



REFORM COOPERATION IN EUROPE, SEPTEMBER 2009

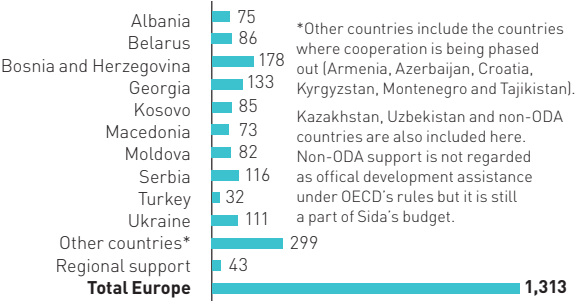
Harmonization with the EU —a priority in Swedish support

Support to key initiatives in Eastern Europe in the
process of transition to democracy and a market economy

SIDA'S REFORM COOPERATION WITH EUROPE



SIDA'S COOPERATION WITH EUROPE, BY COUNTRY 2008, IN SEK MILLION



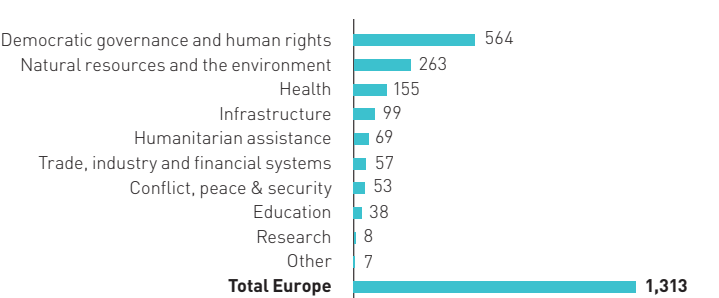
Source: Sida's Annual Report 2008

LIVING STANDARDS COMPARED TO SWEDEN

Country	GDP per cap. USD 2008 (ppp*)
Albania	6,859
Belarus	12,291
Bosnia & Herzegovina	7,610
Georgia	4,862
Kosovo**	2,300
Macedonia	9,157
Moldova	3,173
Serbia	10,792
Turkey	13,138
Ukraine	7,347
Sweden	37,245

*ppp: purchasing power parity (purchasing power taking into account exchange rates; used to compare living standards in different countries).
**estimate 2007 | Sources: IMF and The World Factbook

SIDA'S COOPERATION WITH EUROPE, BY SECTOR 2008, IN SEK MILLION



Source: Sida's Annual Report 2008

1 Alexandra Alexandrovic is studying to become a composer and a concert pianist. She is one of many Roma who have received a scholarship from the Roma Education Fund (REF). Sida has contributed SEK 20 million to the fund whose target group is primarily young children. REF is the basic foundation of a major European programme to improve the living conditions of the Roma.

2 Miklos Balassa has received grants for training and investments through the Danube River Enterprise Pollution Reduction Project (DREPR) in Serbia. He has built a completely new barn where manure is handled in such a way that there is no leakage to groundwater. Sida is contributing a total amount of SEK 30 million to DREPR.



Peace and Prosperity in Europe

Strengthened democracy and sustainable development through reform cooperation

CLOSER TIES WITH THE EU

The objective of reform cooperation in Eastern Europe, as defined by the Swedish Government, is strengthened democracy, equitable and sustainable development, and closer ties to the European Union and its basic values. Ten countries are included in the programme: Albania, Belarus, Bosnia and Herzegovina, Kosovo, Georgia, Macedonia, Moldova, Serbia, Turkey and Ukraine.

The largest projects and programmes that Sweden, via Sida, contributes to in these countries provides a good picture of the programme in its entirety. It includes, among other things:

- supporting the countries' alignment with the EU's requirements
- contributing to environment-friendly solutions
- giving people the possibility to influence policies
- strengthening the position of women
- facilitating the process of transition to a market economy
- making it possible for people to support themselves

In 2008 the programme amounted to more than SEK 1.3 billion

A HELPING HAND ON THE WAY

Sweden's support to the countries in Eastern Europe and Central Asia started with the upheaval in Eastern Europe and the dissolution of the Soviet Union, i.e. from 1989 onwards.

"When Estonia, Latvia and Lithuania regained their independence, Sweden started to cooperate closely with them in order to promote the process of transition to democracy and a market economy," says Ulla Andrén, head of Sida's Department for Reform Cooperation in Europe.

