Since commencing cooperation with Central and Eastern Europe in 1990, Japan has provided aid in the following priority fields.

1) Support for transition to a market economy (economic policy, productivity enhancement, business management, etc.)
2) Environmental problems (air pollution, water pollution, waste disposal, etc.)
3) Rehabilitation of deteriorated economic infrastructure*

The Medium-term Policy on ODA that was announced in August 1999 made a reference to post-conflict reconstruction for the countries in conflict and their neighboring countries. However, it has been more than 10 years since reforms in transition to a market economy in Central and Eastern Europe started, and large disparities among the countries of the region are emerging in terms of progress of economic development and reforms. Thus, it is necessary to discuss shifting aid resources to Southeast Europe, which has greater development needs.

Since Bosnia and Herzegovina is in the transition period from the post-conflict reconstruction stage to the development stage, post-conflict reconstruction and support for transition to a market economy are complexly intertwined and various development issues are pressing. Similarly, although in a different magnitude for Bosnia and Herzegovina, we realize that it is necessary to provide assistance in neighboring countries like Albania, the former Yugoslav Republic of Macedonia, and Serbia and Montenegro in a combination of rehabilitation of deteriorated infrastructure and support for transition to a market economy.

Ukraine and Moldova, where the influence of the former Soviet Union still remains, are deemed the poorest countries in the region. They need a type of development that provides due consideration of the support for BHN*. Bulgaria and Rumania fall behind other new EU member countries in terms of transition to a market economy and economic development; therefore, it is necessary to focus on support for transition to a market economy and environmental issues.

At the European Council (EU Summit) held in Copenhagen in December 2002, accession to EU was granted to 10 countries (among which nine countries except Cyprus receive aid from JICA), including Hungary, Poland, and the Czech Republic. We believe those 10 countries have achieved a certain degree of transition to a market economy; thus, it is necessary to limit cooperation to complementary support projects and to areas where Japanese expertise is best utilized.
Cooperation Based on the Perception of Recipient Countries’ Situations

Support for transition to a market economy is one of the priority issues for aid to Central and Eastern Europe. This covers a broad range of cooperation that includes providing policy advice on industry, human development through training of the personnel required to operate the new economic systems, and industries and the transfer of technology and expertise.

In Hungary, JICA provided cooperation until 1999 that...
involved quality control, factory improvement, and personnel and labor improvements at the Hungary Productivity Center. In fiscal 2000, the center began to offer third-country training* on management consulting, which is scheduled to continue for five years, to disseminate results of Japan’s technical cooperation to neighboring countries.

A feature of these countries that distinguishes them from developing countries in other regions is that they generally possess high technical levels and a plentiful supply of trained personnel. When providing cooperation to these countries, we need therefore to make sure that we achieve a proper balance between the advanced, but undemonstrated technical capabilities that people in the region possess and the technology that Japan is able to provide. Since the eventual goal of these countries is to join the EU, we need to ensure that Japanese cooperation is fully in accord with the policies, rules and regulations, and legal institutions of the EU. Our task is to plan and implement Japanese cooperation while taking into account these features.

Post-conflict Stabilization and Reconstruction

Post-conflict reconstruction is also a major issue for future cooperation with Central and Eastern Europe, particularly the former Yugoslavia and its neighboring countries, which experienced ethnic conflicts.

Since the Dayton Accords of November 1995, Japan has been providing Bosnia and Herzegovina with active aid for the reconstruction process. JICA has been dispatching project formulation advisors* and project formulation study teams to this country. JICA has also provided grant aid and technical
cooperation in electric power, transportation, and medical care, as these are likely to produce clear results in a relatively short time and contribute to post-conflict reconstruction as well as ethnic reconciliation.

Furthermore, since the establishment of a democratic government in October 2000, JICA has implemented cooperation in Serbia and Montenegro to reconstruct the economy and basic infrastructure that were ravaged through years of economic sanctions in coordination with the international community. Especially since the Federal Republic of Yugoslavia Donors’ Conference in June 2001, cooperation in sectors including electric power, public transportation, health and medical care, urban environment, agriculture, and social welfare has steadily made progress.

Japan’s various assistance for Southeast Europe focuses not only on development aid mainly for transition to a market economy, but also on the ethnic balance, since Japan is able to take a neutral position in terms of ethnicity and religion. In this respect, our efforts enjoy credit from the recipient countries and other donors in the west.

A building destroyed by NATO air strikes in Belgrade (former Yugoslavia)