

Europe



Japan's Aid Framework Promotes the Consolidation of Peace and Ethnic Reconciliation While Supporting Countries' Efforts to Achieve Accession to the European Union (EU)

Europe is comprised of many countries that have a long history of economic and social development. Among the central and eastern European countries to have made the transition to a market-based economy since 1989, some have achieved accession to the EU. However, there are also countries that have suffered outbreaks of ethnic conflict during independence struggles. Several countries still bear the scars of these conflicts and have lagged in achieving sustainable economic development. In such regions, consolidation of peace and promotion of ethnic reconciliation are essential for countries to achieve stability and economic growth.

Pillars of Aid Supporting Post-Conflict Peacebuilding and Providing Assistance to Promote EU Accession

JICA's operations in Europe began by providing assistance to former Eastern Bloc countries and newly independent former members of the Soviet Union in their transition to democracy and market economy, after the "Summit of the Arch," the Group of Seven (G7) summit held in France in 1989.

Since the EU formally came into existence in 1993, many former Eastern Bloc countries have gained accession to the EU and made a successful transition to market-based economy. In 2004, the EU saw its biggest enlargement to date when the four Visegrád Group countries of Hungary, Poland, the Czech Republic and Slovakia; the three Baltic countries of Estonia, Latvia and Lithuania; Slovenia, Malta and Cyprus joined the EU. In 2007, Romania and Bulgaria became the EU's newest members. These countries were removed from the DAC list of aid recipient countries in 2006, becoming so-called "ODA graduate" countries. Although there are some remaining Japanese ODA loan projects still in operation in these countries, Technical Cooperation was concluded in fiscal 2008.

In the western Balkan region, the breakup of the former Yugoslavia in the 1990s involved several severe ethnic conflicts. Although reconstruction and recovery

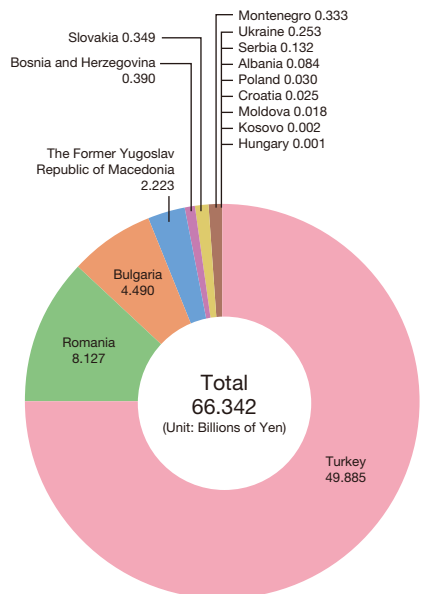
have progressed to a certain extent, unemployment in the region is still extremely high, at between 10% and 40%. Furthermore, many problems remain unsolved, including latent ethnic rivalry and the independence of Kosovo. Hence, continuing assistance still plays a vital role toward economic reconstruction and EU accession.

Ukraine and Moldova lie between the EU and Russia, occupying an important geopolitical position. These two countries are striving for economic independence and development. In particular, Moldova's GNI per capita, at US\$1,500 (World Bank, 2008), makes it Europe's least developed country, heightening the need for assistance. Recently, Ukraine has suffered badly from the effects of the global financial crisis that began in the latter half of 2008. The importance of aid to help prevent financial crises occurring in such newly emerging economies has been brought into stark relief.

In the new JICA, Turkey is reclassified within JICA's European operations in recognition of its status as an official candidate country for EU accession. Consequently, JICA's Europe operations now encompass eastern Europe, the western Balkans region, certain parts of the former Soviet Union, and Turkey.

Scale of JICA Projects by Country in Europe (Fiscal 2008)

Composition of JICA projects for each country based on total Technical Cooperation project expenses, ODA loans (disbursed), and Grant Aid (concluded grant agreement (G/A) including activities expedited).



* Excluding Technical Cooperation with multiple countries and international organizations.

Priority Issues and Efforts

Striving for Maximum Aid Effectiveness Aiming at the Future Graduation from an ODA Recipient Status

JICA currently undertakes cooperation with 12 partner countries in the Europe region, including Kosovo. Since the

income level of many of these is comparatively high, excluding cultural Grant Aid programs, most Grant Aid programs have been concluded and programs now center on Technical Cooperation and ODA loans.

JICA conducts Technical Cooperation in 10 countries, while ODA loans have been carried out or are planned for a total of eight countries. The six eastern European countries (Poland, Hungary, the Czech Republic, Slovakia,

Romania and Bulgaria), three Baltic countries (Estonia, Latvia and Lithuania) and Slovenia, which have all become EU member states, are ODA graduate countries. However, there is a planned continuation of some ODA loans to Romania and Bulgaria.

Each of the countries has stated EU accession as a national goal, and economic development is proceeding comparatively smoothly. Therefore,

JICA plans to undertake cooperation projects that utilize its expertise and are likely to achieve the greatest development impact, keeping in mind the countries' relationship with the EU and their prospects for attaining ODA graduate status.

