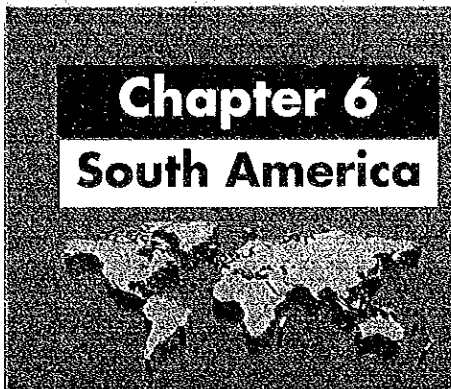


# Chapter 6 South America



## South America



Country	Japan's ODA (Jan-Dec 1998)			JICA's technical cooperation (Jan-Dec 1998)									
	Grant aid (US\$ million)	Technical cooperation (US\$ million)	Government loans (US\$ million)	Technical cooperation expenses (¥100 million)	Study group participants	Experts dispatches	Short-term trainees	JOCVs sent	Cooperation costs (¥ million)	Development costs (¥ million)	Development costs (US\$ million)	Development costs (US\$ million)	Development costs (US\$ million)
Argentina		19.11	-0.26	21.33	113 new + 15 ongoing	48 new + 36 ongoing	51 new + 3 ongoing	3 new + 17 ongoing	405.27		6	2	
Bolivia	25.18	18.99	-2.80	28.75	115 new + 17 ongoing	48 new + 43 ongoing	118 new + 6 ongoing	33 new + 54 ongoing	426.87		4	2	
Brazil		53.02	51.63	53.69	361 new + 46 ongoing	111 new + 78 ongoing	131 new + 1 ongoing	2 new + 61 ongoing	987.01		12	5	
Chile	0.78	16.88	14.96	18.14	147 new + 6 ongoing	42 new + 30 ongoing	70 new + 3 ongoing	18 new + 8 ongoing	170.31		4	3	
Colombia	0.68	7.12	20.97	11.56	107 new + 11 ongoing	65 new + 4 ongoing	103 new + 2 ongoing	7 new + 26 ongoing	81.93			3	
Ecuador	20.23	6.04	23.14	6.25	82 new + 7 ongoing	3 new + 7 ongoing	11 new + 0 ongoing	20 new + 50 ongoing	62.84				
Guyana	0.05	0.38		0.66	10 new + 1 ongoing	0 new + 1 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	7.65				
Paraguay	5.52	23.69	16.17	33.34	148 new + 27 ongoing	50 new + 66 ongoing	102 new + 4 ongoing	41 new + 60 ongoing	397.73		7	3	
Peru	15.83	12.15	22.16	11.95	301 new + 26 ongoing	7 new + 1 ongoing	89 new + 0 ongoing	0 new + 0 ongoing	26.47			4	
Surinam	7.33	0.35		0.35	6 new + 3 ongoing	0 new + 1 ongoing	0 new + 0 ongoing	0 new + 0 ongoing					
Uruguay	0.32	5.10	1.56	6.88	56 new + 2 ongoing	23 new + 16 ongoing	26 new + 0 ongoing	0 new + 0 ongoing	169.57		3	1	
Venezuela	0.22	3.02	-0.05	3.79	45 new + 4 ongoing	8 new + 3 ongoing	28 new + 0 ongoing	0 new + 0 ongoing	10.87			1	

Notes: New: New expert dispatch or training acceptance programs in FY1998.

# Current State of Development



Peru

## A region with Close and Long-Standing Relations with Japan

Comprising twelve countries, South America covers an area of 17.72 million square kilometers (13% of the total global surface) and has a population of about 310 million (6% of the world's population). Most countries in the region are of large or medium size. The main features of the region include its vast land area and its wealth of natural and human resources.

Japanese emigration to South America has a long history. Many ethnic Japanese, both permanent and temporary residents, live in Brazil, Peru, Argentina, Paraguay and Bolivia. Ever since diplomatic relations were established with Peru in 1873, Japan has maintained close connections with South America. There has been a constant exchange of prominent people and many Japanese companies have extended their business activities into the region.

## Overcoming Economic Difficulties

South America includes several countries, such as Brazil and Argentina, where industrialization is well advanced and levels of income are relatively high. Although part of the developing world, these countries are thus regarded as semi-developed nations. On the other hand, there are also countries in the region where many years of political and economic turbulence have impeded the consolidation of social infrastructure.

Those countries that borrowed funds from advanced countries and private financial institutions during the 1960s and 1970s to promote rapid modernization have come up against considerable economic difficulties since the 1980s. In particular, they have seen a deterioration in their international balance of payments and are finding it difficult to repay their loans because of the drop in the prices of primary products and the hiking of international interest rates. Such were the circumstances under which a debt reduction agreement based on a new

## Basic Principles of JICA Aid for South America

There are large numbers of ethnic Japanese and Japanese nationals residing in South America, especially in Brazil and Peru; many of the countries in the region have traditionally been diplomatically friendly to Japan. Economic links between these countries and Japan have also been strengthening in recent years.

Several countries such as Argentina and Brazil have advanced a long way along the path to industrialization and have relatively high income levels. Priority aid topics common to these countries include environmental conservation with a view to solving problems such as the loss of tropical rain forest in the Amazon and air pollution in the cities; and support for South-South

cooperation\* for aiding cooperation with other countries in the region such as is being implemented by Argentina and Chile. However, South America is a region with wide imbalances in income from one part of the continent to another and in personal wealth. Support for the poorer classes of society and for local development are therefore also important topics. Acceptance of training participants and other forms of bilateral cooperation\* are under way to deal with the drugs problem.

The murder of three JICA experts in Peru in July 1991 and the attack by a terrorist organization on the official residence of the Japanese ambassador to Peru in December 1996 was evidence of a deterioration in

public order, including an increase in ordinary crimes, in several areas. When providing technical cooperation involving the recruitment of JICA personnel, adequate attention must be paid to ensuring safety, for example by requesting the government of the recipient country for assistance in this regard.

Immigration projects include the acceptance of training participants from among people who have emigrated from Japan to South America and their children. In the case of ordinary technical cooperation projects, support is provided when requested by the government of a recipient country for immigrants and ethnic Japanese in forms such as upgrading of economic and social infrastructure\* in regions where they live.

debt strategy\* known as the Brady Plan was reached in almost all debtor countries in 1993. Debt levels have been reduced by means of structural adjustment policies\* intended to reduce the size of government, stem inflation, reform fiscal policy and state industries, improve taxation systems and liberalize trading systems implemented with the support of the World Bank and the IMF by the countries of South America.

## Vigorous Trend Toward Free Trade

Moves toward economic integration have been picking up since the early 1990s. The main manifestations of this development include the Mercado Comun del Sur (Mercosur)\*, officially consisting of Argentina, Brazil, Paraguay and Uruguay; G3 (Mexico, Venezuela and Colombia); and the Andean Community (Bolivia, Colombia, Ecuador, Peru, and Venezuela). Over recent years there has been a trend toward increased integration and the strengthening of relations aiming at free trade with other integrated organizations.

The first and second Summit of the Americas held in December 1994 and April 1998 saw the adoption of the Santiago Declaration and Plan of Action. It was agreed that negotiations would begin with a view to establishing

a Free Trade Area of the Americas (FTAA) which would constitute a single market comprising all the nations of North and South America, and that these negotiations would be completed by 2005.

In South America, environmental problems such as the depletion of forest in the Amazon area are growing increasingly serious. Another major issue is the need to solve the drugs problems caused by the production of narcotics, especially in Colombia, Peru and Bolivia. This being an important factor underlying poverty and the income imbalance in farming villages and mountainous districts.



Start of a soil erosion prevention project in Bolivia in which local people are playing the central role.

## II

### Chapter 6

#### South America Region

## Front Line

### Mine Pollution Control Research Center **Argentina**

(project-type technical cooperation)

#### Balancing promotion of mining with environmental conservation

##### ◆ The world's last mining frontier

Pollution has gone hand in hand with mining in all countries with developed mining industries. The Argentinian government is well aware of the importance of balancing promotion of the mining industry against the need to conserve the environment and is planning to establish a research institute for training experts in the field of water quality maintenance and management. Japan was asked to provide cooperation with setting up this institute.

