dialogue, announced a new ODA Loan for about ¥12 billion. The loan is to be used for the improvement of the Osh-Batken-Isfana Road that crosses the Fergana Valley, in the southern part of the country, and for the implementation of disaster prevention measures for the Bishkek-Osh Road, a trunk highway that runs from the north to the south of the country, which was supported by a past ODA Loan. These initiatives are expected to remove the geographical bottlenecks of the landlocked mountain country.