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Sida Decentralised Evaluation

Krister Eduards

A Swedish Eastern Europe Regional Strategy – A Strategic Review

Final Report

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**Final Report
January 2013**

Krister Eduards

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The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

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Abbreviations and Acronyms

ADA	Austrian Development Agency
ASEAN	Association of South-East Asian Nations
CAS	Country Assistance Strategy
CIDA	Canadian International Development Agency
CoE	Council of Europe
CSO	Civil Society Organisation
DFID	Department for International Development, United Kingdom
CIS	Commonwealth of Independent States
DCFTA	Deep and Comprehensive Free Trade Area
DP	Development partner
E5P	Eastern Europe Energy Efficiency and Environmental Partnership
EaPIC	Eastern Partnership Integration and Cooperation
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
ECA	Europe and Central Asia
EC	European Commission
EEC	European Energy Community
EGS	European Global Strategy
EIB	European Investment Bank
ENPI	European Neighbourhood and Partnership
ENVESC	Environment and Security Initiative
EPF	Eastern Partnership Facility (Council of Europe)
ESS	European Security Strategy
EU	European Union
EurAsEC	Eurasian Economic Community
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (former GTZ)
IFI	International Financing Institution
INOGATE	“Interstate Oil and Gas Transport to Europe”
IRF	International Renaissance Foundation
MENA	Middle East and North Africa
MS	Member States
MTR	Mid-Term Review
NATO	North Atlantic Treaty Organisation
NDI	National Democratic Institute, Washington
NEFCO	Nordic Environment Finance Corporation

NIB	Nordic Investment Bank
ODIHR	Office for Democratic Institutions and Human Rights (OSCE)
OECD	Organisation for Economic Cooperation and Development
OSCE	Organisation for Security and Co-operation in Europe
PPRD	Prevention, Preparedness and Response to natural and man-made Disasters
RAP	Regional Assistance Plan
RCPS	Regional cooperation partnership strategy
REC	Regional Environmental Center
RISP	Regional Integration Strategy Papers
RPG	Regional public goods
SDC	Swiss Agency for Development and Cooperation
SEIS	Shared Environmental Information System
SME	Small and medium enterprises
TA	Technical assistance
Tacis	Technical Assistance to the Commonwealth of Independent States
ToR	Terms of Reference
TRACECA	Transport Corridor Europe-Caucasus-Asia
UN	United Nations
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environment Programme
UNICEF	Unicef, the United Nations Children's Fund
UN WOMEN	United Nations Entity for Gender Equality and the Empowerment of Women (successor to UNIFEM)
USAID	U.S. Agency for International Development

Preface

This review was commissioned by the Eastern Europe Unit at the Department for Reform and Selective Cooperation (RES) at Sida, as an input to the regional strategy process for Sweden's cooperation in Eastern Europe that was foreseen to start in September 2012. The strategy process was, however, delayed and the official instruction for the strategy (the so-called input values) from the Ministry for Foreign Affairs was not received until late January 2013.

Indevelop AB was contracted to undertake this review through Sida's framework agreement for reviews and evaluations.

The review was undertaken by Krister Eduards, as Team Leader, with support and advice from Joakim Anger, Indevelop, and part of the Core Team of evaluators under the framework agreement.

Quality assurance to the reports was provided by Ian Christoplos and Anna Liljelund Hedqvist, who also was responsible for coordination and management of the review process.

Executive Summary

The Swedish government has decided to give its continued reform cooperation with six Eastern European countries a more regional profile, and also to link it more closely to the EU's overarching Eastern Europe policy, in particular to the Eastern Partnership (EaP). The government states that the preparation of a new Eastern Europe regional cooperation strategy, which will replace the four present bilateral ones, and have the same period of validity as the next EU budget period, 2014 – 2020, started during 2012. In relation thereto, this report identifies and discusses different aspects of regional strategies together with some issues and actors of regional relevance, and offers conclusions to Sida in support of its coming strategy work.

The objectives for Sweden's reform cooperation with the countries of Eastern Europe, adopted by Parliament, are a strengthened democracy, just and sustainable development and an approximation to EU and European values. The government sees EU approximation as the primary force behind reforms in the EaP member countries of Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

This group of countries is, however, not a natural region. Apart from being members of the EaP, the six countries share a Soviet legacy, which can explain and provide entry points. But operationally, they are not a homogeneous region that can be treated as parts of a coherent intervention. Bilateral country-level commitments will need to continue to represent the bulk of operations.

As the Swedish Eastern Europe programme, in terms of coverage, comprises both regional and bilateral interventions, a two-layer strategy should be an adequate strategy format, covering both regional and bilateral interventions, and offering the option of combining the two levels of intervention to produce synergy effects.

The seven-year time span is preferably divided into two operational phases, including a Mid-Term Review (MTR). Objectives that are seven years ahead should be rather generally formulated, and the results frameworks on a two-, three- or four-year horizon should be more detailed. Objectives at the regional level need to be more general in outline than those governing bilateral cooperation, which in turn need to vary between countries. The strategy could be calibrated to respond to alternative development scenarios.

Lessons learnt by other donors from regional strategy approaches point to the need for linkages between the regional and bilateral levels, the risk that results frameworks may become overly complex, and the experience that political change in one country can overthrow the regional programme approach during implementation.

A large number of actors are supporting EU approximation in the region. Of particular relevance for Swedish reform cooperation, apart from the EU itself, are Civil Society Organisations (CSOs) at the country level, and the three international organisations: Council of Europe (CoE), the Organization for Economic Cooperation and Development (OECD), and the Organization for Security and Co-operation in Europe (OSCE). The EU invites Sweden to cooperate with the Commission in both planning and implementation.

Sweden can complement EU operations by taking up issues and areas that the EU does not, by adding funding to agreed purposes for increased impact, or by initiating or bridging financing purposes that the EU can take up later. The accreditation of Sida at the European Commission (EC) has created an additional complementary option. A strategic complementarity choice is between directly supporting the process towards EU membership by financing issues within the Association Agendas, or contributing to a more balanced country approximation process by tending to areas outside these Agendas, for example in social sectors. Both are being suggested by EU representatives.

It has become increasingly clear to the public in the region that, in the process of moving towards parliamentary democracy, dismantling the old system is not enough, and that a new system has to be put into place. Civil Society (CS) participation in reform processes is an important complement to working with government authorities. Working with local authorities is an interesting option.

Corruption in the region is extremely difficult to combat. Interviewees conclude that the situation will not fundamentally change until individual persons are charged and convicted. Laws are adapted; but not much changes in practice. So long as substantive efforts are not undertaken, donors should abstain from budget support to state administrations. In order to achieve a consolidated rule of law, the EaP countries would need a reform anchor in the form of future EU membership.

The Human Rights (HR) of ethnic and other minorities is often met with little respect. Also the HR of women and children are met with disrespect. In all six countries, gender issues can be divided into three groups – violence, economy, and representation. Patriarchal thinking weighs heavily in the region. Men's violence against women is often seen as a private affair, with the discrimination of women in all countries being a major development problem. Gender could be addressed regionally in a women's empowerment approach.

The media sector suffers from polarisation and low quality because of low employment security and journalistic policy. Investigative reporting is risky in the region. Journalists are being harassed, although they are rarely killed. The need for knowledge build-up is tremendous, especially with training in the region being mediocre.

