

## 1. Objectives of the development assistance to Ukraine

Ukraine is a major country in the region with the second largest territory and the seventh largest population in Europe. Being located between the EU and Russia, from a geopolitical point of view Ukraine plays a significant role in ensuring regional stability.

However, after the people's revolution ("Revolution of Dignity"), which led to the collapse of the Yanukovich regime in February 2014, an illegal "annexation" of Crimea by the Russian Federation and a collision between armed groups and the Ukraine army took place, so the situation in Ukraine worsened.

As the economic situation in Ukraine has deteriorated markedly due to the prolonged conflict, as well as the stagnation of economic activity in eastern conflict areas, the restoration of the economic situation is an urgent issue for the administration of President Poroshenko. Furthermore, it is essential for Ukraine to carry out bold and comprehensive internal reforms in order to become strong and sustainable, after having left behind the old domestic structure and system. Currently President Poroshenko's administration is promoting domestic reforms in a wide range of fields, such as anti-corruption, judicial and administrative reforms, but the process is not easy.

Thus, Ukraine is struggling to ensure its economic and social stability, as well as to rebuild itself as a democratic state, despite the ongoing conflict on its territory, and further support from the international community is needed to promote Ukraine's reform efforts. It is essential for Japan, as a responsible member of the global society, to take undertake fundamental measures in support of the independence of Ukraine.

Cooperating with the international community, including the G7, Japan provides support in response to the challenges Ukraine is facing. Taking into consideration the worsening situation in Ukraine and aiming to actively support efforts contributing to regional peace and stability through ensuring the stability of Ukraine, as well as promoting its democratization and transmission to market economy, Japan provides assistance in various areas. These areas range from economy and infrastructure to improvement of the humanitarian situation, having defined 3 main pillars<sup>1</sup> of its assistance policy having been defined, namely ① improving the economic situation, ② restoring democracy and ③ encouraging a nation-wide dialogue for national integrity. Japan's activity is highly evaluated not only by Ukraine, but by the international community.

## 2. Basic Policy of Assistance (High Target): Boosting autonomous and sustainable growth

In the face of various difficulties, Ukraine is struggling to ensure the continuous development of its economy and society through promoting domestic reforms. For this reason, Japan will provide assistance in support of Ukraine's autonomous and sustainable economic growth in the areas which make use of Japan's strengths, such as its unique technologies and knowledge.

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<sup>1</sup> Announced by the Minister for Foreign Affairs Mr. Fumio Kishida during the Japan-Ukraine Foreign Ministers' Meeting in Kyiv on July 17, 2014.

### 3. Priority Areas (intermediate objectives)

#### (1) Support for economic stability

It is necessary to ensure the development of infrastructure and fiscal consolidation, which are the basis of economic activity. Moreover, as the heavy industry - the main industry of the eastern region - is affected due to the worsening situation, it is urgent and crucial to promote other sectors, such as agriculture. Therefore, in addition to the assistance provided for promoting industry and attracting more foreign capital, and ensuring a stable energy supply through the diversification of energy sources, Japan will transfer its technologies, as well as support the development of human resources, to assist the Ukrainian Government in implementing a stable economic and monetary policy.

#### (2) Improvement of people's lives and environment

In Ukraine, both central and local governments are suffering from constant financial difficulties, not being able to deal with the deterioration of infrastructure, including water supply and sewerage, healthcare and education, so the level of public services has declined, and living conditions are very poor. For this reason, Japan provides support for social infrastructure and public services contributing to the improvement of people's lives. Furthermore, since both Japan and Ukraine have experienced nuclear accidents and share the common challenges of revitalization and reconstruction after such accidents, Japan will enhance its post-accident cooperation, including knowledge sharing.

#### (3) Promotion of autonomous governance and internal reconciliation

The establishment and strengthening of governance is a pressing issue for Ukraine, as the recovery of democracy is needed for stable state management. Japan supports various reform efforts of Ukraine, which is now facing such structural problems as corruption. Furthermore, promoting domestic dialogue and integration, Japan provides assistance to socially vulnerable people, including internally displaced persons from eastern Ukraine.

### 4. Points to be considered

In developing and implementing ODA projects in Ukraine, it is necessary to consider Ukrainian laws and regulations and have sufficient consultation with the Ukrainian Government and related bodies from the initial phase of each project.

(end)

Attachment: Rolling plan