

Third Party Evaluation Report 2011
Ministry of Foreign Affairs of Japan

Evaluation of Assistance for the Transition to a
Market-oriented Economy
In Three Central Asian Countries
(Republic of Kazakhstan, Kyrgyz Republic,
Republic of Uzbekistan)

- Summary-

February 2012
INGÉROSEC Corporation

Preface

This report is a summary of the “Evaluation of Assistance for the Transition to a Market-oriented Economy In Three Central Asian Countries (namely, Republic of Kazakhstan, Kyrgyz Republic and Republic of Uzbekistan)” undertaken by INGÉROSEC Corporation entrusted by the Ministry of Foreign Affairs (MOFA) of Japan in FY2011.

Since its commencement in 1954, Japan’s Official Development Assistance (ODA) has contributed to the development of partner countries, and finding solutions to international issues which vary with the times. Recently, there have been increased domestic and international calls for more effective and efficient implementation of ODA. MOFA has been conducting ODA evaluations mainly at the policy level with two main objectives: to improve management of ODA; and to ensure its accountability. Those evaluations are conducted by third parties to enhance their transparency and objectivity.

The objectives of this evaluation are to review assistance for the transition to a market-oriented economy in the three Central Asian Countries and reflect recommendations and lessons learned from the clarification of the issues in the improvements for this assistance and accomplish accountability by the publication of the results of evaluation.

Prof. Yasunaga Takachiho, Professor of Tamagawa University, acting as a chief evaluator, and Dr. Ichiro Iwasaki, Professor of Institute of Economic Research, Hitotsubashi University, being an advisor for the evaluation, made an enormous contribution to this report. Likewise, MOFA, the Japan International Cooperation Agency (JICA), and the ODA Task Forces as well as the government organizations and institutions in Republic of Kazakhstan, Kyrgyz Republic, Republic of Uzbekistan, donors and NGOs also made invaluable contribution. We would like to take this opportunity to express our sincere gratitude to all those who were involved in this study.

Finally, we wish to add that the opinions expressed in this report do not reflect the views or positions of the Government of Japan.

February 2012

INGÉROSEC Corporation

**Evaluation of Assistance for the Transition to a Market-oriented Economy in
Three Central Asian Countries
(Republic of Kazakhstan, Kyrgyz Republic, Republic of Uzbekistan)
(Country Assistance Evaluation)**

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<p>2. Period of Evaluation:</p> <p>June 2011 – March 2012</p>	
<p>3. Country Survey</p> <p>Republic of Kazakhstan, Kyrgyz Republic, and Republic of Uzbekistan</p>	

Outline of Evaluation

1 Evaluation Results

● **Relevance of Policies**

After the collapse of the Soviet Union, providing assistance to the three countries that uniformly needed to make the transition to a market-oriented economy was a timely and appropriate policy. In addition, it has been verified that this policy matches the development needs of those countries, Japan's higher policies, and international priority issues, as well as providing an opportunity for Japan to exercise comparative superiority and complement assistance by other donors. On the other hand, thorough discussions have not been held by the organizations providing assistance in Japan (Ministry of Foreign Affairs [MOFA], Japan International Cooperation Agency [JICA], etc.) on the details of the definition of the transition to a market-oriented economy and the objectives of its policies. Furthermore, 20 years after independence, a significant difference in the economic levels among the three countries is emerging with varying degree of progress towards the transition to a market-oriented economy. This is due to differences in resource abundance as well as the transition approaches in the respective countries. Therefore, it is no longer an appropriate ODA policy to consider the three countries as one unit when providing assistance for the transition to a market-oriented economy.

● Effectiveness of Results

This policy of providing “assistance for the transition to a market-oriented economy” does not have clear objectives, and numerical indicators or priority areas have not been established. The same holds true for the policy objectives of deepening bilateral economic relations with Japan, spin-off effects on economic growth in the region, spin-off effects in Central Asia as a whole and diplomatic impact. Therefore, it is impossible to accurately conclude whether or not policy objectives have been achieved. However, it has been verified that the training of business personnel in each country has had a steady impact on the advancement of the private sector. In addition, the courses/activities at Japan Centers in the three countries have nurtured pro-Japanese sentiment, which is considered to be a positive impact on diplomatic relations. On the other hand, there are still various politically difficult situations among the countries in Central Asia, which hinders progress in the areas of deepening bilateral economic relations with Japan and spin-off effects throughout the region.