Market development is at the core of EU approximation. The business climate and deteriorating infrastructure are basic challenges for continued market reform and development. The movement towards Deep and Comprehensive Free Trade Area Agreements in

the EaP countries requires local business communities to urgently prepare for market liberalisation and competition.

Environmental development can be dynamised by Civil Society, which can create projects, monitor development and operations, and provide support and advice in their own capacities. Environmental, regional undertakings can also have interstate confidence-building effects, for example, in the cases of shared water resources in the Dniester river basin and in the Kura/Araks river basin.

Another regional challenge is the frozen conflicts. Although they, as such, cannot be addressed by Swedish reform cooperation, contributions to confidence building can be obtained through Sida interventions.

Risks for activists, journalists and bloggers and security conditions in EaP countries vary considerably. IT Security has become a growing concern. Ethnic, religious and sexual minorities have risks, attached to their mere existence, that are sometimes quite serious. External risks, for example, for earthquakes in the South Caucasus, draw attention to poor emergency preparedness. Corruption is a risk for many groups of actors, including donors. Donors also risk that their investments in cooperation with one government will be annihilated by a new government.

1 The Strategic Review Assignment

The present “Strategic Review concerning regional comparative advantages in Eastern Europe and the Eastern Partnership countries” has been executed following its Terms of Reference (ToR), dated 2012-09-14 (please cf. Annex 1), and the complementary comments and information supplied in the Inception Report (IR) of October 11, 2012, presented at Sida’s Regional Conference in St. Petersburg, 16-18 October. The discussion during the conference provided valuable and important inputs into the subsequent review work.

The ongoing regional strategy preparatory process was originally planned to depart from input values, and was to be provided in September 2012 by the Ministry for Foreign Affairs (MFA) to Sida. As this was not done during the implementation of the assignment, the review – in addition, evidently to responding to the ToR – has also chosen to fall back on the announcements of the government in the September Budget Bill for 2013 that is expanded upon in section 2 below.

A terminological issue has been raised, which exists in Swedish but not in English. The English term “regional strategy” has two Swedish translations: “regional strategi” and “regionstrategi”. The distinction between the two has not been fully clarified to the present team, but could be interpreted as relating to the coverage of the strategy. While the connotation of a Swedish “regional strategi” is to something specific, for example a regional strategy for combating HIV/AIDS, a Swedish “regionstrategi” would give the impression of covering all intended interventions in a specific region. If this distinction is accepted and retained, the choice of the Swedish term “regionstrategi” for the continued reform cooperation with the Eastern Partnership (EaP) countries seems fully adequate.

A point of departure for the review has been the fact that its primary target group is Sida’s Department for Reform and Selective Cooperation (RES) and the respective Swedish Embassies, which should be able to draw on its findings and conclusions to advise the government as regards the forthcoming Eastern Europe regional strategy. Other target groups are staff of the MFA and of engaged partner organisations in Eastern Partnership countries and in neighbouring countries. It is also hoped that the review could be used as background material in dialogue with partners in cooperation and as an input into the planning of new interventions.

Indevelop Sweden AB has carried out two additional strategic evaluations regarding regional aspects of reform cooperation in Europe during this year, one concerning Sida’s support to environment infrastructure in Central and Eastern Europe 1995 - 2010, and one concerning Regional Aspects of Development Cooperation in the West-

ern Balkans and Turkey. When possible, the present review has been coordinated with them, using the same material in order to avoid double work.

The review team has had the privilege of a continuous dialogue with Sida at the HQ level and at Embassies throughout the review process. The team appreciates this access to Sida, not least because the political instructions to the process (the input values) have, so far, not been made available. A more detailed methodological note is provided in Annex 2.

Upon the submission of the present draft final report to Sida, a seminar was organised to present the findings to Sida.

2 The Mandate

2.1 THE GOVERNMENT DECISION

As stated above, the government has elaborated on its priorities for Sweden's continued international development cooperation, including the reform cooperation with the countries of Eastern Europe, in its Budget Bill for 2013, presented to Parliament in late September 2012. Reform cooperation with the countries of Eastern Europe is being closely linked to the EU's overarching Eastern Europe policy, in particular in the form of the Eastern Partnership. An enhanced regional approach as regards parts of Sweden's Eastern European interventions is seen as natural and rational, within which supporting the EaP will be a salient feature.

The government sees EU approximation as the prime force behind reforms in the concerned countries. The adoption of the EU acquis and the requirements to fulfil the political and economic Copenhagen criteria produces a need for reforms at the national level within a range of areas. The negotiations with the EU concerning association and free trade agreements demand continued improvement to efficiency and capacity within public administrations. The EaP has created a clearer set of rules and a new set of incentives for the countries to move closer to the EU in different areas.

The objectives for Sweden's reform cooperation with the countries of Eastern Europe, adopted by Parliament, are strengthened democracy, a just and sustainable development and an approximation to the EU and its values. Ongoing cooperation in Eastern Europe has strong environmental components, and also contains important contributions to public administration, gender equality, the private sector, democracy and human rights. In line with the importance the government attaches to continued EU enlargement, Swedish support is also directed towards the implementation of individual EaP Country Action Plans.

Wishing to further align Swedish reform cooperation with EaP countries to that of the EU, the government will give its coming strategic framework the same seven-year validity period as the next EU budget, 2014-2020. The government has also decided that during 2013 a new, regional strategy for Sweden's Eastern European reform cooperation will be produced, replacing the present bilateral ones.

Environmental cooperation will continue to be a main priority for the continued cooperation. A key component will be the continued financing of interventions in liquid and solid waste treatment and energy efficiency, financing that is performed in close cooperation with IFIs such as the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Nordic Investment Bank (NIB) and the Nordic Environment Finance Corporation (NEFCO). When financing is

transferred from bilateral to regional schemes, efficiency gains are expected as regards both operations and management.

Furthermore, civil society is defined as a key actor for democratic development in the region. Civil society support will focus on European values and other issues of relevance for EU approximation. Challenges that pertain to democracy, human rights and gender equality will be addressed. Widespread deficiencies within the judiciary, weak accountability and extensive corruption are emphasised as complicated problems.

Market development interventions will address issues such as negotiation and implementation within the EU association process, aiming to conclude Association Agreements, including Deep and Comprehensive Free Trade Agreements (DCFTA).

In addition, the government indicates that Sweden's future regional strategy for Eastern Europe Reform Cooperation will also address common and cross-border challenges.

The government states that Sweden has an important role in cooperating with and supplementing EU financing, including its pre-membership support to the countries and their participation in the EaP. Extended bilateral cooperation also increases the scope for Swedish influence on the formulation of EU instruments and policies. Joint programming with the Commission will be tried and facilitated by the accreditation of Sida at the Commission.

In an amendment to the Letter of Appropriation for Sida 2012, the government gave Sida the task of preparing a regional strategy for Eastern Europe reform cooperation. In response to the mandate, Sida launched the present "review which will support the coming elaboration of a regional Eastern European strategy". On January 24, 2013, the input values for the Regional Strategy Preparation Process concerning continued Swedish Reform Cooperation with Eastern Europe were defined by the government.