This programme also included Poland. It was eventually extended to include Russia, Ukraine, Georgia, Moldova and other former Soviet republics when they became independent and later also the war-torn countries of the Western Balkans.

The development cooperation programme for the Baltic countries and Poland came to an end when they became members of the EU. Now they are included instead in the programme of Baltic Sea cooperation which is administered by Sida's Baltic Sea Team in Visby, Gotland. The aim of this programme is to promote Sweden's relations with the new EU member countries in the Baltic Sea region (and is not financed by Swedish development cooperation funds). In Russia, the St Petersburg region, Leningrad oblast and Kaliningrad oblast are also included in the Baltic Sea cooperation programme.

Sida is closing down its operations in Armenia, Azerbaijan, Kyrgyzstan, Croatia, Montenegro and Tajikistan as part of the Swedish Government's decision to focus support on fewer countries.

IN BRIEF

Goal: Strengthened democracy, equitable and sustainable development and closer ties with the European Union and its values.

- Albania, Belarus, Bosnia and Herzegovina, Kosovo, Georgia, Macedonia, Moldova, Serbia, Turkey and Ukraine are included in Sweden's reform cooperation programme
- Emphasis on EU-integration, association and accession
- Complementary to EU's instruments ENPI and IPA
- Support to increased ownership and donor coordination
- Capacity building through institutional cooperation
- Support through NGOs to promote democracy and the development of civil society.
- Budget 1,4 billion SEK 2009

Visit Sida's website for more information: www.sida.se

A Georgian woman reads papers before casting her vote at a polling station in Georgia, May, 2008. Sida supported the elections.



Photo: Erem Lukatsky | Scanpix

Photo: Alexander Khudotepley | AFP | Scanpix



1

Halting environmental degradation is a major challenge for Swedish support. Sida and the European Bank for Reconstruction and Development (EBRD) have launched a fund which will enable investments to be made in water supply, wastewater, solid waste and district heating in Eastern Europe. The fund will finance investments of SEK 700–1,000 million between 2009 and 2011. Sida is contributing SEK 200 million.

2

Kosovo, here celebrating one year of independence, has received a great deal of support from Sweden. Today most of the Swedish programme aims at helping Kosovo to develop its institutions in line with EU standards. The programme focuses on democracy and human rights, the environment and education.

Photo: Mats Sundgren | Sida



HARMONIZATION

Example from Ukraine

Sida is coordinating support to Ukraine with the EU.

"We are trying to find close forms of cooperation with the European Commission with the ambition of making our programmes of support and those of the EU as efficient as possible," says Mirja Peterson, Country Director at Sida's Department for Europe.

The European Neighbourhood and Partnership Instrument (ENPI) has introduced a sector-based approach. Sweden's development cooperation focuses solely on governance and issues concerning the environment and climate in Ukraine.

Swedish support is directed to areas where Sweden has comparative advantages and where there are opportunities for Swedish companies, government agencies and consultants to participate.

EFFECTIVE IN THE LONG TERM

Reform cooperation is extensive and cannot be summarised in just a few lines. In 2008 Sida provided support for 745 contributions in Europe. Here are two completely different but strategically important contributions that can have a considerable effect in the long term.

- Environmental problems are extensive in all the countries included in Sida's programmes of reform cooperation. Belarus, for example, not only has to take care of its industrial and household waste, it also has to deal with the after-effects of the disaster at the Chernobyl nuclear power plant. The Swedish Environmental Protection Agency and the Ministry of the Environment in Belarus are implementing a programme of cooperation which aims to improve legislation and modernise environmental administration in Belarus. Sida is contributing 20 million SEK to this programme and 25 million SEK to a similar programme in Ukraine.
- Several thousand journalists have been given training in interview techniques, criticism of sources, and the role of mass media etc in countries that have freedom of speech.

INTEGRATION WITH THE EUROPEAN UNION

Six of the countries included in Sweden's reform cooperation programme are working with the EU on future membership of the Union.

Macedonia and Turkey are candidate countries whereas Albania, Bosnia and Herzegovina, Serbia and Kosovo are regarded as potential candidate countries. They are all entitled to support through the EU's Instrument for Pre-Accession Assistance (IPA).

The four other countries – Georgia, Belarus, Moldova and Ukraine – are supported under the EU's European Neighbourhood Policy Instrument (ENPI). The Swedish support is complementary to IPA and ENPI.