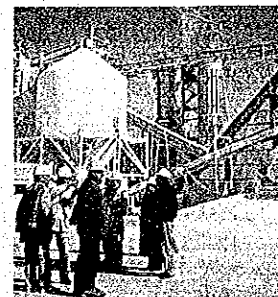
Since 1992, the Argentinian government has enacted the Mining Investment Law and the Mining Reconstruction Law in connection with the exploitation and development of non-ferrous metal resources. It has opened up mining areas to foreign investment, provided guarantees concerning the recovery of development funds, and taken other measures to promote investment in the mining industry. There has thus been an increase in exploratory projects, and about 80 companies were engaged in mining activities in 1997. Several new large-scale mines have appeared such as the Bajo de la Alumbrera mine

(copper and gold) and the Salar de Hombre Muerto mine (lithium). Argentina has thus gained a reputation as being the world's largest great frontier for mining. Exploration and development are being aggressively promoted through the injection of foreign capital, and it is expected that Argentina will emerge in the future as one of the world's great mining countries.

##### ◆ Training of technicians in the field of water quality maintenance and management

The Mine Pollution Control Research Center project began on May 1, 1998 with the aim of developing the mining industry in harmony with the environment. One year has already passed since the start of the project, and there are three more years to go. The main target of the project is to prevent pollution caused by waste water flowing out of gold mines. Technology transfer\* involving environmentally friendly methods of ore dressing and refining and methods for the analysis of ore and waste water are being planned.

We intend to proceed with technology



Technical cooperation to prevent pollution caused by mine development.

transfer aimed at the training of technicians in the field of water quality maintenance and management for the benefit of the Argentinian government, which is striving to prevent pollution caused by mine development and to promote mining in a manner compatible with the environment.

(JICA Argentina Office)

# Tackling Priority Issues in JICA Projects

## Support for South-South Cooperation with Third-Country Training

Argentina has the highest levels of income in South America. The Argentinian Horizontal Cooperation Fund was established in 1992, marking the start of technical cooperation involving the provision of training in Argentina for people from all over Latin America and the dispatch of Argentinian experts to other countries in the region. JICA is involved in third-country training\* in the fields of livestock farming, fisheries, and railways in order to support Argentina's efforts to promote South-South cooperation (cooperation between developing countries). The Japanese and Argentinian governments are currently considering conclusion of a partnership program for supporting South-South cooperation. Cooperation with Argentina covers many fields and takes account of the need to rectify regional imbalances and environmental conservation. Project-type technical cooperation in connection with the "Mine Pollution Control Research Center" began in FY1998.

## Vigorous Cooperation with Development of Northeast Brazil

Because of its importance, Brazil is the largest recipient of Japanese technical cooperation in Latin America. It also has more Japanese immigrants and ethnic Japanese than any other overseas nation. The key areas of aid for Brazil are the environment, industry, agriculture, rectification of regional disparities, measures to combat poverty, and South-South cooperation. FY1998 saw the start of the



Bolivia

"Technological Development Project for Sustainable Agriculture in Eastern Amazonia" (project-type technical cooperation) and technical cooperation\* with "Strengthening Macroeconomic Mechanisms".

## Wide-Ranging Development Needs

Bolivia is one of the poorest countries in Latin America and has extensive development needs. It too has a large ethnic Japanese population. Cooperation is being actively provided. A project identification team sent to Bolivia in October 1997 reached agreement on priority areas for future aid. These include sustainable economic development and improvements in basic areas of everyday life such as health and medical care, drinking water and education with a view to raising standards of living, poverty alleviation, infrastructure such as bridges, and the environment. FY1998 saw the start of the "Tarija Valley Community Afforestation and Erosion Prevention Project" (project-style technical cooperation) and the "Santa Cruz Province Agricultural Produce Distribution Improvement Project" (development study). A local study in connection with the "Project to Expand Preventative Vaccinations" is also being implemented with grant aid in order to protect children's health.

## Conclusion of a Partnership Program

Chile is a nation with relatively high levels of income. At policy consultations held in August 1997, it was confirmed that emphasis would be placed on South-South cooperation, environmental conservation, measures to combat poverty, and raising productivity

and quality. Noteworthy examples of technical cooperation include the "Development of Benthonic Resources Aquaculture Project" (project-type technical cooperation) begun in FY1997, and the "Optical Fiber Transmission System" project (third-country training). A partnership program between Japan and Chile was signed by the Chilean Minister of Foreign Affairs and the Japanese ambassador to Chile in June 1999.

## Reviewing Areas for Cooperation

The priority areas of aid for Colombia agreed upon by the Colombian and Japanese governments include environmental measures, primary education, basic medical care and other areas of social development, and raising productivity and quality to strengthen the international competitiveness of industry as a whole. FY1999 will see the start of the "Plan for Improving Ore

Dressing Methods in Small- and Medium-Scale Mines" (project-type technical cooperation). For security reasons, the regions of Colombia to which aid involving the dispatch of personnel is provided has been restricted. A safety confirmation survey mission was sent to Colombia in November and December 1997 to gather information on the security situation in that country and to review the districts to which cooperation can be provided.

## Strengthening Competitive Power in the Region is an Urgent Task

Paraguay resembles Bolivia in that both countries have extensive development needs and large ethnic Japanese populations. Japan has previously cooperated with Paraguay in various fields, especially agriculture. The priority areas for future development confirmed in the policy consultations held in July 1997 were agriculture,

## Front Line

### Clinical Research Project at the State University of Campinas

**Brazil**

(project-type technical cooperation)

### Drastic reduction in the most common causes of death achieved by zealous staff

#### ◆ Medical project for the 21st century

Campinas is a city of one million inhabitants located in the state of São Paulo. It is situated about 100 kilometers northwest of the city of São Paulo along a six-lane freeway. An hour's journey from São Paulo, the air feels somehow cleaner. And indeed it is, because of the blustery wind that continually blows away the smog and dust. Wind has become a byword for the city of Campinas.

It is here in this windy city that one finds the State University of Campinas, where a clinical research project is currently under way. This project consists of Phase I (1990-96) and Phase II (1997-2002), and will thus be going on well into the 21st century. In the initial stages the project was concerned with measures to deal with hemorrhagic alimentary illnesses (schistosomiasis mansoni, ulcers, etc.). Cooperation with research technology is now reaching its peak as attempts are made to establish the foundations for treatment of combined mycotic infections among Brazilian AIDS patients. Brazil, according to WHO statistics, currently has the second highest occurrence of AIDS anywhere in the world.

#### ◆ Well-trained staff

The State University of Campinas is located in the middle of the four southeasterly states that have the largest concentration of poverty and AIDS patients

in Brazil. The University Hospital is involved exclusively in treating members of the poorer social classes and has the only out-patient and in-patient treatment facilities specifically designed for AIDS patients in the city.

The enthusiastic staff at Campinas University include the doctor who diagnosed the first case of AIDS in Brazil. As a result of technology transfer undertaken by leading Japanese figures in the field of mycotic infection, a drastic fall has been recorded in the number of cases of death due to respiratory infections, which had previously been the most common cause of death. Development research is currently under way into the next most common cause of death (alimentary infections) and control over nutritional disorders. In continuation of the work carried out in Phase I of this project, we are also cooperating with research and development on diagnosis of hepatitis B and C (which together with HIV/AIDS, are incurable viral diseases) as well as prevention of these diseases leading on to cirrhosis or cancer of the liver.

#### ◆ Strengthening linked cooperation between primary, secondary and tertiary medical treatment

From a global standpoint, the emphasis in AIDS-related cooperation is generally placed on primary health care\* services. Brazil,



Technology transfer has brought about a dramatic reduction in respiratory infections, which had been a major cause of death.

however, is aiming not only at primary health care services but also at the upgrading of tertiary services such as hospitals and educational and training hospitals that deal with disease prevention and promotion of health care on national and regional levels. The approach underlying this project, the aim of which is to establish ways in which to treat complex AIDS-related infections, is particularly effective in Brazil. The project is regarded as extremely important, no less for its contribution to strengthening linked cooperation extending from primary to tertiary services.

(JICA Brazil Office)

health and medical care, the environment, and human resources development. A team of Japanese experts was sent to Paraguay in FY1998 to begin work on the "Water Quality Improvement Plan for Lake Ypacara and its Basin". Among the nations belonging to Mercosur, Paraguay is lagging furthest behind in development, so strengthening the country's competitiveness within the region is an urgent priority. JICA began a development study ("Economic Development Study") in FY1998 in response to this situation.