In addition, MFA representatives have unofficially noted that the new regional strategy, which is the first one concerning Eastern Europe, is expected to contain a more clear results orientation than in the past. At the same time there will be less detailed instructions to Sida as to how to achieve the desired results. Sida is expected to suggest concrete and realistic results frameworks, where the priorities of the Partner Country are the points of departure. As to the selection of countries, Armenia and Azerbaijan are again being added to the present four bilateral commitments, but for regional projects only, for example civil society networks.

2.2 THE EASTERN EUROPE REGION

For the purpose of the present review, the region of Eastern Europe is defined as the group of countries which have joined the EU's Eastern Partnership – Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Evidently, however, the Russian Federation as well as Kazakhstan are partly located in Eastern Europe. In geographical terms, the region is thus larger than the format of this review. On the other hand, the Russian Federation has entered into a separate Partnership with the EU, while Kazakh-

stan is the only Central Asian country that is now negotiating a new enhanced Partnership and Cooperation Agreement with the EU. The EaP is, in that respect, a defined group, although it does not encompass a geographical region.

Thus the concept of an Eastern European region is questionable by definition. What the six countries in question do have in common is their Eastern Partnership membership. Of the six, four are presently subjects of bilateral Swedish strategies of cooperation – Belarus, Georgia, Moldova and Ukraine. Previous bilateral cooperation with Armenia and Azerbaijan was terminated a few years ago. As just mentioned, MFA representatives have indicated that the two countries could be invited to participate in future regional undertakings.

If the EaP region consequently is not a homogeneous region in terms of selected, defining criteria that distinguish it from neighbouring areas or regions, it still has commonalities of relevance for the present review. A fundamental feature that the countries all share is that they originate from the former Soviet Union. The six EaP countries were part of the same country only twenty years ago, together with another nine states that are today independent. This might seem historical today, but it retains a potent explanatory function.

Firstly, much of the physical infrastructure in these countries goes back to this legacy. Road networks, secondary school buildings, power systems and hospitals are only a few examples of what is common to the six countries, both in terms of technology and regarding their interconnectedness on a transboundary basis; this might provide challenges that could be met in experience-sharing formats, perhaps even in joint operational approaches.

Secondly, the institutional infrastructure is also of Soviet heritage. Ministries and local authorities, traditions of management and loyalty in administration, and the lack of democratic traditions and institutions are common features. There was, for example, no local self-governance in the region until 1991. This feature provides a link between the countries that might be useful in terms of addressing administrative challenges in a regional format; please cf. the text concerning the Council of Europe (CoE) below, section 4.

Thirdly, the mental infrastructure of many, particularly over forty years of age, is still fundamentally a result of schooling and formation during Soviet times, which is something that affects attitudes, knowledge, values and references. Although these factors cannot be seen as operationally useful in terms of planning and implementing reform cooperation programmes or projects, they can certainly help to explain reactions and constraints met by foreign donors in the countries in question, and assist in project design and implementation.

Fourthly, the countries share a valuable asset in their knowledge of the Russian language. It is striking to see the ease and familiarity with which almost everyone in the region communicates in Russian, and the extent of common references and knowledge that is displayed. At the same time it should be remembered that for many, the Russian

language is the language of a previous occupying and still-interventionist power, and is therefore sometimes actively avoided. Observers have concluded that although all these commonalities emanating from the Russian legacy are an important asset and could probably render great value to both the EaP countries and to Russia itself, these values seem to remain distant so long as Russian policies towards the former Soviet states display only little genuine respect or will to cooperate on reasonably equal conditions.

Although the six EaP countries, thus, do have important commonalities in term of their Soviet legacy, it might be noted that their policy perspectives differ considerably today. Not all are members of the Commonwealth of Independent States (CIS), which was launched as a successor organisation to the dissolved Soviet Union twenty years ago. One of them, Belarus, has chosen to join the somewhat newer Russian initiated cooperative scheme Eurasian Economic Community (EurAsEC) as a member, with Moldova, Ukraine and Armenia also acting as observers.

As has been emphasised by several interviewees in the present review, the governments concerned do not have the same ambitions regarding EU membership. They also differ in terms of policy prioritisation as well as in capacity to systematically and progressively implement an EU approximation process. Furthermore, as a result of elections, changes of government have resulted in fundamentally revised orientations and ambitions as regard EU approximation within the same country.

At the same time it should be remembered that the six EaP countries share other commonalities, such as trade patterns, ownership and other economic links, cultural preferences and activities, ethnic minorities, problematic gender conditions for women, deficiencies of the social sphere, and the inclusion of disabled in mainstream education and society at large, commonalities that should at least be possible entry points in regional interventions in support of EU approximation. In addition, some countries share transborder resources and challenges, which are also relevant for multilateral approaches. One such issue, joint water resources, is being presented in somewhat greater detail; please cf. section 9.6 below.

Within the countries, persons interviewed display an often surprisingly clear vision of their own country and its relative advancement towards the EU. A representative comment on Ukraine, for example, is that “the country is no longer in transition, but in some unclear kind of controversial movement back and forth, and on the road to EU lingering somewhere between Georgia/Moldova and Azerbaijan/Belarus (in parallel with Armenia)”.

The argument presented in this review against operationally addressing the six countries as a region is strong. It is evidently not denied that, for example, the three South Caucasian countries are located within a well-defined geographical sub-region that shares common borders and challenges as well as possibilities. But donors are strongly advised not to approach the three countries as a regional group, as they prefer to be treated as parts of a coherent intervention. The gist of the matter is that the countries are not a group in operational terms and should also, at the strategy level, not be ap-

proached as such. On the other hand, this does not at all exclude regional approaches to regional issues and challenges.

3 Regional Strategies

3.1 STRATEGY FORMATS AND FUNCTIONS

As stated above, the government sees an enhanced regional approach for parts of Sweden's Eastern European interventions as natural and rational, within which supporting the EaP will be a dominant feature. Sida has also stated that EU approximation is the rationale for establishing an Eastern Europe regional strategy. This priority has been the foundation of the present review work, not least as regards its conclusions.

The EaP could, in certain respects, be regarded as the EU equivalent to a regional strategy for cooperation, although it has not been labelled as such. Hypothetically, it should also be possible to specifically rephrase it as such and to fill it with the present setup of Association Agendas and bilateral and multilateral cooperation. For EU internal political reasons, however, this option does not seem presently available. But the EaP is based on a truly regional analytical perspective and does contain policy formulations and programming at both multilateral and bilateral levels, which would seem to satisfy most requirements attached to a regional cooperation strategy. The present review has been closely aligned with the EaP.

On the other hand, in the present context of planning continued reform cooperation between Sweden and the EaP partner countries, regional strategic perspectives in Eastern Europe will imply different connotations as compared with, for example, the Asian Development Bank's strategic framework. There, regional cooperation and integration can play an important role in achieving long-term development objectives within different Asian regions and sub-regions. By deepening cooperation between them, regions and sub-regions can exploit the economies of scale and cost advantages that result from larger regional markets, thereby sustaining higher economic growth rates and a continued reduction in poverty. For example, given the large national, sub-regional, and regional infrastructure deficits of South Asia, regional cooperation and integration can help to remove some of the barriers to economic progress by promoting cross-border infrastructure. Here, it is important to note that the present strategic review assignment has a different – political – rationale, and that in the case of Eastern Europe, the basis of the regional perspective is the EaP, and the European approximation and integration process.