ALL SUPPORT IS CHANNELLED VIA COOPERATION PARTNERS

All contributions are implemented by cooperation partners — Swedish, international and national — while Sida assumes the roles of analyst, financier and dialogue partner.



Photo: Victor Brött

3

Sajma and Merima Maglic run a flower shop in Zenica in Bosnia and Herzegovina. They have taken loans through LIDER – an institute for micro-credits that Sida contributes to. Support to the private sector in Bosnia and Herzegovina will be extended in the future.

BOSNIA AND HERZEGOVINA

Several of its characteristics make GAP – Governance and Accountability Project – a good example of projects that Sida supports in Europe.

- The citizens are given greater influence over policies.
- Local government administrations are aligned with EU standards.
- Greater efficiency — all registers are computerised.
- Training for personnel — to enable them to deal with the new situations that have arisen.
- Local experts are engaged — 49 highly educated Bosnians form the core of the project team.
- Lower risk of corruption — all the work is done in an open landscape office.
- Cooperation with other donors — USAID and the Netherlands also contribute to GAP.

72 municipalities in Bosnia and Herzegovina participate in GAP. New municipal service offices, like this one in the town of Visoko, are the flagships of the project.



Photo: Victor Brött

In Europe, where much of the work concerns adjusting government administrations to the EU, institutional cooperation is common. This means that a government agency in a partner country receives support from a corresponding Swedish agency. Statistics Sweden and the Swedish National Police Board participate, for example, in many international projects with Sida's support.

Many of the programmes relating to democracy, enhancing respect for human rights, gender equality etc are implemented by Swedish organisations, such as the Olof Palme International Center, the Kvinna till Kvinna (Woman to Woman) Foundation and the Swedish Helsinki Committee for Human Rights.

PRIORITIES

The most important priorities in Swedish development cooperation can be briefly summarised in the following terms: results, effectiveness, concentration, increased national ownership for successful partnerships, harmonization and programme support.

The measurable results of Sida's efforts should lead to identification of the methods that provide the most positive outcomes. By identifying these methods, programmes of development cooperation will become more effective in the long term.

Swedish support is being confined to fewer countries and fewer sectors. Support is being directed to major programmes rather than to individual projects.

As a member of the EU, Sweden also contributes to the EU's cooperation programmes. The programmes of support are coordinated with other donors to ensure that they complement each other.

SUPPORT FOR CHANGE

The Swedish Policy for Global Development is based on the perspectives of the poor and human rights. These are basic premises and points of departure of all Swedish development cooperation.

Reform cooperation paves the way for EU-integration, association and accession. It is a case of processes of transition: from one way of thinking to another, from a planned economy to a market economy and from a one-party state to a democracy.

ALBANIA

Since 1992 Albania has developed from a totalitarian state with central planning into a young democracy with a market economy. However, it is still one of the poorest countries in Europe. Poverty is particularly extensive in rural areas.

Albania submitted its application for membership of the EU in 2009. In support of Albania's endeavours to fulfil EU's requirements Swedish development cooperation focuses on:

- Democratic governance and human rights
- Natural resources and the environment.

Sida contributes by enabling Albania to develop more efficient ways to collect taxes, combat crime and collect statistics, linked to a plan to combat corruption.

Important projects include establishment of a nationwide property register to secure ownership rights, and support for transfer of ownership and management responsibility of state forest and pasture land to local government and users' organisations.

Solid waste and water resources management are other areas where support is provided to enable Albania to move towards EU directives.

Greater equality between women and men is a major theme in Sida's support to Albania.

■ Cooperation started in 2001.

BELARUS

Belarus has not followed the same pattern as its neighbours at all. The Baltic countries and Poland have already become members of the EU. Belarus on the other hand has implemented few reforms. Freedom of speech and assembly is limited.

There are considerable shortcomings in democracy in the country.

Sweden's support is intended to facilitate future development towards democracy and a modern state governed by law. The support is allocated, among other things, to education, private sector development, training for journalists and to civil society organisations.

One of the largest projects supported by Sida in Belarus is directed towards children and families with serious social problems. It concerns developing a professional and modern system with open treatment centres instead of closed institutions. The Department of Social Work at Stockholm University is implementing the project in cooperation with the Ministry of Education in Belarus.

■ Cooperation started in 1996.

BOSNIA AND HERZEGOVINA

Distinct traces from the war can still be seen in Bosnia and Herzegovina. There is still a long way to go to achieve reconciliation.