## Cooperation with Attention to Security

Following the murder of three JICA experts in Peru in July 1991, technical cooperation to that country has involved primarily the acceptance of training participants and the supply of equipment. Although public order improved since then, the official residence of the Japanese ambassador in Lima was occupied in December 1996, an incident which resulted in a further suspension of the dispatch of Japanese experts to Peru.

Following the resolution of this incident in April 1997, a security measures survey mission was sent to Peru in July of that year and a comprehensive survey mission on economic cooperation was sent in February 1998. Agreement was reached on these occasions that

priority areas for future aid would be support for the poor, support for social sectors such as education and health and medical care, upgrading of economic infrastructure, and environmental conservation. It was also agreed that cooperation involving the recruitment of experts and other personnel would be provided, but only in districts where security could be ensured. A start was made in FY1998 with two development studies, "Tourism Development Project" and "Comprehensive Study of Measures to Combat Pollution in Puno Bay on Lake Titicaca". A security survey team was sent to Peru in January and February 1999 to gather information on the security situation and to review security measures.



Chile

## Front Line

### Eastern Afforestation Expansion Project **Paraguay**

#### Aiming at recovery of forest resources

(project-type technical cooperation)

##### ◆ Creating a model forest of over 70 hectares

Environmental problems have become a focus of attention all over the world. Paraguay, too, in recent years has seen a rapid decrease in its forestry resources - acquiring fuel for everyday uses and conservation of the environment have become serious problems. This project aims to promote research by forestry personnel, while at the same time expanding production of seedlings and forestry resources.

The creation and display of a model forest forms part of the project. This effort involves the creation of a forest with the aims of spreading knowledge and methods relating to the creation of forestry resources. Between 1997 and 1998, 22 hectares of fuel forest, 24 hectares of timber forest, 11 hectares of agro-forest, 13 hectares of environmental forest (making 70 hectares in all) were planted along Highway 2 at Itacurubi, 83 kilometers from the Paraguayan capital of Asuncion.

They are currently being cultivated and maintained.

##### ◆ Strong interest shown by the local community

This model project has provoked great interest in afforestation among the mayor of Itacurubi and the local people. In June 1998, a regional forestry seminar was held at Itacurubi over a two-day period at the request of the mayor and was sponsored jointly by the city authorities and the project officials. One of the days was Paraguay's "Tree Day". The seminar was attended by representatives of each local community and by pupils from nearby high schools. On the second day of the event, trees were planted at two local high schools in the presence of all the pupils.

The participants in the seminar also attended a training session for forestry workers planned by the project managers. Cultivation and control activities such as planting and undergrowth clearance in the model forest are now being carried out



Tree-planting to commemorate a seminar attended by all pupils.

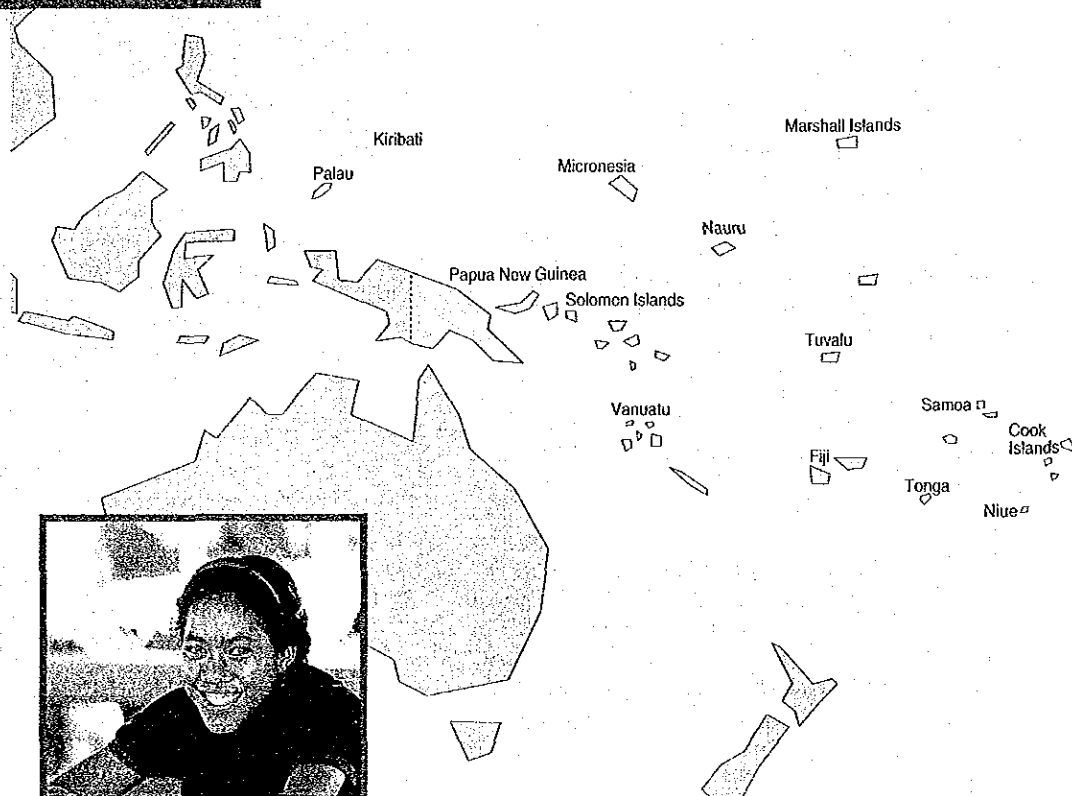
through contracting those who attended these training sessions and through temporary employment of local people. Our aim is to work together with the local community to create a model forest treasured by everyone.

(JICA Paraguay Office)

# Chapter 7

## Oceania

# Oceania



Country	Japan's ODA (Jan-Dec 1998)				JICA's technical cooperation (Jan-Dec 1998)						
	Grant aid (US\$ million)	Technical cooperation (US\$ million)	Government loans (US\$ million)	Technical cooperation expenses (100 million)	Training participants	Experts	Study group members	JOV's members	Equipment supply (million)	Project-type technical cooperation number of projects	Development studies number of studies
Fiji	11.26	7.97		6.47	66 new + 7 ongoing	7 new + 5 ongoing	23 new + 0 ongoing	17 new + 27 ongoing	29.62		3
Kiribati	7.66	0.88		0.93	22 new + 1 ongoing	2 new + 0 ongoing	6 new + 0 ongoing	0 new + 0 ongoing	13.69		
Marshall Islands	6.28	3.12		1.33	10 new + 0 ongoing	1 new + 1 ongoing	2 new + 0 ongoing	9 new + 13 ongoing	5.19		
Micronesia	4.80	3.34	-0.04	2.90	15 new + 2 ongoing	3 new + 0 ongoing	17 new + 0 ongoing	23 new + 20 ongoing	13.05		
Nauru		0.20		0.42	3 new + 0 ongoing	1 new + 0 ongoing	4 new + 0 ongoing	0 new + 0 ongoing			
Palau	8.19	2.28		2.44	14 new + 0 ongoing	4 new + 2 ongoing	44 new + 10 ongoing	3 new + 6 ongoing	4.59		
Papua New Guinea	19.65	9.19	18.44	9.77	123 new + 5 ongoing	21 new + 11 ongoing	13 new + 0 ongoing	23 new + 47 ongoing	160.39	1	1
Samoa	10.42	4.39		5.40	37 new + 4 ongoing	3 new + 9 ongoing	19 new + 0 ongoing	17 new + 22 ongoing	27.87		1
Solomon Islands	7.69	2.75	-0.39	2.91	32 new + 0 ongoing	0 new + 0 ongoing	10 new + 0 ongoing	26 new + 13 ongoing	18.76		1
Tonga	1.90	3.13		4.10	31 new + 1 ongoing	2 new + 4 ongoing	13 new + 0 ongoing	17 new + 27 ongoing	20.03	1	
Tuvalu	0.64	0.41		0.28	13 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	1.91		
Vanuatu	2.76	1.68	-0.09	2.12	19 new + 0 ongoing	2 new + 1 ongoing	3 new + 9 ongoing	8 new + 17 ongoing	25.56		
Cook Islands		0.37		0.65	14 new + 0 ongoing	1 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	18.32		
Niue		0.06		0.11	5 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing			

Notes: New: New expert dispatch or training acceptance programs in FY1998.  
Ongoing: Continued from or before FY1997.