● Appropriateness of Process

There remain various political elements of instability in Central Asia, which can have an influence on the process until projects are adopted or implemented. However, in order to minimize the influence of unique circumstances in the region, the limited numbers of personnel from Japan are utilized to achieve detailed coordination and close communication. This in turn facilitates effective project formulation, implementation, monitoring and evaluation. Furthermore, repeated official and unofficial meetings have been held with the recipient governments, indicating that an effort is being made to reflect the requests and needs of the counterparts.

2 Main Recommendations

(1) Clarification and Sharing of Policy Objectives

Assistance for the transition to a market-oriented economy has been provided in the pursuit of the goal of moving away from socialism in the three countries that were in an economic downturn immediately after independence in 1991. It is understandable when taking into consideration conditions at the time that thorough discussions were not held by the organizations providing assistance in Japan (MOFA, JICA, etc.) on the definition of the transition to a market-oriented economy and the policy objectives of assistance for the transition to a market-oriented economy initially after the collapse of the Soviet Union. However, it became clear during this evaluation survey that even after 20 years following independence, there is not a sufficient consensus on these points between all of the involved parties. If assistance is to be continued with the objective of facilitating the transition to a market-oriented economy, it is indispensable that the policy objectives be clarified and shared at this point in time.

(2) Shifting from “Assistance for Transition to a Market-oriented Economy” to Central Asia as One Unit” to “Assistance Based on Respective Levels of Economic Development

of Three Countries”

Twenty years after independence, a significant gap in the economic levels among the three countries is emerging with varying degrees of progress towards the transition, liberalization as well as openness. This is due to differences in the transition approach chosen by each country, and foreign capital inflows in the natural resource sector. The time has come when the objectives of assistance for the transition to a market-oriented economy under Japan's ODA which perceive the Central Asian region as one unit should be re-examined.

(3) Pursuit of Japan's Presence through “All Japan” Approach Transcending Framework of Technical Cooperation Scheme

Japan Center, an integral part of Japan's assistance for the transition to a market-oriented economy, has been implemented as a technical cooperation project. The projects have been successful not only in terms of Japan's ODA policy towards this region, but have also been extremely successful from the standpoint of fostering pro-Japanese sentiment, making them notable projects from the perspective of the reputation and presence of Japan in each country.

Even though the projects have achieved outstanding outcomes, as long as they are implemented within the framework of a technical cooperation scheme, they will eventually end, and will be transferred to the partner countries. Therefore, an “All Japan” approach needs to be established to maintain or further enhance the presence of Japan.

(4) Strategization and Advancement of ODA Public Relations by MOFA

Because of a trend of reduced ODA resources, the maximum advantage should be taken of these resources from Japan in order to achieve a high level of effects from the limited input, and considerable effort should be devoted to networking with news media that have an appropriate understanding of Japan in order to facilitate the accurate communication of information to local residents. This is indispensable to facilitate the provision of information in a timely manner in order to achieve strategic public relations objectives.

MOFA needs to formulate a clear ODA public relations policy in the future that stipulates the public relations policy of the Government of Japan in accordance with conditions in each country, and create an action plan for several years on the basis of the policy to be deliberated in order to facilitate strategization of public relations activities.

In addition, public relations media must be diversified and activities upgraded, with the timing and period fine tuned, multiple mass media utilized and other innovations used to maximize the effectiveness of public relations activities.

(Note: The opinions expressed in this summary do not reflect the views and positions of the Government of Japan.)

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Map of Central Asia

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Chapter 1 Evaluation Policies

1-1 Objectives of Evaluation

ODA evaluation by MOFA has been implemented to improve management of ODA and ensure its accountability. In a country assistance evaluation, the general assistance policy for each country shall be the subject of verification mainly for the purpose of identifying the current implementation status of the assistance policy, and gaining lessons learned for implementation of projects in the future and formulation of subsequent assistance policies.

This evaluation survey was performed in accordance with the MOFA's ODA Evaluation Guidelines (Edition 6), and evaluated the assistance provided for the transition to a market-oriented economy in the Republic of Kazakhstan, the Kyrgyz Republic, and the Republic of Uzbekistan in Central Asia, taking into consideration the significance of such assistance in the region.