This being said, regional cooperation and integration can help to remove barriers to reform and the development process in Eastern Europe by promoting cooperation concerning, for example, cross-border infrastructure. Connecting infrastructure not only helps to integrate a region in itself, but can also contribute to the region playing a more active role as a bridge between the EU and other regions. In addition, regional coop-

eration can respond to shared social and environmental concerns by improving the provision of different regional public goods.

In fact, the regional strategy issue and the issue of regional cooperation are, by definition, independent of one another. As regards regional cooperation strategies, different functions can be fulfilled (please cf. below, Section 6, for the experiences of different donors of using a regional strategy format). One group of strategies, one-layer in structure, comprises only regional undertakings, i.e. directed at two countries or more. The strategy in this case normally provides a shared analytical and political framework, and a programming format for one or more interventions, whose common denominator is that they cover the same geographical area. It may, as is the case with the Swedish regional strategy for Africa, run parallel to and complement bilateral cooperation strategies.

Two-layer strategies typically cover both regional and bilateral cooperation. The analytical and political frameworks are normally shared between the two levels, influencing both regional and bilateral undertakings, which would then be geared to the same development objectives; at times, this is also to the same operational goals. The approach offers an interesting option to combine the two levels of intervention to produce synergy effects in the pursuit of greater impact.

A third kind of regional cooperation strategy covers only bilateral undertakings. Its function is primarily one of presenting factors shared by the countries in the region, such as, for example, political and historic background, development challenges, development or reform agenda, and options for future action. In this case, the strategy offers an analytical and operational framework and an option to formulate bilateral interventions that not only contribute to the same overarching objective, but may also may strengthen each other's impact at the national level. In regions whose countries share development challenges, as well as lessons learnt in one country, can more easily be fed into the other countries in the region.

As the current Swedish Eastern Europe programme houses – and is expected to continue to house – both regional and bilateral interventions, it is understood that a regional cooperation strategy of the second type would be relevant. At present, the allocation through the regional budget line 15680 to countries in Eastern Europe is modest, at SEK 15-20 million per year. The intention indicated in the Budget Bill mentioned above could be realised either through increasing allocation to the regional budget line or through channelling bilateral allocations multilaterally, or both.

The issue of regional cooperation is, as just stated, by definition independent of the strategy issue. At the basis of this complex is the fact that development problems may have a regional character but solutions might only be accessible at the national level. The opposite is also possible, where problems of a national character can be addressed with “better impacts through a regional approach than would have been possible through bilateral cooperation”.

- A. In the Indvelop study on a regional strategy for reform cooperation in the Western Balkans, at least four different reasons for choosing a regional approach or mechanism instead of a bilateral set-up were presented: The problems cannot be solved at a national level and need regional solutions to be solved at all, for example in the case of shared transboundary resources.
- B. As certain problems are quite similar in different countries, it is rational to exchange experiences and lessons learned in order to enhance the effectiveness and efficiency of specific national projects.
- C. It might, for administrative reasons, be efficient to use one implementer having the same approach and methodology in different countries, which could also increase synergies and facilitate capacity development and the exchange of experiences.
- D. The selection of a few main thematic areas and cross-cutting issues of support in a region provides advantages of scale and possibilities to secure professional Swedish inputs, which would enable a more intensive dialogue; this is also true at the regional level.

One of the working groups at the St. Petersburg conference (mentioned above) summarised the character of problems and interventions in the environmental area in the following way (time did not allow the group to draw conclusions regarding all relevant boxes):

Country	Problem areas	Effects		Interventions	
		Regional	National	Regional	National
Georgia	Waste water	✓			✓
	Solid waste		✓		✓
	Hydro power	✓			✓
Ukraine	Chemical waste	✓			✓
	Utility investment - District heating, water, waste water	✓			✓
	Solid waste		✓		✓
	Environment - Capacity / regulation		✓		✓
	Energy – demand side management	✓			✓
Belarus	Water - Eutrophication in to Baltic sea	✓		✓	
	Air pollution industrial (regulations and implementation)	✓			✓
	Energy efficiency (but there is a very high state involvement)	✓			✓
	Solid waste / landfill		✓		
Moldova	EE – Buildings				
	District heating				
	Solid waste				
	Transboundary water				
	Chemical - transnistria				
All	Social			✓	

The bottom line here is evidently that all development problems and all reform needs should be thoroughly analysed in terms of both character and approach. In practice, the availability of channels for financing interventions will also limit the choice for donors, who wish to intervene in support of a specific development or reform purpose. This aspect has been held in account during the review assignment and has resulted in the findings reported below; see section 9.

Here, donors not only have the option of choosing between regional and national approaches, but also of combining the two, simultaneously addressing the same purpose at the two levels. When this is done, it is of prime importance that the link between the two is ascertained, and preferably that it is made strong enough to produce synergies. Examples of this will also be presented below in section 9.

The decided seven-year time span, coinciding with the next EU budget period 2014 - 2020, is unusually long for a strategy, which is intended to direct operations, in particular in view of the dynamics of change in a region, where parliamentary elections in a country can result – and have resulted – in political changes of strategic importance for the country's continued EU approximation. Implications for both implementation modalities and for the choice of objectives to be reached, or results to be attained, need to be carefully considered. As regards the schedule for implementation, a choice is available as to when and how often follow-up measures should be planned.

The option being considered by the Commission at present is to divide the seven-year budget period into two strategy periods of varying length, in accordance with established country Association Agendas. In Moldova, 2 x 3½ years has been mentioned as a possibility. In others, 3 + 4 years would be more relevant, or even possibly 2 + 5. As usual, assessments and evaluations would precede the start of a new strategy period. For Sweden, which will adopt one coherent regional strategy, there does thus not seem to be a consistent Commission structure at the regional level that could be used for aligning the structure of the Swedish strategy.

Although fully aligning the structure of the Swedish strategy to the strategic scheme of the Commission is thus not an option, Sweden could consider executing joint country level follow-up and review missions in agreed forms, intervals and coverage together with the Commission. This could also possibly be considered at regional levels.

The considerations presented here do shed light on an inherent technical weakness in the regional strategy alternative. Objectives and results frameworks adopted for application in a specific country may, as has also been seen in practice, quickly become obsolete as a result of political change. In such a case, and if the regional strategy that governs cooperation with this and other countries of the region has the same objective for all of its interventions in the region, the strategy itself will risk losing its relevance for the continued cooperation, which is something that has implications for both periodicity and for how targets are formulated; see further below (it is assumed here that the strategy document will be structured so as to contain separate country sections

with individual assessments and guidelines). As to periodicity, an evident alternative to be considered is to use rather short dividing periods, say, three plus four years, 2014 – 2016 and 2017 – 2020. This would, in practice, mean that during 2015, a review mechanism could be set in motion leading to the adoption of a new strategic plan for 2017 – 2020.

Another technical solution is to apply a rolling strategy model, where, for example, the strategy is set for four years but will be replaced after three years by a new strategy that is valid for another four years. Should it be necessary, the model can be calibrated for more dynamic change scenarios, using three-year strategies that are replaced every two years, but where the timing of the replacement can be adapted to the regional panorama of change. This technique will provide increased and desirable flexibility, but will evidently also require an increased human resources input.