# Current State of Development



Papua New Guinea

## Many Issues to be Tackled Before Economic Autonomy can be Achieved

With a few exceptions, almost all of the countries of Oceania are small nations without any significant resources of their own. Their economic structures are characterized by a strong dependency on primary industries. This structure is a fragile one easily upset by weather conditions and fluctuations in international prices. Many problems remain to be tackled if these countries are to achieve any degree of economic autonomy. These problems are related to the fact that the countries themselves often consist of large numbers of islands, the small size of domestic markets, their distance from international markets, and the inadequate means of transportation and communication to compensate for such disadvantages.

Relations with former sovereign powers are generally close, but the sluggishness of the Australian economy has meant that aid from Australia, which provides cooperation especially for Papua New Guinea, has tended to decrease. Since the early 1990s, growth in bilateral and multilateral

aid\* to developing countries in Oceania has also remained stagnant. Following the achievement of independence from the United States, the three countries of Micronesia have been receiving financial aid in the form of "compact money" based on the Compact of Free Association with the United States, which accounts for between half and 70% of government revenue. The termination of this agreement (and with it the cessation of aid) is scheduled for 2001 in the cases of the Federated States of Micronesia and the Marshall Islands, and for 2009 in the case of Palau.

## A Comprehensive Approach to the Region is Indispensable

Creating economies no longer reliant on aid is an important issue for the island nations of Oceania. Efforts are thus being made to increase cooperation within the region so that all the countries can respond to common issues such as reducing the size of their public sectors and increasing private investment in order to stimulate their main industries of agriculture, fishing and tourism.

## Basic principles of JICA aid for Oceania

The island nations of Oceania have all gained their independence relatively recently and they thus share the need first and foremost for human resources development. They also have an urgent need to develop and promote the fields of agriculture and fisheries in economies reliant on primary industries, and a need for upgrading basic living requirements.

However, conditions relating to the size of the nations and their economies, their ethnic composition, population, availability of natural resources, traditional social foundations, ways of life, and the capacity of

governments to formulate and execute development plans differ from one country to another. This means that development needs must be ascertained in accordance with the respective stages of development of each country, and that aid carefully tailored to these needs must be provided.

There are many issues which must be confronted by the region as a whole, such as the problem of pollution of the marine environment and the development of transportation and communications between islands. A comprehensive regional approach is thus indispensable. JICA is implementing

just such an approach by promoting collaboration with countries that formerly exercised sovereignty over much of the region (such as Australia and New Zealand) and have their own wide-area activity expert schemes, international agencies with experience in the region such as the United Nations Development Programme (UNDP) and the Asian Development Bank (ADB), and regional institutions such as the South Pacific Committee (SPC), the South Pacific Forum (SPF), the University of the South Pacific (USP), and the South Pacific Applied Geoscience Commission (SOPAC).





Micronesia

## Front Line

### Honiara Central Market Improvement Project

### Solomon Islands

(grant aid)

The market, which supplies the capital with its food requirements, also plays an important role as a place where people can meet their friends

◆ The Central Market is a hive of activity

The Solomon Islands saw some of the fiercest fighting in the Pacific during the Second World War. The nation has a population of just under 400,000, of which between 50,000 and 70,000 people live in the capital of Honiara. Since the islands were originally formed out of protruding coral, the soil is not particularly fertile.

Vegetable growers may find that they have to travel four or five hours by boat from neighboring islands, and the situation is made no easier by the frequent potholes along the roads on the main island of Guadalcanal. Such conditions make it extremely difficult to obtain fresh vegetables. There is also the problem of where to sell the produce.

Three supermarkets are stocked with imported vegetables and other food products, but they are extremely expensive, and the local people do their shopping at open-air markets and kiosks on the outskirts of the city.

The Central Market was built in the center of the city two years ago with Japanese grant aid. The appearance of this market has radically changed people's shopping habits. The market is now booming because of its accessibility and the availability of



Despite its simple structure, the Central Market is a focal point for social activities in Honiara.

vegetables, fish and everyday essentials at low prices. It is crowded daily with islanders bringing piles of goods to sell from nearby villages and islands.

◆ Providing a meeting place and a location for concerts

Only US\$3 is needed to lease one square meter of space a day, which is a very reasonable charge in proportion to earning potential. Agricultural productivity seems to have risen dramatically since people have come to realize that they can gain a handsome profit from selling their produce at the market. The market now offers seasonally available vegetables all year round.

The simple structure is one of the attractive features of the Central Market. It consists of a concrete base into which pillars have been inserted to support a roof. A refreshing breeze blows in from the sea and provides relief from the hot rays of the sun. Despite its simple structure, it is still an imposing building for the Solomon Islands and is handy for the presentation of concerts and as a place for friends to get together.

The Central Market will continue to play a major role in encouraging small-scale farmers and to satisfy the everyday shopping needs of the nation's capital, Honiara.

(JICA Solomon Islands Office)

# JICA's Approach to Priority Issues

## Two Priority Issues

Cooperation with economic and social development in Oceania has included the setting up of an Oceania Country-Specific Aid Research Group in 1991 to analyze development needs and study the possibilities for future aid. These include the performance of project confirmation studies in Micronesia, the Marshall Islands and Palau (FY1995), in Papua New Guinea and the Solomon Islands (FY1996), in Fiji and Samoa (FY1997), and in Tonga and Vanuatu (FY1998).

Priority issues for cooperation common to almost all countries in this region are (1) support for economic autonomy, and (2) environmental conservation and resources management to enable sustainable development\*. Since the countries in question are almost entirely small island nations, implementation of aid needs to be based on the identification and formulation of effective cooperation projects which will benefit the area as a whole, while taking account of cooperation through international agencies active in the region such as the South Pacific Forum (SPF). At the same time, links with other donors\* traditionally possessing expertise and experience in connection with island nations must be strengthened.

## Support for Economic Autonomy

Personnel training for nation-building and upgrading of infrastructure for the development of key industries are the two most important aspects of support for economic autonomy.

Cooperation with personnel training is being regularly provided by the dispatch of JOCVs and the



A team of primary school pupils from Tonga win an aerobics competition under the guidance of JOCVs.

acceptance of training participants with a view to creating a body of qualified people to work in economic management and other leading industrial fields. Grant aid is also going toward improvement and expansion at the University of the South Pacific in Fiji, the Papua New Guinea University of Technology, and the National University of Samoa.

From the standpoint of improving the bases for key industrial development, infrastructure upgrading is occurring in the fields of communications and broadcasting, transportation and electric power so as to reflect the needs of island nations. Technical development cooperation is also occurring with the emphasis on fisheries, marine transportation and resources development in connection with fish breeding, promotion of small-scale fishing industries, compilation of marine charts, shipping inspections, and exploration of seabed mineral resources.

## Support for Environmental Conservation and Utilization of Resources

Since the destruction of seashore ecosystems and the felling of forests in this region are well advanced, cooperation for environmental conservation and appropriate management of resources to enable sustainable development is occurring with environmental conservation as the direct aim. This is being achieved through, for instance, providing training in methods for conserving coral reef. Cooperation also aims to enable the use of sustainable resources in harmony with natural ecosystems, for example through project-type technical cooperation in connection with forestry research in Papua New Guinea and with research and development of propagation and breeding methods in Tonga. In the latter case the Tongan researchers are making enormous technical progress,

and possibilities for the implementation of third-country training\* aimed at spreading the methods acquired to other countries are now being considered.

An example of cooperation that has benefited the region as a whole is a grant aid project being implemented for the University of the South Pacific, the base for higher education in Oceania, involving the provision of facilities for remote education making use of marine research facilities and satellites. As to links with other aid agencies, the first project carried out in collaboration with Australia began in January 1996 and has involved cooperation on making medical care more widely available in Fiji. Similar effects to those achieved by project-type technical cooperation are being aimed at using a combination of individual expert dispatch, acceptance of training participants, and equipment supply schemes. In addition, a start was made in August 1997 with joint cooperation on research on the analysis of subterranean volcano structure with the aim of reducing damage caused by the Rabaul volcano. As part of the Japan-U.S. Common Agenda\*, we are also intending to work with the United States on a project involving the establishment of a coral reef center on Palau.