Technical Cooperation will be targeted based on priority issues identified by JICA and the partner country. JICA will aim to realize projects that can be

handled by local initiatives and which achieve region-wide effectiveness. Such projects will often include training and follow-up cooperation elements. In addition JICA will strengthen synergetic programming of its Technical Cooperation and ODA loans as well as collaboration with partner institutions. In doing so, we will strive to maximize the effectiveness of our current ODA programs.

Example

Bulgaria New Container Terminals Development Project at the Ports of Varna and Bourgas

Public-Private Partnership (PPP) Seeks to Create Synergies between Land and Sea Transport Networks

The ports of Varna and Bourgas are Bulgaria's two major international port facilities, which handle a majority of the country's freight. The project is expected to enable the Port of Varna to serve as a gateway for freight transport via inland waterways, including to such central European countries as Hungary and Slovakia. The Port of Bourgas is the closest major port to the Bosphorus Straits and will be a gateway port on the Black Sea coast capable of receiving large container ships. Consequently, the project will play a key role in develop-

ing a geographically important location within the context of overall development of marine transport on the Black Sea.

The volume of container freight handled in eastern European countries, including Bulgaria, is growing at the fastest rate of any region worldwide. The combined annual volume of container freight handled by Varna and Bourgas was 58,000 TEU* in 2001, and that had doubled to approximately 120,000 TEU by 2006. In 2015, the combined demand at these ports is expected to increase by 3.5 times to reach approximately 700,000 TEU. Hence, there is an urgent need to develop new container terminals in Bulgaria to avoid a future capacity bottleneck that could hinder regional growth. Given this situation, in August 2008, Japan contracted to commence an ODA loan project with Bulgaria totaling ¥36,932 million to finance the New Container Terminals Development Project at the Ports of Varna and Bourgas.

The ports of Varna and Bourgas are separated on land by the Balkan Mountains, making freight transport by truck very inefficient. Roads spanning the country include two major routes connecting the capital city of Sophia with the two ports—one between Sophia and Bourgas and the other between Sophia and Varna. Hence, with the development of these container terminals, the country's future land and sea transport networks will be significantly enhanced. While the ODA loan from Japan will be used to finance the development of the ports, Bulgaria will use its own funds and financing from the EU to further develop its land transport infrastructure. Bulgaria anticipates a high level of synergy between its land and sea transport networks.

One of the particular features of the port development projects is its use of PPP. Specifically, the public sector will retain ownership of the facilities while operation of the ports will be contracted to the private sector. By utilizing private-sector expertise to operate and maintain the facilities over a long period of 15–30 years, the project aims to realize efficient port operations. Through this arrangement, the private-sector operators will generate profits while the public sector will receive fees for the use of the facilities.

At both ports, container terminals, port security facilities and cranes will be implemented under the ODA loan, which will also be used for access roads to the ports and consulting services to support an increase in Bulgarian sea freight business.

* TEU is the abbreviation for "twenty-foot equivalent unit," a standard unit for measuring container cargo volumes by converting them into 20-foot-length container units.



The container terminal

Country Overviews and Priority Issues

■ Bulgaria

Bolstering Economic Infrastructure and Creating International Logistics Gateways

Bulgaria lies on the eastern side of the Balkan Peninsula, sharing borders with EU countries and Turkey, among others. Although the country has faced long-term economic difficulties in the past, financial stabilization policies have tamed inflation and policies to maintain

low interest rates have ushered in a period of steady economic growth since 2000. However, industrial transformation has not progressed as smoothly. Part of the reason for this lagging performance has been insufficient transport and logistics capacity to meet demand. Previously, a Japanese ODA loan project was used for the Port of Bourgas Expansion Project, but rapidly rising demand for freight capacity led to

a new ODA loan project in fiscal 2008, which will see the development of a container terminal and the installation of related facilities and equipment (see page 73). The new project will provide a large boost to international freight capacity and aims to significantly strengthen Bulgaria's competitiveness within the global economy.

Example

Bosnia and Herzegovina Modernization of IT Education at Mostar High School

IT-Driven Educational Integration Promotes Ethnic Reconciliation

Gymnasium Mostar (Mostar High School) was widely known throughout the former Yugoslavia as one of the country's top comprehensive secondary schools. The school is situated in the city of Mostar, which witnessed some of the fiercest fighting between ethnic Croats and Bosnian Muslims during the Bosnian War in the early 1990s. Even now, there are bullet marks on the walls of the school's building.

After the end of the conflict, a policy for educational integration has meant that both of the

main ethnic groups attend the school. Unfortunately, classes remain segregated as does the curriculum. The international community consensus has called for the introduction of integrated education based on a common curriculum. It is hoped that mixed classrooms will become the foundations for the revival of a harmonious, multi-ethnic nation. However, in reality, subjects over which there is marked disagreement between ethnic groups, such as history and geography, have made integration almost impossible. For this reason JICA decided to focus its assistance efforts on the use of an IT laboratory. JICA thus set about formulating and introducing a modern IT curriculum.

