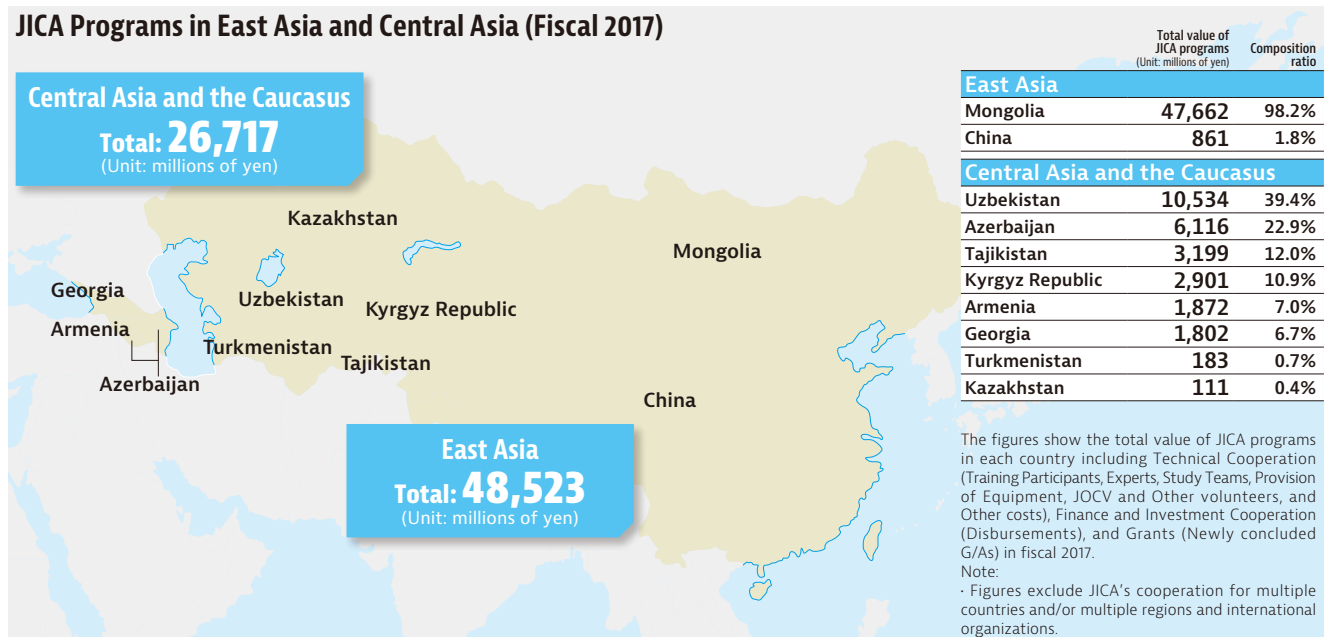


East Asia and Central Asia

Enhancing International Connectivity and Ensuring Comprehensive and Sustainable Development



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.

Nine of the countries, except China, are former socialist states and are now transitioning to market-oriented economies. Many of them are subject to influences from the two neighboring major powers, Russia and China. The continued independence and stability of the countries in the region are supposed to benefit not only these countries themselves but also other countries concerned.

However, regional connectivity has weakened after the disintegration of the former Soviet Union, because newly independent states are facing conflict of national interests. Endowed with natural resources, Kazakhstan, Turkmenistan, Azerbaijan, and Mongolia are experiencing rapid economic growth; however, their economies are vulnerable to fluctuating global commodity prices. Their fragile economic structure partly stems from their traditional monoculture economies that depend for growth on underground resources or, in the case of Uzbekistan, cotton flowers.

In recent years, dwindling resource prices, the flagging Russian economy, and slowing Chinese economic growth have put the countries in the region in a difficult economic situation. Tajikistan and the Kyrgyz Republic, in particular, are even exposed to risks for elements of destabilization as their economies, which are not abundant in natural resources, have to rely largely on remittances from their migrant workers in Russia and Kazakhstan.

Fiscal 2017 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 Japan Human Resource Development Scholarship (JDS) program, the Japan Center projects, and other Japan-based training programs for learning Japan's approaches to development and promoting market-oriented economies. Therefore, they expect JICA's commitment to human resource development to be continued and expanded. In recent years, some countries have mentioned a need for innovation strategies to promote faster economic development, and thus hope to collaborate with Japanese universities. In line with Japan's assistance strategy, JICA will further discuss and formulate future projects.