(1) Conduct review from the standpoints of the relevance of policy, effectiveness of results and appropriateness of process, focusing on the implementation status of Japan's assistance for the transition to a market-oriented economy in the three Central Asian countries.

(2) Draw lessons learned and recommendations for the formulation and implementation of future assistance policies for the three Central Asian countries and in the field of assistance for the transition to a market-oriented economy, and contribute to the formulation of the Country Assistance Policies for the respective three countries.

(3) Publish results of evaluation as a means of accomplishing accountability to the public, and provide feedback of the evaluation results to related governments and other donors to facilitate ODA public relations activities and contribute to the improvement and visibility of ODA through evaluation.

1-2 Target of Evaluation

The target of this evaluation was assistance for the transition to a market-oriented economy in the above-mentioned countries in Central Asia.

These three countries faced political and economic difficulties after the collapse of the Soviet Union, and each country pressed forward with its own unique policies to facilitate transformation to a market economy and democratization. The Republic of Kazakhstan and the Kyrgyz Republic moved ahead with radical reform policies immediately after independence, while the Republic of Uzbekistan advocated a gradualist approach, resulting in a delay in the transition to a market-oriented economy. Today, 20 years after independence, the progress of the transition to a market-oriented economy varies widely in each country.

The Government of Japan formulated the Country Assistance Programs for the Republic of Kazakhstan and the Republic of Uzbekistan in 2006, and did so for the Kyrgyz Republic in 2009, and has been providing assistance for the transition to a market-oriented economy with a focus on human resource development. The target of this evaluation survey is the assistance in these countries implemented between 2006 and 2010. Among the JICA technical cooperation projects being implemented in three countries, in particular, the "Projects for Japan Center for Human Resource Development" (term of cooperation started in the Republic of Kazakhstan and the Republic of Uzbekistan in 2000; and started in the Kyrgyz Republic in 2003) reached its 10th year in 2010 (8th year in the Kyrgyz Republic). Considering this to be a milestone, the decision was made to review and analyze these projects as the main targeted projects, while following the transition in circumstances to date. In addition, other than these projects, the projects implemented over the past five years (2006-2010) were also the target of the survey.

1-3 Framework of Evaluation

In this evaluation survey, in accordance with the ODA Evaluation Guidelines (6th Edition), a comprehensive evaluation was conducted using the following three criteria; relevance of policies, effectiveness of results and appropriateness of process, based on the five OECD-DAC evaluation criteria.

(1) Relevance of Policies

In order to review the political relevance of assistance by Japan for the transition to a market-oriented economy in the three Central Asian countries, the criteria that were used consisted of comparing the assistance policies indicated in the objective framework and determining whether or not they matched the following items: (a) Needs related to the transition to a market-oriented economy in the three countries (development plans and socioeconomic policies in three countries, etc.), (b) Japan's higher policies (the ODA charter, the Medium-Term Policy on ODA), (c) Japan's policy / strategy for Central Asia ("The Central Asia plus Japan dialogue," etc.) and (d) International priority issues (Millennium Development Goals (MDGs), etc.). In addition, (e) compared to the assistance provided by other donors and international agencies, an analysis was conducted as to whether or not Japanese comparative advantages are being utilized in the formulation and operation of the assistance policies, and whether or not an attempt is being made to make Japan's assistance complement that of other donors.

(2) Effectiveness of Results

In order to verify the extent that the established goals and priority issues have been achieved through the implementation of assistance for the transition to a market-oriented economy in the three countries, a grasp was obtained of the related indicators for the objectives and priority sectors of assistance by Japan, and performance and outcomes were organized and analyzed. In addition, materials from the European Bank for Reconstruction and Development (EBRD) and other agencies were utilized to obtain a grasp of indicator trends related to progress on the transition to a market-oriented economy in the three countries, and the data was analyzed. Furthermore, when the effects were reviewed, analyses were conducted on the diplomatic impact and spin-off effects throughout Central Asia.

Since quantitative targets have not been established for the assistance objectives and priority areas for Japan, it is impossible to measure the "achievement level of objectives" by comparing objective values and performance values. It is also extremely difficult to precisely measure the degree of contribution the assistance has made according to time-oriented changes. Consequently, the effectiveness of results was reviewed from a comprehensive standpoint, utilizing an adequate amount of qualitative data obtained by interviewing related parties in Japan and the three recipient countries.