Specifically, the IT advisors from each ethnic group collaborated on producing a new textbook based on a high school textbook used for IT education in Japanese high schools. This common curriculum would become the basis for teaching

mixed classes. The school's 193 first-year students were to receive lessons based on the new curriculum. Unfortunately, the school's existing stock of IT lab computer equipment was so old that even Internet access and email were not possible. Students were given the choice between segregated classes using the old computers and outdated curriculum or integrated classes using completely new equipment and the newly designed IT curriculum. With all the students agreeing that they wanted to learn together, mixed classes were launched. The IT classes have proven very popular, with students now producing and maintaining their own website.

This program commenced as an extra-curricular class in 2006, and was later incorporated into the main curriculum. As the program has received broad publicity, the Bosnia and Herzegovina government requested that it be expanded to cover three ethnic groups. Teachers from Republika Srpska too have requested the formal introduction of the new curriculum, meaning the textbook produced with assistance from JICA will be used over the entire territory of Bosnia and Herzegovina.

Based on these initial successes, JICA upgraded the program to a full Technical Cooperation project from fiscal 2008, and a curriculum for second-year students is now being formulated. Until now, with a common curriculum only available for first-year classes, the students had to go back to segregated curricula from the second year onward. Such a situation meant that a truly integrated learning environment was unlikely to take root. When the integrated curriculum is introduced at all levels, it is hoped that it will become a model for other future initiatives. In this way, JICA sees the IT classes as a stepping stone to wider ethnic reconciliation.



Integrated classes bring together all ethnic groups to learn under a common curriculum.

■ Bosnia and Herzegovina

Working toward Reconciliation between Three Ethnic Groups

Bosnia and Herzegovina was previously one of the six constituent republics that made up the former Socialist Federal Republic of Yugoslavia. The inhabitants come from three main ethnic groups, which all share a common Slavic origin and whose languages are very similar. When the former Yugoslavia broke up, fierce inter-ethnic conflicts occurred among the Bosnian Muslims, Serbs and Croats. Even after armed conflict

ceased, there emerged a system of two parallel entities, or quasi-state administrative units, within one territory, leading to a situation of “countries within a country.” Specifically, the two administrative entities are the Federation of Bosnia and Herzegovina and Republika Srpska; the former is mainly composed of Bosnian Muslims and Bosnian Croats while the latter, Republika Srpska, mainly comprises Bosnian Serbs. These two communities continue to operate under completely separate administrative and educational systems.

JICA is working in Bosnia and Herzegovina to help consolidate the peace, rebuild local economies and promote ethnic reconciliation as it assists with the country’s reconstruction.

Success stories so far in bringing the three ethnic groups together have included education curriculum integration in high schools (see page 74) and a Technical Cooperation project promoting agricultural and rural community development.

Example

Bosnia and Herzegovina

Confidence Building in the Srebrenica Region Based on Agricultural and Rural Community Development

Surmounting Ethnic Rivalry to Make a Living on Their Own

At first glance, the town of Srebrenica in Republika Srpska on the eastern side of Bosnia and Herzegovina seems to be an idyllic rural setting. However, the region was once the scene of heavy fighting among Bosnian Serbs and Bosnian Muslims, resulting in the destruction of many villages and culminating in a notorious massacre of over 8,000 Muslim men and boys in July 1995. Consequently, many residents of the area were forced to flee and become displaced for an extended period.

In 2002, many of the displaced started to return home but a large number of families had lost husbands and fathers during the war, leaving widowed mothers to fend for themselves and their children. Although both ethnic groups live in the same area, the animosity and lack of trust has

led to almost total separation between the two communities. With agricultural land suffering a long period of neglect, the livelihood of local residents has remained vulnerable. Hence, the highest-priority issue has been to revive the area’s economic base and help local people rebuild their livelihoods.

In these circumstances, JICA dispatched a rural development expert to the Srebrenica area who worked with the local people to help revive organic agricultural production, which had previously been a mainstay of the local economy, and to rebuild local residents’ economic self-reliance. By conducting technical training and agricultural work jointly with the two ethnic groups participating side by side, it was hoped that a dialog could be developed and interaction among the separated communities deepened.

Initially, selection of program participants focused on maintaining a balance between the Serb and Muslim beneficiaries. The crops to be produced were chosen after discussions with local residents about what would be feasible and marketable and provide good long-term returns. Pasture, vegetables, strawberries and herbs were

among the nine categories of agricultural production the project would focus on. Five local NGOs collaborated in this project to restore the farming economy, and local farmers provided technical advice.

Before long, both ethnic groups started working together on agricultural operations and training. Trust has gradually been built up among the two communities—friendships have slowly sprouted over coffee shared at the end of training sessions. A sense of self-reliance has also begun to take root, with participants suggesting new crops they wished to grow, such as mushrooms.

Agricultural produce from the project has been given the brand “Gifts from Drina,” inspired by the Drina River, and both ethnic groups suggested that produce be sold in Serbia and Sarajevo. New initiatives are now being undertaken, including greenhouse-based production and new employment opportunities in local processing facilities. The local government authorities have also requested that the program’s area be expanded. JICA’s initiatives are steadily contributing to the emergence of reintegrated communities in Bosnia and Herzegovina.



Local produce for sale: herbs, rakija (fruit brandy) and honey



Lettuces grown in a greenhouse



A bumper strawberry harvest