The management of implementing a regional strategy as compared to a set of bilateral ones, including the possibility of allocating and reallocating financing resources according to criteria chosen specifically for the operation in question, is commented upon below in section 6.

3.2 BASELINES, TARGETS AND INDICATORS

The need and options for baselines, targets and indicators, and for follow-up mechanisms, have a central place in the preparation and implementation of a regional strategy. At an overall level, Sweden's reform cooperation is expected to contribute to enhanced EU approximation in the EaP countries. As part of that, Sweden may, for example, have decided to support the countries to fulfil their commitments to the European Energy Community (EEC), where three of them are partners and three are observers. Depending on, for example, the priority of the commitment, this ambition could be stated in the strategy document or in the concerned country sections, respectively.

If valid at the regional strategy level, this ambition will have to be mirrored in targets set for bilateral commitments within the regional strategy framework. The results to be attained at the bilateral level and at the regional level need to be linked to each other. In the chosen example, cooperation could be expected to produce country-level results, such as parts of the relevant EU *acquis communautaire* implemented, an adequate regulatory framework developed, and energy markets liberalised in line with the *acquis*. Chosen corresponding indicators could, for example, be the number of directives adopted by the government, or, if relevant, adopted by parliament, the number of directives having been implemented, all to be attained at a defined point in time.

At the regional strategy level, results to be attained through regional interventions also need to be specified, and relevant indicators need to be identified. Sida has issued draft instructions, October 1st 2012, on how to prepare a results proposal for the Eastern Europe region. The final Sida results proposal to MFA is to be developed in accordance with the MFA guidelines, with the so-called input values also supplied by MFA,

and with the political platform for development cooperation. It will include bilateral programmes in four countries – Belarus, Georgia, Moldova and Ukraine – and regional projects that will also be allowed to include Armenia and Azerbaijan.

At the time of drafting the present report, preparations have advanced considerably, a preliminary understanding with MFA has been reached as regards the kind of results framework to be adopted for the regional strategy, where results areas would be defined at the strategy level and corresponding individual results have been formulated in relation to each country programme. This seems preferable to the alternative scheme discussed with MFA, where under each identified results area, the same results would be set to be attained in several countries. A relevant experience shared with the team is that of the United States Agency for International Development (USAID) which, during the previous presidential administration, was required to work towards the same results in all countries of one and the same region, for example in Eastern Europe. The rationale behind this policy was a wish to be able to directly compare progress between country programmes, for example in terms of performance on the Small and Medium Enterprises (SME) development and growth section. That objective was reached, but the relevance of targets and results was eroded in that with this technique, results expected at the country level were not always formulated in a way that fully corresponded to local requirements. The bottom line of the experience is that if one uses the same indicators for all country programmes, one is in fact attributing the same value to the objectives in all countries. In the present administration, USAID has been instructed to return to more individually formulated targets and results, which all contribute to the more generally formulated objectives at the regional strategy level; please cf. further below in section 6.

Another aspect that needs full consideration in the present case is the degree of detail that should – and could – be ascribed to the results to be attained at the regional level. Seven years seems distant enough for the definition of detailed results to be avoided, as developments and political and economic change might well render such targets irrelevant. It would seem preferable to design rather generally formulated objectives seven years in advance, with correspondingly more detailed results over a two- or three-year horizon. Depending on the choice of programming model mentioned above, the degrees of detail can be calibrated so as to harmonise with the length of each planning period.

Two different functions can thus be identified, one where the degree of specificity varies with the number of years of validity, and one where the degree of specificity varies with the level approached, from the regional one, over the national level to the local level.

In view of regional dynamics, a calibration of the regional strategy should be contemplated, i.e. to equip it with alternative sets of results frameworks for alternative development scenarios. This can be done at the regional or at the country level. For example, in the case of Ukraine, a strategy or programme could be calibrated so as to respond to three alternative scenarios – one basic scenario could be the projection of the

present political situation in the country, a second one being a more pro-European development where pluralistic and pro-democratic forces prevail, and a third one being a less pro-European one, resembling development in Belarus. Depending on development, the relevant results framework would be set in operation, for example, as to working more or less with Civil Society channels or with state authorities.

The political framework for Sweden's continued reform cooperation with EaP countries, including its objectives, may be influenced by the planned formulation of a European Global Strategy (EGS) that is intended to cover all aspects of EU external action. Such a strategy, seen as an instrument to reinforce a common European strategic culture, as well as a shared vision and strategic direction, has been advocated by the four Member States (MS): Italy, Poland, Spain and Sweden. Their assessment is that the EU needs a broad strategic approach for its external relations. Accordingly, in July 2012 they jointly invited think-tanks in their countries to cooperate for a project aimed at developing ideas for a broad strategic approach for the future of European external relations.

Almost a decade since the adoption of the European Security Strategy (ESS) in 2003, the four MS now wish to help define a broader agenda for Europe on the global stage. The process will entail a broad debate leading to the delivery of a report in May 2013, intended to pave the way for moving the official level towards the adoption of a new EU strategic document. The aim is to develop ideas that go beyond risks, to look at opportunities, and to take into account changes taking place in Europe and the rest of the world. The intentions of the four MS are that, as a result of the think-tank process, inspiration and important inputs will have been provided into the formulation of the future EGS, to be developed together by EU institutions and Member States. While more specific results may not be expected from the initiative during the duration of the present review, its conclusions might well influence the strategy formulation process during 2013 and the future implementation of the strategy.

4 Actors of Relevance for Sweden's Reform Cooperation with EaP Countries

In accordance with the ToR, a large number of actors of different categories of relevance for Sweden's continued reform cooperation in Eastern Europe have been interviewed.¹ Relevance can relate, for example, to the addressed countries, the pursued objectives, thematical foci and employed formats and modalities employed. The EU and the European Commission (EC) is presented separately in section 5.

Amongst the multilateral development banks, the European Bank for Reconstruction and Development, the World Bank (WB), the European Investment Bank and the Nordic Investment Bank are the most prominent.

International intergovernmental organisations of relevance for Sweden in the region primarily comprise the UN and its funds and agencies, the Council of Europe, the Organisation for Security and Cooperation in Europe (OSCE) and the Organisation for Economic Cooperation and Development (OECD).

The bilaterals of higher relevance in the region are the German Gesellschaft für Internationale Zusammenarbeit (GIZ), the Swiss Agency for Development and Cooperation (SDC) and the USAID.

In addition, international NGOs are offering important contributions to the work, including the Eurasia Foundation, the Internews Network, the National Democratic Institute (NDI), and PACT (all US based), Kvinna-till-Kvinna, Transparency International, and the Civil Rights Defenders, who are all working in the region.

At the national level, a number of NGOs are active in different fields, organisations that will be referred to either under respective country headings or under relevant thematic headings are all below.