(3) Appropriateness of Process

In order to review the appropriateness of the process adopted to ensure the relevance of policies for assistance for the transition to a market-oriented economy in the three countries and secure the effectiveness of the results, a judgment was made from the following aspects.

(a) Whether or not the efforts and approach to specified issues indicated in the Country Assistance Program or policy for each country was implemented.

(b) Whether or not continued efforts were made to grasp the needs of the partner countries (implementation of policy dialogues among local government personnel at implementing agencies, holding of study meetings in each sector, etc.).

(c) Whether or not the implementation structure for the ODA Task Forces or MOFA was in place.

(d) Whether or not the process was performed to obtain a grasp of policy implementation status.

(e) Whether or not coordination was performed with other donors, international agencies etc.

1-4 Methodology of Evaluation

The following methodologies were used for this survey.

(1) Literature Review Survey

The existing literature and other materials concerning assistance for the transition to a market-oriented economy in the three Central Asian countries and aid trends by other donors as well as information obtained through the Internet were reviewed, organized and analyzed.

(2) Interview Survey Using Questionnaire to Domestic Related Parties

Interviews with related parties in the Central Asia and Caucasus Division of the European Affairs Bureau, Country Assistance Planning Division II of the International Cooperation Bureau of MOFA; personnel in related sections of JICA; and personnel at the Japan External Trade Organization (JETRO) that provides support to Japan-affiliated companies in Central Asia were conducted.

(3) Questionnaire Survey of Participants and Graduates of Japan Centers from the Three Countries

A questionnaire survey of participants and graduates of Japan Centers from the three countries was conducted regarding the impact of the assistance and the awareness of the people in those countries, and the results were analyzed.

(4) Field Survey

A field survey was conducted in the three countries for 12 days in September 2011. During the field survey, discussions and interviews with government agencies in the target countries, the Japanese embassies, JICA's local offices, JICA experts, and other donors such as EBRD, and a site observation (the Projects for the Japan Center for Human Resource Development, etc.) were conducted.

1-5 Structure of Evaluation Team

This survey involved gathering, organizing and analyzing information required for evaluation by three consultants working for Ingérosec Corporation under the supervision of the Chief Evaluator and the Advisor.

Prof. Yasunaga Takachiho	Chief Evaluator	Professor of Tamagawa University
Dr. Ichiro Iwasaki	Advisor	Professor of Institute of Economic Research, Hitotsubashi University
Mr. Tadanori Kumano	Chief Consultant	Ingérosec Corporation
Ms. Tomoko Matsushita	Senior Consultant	Ingérosec Corporation
Ms. Kasumi Gunji	Consultant	Ingérosec Corporation

Four review meetings attended by people from the related divisions and sections at the MOFA and JICA were held to discuss the evaluation framework, direction, conclusions and other issues. As to the field survey, in addition to the above members of the evaluation team, Mr. Naonobu Minato, Director of the ODA Evaluation Division, the Minister's Secretariat, MOFA, participated as an observer.

Chapter 2 Summary of Evaluation and Recommendations

2-1 Summary of Evaluation

(1) Relevance of Policies

Originally, the target three countries for this survey specialized in certain industries that played a partial role under the planned economy of the Soviet Union. After the collapse of the Soviet Union, providing assistance to the three countries that uniformly needed to make the transition to a market-oriented economy was a timely and appropriate policy. In addition, it has been verified that this policy matches the development needs of those countries, Japan's higher policies, and international priority issues, as well as providing an opportunity for Japan to exercise comparative superiority and complement assistance by other donors. On the other hand, thorough discussions have not been held by the organizations providing assistance in Japan (MOFA, JICA, etc.) on the definition of the transition to a market-oriented economy and the objectives of policies to provide assistance for the transition to a market-oriented economy.

Furthermore, 20 years after independence, a significant difference in the economic levels among the three countries is emerging with varying degrees of progress towards the transition to a market-oriented economy. This is due to differences in resource abundance as well as the transition approaches such as gradualism or radicalism. Therefore, it is no longer an appropriate ODA policy to consider the three countries as one unit when providing assistance for the transition to a market-oriented economy.