Fiji

## II

### Chapter 7

#### Oceania Region

## Front Line

### Forest Research Project, Phase II

### Papua New Guinea

#### Enabling use of forestry resources across the generations

(project-type technical cooperation)

##### ◆ Aiming to achieve sustainable forest management

About three-quarters of Papua New Guinea's national territory is covered by tropical rain forest. The people of this country, from the distant past down to the present, have used forestry resources for food and other everyday purposes on the basis of traditional methods of communal management. In recent years, large-scale tree-felling has been taking place in some parts of the country, and the performance of a wide range of studies and research aimed at enabling the sustainable use of forest resources has become an urgent priority.

This was the background to a forest research project centered on the National Forest Research Institute, an institution created with Japanese grant aid. Cooperation for Phase I took place between 1989 and 1994. Phase II began in 1995 and is concerned with the subject of sustainable forest management. Six research topics have been stipulated in connection with natural forests and artificial forests.

##### ◆ Study of the effects of selective felling methods on virgin forests

One of the research topics involves clarifying the effects of commercial felling

operations on tropical rain forests. In Papua New Guinea it is obligatory to perform selective felling whereby timber used for export purposes is extracted at a certain fixed ratio. But there have so far been no detailed studies on the influence that this method of felling is likely to have on rain forest ecology.

In the Forest Research Project, a test zone was set up in a virgin forest where commercial felling was scheduled to occur, and changes in the soil and the forest before and after felling were monitored. Part of the virgin forest was left in the test zone and comparisons were made. Valuable data is now being gathered. This information is important for understanding both the utilization of forest resources as well as environmental conservation. The findings are eagerly awaited by specialists everywhere.

##### ◆ Studies performed while living outdoors

Owing to the remote location of the test zone, the outdoor study team consisting of Japanese experts and local counterparts\* sometimes have to spend several weeks out in the open carrying out their studies. Simple tents are erected consisting of little more than a few poles dug into the ground to support a large vinyl sheet roof. Each of the team members then searches around the vicinity to gather materials for making an impromptu



An outdoor study team consisting of Japanese experts and counterparts active in virgin forestry

bed. Although the team takes along food provisions with them, there is a plentiful supply of natural foods to furnish the outdoor dinner table, including birds, fish, eels and freshwater shrimps. Even bats and snakes sometimes find their way onto the menu!

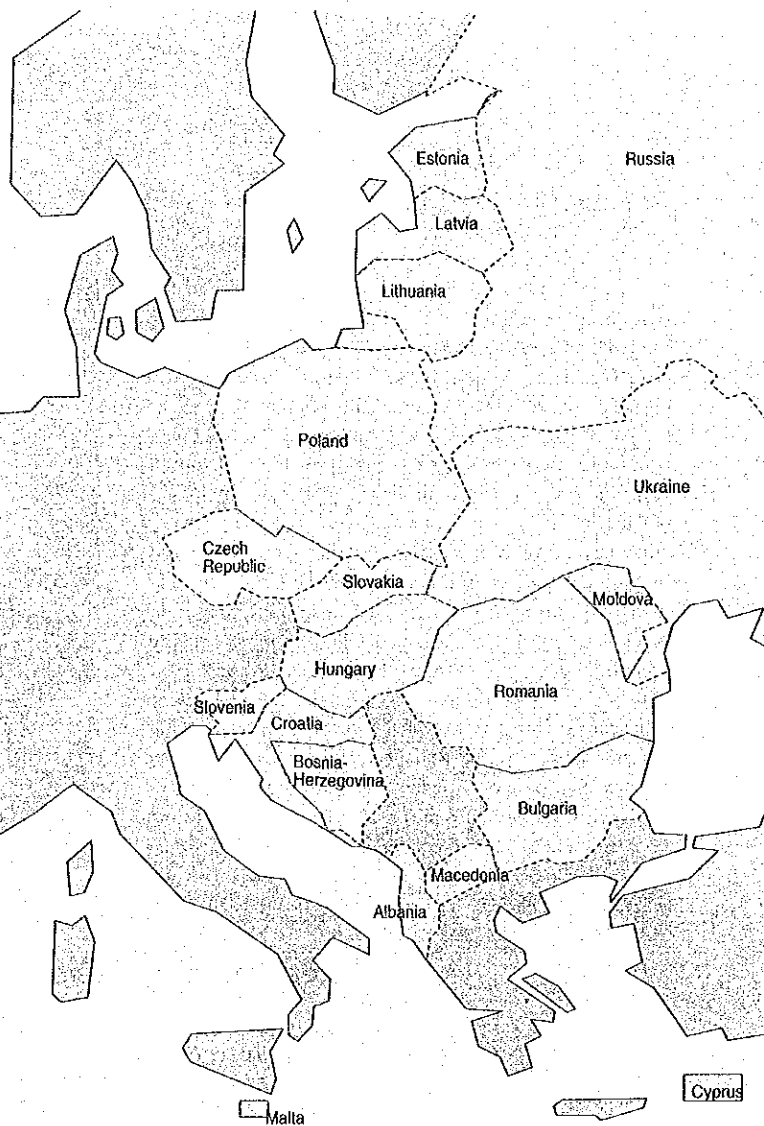
This project is contributing to the training of forestry researchers in Papua New Guinea, a country with large areas of virgin tropical rain forest, using technology transfer\* involving such outdoor studies and measurements, and methods of data analysis.

(JICA Papua New Guinea Office)

# Chapter 8

## Europe

Europe



Country	Japan's ODA (Jan-Dec 1998)			Technical cooperation expenses (¥100 million)	JICA's technical cooperation (Jan-Dec 1998)						
	Grant aid (US\$ million)	Technical cooperation (US\$ million)	Government loans (US\$ million)		Training participants	Experts	Study group members	JUVOs	Equipment supply (¥ million)	Project-type technical cooperation number of projects	Development studies (number of studies)
Albania		1.44	1.24	1.37	18 new + 0 ongoing	0 new + 0 ongoing	12 new + 0 ongoing	0 new + 0 ongoing	43.67		1
Bosnia-Herzegovina	54.20	3.09		3.57	34 new + 3 ongoing	0 new + 0 ongoing	70 new + 0 ongoing	0 new + 0 ongoing			3
Bulgaria	0.05	10.95	0.32	10.54	50 new + 1 ongoing	11 new + 10 ongoing	33 new + 0 ongoing	24 new + 52 ongoing	158.10	2	1
Croatia	0.34	1.09	-0.81	0.29	12 new + 1 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing			
Cyprus		0.01		0.02	1 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing			
Czech Republic	0.60	1.26		0.40	7 new + 0 ongoing	1 new + 1 ongoing	1 new + 0 ongoing	0 new + 0 ongoing	0.40		
Estonia				0.15	8 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing			
Hungary	0.37	7.11	12.57	6.49	23 new + 0 ongoing	9 new + 5 ongoing	16 new + 0 ongoing	10 new + 26 ongoing	62.54	1	1
Lithuania				0.35	8 new + 0 ongoing	1 new + 0 ongoing	11 new + 0 ongoing	0 new + 0 ongoing			1
Moldova				1.74	7 new + 0 ongoing	2 new + 0 ongoing	23 new + 0 ongoing	0 new + 0 ongoing	0.66		1
Macedonia	6.52	4.12		4.52	21 new + 2 ongoing	2 new + 0 ongoing	63 new + 2 ongoing	0 new + 0 ongoing			2
Malta		0.28		0.38	8 new + 1 ongoing	1 new + 10 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	2.71		
Romania		0.49		0.71	5 new + 0 ongoing	0 new + 0 ongoing	16 new + 0 ongoing	0 new + 0 ongoing			
Russia	0.73	10.60	-8.83	8.36	36 new + 6 ongoing	36 new + 9 ongoing	50 new + 0 ongoing	12 new + 17 ongoing	185.68	1	3
Slovakia	0.43	8.88		11.66	63 new + 8 ongoing	10 new + 9 ongoing	109 new + 0 ongoing	5 new + 8 ongoing	52.91	1	4
Slovenia				0.20	0 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	20.24		
Ukraine	0.32	1.79		2.73	37 new + 1 ongoing	2 new + 1 ongoing	16 new + 8 ongoing	0 new + 0 ongoing	0.80		1
		0.76		0.73	12 new + 0 ongoing	2 new + 1 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	1.66		
				0.27	9 new + 0 ongoing	0 new + 0 ongoing	2 new + 5 ongoing	0 new + 0 ongoing	11.98	2	

Notes: New: New expert dispatch or training acceptance programs in FY1998.  
Ongoing: Continued from or before FY1997.