Most of these actors are sufficiently well-known only to be mentioned quite briefly, their presentation here is therefore being limited to specific aspects of their profile or operations of relevance. Certain actors, lesser known in Sweden, may be subject to more detailed presentations. In spite of desired brevity, the Actors presentation, though

¹ The ToR specifies that actors active in the region should be covered. This means that, for example, Swedish government institutions are not being addressed here.

kept to a minimum, has required considerable explanation. The full Actors presentation is available in Annex 5. Here, three Actors of particular interest and relevance will be mentioned in short – the Council of Europe, the OECD and the OSCE.

The **Council of Europe** develops common and democratic principles based on the European Convention on Human Rights and other reference texts concerning the protection of individuals throughout Europe. It manages a four million EUR agreement with the EU to execute various projects to help promote democracy, good governance and stability, human rights and the rule of law in the EaP countries, providing support to reform processes there and to help them move closer towards CoE and EU standards in areas such as electoral standards and judicial reform, as well as fighting cybercrime and corruption.

The CoE executes projects in different areas at both regional and national levels, for example in media legislation, where activities at the two levels can link to one another. Sida is financing parts of the CoE programmes in the region. In all EaP countries, there are options for further cooperation with the CoE. The role of CoE in the reform process in EaP countries is important, not least because the countries have signed the CoE conventions, which, as a consequence, are now their own and should be implemented by them. In view of its European and legalistic mandate, and of its regional profile, the CoE seems to be one of the most relevant partners for Sweden in its continued reform cooperation with the EaP countries.

The **Organisation for Economic Co-operation and Development** assists governments on a range of topics to promote economic growth and financial stability. OECD monitors events in member countries as well as outside the OECD area, and discusses policy issues and makes recommendations, which governments implement, and is broadly seen as an internal forum for the industrialised economies. OECD runs an Eastern Europe and South Caucasus Competitiveness Initiative to support Eastern European economies in developing more competitive markets, where the knowledge, experience and good practices of OECD countries are shared, and where regional and country-specific competitiveness strategies are developed and implemented. OECD also implements an advisory programme, the SIGMA, for [countries in transition](#) to promote and strengthen public governance systems and the capacities of people working in public administrations.

Sida supports the OECD's Competitiveness Initiative in Ukraine. In view of its highly professional profile and its combination of regional and national operational levels, and of the long-term prospects for EaP countries to join the organisation as members, OECD would seem a logical ally for enhanced Swedish reform cooperation with EaP countries.

The Organisation for Security and Cooperation in Europe is a forum for political negotiations, decision-making and field operations in the areas of early warning, conflict prevention, crisis management and post-conflict rehabilitation, addressing a range of issues that have an impact on Europe's common security with its specialised institutions, expert units and network of field missions. OSCE has made important contributions to efforts at peace and conciliation in the region around Nagorno-Karabakh and Transnistria. OSCE has a permanent presence in Moldova, Ukraine and Armenia. It is also active in Georgia and Azerbaijan.

Through its Office for Democratic Institutions and Human Rights (ODIHR), OSCE provides support to participating states and civil society in the areas of democracy, the rule of law, human rights and tolerance and non-discrimination. A large number of elections in the region have been observed by ODIHR, are important contributors to democratic rule.

Although the European character and the regional coverage of OSCE and its ODIHR office are highly relevant for the Swedish reform cooperation profile, Sida presently has limited cooperation with the OSCE in Eastern Europe. There seem to be good possibilities for further cooperation to the benefit of both parties.

5 The Eastern Partnership – Thematic Platforms and Flagship Initiatives

5.1 THE EASTERN PARTNERSHIP

The Eastern Partnership is a political construction, built on the previously-existing European Neighbourhood Policy (ENP) and its ENPI financed bilateral and regional cooperation between the EU and six of its Eastern Europe neighbours. It was launched in 2009 at a summit meeting in Prague in an effort by the EU and its Member States, and six of its Eastern European partners, to help promote political and economic reforms and to enhance the European integration of Eastern Europe. Being a joint initiative of the two EU Member States, Poland and Sweden, the EaP is intended to be a political partnership among the EU, its Member States and EU's Eastern Europe Partner Countries, which both deepens and broadens cooperation harboured in the EU's European Neighbourhood Policy. It is mainly being financed from the ENP financial instrument ISE, but also intends to attract financing from other sources.

The main goal of the Eastern Partnership is to create conditions for accelerating political association and deepening economic integration between the EU and Eastern European partner countries. The EaP also aims to promote regional co-operation and good neighbourly relations. These aims support the shared commitment to stability, security and prosperity of both the EU and the partner countries.

At the base of the EaP lies a shared commitment to international law and fundamental values, including democracy, the rule of law and respect for human rights and fundamental freedoms, as well as to a market economy, sustainable development and good governance.

While each EaP country has an individual relationship with the EU, the EU and its partners have committed themselves under the Eastern Partnership umbrella to also develop a multilateral dimension that involves all EU Member States and EaP countries. The multilateral dimension is intended to strengthen and complement the bilateral cooperation, and to facilitate the development of common positions and joint activities.

The EaP Multilateral Platforms and Flagship Initiatives are managed at the HQ level by the Directorate General for Development and Cooperation (EuropeAid) and its DEVCO F Neighbourhood Department, while all bilateral cooperation, including allocations made to the country level from specialised regional budget lines, is managed by EU Delegations at the country level.

5.2 THE BILATERAL DIMENSION

The EaP bilateral dimension comprises EU's relations with individual countries. It has three main objectives, common for all EaP country programmes:

1. Build new, deeper contractual relations between the EU and its partner countries. The bilateral section enumerates the key criteria for assessing the implementation of common values. It sets out, on the one hand, the main actions by partner countries as identified in jointly agreed documents, such as Association Agendas and, on the other hand, support offered by the EU. New and deeper contractual relations between the EU and the EaP countries will be created in the form of Association Agreements, including, where appropriate, Deep and Comprehensive Free Trade Areas. DCFTA will allow regulatory approximation in a partner country to strengthen the positive effects of trade and investment liberalisation, leading to convergence with EU laws and standards.

The level of advancement thus far varies between EaP countries. Negotiations with Ukraine on an Association Agreement, including a DCFTA, have been finalised, and the agreed-upon text was initialled on 30 March 2012. For political reasons, further process has been halted, and alternatives are presently being considered. With Moldova, Georgia, Armenia and Azerbaijan, negotiations concerning Association Agreements have been launched and are advancing well. The decision to start negotiations on DCFTAs, as integral parts of the Association Agreements, with Georgia and Moldova was taken in December 2011 and with Armenia in February 2012.

2. The mobility of citizens and visa liberalisation in a well-managed and secure environment will be supported. The mobility of citizens of the partner countries will be promoted through visa facilitation and readmission agreements as a first step, with a visa-free regime as the final goal.

Moldova and Ukraine are now implementing Visa Liberalisation Action Plans, and have implemented visa facilitation and readmission agreements with the EU since 2008. Mobility Partnerships are in place with Georgia and Moldova. Georgia has been successfully implementing visa facilitation and readmission agreements since March 2011.

In March 2012, following a mandate from the Council of Ministers of the EU in December 2011, the European Commission started negotiations on similar agreements with Armenia and Azerbaijan. A similar offer, made to Belarus in June 2011, would benefit the Belarusian population at large, but the authorities in Minsk have not responded to it. In order to facilitate the issuing of visas to the Belarusian public, EU Member States strive to make optimal use of the flexibilities offered by the Visa Code, particularly the possibilities to waive and reduce visa fees for certain categories of Belarusian citizens, or in individual cases.