Particularly, the rise in world natural resource prices has resulted in a booming economy in the Republic of Kazakhstan which has abundant natural resources. However, there is a large gap in economic growth between urban and regional areas, and while some of the population has become wealthy, the rest of the population is still struggling against poverty. On the other hand, the government is attempting to diversify its industrial structure through the promotion of manufacturing industries. Therefore, the need remains to train business persons that are required by industry. In light of these circumstances, it may be an appropriate idea to establish a new paradigm of cooperation with nations that have grown into upper-middle-income countries and set up a cooperation scheme where resources are contributed by each other. For example, this could take the form of "Partner Cooperation" (e.g., the Government of the Republic of Kazakhstan bears the cost of the required funds, and Japan "officially" provides the management resources requested by the counterpart such as dispatch of lecturers that teach management strategy best suited to the local situation).

The Kyrgyz Republic and the Republic of Uzbekistan are at the stage where they require assistance to enhance economic efficiency rather than assistance for the transition to a market-oriented economy immediately after independence, and the time has come that the type of assistance that has been provided should be re-examined. Examples of providing assistance to enhance economic efficiency include upgrading the management efficiency of state-owned or publicly-owned corporations, privatization of public corporations (postal, water or other utilities, etc.), revitalization of banks, updating or development of economic infrastructure, modernization of energy supply, transportation or distribution systems, assistance for human resource development and building of a system to promote economic or industrial growth, assistance for rebuilding of the social sector, upgrading the capacity or speed of communication networks, and promoting the use of information technology or cooperation within the region.

(2) Effectiveness of Results

This policy of providing “assistance for the transition to a market-oriented economy” does not have clear objectives, and numerical indicators for the policy or priority area indicators have not been established. The same holds true for the policy objectives of deepening bilateral economic relations with Japan, spin-off effects on economic growth in the region, spin-off effects in Central Asia as a whole and diplomatic impact, thus it is impossible to accurately conclude whether or not policy objectives have been achieved.

However, it has been verified that technical cooperation, Acceptance of Technical Training Participants and Japanese Grant Aid for Human Resource Development Scholarship (JDS) have helped facilitate the training of personnel needed by corporations for economic development in each country, and this has had an impact on the results in various private sectors. With regard to the diplomatic impact, the courses/activities in programs to promote the learning of Japanese language and mutual understanding under the Projects for the Japan Center for Human Resource Development have nurtured pro-Japanese sentiment, which is considered to be a positive outcome. On the other hand, there are still various political problems among the countries in Central Asia, which hinders progress in the areas of deepening bilateral economic relations with Japan and spin-off effects throughout the region.

Training programs for business personnel, promotion of Japanese language education and cultural introduction events through the Projects for the Japan Center for Human Resource Development are effective in public relations, and are comparable to, or even surpass that of the culture centers operated by other countries. However, as long as these programs are implemented within the framework of a technical cooperation scheme, they will eventually end, and operation will be entrusted to that country. There is the possibility that the achievements made to date by those projects will be lost. As a result of this, maintaining the “presence of the Japanese government” that the three centers have established so far will become difficult.

(3) Appropriateness of Process

There remain various political elements of instability in Central Asia, which can have an influence on the process until projects are adopted or implemented. However, during the process of formulation of the Country Assistance Program for each of the three countries as well as adoption and implementation of projects, in order to minimize the influence of unique circumstances, it has been verified that the limited number of personnel from Japan are utilized to achieve detailed coordination and close communication. This in turn facilitates effective project formulation, implementation, monitoring and evaluation. Furthermore, repeated official and unofficial meetings have been held with the recipient governments, indicating that an effort is being made to reflect the requests and needs of the counterparts.

In consideration of the unique circumstances in the various countries in the region, the ODA Task Forces serve a central role during formulation of the Country Assistance Programs for the respective countries, while holding discussions where influential individuals and people with actual experience that are well versed in local conditions participate in order to formulate and implement each project. Members of the ODA Task Forces also gather at non-regular intervals to exchange opinions and share information.

For some of the projects, work was conducted proactively in coordination with related agencies, utilizing the local resources of other donors, Japan-affiliated companies and other organizations in order to enhance the effectiveness of the projects. However, there

have been no reports of notable activities that were conducted as a result of coordination with other donors, and donor meetings mainly served as an opportunity to share information on trends related to assistance and other issues.