# Current State of Development



Hungary

## II

### Chapter 8

#### Europe Region

## Support for Democratization and Socio-Economic Reform

For many years after the Second World War, the countries of Central and Eastern Europe had communist regimes that were essentially satellites of Moscow. Human rights and environmental problems became serious matters of concern under their centralized planned economic systems. During the 1980s, the inefficiency of economic management under such systems led to their inevitable collapse.

In 1989, Poland and Hungary led the way toward the market economy from communism. They were joined by other countries of Central and Eastern Europe in democratization and economic and social reform.

The advanced industrialized countries welcomed these reform efforts and began to provide support for

these nations within the framework of the G24 colloquium of countries interested in providing aid to this area. The G24 group consists of 24 nations, which include the 12 European Union states, Japan, the United States, Canada and Australia. International organizations such as the International Monetary Foundation (IMF), the World Bank, and the Organization for Economic Cooperation and Development (OECD) are also taking part in G24.

In line with G24 resolutions, since 1990 the Japanese government has been extending the range of its aid operations from Poland and Hungary to include the Czech Republic, Slovakia, Bulgaria, Romania, Albania, Estonia, Latvia, Lithuania, Slovenia, Macedonia, Bosnia-Herzegovina, and Croatia. Support has also been provided on an ODA basis since FY1997 to Ukraine and to Moldova, the latest country which transferred from Part II to Part I of the DAC (Development Aid Committee) list\* in 1997.

## Basic Principles of JICA Aid to Central and Eastern Europe

Since beginning cooperation in earnest with Central and Eastern Europe in 1990, Japan has provided aid in the following priority fields:

- (1) Support with introduction of the market economy (economic policy, productivity enhancement, management control, etc.);
- (2) Environmental response (air pollution, waste disposal, etc.);
- (3) Rehabilitation of economic infrastructure\*.

In addition to the above common topics, we will need to strengthen country-specific approaches in the priority fields of support in line with the varying direction and pace

of development in each country. Poland, the Czech Republic, Hungary and Estonia are relatively well advanced on the path to development and are set to join the European Union in 2002. Aid to these countries emphasizes cooperation following up on previous projects, centering on transfer of industrial technology and expertise and areas of industrial environment response.

On the other hand, in countries where reform is not proceeding as smoothly as might be hoped (such as Bulgaria, Romania and Moldova) the priority is placed on

traditional forms of economic and social cooperation involving upgrading of economic infrastructure, agricultural development, medical care, and improvements to service water and sewage facilities.

Several countries such as Macedonia, Albania and Bosnia-Herzegovina are experiencing delicate political problems posed by ethnic questions. Aid for such countries is concerned with post-conflict stabilization and medium- and long-term recovery development, with due consideration given to ethnic balance.



Slovakia

## Importance of Ascertaining Each Country's Economic Situation and Aid Needs

Now that a decade has elapsed since the collapse of communism, clear differences are beginning to emerge between the countries of Central and Eastern Europe in terms of transfer to a market economy and in the results of economic and social reform.

Several countries such as Poland, Hungary and the Czech Republic are progressing smoothly toward reform. These countries have joined NATO and will shortly be entering the European Union. On the other hand, Romania, Bulgaria and Ukraine are finding it extremely difficult to reconstruct their economies and industrial structures. Such countries are having

problems not only with economic management: they are also witnessing an increasingly serious trend toward growth in the numbers of the poor and decline in standards of medical care.

The countries of the Balkan region, including those which made up the former Yugoslavia and Albania, are having to endure many destabilizing factors produced by civil war and ethnic problems. Political stability and economic regeneration and development are important topics for all these countries.

Under these conditions, it has become more and more important in recent years to ascertain correctly the economic conditions and aid needs of each of the countries of Central and Eastern Europe, and to effectively combine or differentiate intellectual support\* in forms such as support for introduction of the market economy and traditional types of economic and social development cooperation.

## Front Line

### Management Improvement, Productivity Enhancement, Quality Assurance

### Bulgaria

(expert dispatch)

## Aiming at the industrial recovery of "beautiful Bulgaria"

### ◆ Difficulties in escaping the old system

During its years under communist rule, Bulgaria was considerably better off than other communist countries because of its export to the COMECON countries of tomatoes and fruit, computers, forklifts and NC equipment. People's daily lives were guaranteed under the state. This meant that relatively little altered, even with the change in the political system, and it took the country a long time to embark on reform. The consequence of this was that economic conditions gradually deteriorated until the country began to default on its loans. A change of government occurred in the spring of 1997, when a democratic government came to power. Corporate privatization finally began in 1998 and is likely to be completed in 1999. Privatization has forced many companies to embark on managerial reform, and there has been an increase in requests for education and consultancy.

### ◆ Education of top management: one of the major problems involved in corporate reform

Under the old system, there was no need for companies to achieve sales or to pursue profit and quality. In addition, areas of responsibility and authority were vague, and fair assessments were unheard of. No incentive was given to people to work hard as everyone was paid the same regardless of differences in ability, and wage levels were no reflection of a person's ability or diligence.

The way to change this structure is to clarify corporate aims, responsibilities and authority and to install a system of fair assessment. A sense of mission and strong leadership from top management are essential if this is to be achieved. Reform of management means changing ideas that have become ingrained over almost half a century. Top management must act in the conviction that corporate reform will contribute to the prosperity of their companies



In management consultancy, problems are uncovered through interviews with company directors.

and the wellbeing of their employees. If top management is not motivated to make reforms, their subordinates are not going to take the initiative themselves. Companies with outstanding top executives soon show evidence of the results of strong leadership. It is the education of top management that currently presents the biggest problem to overcome.

(JICA Bulgaria Office)

# JICA's Approach to Priority Issues

## How Best to Utilize Cooperation

Support for the transition to a market economy is one of the priority issues for aid to Central and Eastern Europe. This is a broad concept which includes providing policy advice on supporting industry, improving legal systems, and providing cooperation with human resources development\* (incorporating the training of personnel required for new economic systems and industries) and the transfer of technology and know-how.

In Poland, JICA is providing cooperation with human resources development in the field of information sciences at the Polish-Japanese Institute of Information Engineering on the basis of a four-year project which started in 1996. In Hungary, we have been providing cooperation, which is due to continue until the end of 1999, by setting up the Hungary Productivity Center and assisting with quality control, factory improvements, and improvements in staffing and labor. One of the fruits of this project has been the decision to hold a productivity seminar at the Center in Hungary planned jointly by the Japanese government and the European Parliament in FY1999. This seminar is aimed specifically at other countries in Central and Eastern Europe, and we hope to see the results of further technology transfer\* from Hungary to these countries.

When providing cooperation to countries that generally have high levels of technology and human resources - in contrast to other developing countries - we need to take special care to match their latent level of expertise with the technology and expertise which Japan can provide in the form of cooperation. Since the eventual goal of these countries is to join the European Union, we have to decide on how best to bring out the



Hungary

features of Japanese cooperation while at the same time ensuring that this cooperation is fully in harmony with the policies, basic rules, and legal systems of the European Union.

## Post-Conflict Stabilization and Recovery Support

Post-conflict recovery support is a major topic for future cooperation with Central and Eastern Europe, particularly the Balkan region.

Following the Dayton Accords of November 1995, Japan has been providing Bosnia-Herzegovina with aid for the process of reconstruction. JICA has been dispatching project formulation advisors and study teams to Bosnia since 1996. JICA has also been contributing to post-conflict stabilization and recovery with grant aid and technical cooperation in the fields of electric power, transportation, and medical care, as these areas are expected to show clear results in a relatively short space of time.

In FY1999, cooperation will include land-mine clearance and support for the victims of mines. We are also intending to make a start with support for medium- and long-term sustainable national development.

The support being provided by Japan for Bosnia-Herzegovina takes full account of the ethnic balance and is thus concerned with post-conflict stabilization rather than merely national recovery and development, a fact that has been warmly welcomed by the Bosnians.

Japan's aid achievements and experience is thus likely to make a major contribution to future stabilization and recovery in other Balkan countries and neighboring states that continue to be affected by ethnic conflict and its consequences.