3. Sector cooperation will also be enhanced in the bilateral section, and the participation of partner countries in EU programmes and agencies will be facilitated.

The EU has signed protocols with Moldova and Ukraine, which provide the legal basis for their participation in the EU programmes that are open to ENP partners. Moldova has been associated with the 7th EU Framework Programme for Research and Technological Development since January 2012. Cooperation or efforts to strengthen cooperation between EU agencies and the EaP countries have moved forward, particularly in the areas of justice, home affairs and aviation safety. In energy, a start has been made regarding the approximation of sector legislation and regulation to some elements of EU internal energy market rules. Ukraine and Moldova are members of the Energy Community, which is a powerful tool for integration. Georgia and Armenia are observers. Nuclear safety improvements are ongoing in Ukraine and Armenia. As for transport, negotiations on comprehensive air services agreements have been concluded with Georgia and Moldova, and are about to start with Azerbaijan. Negotiations with Ukraine are advancing.

In the area Freedom, justice and security, bilateral cooperation has developed incrementally. Cooperation was first initiated with Ukraine on the basis of a specific EU-Ukraine sectoral Action Plan. The Mobility Partnerships with the Republic of Moldova and Georgia are seen as examples where ties and activities in the broader area of migration have been strengthened, and also have contributed to the signature of a Mobility Partnership with Armenia in October 2011. In the field of regional policy, a dialogue is in place with Ukraine, with dialogues recently having been launched and work programmes being agreed between Georgia and Moldova. Large programmes on regional development are ongoing in Ukraine and Georgia, and discussions also ongoing with the governments of Armenia and Azerbaijan on their respective regional development strategies in view of preparing Pilot Regional Development Programmes (PRDPs). For Moldova, the PRDP was planned to be launched in 2012.

5.3 THE MULTILATERAL DIMENSION

The multilateral dimension of the EaP is designed to support and reinforce the bilateral objectives of the Partnership. It is a forum for sharing information on, and the experience of, the partner countries' steps towards transition, reform and modernisation. It is designed to support and reinforce the bilateral objectives of the Partnership. It allows partners to benefit from an additional instrument to assist reform efforts and to facilitate legal approximation.

The **EaP Multilateral Platforms** are fora, where senior officials from EU Member States and the partner countries engage in policy dialogue on democracy, good governance and stability; economic developments; energy security; engaging civil society and facilitating contacts between people across borders. They complement the bilateral agenda of EU-partner country relations.

In addition, the EU has launched a number of Flagship Initiatives since the creation of the Eastern Partnership that are managed within the relevant multilateral Platform. An assessment of their performance and impact is being conducted during 2012-13, and is planned to become available in late November. At the time of writing the present report, however, they have not materialised, which means that the intended assessment of already-existing Eastern Partnership regional approaches cannot yet be undertaken. The EU will reflect on possible new flagship initiatives in the run up to the next Eastern Partnership Summit in 2013, and in the framework of programming for the 2014-2020 period.

The four Multilateral Platforms now being followed are presented here for information, together with their respective specific areas of interest, where expert panels from EU and EaP countries are meeting and exchanging information and experiences:

1. Democracy, good governance and stability

- 1.1. Electoral standards and freedom of the media
- 1.2. Cooperation between ombudsmen
- 1.3. Public administration reform
- 1.4. Regional and local authorities
- 1.5. Integrated border management (IBM)
- 1.6. Asylum and Migration
- 1.7. Improved functioning of the judiciary
- 1.8. Cooperation among law enforcement agencies
- 1.9. Fight against corruption
- 1.10. Fight against cybercrime
- 1.11. Civil protection
- 1.12. Common Foreign and Security Policy, including Common Security and Defence Policy

(The Visibility of the EaP itself is also being addressed in this Platform.)

2. Economic integration and convergence with EU policies

- 2.1. Trade and Trade-Related Regulatory Cooperation linked to Deep and Comprehensive Free Trade Areas (DCFTAs)
- 2.2. Enhanced cooperation in the field of taxation and public finances
- 2.3. Customs cooperation and trade facilitation
- 2.4. Cooperation in the field of labour market and social policies
- 2.5. Cooperation on macroeconomic and financial stability
- 2.6. Environment and climate change
- 2.7. Transport
- 2.8. SME Policy
- 2.9. Information Society
- 2.10. Statistics
- 2.11. Cooperation with IFIs

3. Energy security

- 3.1. Cooperation on competitive energy markets integrated with the EU market.
- 3.2. Electricity, gas and oil interconnections
- 3.3. Energy efficiency and use of renewable energy
- 3.4. Regulatory framework in nuclear safety
- 3.5. Promote an inclusive and open policy on energy security, transportation and supply.

4. Contacts between people

- 4.1. Erasmus Mundus
- 4.2. Tempus
- 4.3. e-Twinning programme
- 4.4. Youth
- 4.5. Culture
- 4.6. Research and Innovation
- 4.7. Audiovisual sector
- 4.8. A Common Knowledge and Innovation Space linked to Smart Growth and the EU innovation agenda
- 4.9. Future EU programmes in areas of education, culture, youth and research and innovations

Interaction with stakeholders other than government actors is also foreseen, such as the Parliamentary Assembly (EURONEST), the Conference of Local and Regional Authorities of the Eastern Partnership (CORLEAP), Civil society, including the EaP Civil Society Forum (CSF), and the EaP Business Forum.

The **Five Flagship Initiatives** were launched at the regional level under the EaP in order to give substance and focus to the multilateral dimension of cooperation under the EaP. The Flagship Initiatives, which cover a number of projects, are supported through regional projects in the framework of the ENPI Regional East Programme 2010-2013. The five EaP Flagship Initiatives being implemented at present, together with some of the pertaining projects, are the following:

- ✓ Integrated Border Management,
- ✓ Small and Medium Enterprises Facility (with the East-Invest Program),
- ✓ Regional Electricity Markets, Energy efficiency and Renewable Energy Sources (with INOGATE),
- ✓ Prevention, Preparedness and Response to natural and man-made Disasters (PPRD), and
- ✓ Environmental Governance (with the Shared Environmental Information System [SEIS]).

The **Civil Society Forum** was established in 2009 to facilitate the involvement of CSOs in implementing the Partnership. Its role has been recognised by EU Member States and EaP countries, as a result of the decision to invite representatives of the Civil Society Forum to the four Eastern Partnership multilateral Platforms as permanent participants. The Forum's strategy, adopted at its annual meeting in Poznan

(November 2011), will help target civil society's contributions to the work of the Partnership. National Platforms of the Civil Society Forum have been established and will contribute to the debate at the national level on Eastern Partnership goals in the partner countries. To increase grant support for Civil Society Organisations (CSOs) in EU neighbouring countries, a new Neighbourhood Civil Society Facility was set up under ENPI in September 2011.

The Assembly in Poznan was the third meeting of the Forum after Brussels (2009) and Berlin (2010).

A fourth Assembly took place in Stockholm, in late November 2012, and was financed by the Swedish government and the European Commission. Out of 583 applications to participate, 202 organisations had been selected by the Steering Committee. The selection process included a goal of having 40 percent new participants compared with the 2011 Forum – 45 percent of the participants had not attended the 2011 event in Poznan. In addition, 34 percent of the participants were entirely new to the Forum.