2-2 Recommendations

(1) Clarification and Sharing of Policy Objectives

Assistance for the transition to a market-oriented economy has been provided in the pursuit of the goal of moving away from socialism in the three countries that were in an economic downturn immediately after independence in 1991. It is understandable when taking into consideration conditions at the time that thorough discussions were not held by the organizations providing assistance in Japan (MOFA, JICA, etc.) on the definition of the transition to a market-oriented economy and the policy objectives of assistance for the transition to a market-oriented economy initially after the collapse of the Soviet Union. However, it became clear during this evaluation survey that even after 20 years following independence, there is not a sufficient consensus on these points between all of the involved parties. If assistance is to be continued with the objective of facilitating the transition to a market-oriented economy, it is indispensable that the policy objectives be clarified and shared at this point in time.

(2) Shifting from “Assistance for Transition to a Market-oriented Economy to Central Asia as One Unit” to “Assistance Based on Respective Levels of Economic Development of Three Countries”

The three countries experienced considerable political and economic difficulties due to the unstable economic system immediately after their independence. Assistance for democratization and the transition to a market-oriented economy was provided together by international organizations, major Western donors etc. in order to help them achieve the goal of moving away from the former Soviet-style socialist system. The countries specialized in certain industries that served a partial role under the Soviet planned economy, but after the collapse of the Soviet Union, they all needed to make the transition to a market-oriented economy. Therefore, providing such assistance to those countries was, at that time, a timely and appropriate policy.

However, 20 years after independence, a significant gap in the economic levels among the three countries is emerging with varying degrees of progress towards the transition, liberalization as well as openness. This is due to differences in the transition approach chosen by each country, and foreign capital inflows in the natural resource sector.

The Republic of Kazakhstan has already been ranked as an upper-middle-income country by the World Bank, indicating that it has grown economically to the extent that implementing assistance through ODA in the same manner as until now is inappropriate. In addition, according to official statistics, the Kyrgyz Republic and the Republic of Uzbekistan continue to exhibit robust growth, illustrating the fact that they have reached the stage where assistance should be provided to improve economic efficiency rather than assistance for the transition to a market-oriented economy.

In other words, when reviewing such assistance to these Central Asian countries, the differences in economic levels in the three countries should be taken into consideration since the economic conditions vary greatly between these countries. In light of this, the time has come when the objectives of assistance for the transition to a market-oriented economy under Japan's ODA which perceive the Central Asian region as one unit should be re-examined.

It is important that the related divisions within MOFA obtain an accurate grasp of the socio-economic conditions and features in each country, and utilize the limited resources in Japan after discussions with related agencies to provide assistance that is suited to the needs of the partner country. This will improve bilateral diplomatic relations and will serve the national interests of Japan.

(3) Pursuit of Japan's Presence through "All Japan" Approach Transcending Framework of Technical Cooperation Scheme

Japan Center was established in each country in 2000 as an integral part of Japan's assistance for the transition to a market-oriented economy¹, and has been implemented as a technical cooperation project. The projects have been successful not only in terms of Japan's ODA policy towards this region, but have also been extremely successful from the standpoint of fostering pro-Japanese sentiment, making them notable projects from the perspective of the reputation and presence of Japan in each country.

The main three activities conducted by these centers consist of "business courses," "Japanese language courses" and "events to promote mutual understanding." When these centers were visited during the field survey, activity was brisk at all of them. Training is provided in the business courses for entrepreneurs, managers of small to medium sized companies and other people from the private sector. These courses provide a good opportunity for entrepreneurs in these Central Asian countries after independence to foster the appropriate type of attitude towards business and acquire practical business knowledge. In addition, some of the people that have attended business courses have built an organization on their own initiative to start networking activities among themselves. This type of self-motivated activity is an indication of the level of camaraderie that graduates who have gone through quality educational courses possess because of the pride and trust that have been fostered in them.

The academic level of Japanese language courses and events to promote mutual understanding is equal or higher than that provided by the British Council and Goethe Institute, provides students with the opportunity to experience Anime, Manga, Cosplay and other aspects of J-Pop culture, and has the potential to build a favorable impression and attract wide ranges of fans of Japan. This will help nurture pro-Japanese sentiment among the general public, and especially the young, and lead to an increase in the recognition of Japan that cannot be expected with other projects.