## II

### Chapter 8

#### Europe Region





Slovakia

## Front Line

### "Floreasca" Emergency Hospital in Bucharest

### Romania

#### The JICA logo flies above an emergency hospital

(acceptance of training participants, etc.)

##### ◆ Raising the standards of medical care in Romania

Romania's foremost emergency hospital, the "Floreasca" Emergency Hospital in Bucharest, now bears the JICA logo. Our cooperation with this hospital began with the acceptance of training participants in 1995 and is continuing today. The scope of cooperation now extends to equipment supply, dispatch of JOCVs and experts, and grant aid. The centerpiece of our efforts is this hospital.

Although Romania is part of Europe, its medical services are highly problematic. Foreigners and even Romanians who are judged to be in need of an operation are usually sent to receive emergency treatment in France, Austria or Germany. Even primary medical treatment is often not available in the provinces.

Many countries are thus cooperating in the field of health care. JICA's cooperation centers on the "Floreasca" Emergency Hospital and efforts to raise the standards of medical treatment in Romania.

##### ◆ Fifteen patients can now be treated daily

The photograph above was taken at the ceremony held to mark the donation of an angiography unit and shows all those involved on this project. Experts, the Japanese ambassador, office staff, former trainees and JOCVs were photographed in the entrance hall of the hospital within which the JICA logo had been attached. We had not been consulted over this use of the JICA logo, but far from complaining,



The JICA logo in the hall of the hospital

we expressed our gratitude to our Romanian colleagues for this generous act.

Cooperation with "Floreasca" Hospital began with training provided for Romanian participants at Osaka Medical University in dealing with liver transplants and other medical problems. This led to provision of equipment which, thanks to the efforts of the Romanians, now makes it possible for 15 patients to be treated every day. Being an emergency hospital, the hospital operates on a round-the-clock three-shift system that enables it to save the lives of patients throughout the day.

##### ◆ Activities of JOCV nurses

In addition to the shortage of such medical equipment in Romania, serious problems are also presented by nurses' low

level of awareness of basic hygiene and a shortage of simple consumables such as towels. These problems apply equally to the "Floreasca" Hospital. JOCV nurses have an important role to play in this connection. The first hurdles they met were not just linguistic: they also had to address the Romanian nurses' lack of basic knowledge, a hierarchical working structure, a lack of consumables, and the fact that hospital bureaucracy was obstructing the movement of scarce consumables to departments where they were most needed. Despite these frustrations, the JOCV nurses continue to work closely with their Romanian colleagues, and the Japanese approach is now slowly but surely taking root.

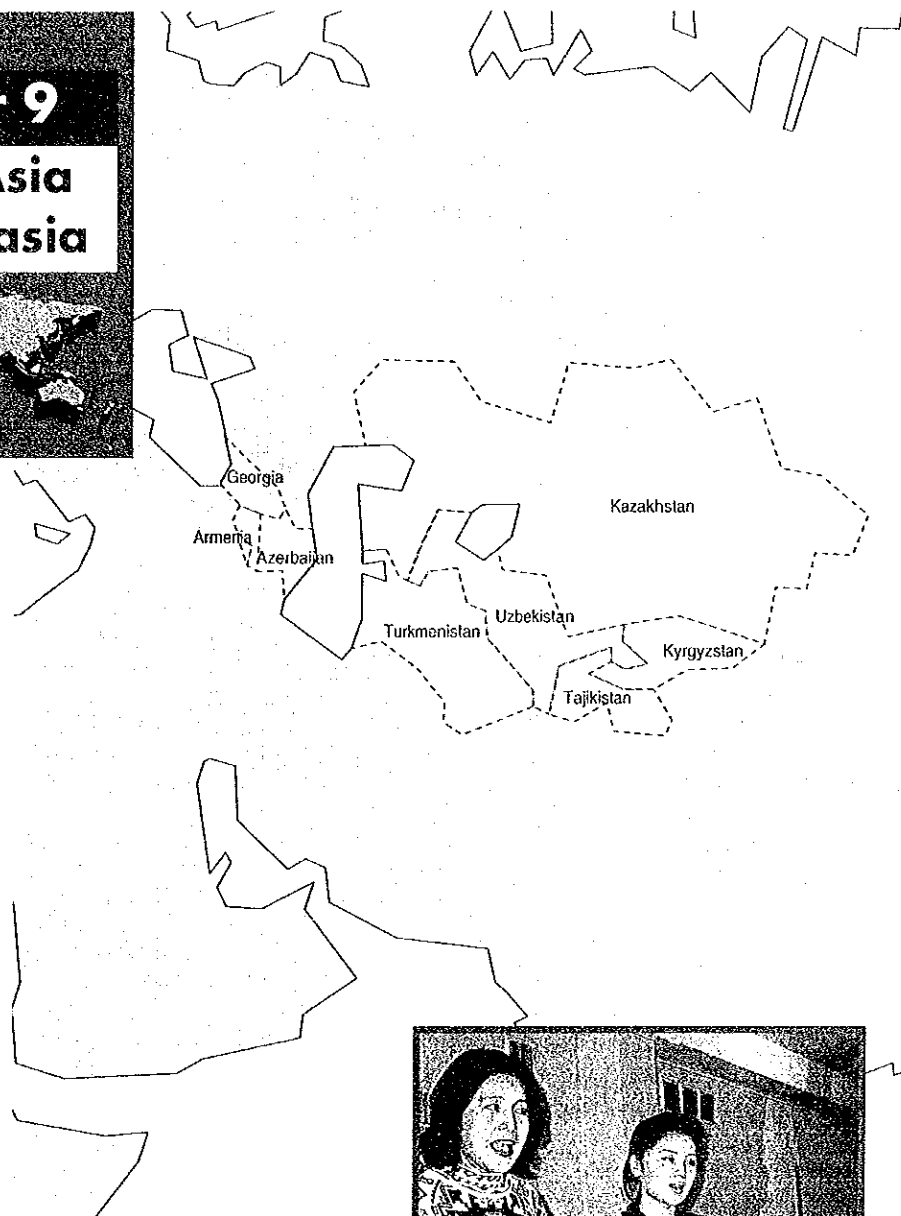
(JICA Romania Office)

## Chapter 9

### Central Asia and Caucasasia



# Central Asia and Caucasasia



Country	Japan's ODA (Jan-Dec 1998)				JICA's technical cooperation (Jan-Dec 1998)						
	Grant aid (US\$ million)	Technical cooperation (US\$ million)	Government loans (US\$ million)	Technical cooperation expenses (¥100 million)	Training participants	Experts	Type Study group members	JOCVs	Equipment supply (¥ million)	Project-type technical cooperation number of projects	Development studies (number of studies)
Armenia	4.62	0.90	-	1.94	11 new + 0 ongoing	4 new + 0 ongoing	28 new + 0 ongoing	0 new + 0 ongoing	4.72	-	1
Azerbaijan	2.77	0.68	0.01	1.12	11 new + 0 ongoing	4 new + 0 ongoing	33 new + 0 ongoing	0 new + 0 ongoing	-	-	-
Georgia	3.91	0.68	-	0.88	20 new + 0 ongoing	3 new + 0 ongoing	19 new + 0 ongoing	0 new + 0 ongoing	1.67	-	-
Kazakhstan	0.62	11.43	82.96	11.15	51 new + 7 ongoing	5 new + 1 ongoing	69 new + 0 ongoing	0 new + 0 ongoing	0.65	-	4
Kyrgyzstan	0.21	7.89	17.07	6.22	44 new + 1 ongoing	2 new + 2 ongoing	53 new + 0 ongoing	0 new + 0 ongoing	17.51	-	3
Tajikistan	0.05	0.38	-	0.51	39 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	-	-	-
Turkmenistan	4.02	0.34	-	0.40	30 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	0 new + 0 ongoing	-	-	-
Uzbekistan	7.81	5.61	89.59	3.51	60 new + 2 ongoing	15 new + 8 ongoing	46 new + 3 ongoing	0 new + 0 ongoing	8.00	-	3

Notes: New: New expert dispatch or training acceptance programs in FY1998.  
Ongoing: Continued from or before FY1997.