Sida's support is based on Bosnia and Herzegovina's own development plan which aims at reducing poverty and achieving membership of the EU.

Sida gives substantial support to development of the justice sector. Another focus is to strengthen the Bosnian municipalities.

New effective service offices are the flagships of the Governance and Accountability Project (GAP). Hitherto 72 municipalities with a total of almost 2.3 million inhabitants have been included in GAP. It is jointly funded by Sida, USAID and the Netherlands. Sida is contributing SEK 70 million SEK.

Swedish support for economic development focuses mainly on improving conditions for small and medium-sized companies. This includes strengthening micro-credit organisations and regional development agencies.

■ Cooperation started in 1992.

GEORGIA

Swedish support focuses on assisting Georgia to become a stable and democratic state with competent institutions that will facilitate further integration with the EU. The support is allocated to, amongst other things, public financial management reform, capacity building of the public administration, minority integration, electoral reforms, gender equality, agriculture and water supply and waste management.

The armed conflict in August 2008 and Russia's continued military presence in South Ossetia and Abkhazia resulted in an increase of 30,000 people in the already large IDP population of approximately 250,000. The IDPs are the most vulnerable and poor segment of the Georgian society. Sida responded quickly to the crisis and today programmes are addressing IDP needs for durable housing solutions, winter feed for cattle and improving access to water and sanitation.

In cooperation with the Kvinna till Kvinna Foundation and the Eurasia Partnership Foundation Sida provides broad support to civil society organisations.

■ Cooperation started in 1993.

KOSOVO

Kosovo unilaterally declared its independence from Serbia in 2008 after having been administered for almost ten years by the United Nations. Sweden, along with some 60 other states, has recognised Kosovo's independence.

The Kosovo Albanian majority's struggle for independence developed into a brutal war which was put to an end by a NATO intervention in 1999.

Almost one million refugees returned to a devastated country. Immediately after the war Sweden started an assistance programme to Kosovo, helping the refugees to re-establish themselves and to reconstruct the destroyed and seriously neglected infrastructure.

Today most of the Swedish programme aims at helping Kosovo to develop its institutions in line with EU standards. The current programme focuses on democracy and human rights, the environment and education.

Sida also supports town planning, property administration and statistics.

In cooperation with Swedish NGOs Sida provides broad support to Kosovo's civil society. Swedish cooperation has played an important role in the development of a women's movement.

Sida also supports the complicated integration of minority groups into society, including Serbs and Romas.

■ Cooperation started in 1999.

MACEDONIA

Macedonia became a EU candidate country in December 2005. The EU accession process is a national priority and lies at the heart of Swedish development cooperation with Macedonia.

Children from different ethnic groups can meet and play together at the Football School's summer camps in Kosovo. The organisation receives support from Sida.



Programmes of development cooperation are being implemented in three areas:

- Agriculture, with a focus on sustainable economic development
- Human rights and social cohesion
- Sustainable development, focusing on the environment.

The main emphasis is on the agricultural sector. Assistance has been provided in respect of farming organisations, agricultural statistics, university-level cooperation and the state advisory service.

Sweden is the biggest bilateral donor among the EU members. Swedish support contributes to EU-integration. Sweden supports reforms for a more efficient and transparent public sector. Support is also allocated to energy projects in order to increase energy security.

Despite positive economic development up to 2008 Moldova continues to be the poorest country in Europe. More than 25 percent of its population live under the poverty level, in particular in rural areas and small towns.

Sida is providing support to increase rural competitiveness and Sida supports a programme for advisory services and credits. The programme has reached 350,000 households, many of which are small farms.

■ Cooperation started in 1996.

SERBIA

Serbia has endured a great deal of political turbulence in recent years. Both Montenegro, formerly part of a state union with Serbia, and Kosovo, formerly a province of Serbia, are now independent countries.

The goal of Swedish development cooperation with Serbia is greater democracy and sustainable development that improves prospects of membership of the EU.

Swedish support focuses on:

- Democratic governance and human rights
- Natural resources and the environment.

One of the largest projects that Sida contributes to is the Danube River Enterprise Pollution Reduction Project (DREPR). Farms and slaughterhouses receive grants for investments that are intended to reduce flows of nutrients into the groundwater and the Danube River. They are also assisted in adjusting to the new environmental legislation in Serbia.

Sida is contributing a total amount of SEK 30 million to DREPR over a period of four and a half years. The Global Environmental Facility accounts for the largest part of the budget.

