Chapter 6 • Europe

Support for transition to a market economy in Poland and Hungary started in 1989. Since then, JICA has expanded support to Europe, including the former Soviet Union Commonwealth of Independent States (CIS), and Eastern Europe. Already, many countries in Eastern Europe have completed economic and social reforms despite many difficulties. Since 10 countries where JICA provided technical cooperation, including Poland and Hungary, acceded to the EU in May 2004, JICA’s support for transition to a market economy in Eastern Europe completed its mission to a certain degree.

In the Western Balkans, cooperation has been provided in coordination with the international society mainly for the restoration of infrastructure destroyed in the conflicts of former Yugoslavia and Kosovo. Although reconstruction has progressed and the economy has achieved a certain degree of growth, structural factor of instability remains in multi-ethnic societies still suffering from the aftermath of ethnic conflicts.

In this region, based on the discussion in the Ministerial Conference on Peace Consolidation and Economic Development of the Western Balkans held in Japan in 2004, JICA’s aid will underline peace consolidation and economic development. To that end, an approach from the local level, with the perspective of human security, is essential and it is therefore necessary to improve a local implementation system immediately.

Based on these situations, JICA reviewed its aid policy and operation system in Europe from a medium-term perspective, and is shifting its focus of aid to cooperation in the Western Balkans. JICA will also reexamine the local coordination system to improve its activities.

Unstable Factors in the Western Balkans

At the time when Central and Eastern European countries began social reforms for a transition to a market economy, the Western Balkans experienced conflicts in Bosnia and Kosovo. This was known as the tragedy of Yugoslavia. Bosnia and Herzegovina and the New Yugoslavia (currently divided into Serbia and Montenegro), which were directly involved with the conflict, as well as countries such as Macedonia, whose economy was hit by these conflicts, were tremendously damaged and their development was significantly delayed compared to those in Central and Eastern Europe.

International society supported reconstruction and nation-building in these countries in concert following the Dayton Agreement and the birth of democratic administration in Serbia. As a result, these countries in the Western Balkans now enjoy a certain degree of social stability and economic recovery. However, as these countries are not free from unstable social factors derived from being multi-ethnic, they are struggling to push forward their nation-building.

Although the economies recovered to pre-conflict levels, these countries have not achieved development as successfully as those in Central and Eastern Europe, which achieved a significant economic growth led by the introduction of foreign capital as a benefit of the expansion of the EU to the East. The high unemployment rate is an issue common to Western Balkan countries and it is a concern that it may cause instability to surface.
**Addressing Priority Issues in JICA Programs**

**Western Balkans**

Based on Japan’s aid policy agreed upon at the Ministerial Conference on Peace Consolidation and Economic Development of the Western Balkans held in 2004, JICA has provided support mainly in the field of economic development and peace consolidation. Since job creation is the utmost priority in economic development, capacity building for promotion of small and medium-sized enterprises and investment promotion are provided in combination. These are the approaches with which JICA has succeeded in Asia and other regions.

On the other hand, JICA does not have much experience in the area of peace consolidation. JICA, being a development agency, and not a diplomatic or political organization, is experimenting with various kinds of development projects to facilitate ethnic reconciliation such as:

a. Providing community development activities to promote joint participation of people of different ethnicities, including returnees in the areas where many internally displaced persons were produced.

b. Providing opportunities to work and study together for students of different ethnicities through ICT extra-curricular activities, and common modernized ICT curriculums.

c. Inviting school teachers selected from each ethnic group to Japan to observe the current situation in Japan, where prosperity was achieved through peace and stability after the war. They have discussions to improve their peace education for students who will lead the country in the future.

**Ukraine and Moldova**

Assistance for Ukraine is focused on economic development led by the transition to a market economy. Specifically, cooperation is provided for human resources development in business. Japan’s experience and knowledge are greatly expected in this area and thus JICA is planning to cooperate the Japan Center project.

Moldova is the poorest country in Europe and the priority issues are the improvements in livelihood and productivity in agriculture, which is the primary industry of Moldova. Since both local ODA implementation systems and aid amount are limited, JICA works to operate projects efficiently and effectively by combining grant aid and technical cooperation with a focus on those priority issues.

**Front Line Bosnia and Herzegovina**

**Supporting the Self-reliance of Srebrenica Residents**

**Community Development Focusing on the Perspective of Human Security**

**Damage from ethnic conflicts**

Many Muslims (Bosniaks) used to reside in Srebrenica, close to the border with Serbia. However, when an ethnic conflict occurred in March 1992, the city was besieged by Serbian forces, and by the end of August 1995, the conflict produced many victims. On the other hand, in the Skelani district located approximately one-hour from the center of Srebrenica, many Serbs used to reside. In 1993, Muslims attacked the district on new year’s day of Serbian Orthodox calendar and many residents fell victim.

In Skelani district, the residents started to return home in 2002, and minimum aid for basic local infrastructure reconstruction seems to be on track. However, many residents, including the returnees and single-mother families that lost their breadwinners, still rely on aid supplies, various pensions, and child support funds. This area is severely damaged by the preceding conflict, and support for ethnic reconciliation and economic independence is necessary.

**Looking toward the reconciliation of the two ethnic groups**

To provide cooperation for ethnic reconciliation and economic independence, JICA dispatched a rural development expert in March 2006 and started a community development project based on agriculture. The expert is assisting mainly returnees and single-mother households of both ethnic groups through restoring the livestock market, fodder production, joint use of tractors, vegetable cultivation, fruit tree planting, and crop processing through NGOs run jointly by Muslims and Serbs.

JICA aims to play a vital role in the reconciliation of the ethnic groups whose relationship with each other has been severed by the conflict by promoting joint activities of the residents in the area.

(JICA Austria Office)