# Current State of Development



Kyrgyzstan

## Nation-Building and the Need for Economic Reconstruction

Central Asia (Uzbekistan, Kazakhstan, Kyrgyzstan, Turkmenistan and Tajikistan) and Caucasia (Azerbaijan, Georgia and Armenia) are located at the heart of the Eurasian continent, covering an area of 4.2 million kilometers and with a total population of 70 million. These countries became independent following the dissolution of the Soviet Union in December 1991. The five countries of Central Asia and Azerbaijan employ Russian as their principal language, Persian languages are used in Tajikistan, and Turkic languages in the other five countries. All the countries of Central Asia belong to the Sunni branch of Islam, although the influence of Islam is not particularly strong except in parts of Tajikistan and Uzbekistan. Armenia and Georgia are Christian countries and each has its own distinctive language.

Economically, the disorder accompanying the transition from communism to the free market system is

having a major effect on the economies of each country in this region. Although reforms toward a market economy are proving partially successful in the macroeconomic sphere, at the end of 1998 the GNP of each country - with the exception of Uzbekistan - was still less than half of what it had been at the time of independence. Many serious problems thus remain to be solved, including economic stagnation and lack of infrastructure\*. There is still little room for optimism as regards improvements in the economic situation, and nation-building and economic reconstruction must be carried out in parallel in order to raise the living standards of the people.

## Diversifying Political and Economic Conditions

More than seven years have now passed since the countries of this region gained their independence, and their political and economic conditions are becoming

## Basic Principles of JICA Aid for Central Asia and Caucasia

Having achieved independence from the Soviet Union, the countries of Central Asia and Caucasia underwent major changes in their political systems. Aiming to achieve the transition to a market economy, each country is busy liberalizing prices and trade, privatizing its national corporations, conducting monetary reform, and upgrading its legal system. But the total lack of human resources occasioned by the long years these countries spent under communism means that they are facing a variety of problems. JICA is providing cooperation with the emphasis on the training of personnel to support a market economy in order to contribute to the stable

development of Central Asia and Caucasia.

Problems of environmental pollution that were scarcely given a second thought while the Soviet Union was still in existence are now surfacing. The main problems include air pollution caused by factory emissions of soot and smoke, water pollution from factory and mine effluents, soil subsidence due to the drawing up of underground water, salt damage to the soil in regions adjacent to the Aral Sea, and water pollution in the Caspian Sea. JICA is providing cooperation centering on the implementation of studies intended to rectify such environmental problems in the region and the provision of training with a

view to upgrading the administrative systems connected with environmental problems.

Various problems are arising as a consequence of the major changes occurring in the social system, but JICA is placing special emphasis on support for fields closely linked to people's everyday lives, and in particular medical care. As well as supplying medical equipment on the basis of grant aid, we are concentrating on providing less tangible support in forms such as recruitment of experts and the acceptance of training participants.

We are continuing also to provide cooperation with updating the dilapidated economic infrastructure of this region.

increasingly diverse. The economies of these countries are based on farming as the agricultural sector accounts for almost 40% of their GDP, but they also benefit from the possession of natural resources such as petroleum and natural gas. Furthermore, they have mineral resources such as rare metals and coal, together with primary processing plants. The first phase of economic stabilization is now over, and countries with natural resources such as Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan are searching for ways to maximize use of their energy resources. They are particularly keen on developing their resources and establishing export routes, since this will provide them with the foreign currency they need for economic development and maintenance of independence. Georgia and Armenia, which do not possess significant natural resources, are striving to play a role as energy conveyance routes. In Tajikistan, the civil conflict that arose after independence has now largely died down and the country has set out on the path to economic reform.

In terms of how reform is to be achieved, Uzbekistan and Turkmenistan are proceeding along the paths they have mapped out for themselves, paths which stand apart from the structural adjustment\* programs of the World Bank and the IMF as regards foreign exchange policy, privatization and deregulation. In contrast, Kazakhstan, Kyrgyzstan, Tajikistan and the

three Caucasian countries are going ahead with structural reforms in areas such as the freeing up of prices, privatization, deregulation and trade liberalization, in line with guidance from the World Bank and the IMF.

In March 1996, Kazakhstan and Kyrgyzstan concluded a compact with Belarus to strengthen union between the three nations, and they have shown sympathy with the idea of strengthening the Commonwealth of Independent States (CIS) centering on Russia. Uzbekistan and Turkmenistan are tending, however, to go it alone. In Caucasus, Azerbaijan and Georgia are strengthening their links with the West particularly in connection with petroleum development, whereas Armenia is looking toward Russia especially as regards security matters.

The financial crisis that struck Russia in August 1998 has dealt a severe blow to these countries. They have seen a drastic drop in the volume of their exports to Russia, remittances home from workers from these countries earning their living in Russia have fallen, overseas investors are withdrawing, and investment is decreasing. Economic growth is stagnant in consequence, and this is having a negative effect on efforts to bring about reform. The repercussions are particularly severe in Kyrgyzstan and Georgia.

## Priority Issues in JICA Projects

### Establishment of the First Regional Office in Tashkent

The countries of Central Asia and Caucasus obtained their independence relatively recently, and a common



Uzbekistan

problem they face is that of inadequate infrastructure to enable them to achieve economic development on their own. In the light of this situation, JICA is focusing on four specific areas of cooperation: support for introduction of a market economy, upgrading of economic infrastructure centering on transportation and communications, cooperation in the social sector centering on medical care and education, and

environmental conservation. As these countries are currently transferring from the communist system to the free market system, various applied forms of cooperation are likely to be important to them. A total of 810 training participants from these countries visited Japan in the period up to March 1999. In addition, cooperation is being provided with the emphasis on recruitment of experts and development studies in the fields of communications, finance, the environment, transportation infrastructure, and resources development.

In July 1997, Prime Minister Hashimoto unveiled Japan's "Eurasian diplomacy", the principle of which involved the promotion of diplomatic relations with Central Asia and Caucasia as the "Silk Road" region. In the context of efforts to strengthen ties on the level of economic cooperation, JICA was required to expand technical cooperation with this region. This was the background to the opening in July 1999 of JICA's first office in the region in Tashkent, the capital of Uzbekistan. This office is now working on establishing an implementation system in the region.

## Support for the Market Economy

"Pivotal support for important policies\*" as implemented in Uzbekistan is one way in which support for the market economy is being provided to this region. The aim is to support the transition to a market economy by conveying Japan's own post-war experience of economic reconstruction as manifest in rebuilding of national finances, privatization, and administrative and fiscal reform. Japanese researchers, administrators and executives from private companies are being sent to the Academy of State and Social Construction to take part in seminars and give intensive lecture courses on ideas which were absent from planned economies.

We are also working on the establishment of "Japan Centers" in this region. These institutions will serve as business schools, Japanese language schools, and mediums for exchange with Japan. It is hoped that they will provide a venue for training the people who are required to effect the transition to a market economy and for furthering relations with Japan. A Japan Center has already been set up in Kyrgyzstan through a support committee (\*). As well as cooperating with the Kyrgyzstan Japan Center in the future, JICA is considering setting up similar centers in Uzbekistan and Kazakhstan.



Uzbekistan

## Support for Victims of Radiation Exposure in Semipalatinsk

In the field of medical care, efforts thus far have been toward alleviating some of the difficulties accompanying the changeover to a market economy by supplying medical equipment through grant aid. These activities are now being supplemented by the provision of training in the fields of health administration and health management and control systems. One recent development is the provision of medical support for victims of radiation exposure at Semipalatinsk in Kazakhstan. The Soviet Union conducted around 470 nuclear tests at the Semipalatinsk nuclear testing site in the northeast of Kazakhstan, and more than 200,000 residents of the area are now suffering the after-effects of these tests. In collaboration with related agencies, JICA is studying the possibilities for sending experts to treat the people concerned and for providing the medical equipment required for diagnostic and treatment purposes.

Another new endeavor is support for the transition to democracy in Tajikistan, which remains unstable due to the civil conflict there. In March 1999, JICA organized a Tajikistan Democratization Seminar, to which representatives of the government and former anti-government groups were invited. The plan is to accept 500 training participants over a five-year period from 1999 with a view to supporting the peace process and the transition to democracy in Tajikistan. Special training courses will be instituted aimed specifically at Tajikistan, with their content centering on support for the transition to democracy, reconstruction and upgrading of infrastructure.

(\*) Support committee: An international agency set up on the basis of an agreement between the Japanese government and the governments of recipient NIS member countries to support reforms aiming to effect the transition to a market economy.