Even though the projects have achieved these outstanding outcomes, as long as they are implemented within the framework of a technical cooperation scheme, they will eventually end, and will be transferred to the partner countries. The partner countries will need to utilize the technology that has been transferred to sustain the activities and achieve the objectives that were determined at the time of project planning. Due to these limitations, activities by the centers need to be localized so that they can grow by themselves, and coordination has been performed in an appropriate manner to obtain the understanding of the partner countries that they need to make the effort to sustain the programs independently. Regarding the business courses, if the content and quality of the courses are superior, there will be people that will want to attend the courses even if they have to pay tuition fees that are relatively expensive. Furthermore, provided that the partner countries continue to implement the appropriate economic and industry growth

¹ In the Kyrgyz Republic, the Project launched in 2003.

policies and diversify their economic structure, the courses will continue to attract students and it should be possible for them to make a profit. Consequently, in the future, it can be expected that the partner countries will operate the courses (or they will be independently operated by the centers) in a self-sustainable manner. However, since the “Japanese language courses” and “events to promote mutual understanding” are implemented according to the interest of the participants in language courses and cultural events, it can be expected that the ability to attract students will drop when they are required to pay in order to participate. Therefore, unless some sort of alternative resources are devoted, it may be difficult for the partner countries to sustain the activities on their own.

In light of these circumstances, it will be extremely difficult to sustain the presence of the Japan Center that Japan has maintained to date in each country. Nonetheless, if the outcomes that have been achieved thus far by the projects are allowed to be lost without doing anything about the situation, it will have an adverse impact on the presence of Japan in the region, and the evaluation team felt uncomfortable about this possibility and want to prevent this from happening. Although the time has come when it is difficult to devote the same scale of assistance resources for Japan's ODA as in the past, the possibility of maintaining and developing the three main activities that have been conducted by the projects beyond the framework of a technical cooperation scheme in the future needs to be deliberated. For this reason, an “All Japan” approach needs to be established to sustain the outcome of the projects, under which efforts are made within JICA to coordinate between schemes, the related divisions at MOFA play a central role, and JICA cooperates to promote the participation and cooperation of JETRO, Japan Foundation, universities in Japan, research institutes and other organizations in order to maintain or further enhance the presence of Japan.

(4) Strategization and Advancement of ODA Public Relations by MOFA

To date, public relations for Japan's assistance in partner countries has taken the form of publicity through the website of the Japanese Embassies or by using newspapers, television and other types of media at the appropriate times. This has resulted in activities by the Government of Japan being frequently covered by the mass media, enabling a certain level of public relations to be implemented in an efficient and effective manner.

However, this has generally been targeted at notifying the public of activities, with a trend that lacked strategic planning. Public relations has not led to an adequate recognition of the assistance strategy of Japan or informing the public of the outcomes of projects that have been implemented.

Because of a trend of reduced ODA resources, the maximum advantage should be taken of these resources from Japan in order to achieve a high level of effects from the limited input, and considerable effort should be devoted to networking with news media that have an appropriate understanding of Japan in order to facilitate the accurate communication of information to local residents. This is indispensable to facilitate the provision of information in a timely manner in order to achieve strategic public relations objectives.

Some of the central governments of the major developed nations have established a communication policy that specifies the principles and procedure for communication by the government to its citizens, the role of related institutions and other issues, and set up guidelines and other details describing the common basis of public relations activities by ministries and agencies. On the other hand, although basic policy for public relations at the level of ministries and agencies has been created in Japan, more specific implementation guidelines and manuals are needed. MOFA needs to formulate a clear ODA public

relations policy in the future that stipulates the public relations policy of the Government of Japan in accordance with conditions in each country, and create an action plan for several years on the basis of the policy to be deliberated in order to facilitate strategization of public relations activities.

In addition, public relations media must be diversified and activities upgraded, with the timing and period fine tuned, multiple mass media utilized and other innovations used to maximize the effectiveness of public relations activities.