With the three Caucasus countries, JICA will pursue activities in fields where expectations for Japan are high as a result of its existing track record of cooperation, such as disaster risk reduction in Armenia and energy fields in Azerbaijan.

The following paragraphs describe JICA's initiatives and major achievements in fiscal 2017.

1. Governance Strengthening

For Mongolia, JICA coordinated with the International Monetary Fund (IMF), the Asian Development Bank (ADB), and the World Bank to provide prompt budget support by ODA Loans. At the same time, JICA supported the country's reforms in three areas: achieving stable macroeconomic management, promoting support for the socially vulnerable, and enhancing economic growth. JICA also assisted Mongolia in revising

guidelines for supervision of securities firms and renovating the related human resource development system as part of efforts to invigorate the country's capital markets.

2. Industrial Diversification

JICA conducted a basic survey on agriculture and stock farming in Mongolia and one on agriculture in Uzbekistan and formulated projects based on the results of the surveys. In November 2017, the President of Mongolia awarded the Order of the Polar Star to a JICA expert for his contribution to the promotion of small and medium enterprises (SMEs) in the country. The prestigious award is the highest honor in Mongolia accorded to non-Mongolian nationals.

3. Infrastructure Development

JICA contributed to enhancing connectivity and narrowing disparities in and out of the region through infrastructure development support such as planning airports, international roads, and power stations. JICA also coordinated with ADB to formulate projects for constructing international corridors in Tajikistan and Georgia [[→ see the Case Study below](#)]. In Uzbekistan, construction of the Talimarjan Thermal Power Station No. 2, co-financed by JICA and the ADB, was successfully completed.

4. Human Resources Development

JICA continues to support higher engineering education in Mongolia. Additionally, JICA conducted a basic survey on the *Kosen* (Japanese-style polytechnic education) system in Mongolia and another basic survey on the development of high-level industrial human resources in the five Central Asian countries. A number of JDS graduates assumed high-ranking government posts such as ministers in the cabinet. These examples highlight the achievements of many years of JICA's assistance to human development in the region.

Future Cooperation

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



Mongolia: Staff members at the Institute of Veterinary Medicine conduct an epidemiologic survey in Ovorkhangai Province under the Project for Epidemiological Studies on Animal Protozoan Diseases and Development of Effective Diagnostics Measures.

- Strengthening governance, diversifying industries, developing infrastructure, and developing human resources.
- 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 interregional connectivity and reduction of domestic disparities.

With regard to China, JICA's additional contribution through providing ODA Loans and Grants, which were a huge part of Japan's ODA, was ended. In line with policies of the Japanese government, JICA's cooperation is currently extended to the common challenges faced by both countries. Examples include measures against cross-border pollution, infectious diseases, and food safety-related issues. Furthermore, in terms of technical cooperation, a mechanism for both Japan and China to properly share costs is being implemented.

Georgia: East-West Highway Improvement Project (I) (II)

Linking Europe and Asia and Serving as a Logistic Hub in the Region



The section is already open and operating. JICA is committed to more assistance toward the completion of the entire East-West Highway.

Situated on the shortest route from Central Asia to Europe, Georgia plays a strategically crucial role in the logistics system in the Caucasus region. In particular, the East-West Highway, a 460-km-long international corridor connecting the country's border with Azerbaijan and the coastal Black Sea area, is one of the core transportation networks in the regional transport cooperation initiative that aims to strengthen the linkage between Central Asia and European countries.

In Georgia, road transport serves as a lifeline for the national economy, as it accounts for more than 40% of freight transport and over 90% of passenger transport. Since

2009, JICA coordinated with other donors and cooperated in the construction of the approximately 57-km-long Zestafoni-Kutaisi-Samtredia section of the East-West Highway.

Primary construction ended in December 2017, and through traffic for JICA's section in the East-West Highway is already operating. The completion of the entire East-West Highway will significantly shorten transportation times, improve access to markets, and alleviate congestion on city streets as the highway bypasses densely populated urban areas.