■ Cooperation started 1996.

TURKEY

Sweden has established closer contacts with Turkey in recent years. This is a consequence of Turkey's negotiations with the EU on future membership, which began in 2005 and which is firmly supported by Sweden.

Sida's cooperation has focused on support to democratisation, enhanced

respect for human rights and promotion of closer ties with the EU.

Examples of contributions include cooperation between the Raoul Wallenberg Institute and the Bilgi university which has resulted in improved rights for disabled people.

Good practices in areas such as waste management have been developed by the Turkish-Swedish municipality cooperation programme "Tusenet". They can now be used as models for other municipalities in Turkey.

■ Cooperation started in 1992.

UKRAINE

High, if uneven, levels of economic growth have reduced poverty in Ukraine since 2000. This positive trend is now threatened by the ongoing financial and economic crisis.

Integration with the EU is considered to be the best guarantee for stable democracy and greater prosperity in Ukraine. Swedish support therefore focuses on reforms that enable the public administration to reach European standards. For example, government agencies receive support for alignment with EU legislation in issues relating to the environment and climate.

The largest project in Ukraine is the support provided for district heating in the city of Ivano-Frankivsk. Sida is contributing SEK 50 million to the project in cooperation with the European Development Bank, EBRD. The project includes heating for 2 000 houses, hospitals, schools etc. It will lead to a reduction in energy consumption and to less waste heat.

■ Cooperation started in 1995.

Photo: Ann Lindén | LRF Media



Ratko Isouski and Redzep Selmani — ethnic Macedonian and ethnic Albanian — members of "Pollen", a beekeeping association in Macedonia.

For instance, the Swedish farming movement's experience of democratic processes has been passed on through the largest project implemented by the Federation of Swedish Farmers (LRF) financed by Sida. The need to have a recognised organisation (Federation of Farmers of the Republic of Macedonia) in order to protect joint interests and to cope with the process of transition to a market economy has overcome ethnic conflicts and differences. The farmers now have a nationwide organisation that represents them in negotiations and takes up issues that are important to them.

■ Cooperation started in 1999.

MOLDOVA

Moldova's independence has involved considerable changes and severe ordeals for the people.

Moldova has a border with the EU now that Romania is a member of the Union. Politically Moldova's objective is membership of the EU. Moldova is however still dependent on Russia for its energy support. Russia is also one of the most important trading partners.

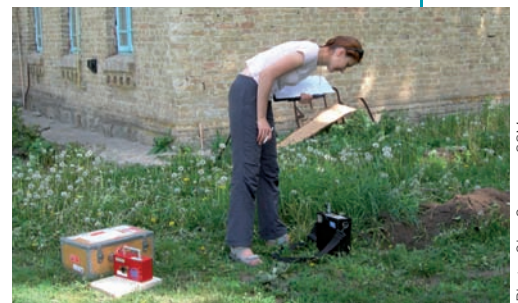


Photo: Olga German, SSM

The nuclear disaster in Tjernobyl in 1986 still casts its shadow over Ukraine and the world. The Swedish Radiation Safety Authority (SSM) receives support from Sida for training their colleagues in Ukraine. Here radon radiation is being measured.

The objective of reform cooperation in eastern Europe is strengthened democracy, equitable and sustainable development, and closer ties to the EU and its basic values. Sida works according to directives of the Swedish Parliament and Government to reduce poverty in the world, a task that requires cooperation and persistence. Through development cooperation, Sweden assists countries in Africa, Asia, Europe and Latin America. Each country is responsible for its own development. Sida provides resources and develops knowledge, skills and expertise. This increases the world's prosperity.

Harmonization with the EU — a top priority in Swedish support

Bosnia and Herzegovina's ambition is to become a member of the EU but it must first implement major reforms. Sida is contributing to this process, for example by providing support to Bosnian municipalities. Local government administrations are being aligned with EU standards and the citizens are being given greater influence over policies.

In addition to Bosnia and Herzegovina, nine other countries are included in the Swedish reform cooperation programme: Albania, Belarus, Georgia, Kosovo, Macedonia, Moldova, Serbia, Ukraine and Turkey.

In 2008 the reform cooperation programme amounted to more than SEK 1.3 billion. Halting environmental degradation and contributing to environment-friendly solutions are essential parts of the programme. Democracy, human rights, health and gender are other principal areas for support.