Table 2-1 List of Recommendations / Priorities / Addressee

Recommendation	Priorities	Addressee
Policy / Strategic Direction Level		
Clarification and Sharing of Policy Objectives	Implement at early point	Divisions in charge at MOFA, JICA, Japanese Embassies in the Republic Kazakhstan, Kyrgyz Republic, and the Republic of Uzbekistan
Shifting from “Assistance for Transition to Market-oriented Economy to Central Asia as One Unit” to “Assistance Based on Respective Levels of Economic Development of Three Countries”	Implement at early point	Divisions in charge at MOFA
Pursuit of Japan’s Presence through “All Japan” Approach Transcending Framework of Technical Cooperation Scheme	Implement at early point	Divisions in charge at MOFA, JICA, Japan Centers in the three countries
Assistance Methods / Assistance Procedure Level		
Strategization and Advancement of ODA Public Relations by MOFA	Implement in medium range	Divisions in charge at MOFA

Note: “Early point” indicates within 1 year and “medium range” indicates within 2-3 years

2-3 Lessons Learned

(1) Importance of “Broader Thinking” Based on Selectivity and Concentration

“Selectivity and Concentration” are vital when ODA is implemented. However, in order to respond to changes in the external environment in an appropriate and timely manner, an attitude to blindly implement only the given projects is not appropriate.

The Kyrgyz Republic is a country with a lot of potential tourism resources, but it has not yet gained a good image of being a destination for tourists. However, a long-term view needs to be taken with actions constantly implemented in order to attract a large number of tourists (e.g., providing local sightseeing information).

In the Republic of Kazakhstan, English is the language that is generally accepted when conducting business. However, by promoting Japanese language and Japanese culture, interest in Japanese style management can be created, which will indirectly lead to heightened interest in business with Japanese corporations among the participants who take these courses.

In the Republic of Uzbekistan, technical cooperation by the Government of Japan has mainly consisted of courses under the Project for the Uzbekistan-Japan Center for Human Resource Development, with a focus up until now on assistance for the training of business persons at small to medium sized companies. However, the Government of the Republic of Uzbekistan has a strong awareness of the need for economic development, and adequate consideration of these intentions needs to be taken in the future.

(2) Importance of Generating Self-Sustaining Activities with a Focus on Quality

Attendees that have completed business courses at Japan Centers have formed the “Kaizen Team” in the Kyrgyz Republic, the “Kaizen Club” in the Republic of Kazakhstan and the “A-Club” in the Republic of Uzbekistan, and are conducting self-sustaining activities. These types of self-sustaining activities will help nurture a spirit of camaraderie based on the pride and trust that attendees have placed in the high quality of education and results of training.

This approach can be considered to be establishing a brand as a business training institute that is apparent in the Republic of Uzbekistan.

When reviewing assistance, in addition to paying attention to the number of graduates and participants of education or training courses at Japan Centers, the quality of the outcomes should be taken into adequate consideration, such as these self-sustaining activities that are currently carried out by the graduates.

(3) Importance of Implementing Assistance Aimed at Synergy Effects

The three main activities that are being currently conducted by the Projects for the Japan Center for Human Resource Development consists of “Business Courses,” “Japanese Language Courses” and “Events to Promote Mutual Understanding.” The projects in the three countries are all thriving, indicating that this work has succeeded as an ODA policy.

One of the primary factors in this success is not only the individual success of the three main activities, but that fact that these courses/events are provided at one location, which has resulted in pronounced synergy effects due to mutual interaction between the courses/events. This point should be used as reference when implementing other assistance projects.

(4) Importance of Disclosing Appropriate Information on Good Practices

During the field survey, the site of a highly acclaimed project where the Government of Japan has effectively projected its presence was visited. Kagazy, a manufacturer of paper in Kazakhstan, is a corporation that has received “Kaizen” guidance from EBRD and the Kazakhstan-Japan Center for Human Development. This private company recycles paper to produce paper and corrugated cardboard boxes, and has 600 employees. It was established 10 years ago in 2001, acquired ISO-14001 certification in 2006, and was listed on the London Stock Exchange in 2007. This is an example of “Kaizen” activities that serve a very significant role in the rapid growth of private companies. Thus, there are many good practices that are not generally known by the people of Japan.

Disclosing this kind of information in an appropriate manner to the general public in Japan not only ensures accountability to the general public as taxpayers, but can also be expected to help promote understanding of ODA among the public.

Map of Central Asia



Photos



Interview with Ministry of Foreign Economic Relations, Investments and Trade in Uzbekistan



Interview with Ministry of Finance in Kyrgyz Republic



Interview with the Graduates of Kazakhstan-Japan Center



Traditional Japanese Crafts, displayed at Kyrgyz Republic-Japan Center



Classroom at the National IT Center in the Kyrgyz Republic



Paper Factory "Kagazy" in Kazakhstan (an example of Japan-EBRD cooperation)