

East Asia and Central Asia

Toward Sustainable Development through Better Regional Connectivity and Industrial Diversification

The Region Needs to Wean Itself from Dependence on Natural Resources and Strengthen Connectivity

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.

Mongolia, Kazakhstan, Turkmenistan, and Azerbaijan are endowed with natural resources and are experiencing rapid economic growth; however, they are vulnerable to fluctuating global commodity prices because their economic structure is heavily dependent on natural resources. Facing the need to reduce its dependence on cotton plants and natural gas, Uzbekistan is undertaking government-led investment development and industrial promotion. The Kyrgyz Republic and Tajikistan, on the other hand, are not rich in natural resources. Remittances from Kyrgyzstanis and Tajikistanis working in Russia and elsewhere account for more than one-third of the GDP of these two countries. The countries are thus faced with the urgent need for fostering domestic industries and creating employment opportunities.

In recent years, there has been a concern that the decline in natural resource prices and slow economic growth in Russia and China will negatively affect the economies in the region. In addition,



Kyrgyz Republic: A tasting and sales event of juices produced in a One Village, One Product project supported by JICA. The event was held in front of a celebrated upscale general store in the national capital of Bishkek. (Photo: Akihisa Haraguchi)

the COVID-19 pandemic is taking a toll on society and economies in these countries, resulting in reduced remittances from migrant workers due to travel restrictions, rising unemployment, and exposing the vulnerabilities in health care and other social services.

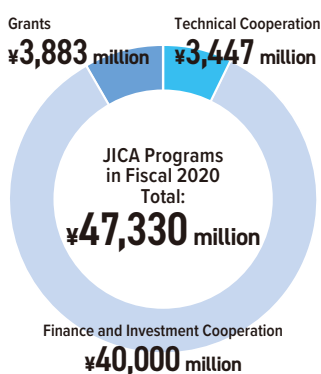
In order to overcome this situation and establish a sustainably developing economy, it is important to stimulate private sector-led economic activity and diversify industry to overcome the resource-dependent economy, and to develop infrastructure, which will help strengthen intra- and inter-regional connectivity.

Focusing on Governance Strengthening and Infrastructure Development

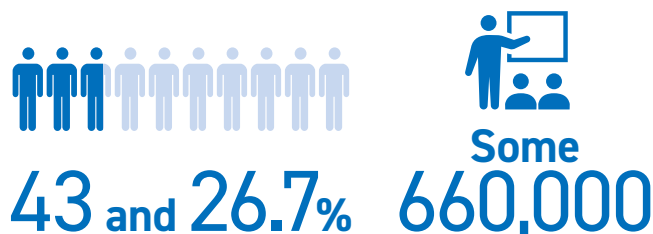
The nine countries other than China in the region are former socialist states and are now transitioning to market-oriented economies. Many of them share national borders with two major powers, Russia and China, as well as with South Asian and Middle Eastern countries. They are thus under the strong political and economic influence of these neighboring countries. Maintaining the independence and stability of the countries in the region is essential to the stability of the entire Eurasian continent.

JICA's cooperation in fiscal 2020 was structured around the following four pillars:

1. Strengthening governance
E.g., developing the legal system, including improving the investment environment
2. Industrial diversification
E.g., supporting capacity development for farmers and financial institutions, promoting small and medium enterprises
3. Infrastructure development
E.g., planning and constructing airports, power plants, etc. for enhancing connectivity and narrowing disparities within and across the regions [➔ see the Project on page 38]
4. Human resources development
E.g., promoting JICA's scholarship programs



| Region | Total value of JICA programs |
|--------------------------------------|------------------------------|
| East Asia | |
| Mongolia | ¥27,162 million |
| China | ¥156 million |
| Central Asia and the Caucasus | |
| Uzbekistan | ¥15,729 million |
| Tajikistan | ¥2,542 million |
| Kyrgyz Republic | ¥1,522 million |
| Kazakhstan | ¥86 million |
| Georgia | ¥40 million |
| Turkmenistan | ¥37 million |
| Armenia | ¥37 million |
| Azerbaijan | ¥20 million |



The number and percentage of those who were appointed to a position of director-general or higher as of fiscal 2019 out of the 161 former JICA scholars from the Kyrgyz Republic¹

The cumulative total of participants in courses offered at Japan Centers for Human Development in Mongolia, Kazakhstan,² Uzbekistan, and the Kyrgyz Republic by fiscal 2020

1. Accepted in Japan under Grants in fiscal 2007–2016.

2. The project in Kazakhstan was completed in fiscal 2012.

Note: For the total value of JICA programs, see the note on "Program by Region" on page 27.