The Forum dedicated time to group work, covering, inter alia, the following issues raised by Sida:

- ✓ What are the challenges to strengthened civil society in the region/country?
- ✓ What are the opportunities for civil society in the region/country to become sustainable?
- ✓ What should be the role of international assistance to support civil society in the region/country?

The recommendations adopted by the plenary session of the Forum would be published on the Civil Society Forum website December 10, 2012.

Since the Forum took place, Svenska Institutet has opened up a call for funding for organisations in the Eastern Partnership countries, offering seed-funding for cooperation between Swedish organisations and partners in the EaP countries and the Baltic Sea area.

5.4 EAP IMPLEMENTATION AND FOLLOW-UP

A second EaP Summit was held in Warsaw in September 2011, reaffirming the Prague agenda and acknowledging that important progress had been made in a number of areas. However, the Summit also recognised that the reform efforts needed to be reinforced, that the pace of reforms would determine the intensity of cooperation and that the partners who are most engaged in reforms would also benefit most from their relationship with the European Union. A renewed commitment to the shared values was asked for. The Warsaw Summit put particular emphasis on the need for engagement with societies as a whole, with civil society being a fundamental element in a well-functioning democratic system. Increased EU support for, and engagement with, civil society in Eastern European countries has been signalled.

A “Roadmap” for the continued implementation of the Partnership was adopted, aimed at translating the so-called more-for-more principle of the renewed European Neighbourhood Policy into practice. The more a partner country makes progress, the more support it will receive from the EU. This will include increased funding for social and economic development, larger programmes for comprehensive institution building, greater access for partner countries to the EU internal market, increased EU financing towards investments, including EIB loans and EU budget grants blended with loans from the EIB and other IFIs, and an enhanced policy dialogue.

A new programme called the Eastern Partnership Integration and Cooperation (EaPIC) is being set up, that focuses on promoting democratic transformation and institution building, sustainable and inclusive growth, and increased confidence building measures. Its indicative allocation is 130 million EUR for 2012-13, in addition to the overall 2010-13 EU commitment to the EaP countries of 1.9 billion EUR. Allocations for participation in the higher education programmes Erasmus Mundus and Tempus will be substantially increased.

Progress on reforms will be assessed in the annual EaP country reports according to specific criteria, which reflect the commitments already undertaken through the existing agreements between the EU and partner countries, including EaP Association Agendas.

In addition, a European Integration Index for Eastern Partnership Countries has been created by a grouping of the civil society actors, in order to measure and compare how individual countries perform in their Association Agendas. The Index is a monitoring tool that is also intended to assist EU institutions in applying the ‘more for more’ principle, which by some interviewees is seen as now rather tending to become ‘less for less’.

The first Assembly of the EaP Civil Society Forum in Brussels in November 2009 demonstrated that there is a strong civil society in the region, but that it lacks collective power to stimulate reforms on the ground. For that, the Index has been constructed as a tool for civil society monitoring and advocacy in the EaP. The six countries are assessed along the same, comprehensive list of questions and indicators (695 items). The Index is intended to appear annually, soon after the EU publishes its progress reports.

The Index was developed by a group of over 50 civil society experts from EaP countries and the EU, is produced by the International Renaissance Foundation (IRF) and the Open Society Institute in Brussels, and is managed by a Project core team and national Expert teams who execute the measurements in their respective countries. It is not yet clear how the Commission assesses the usefulness of the Index, or to what extent it will be used in operation.

Three main dimensions are the basis of the Index:

- ✓ Linkage Dimension, covering political dialogue, trade and economic integration, sectoral cooperation, people-to-people assistance, including EaP, Thematic instruments and programmes and special technical assistance and other Instruments,
- ✓ Approximation Dimension, including deep and sustainable democracy, market economy and DCFTA, and sectoral approximation, and
- ✓ Management Dimension, including Institutional arrangements for European integration, Legal approximation mechanism, Management of EU assistance, Training in the field of European integration, Awareness raising about European integration, and Participation of civil society.

This Index is a snapshot of the situation in EaP countries as of March 2012, and findings show that:

- ✓ Moldova is the best performer, coming first in Linkage, Approximation and Management.
- ✓ The second best performer is Georgia, coming second in Approximation and Management, and third in Linkage.
- ✓ Ukraine is the third best performer, ranking second in Linkage, third in Management and only fourth in Approximation.
- ✓ Armenia, although fourth in Linkage and Management, ranks third in Approximation.
- ✓ Azerbaijan ranks fifth in Linkage and Approximation, while sharing fourth position with Armenia in Management.
- ✓ Belarus ranks last in all three dimensions.

6 Lessons Learned by Sida and Other Development Partners of Regional Strategies, in Eastern/Central Europe and Elsewhere

Some donors, primarily International Financing Institutions (IFIs), have implemented regional strategies in Eastern or Central Europe and elsewhere. Only a few bilateral donors have done so, such as the British Department for International Development (DFID) and the Canadian International Development Agency (CIDA). In addition, bilaterals are implementing regional programmes, which will also be mentioned here.

6.1 MULTILATERALS

The African Development Bank (AfDB) is implementing, for example, a 2011-2012 Regional Integration Strategy Paper (RISP) for Southern Africa. The AfDB Southern Africa regional integration agenda aims at contributing to a fully-integrated and internationally competitive region, with the overarching objective of poverty reduction. The strategy is focused on regional infrastructure and capacity building, and on knowledge management and networking. The AfDB also implements a [2011-2015 Regional Strategy for Central Africa](#). This strategy is also designed to reduce poverty through infrastructure development and through institutional and human resources capacity building.

The AfDB Regional Integration Strategy Papers are designed to serve as the Bank's main instrument for providing the analytical framework and selection criteria for Regional Operations (ROs) and regional public goods (RPGs). The RISP rests on two pillars, where the first covers the development of regional infrastructure such as roads and railways, power generation and information communication technology, with an emphasis on the corridor approach, while the second covers capacity building, supported with a focus on strengthening capacity at legal, regulatory and institutional levels for the successful implementation of selected infrastructure programmes, specifically on training, in the design, sequencing, preparation, implementation, and monitoring and evaluation of corridor infrastructure programmes. An example of the latter is the support to the CES (COMESA-EAC-SADC) Tripartite Arrangement.

According to the AfDB's Strategic and Operational Framework for Regional Operations of January 2008, an operation is regional in character if it involves costs and/or benefits in at least two participating countries and requires the involvement of all participating countries to achieve its objectives.

The AfDB Regional Integration Strategy Papers do not comprise bilateral investment projects at all, which are managed within bilateral frameworks. However, it concludes that investing in training and capacity building in borrowing countries, in particular as

regards the preparation, implementation, and monitoring of regional infrastructure programmes, is of strategic importance for impact and sustainability.

The Asian Development Bank (ADB) uses regional cooperation strategies to ensure coherence and strategic cooperation within the five sub-regions, covered by ADB's regional departments. ADB assists developing member countries in financing regional cooperation through TA grants and projects loans. For the South Asia sub-region, for example, ADB and the South Asian Association for Regional Cooperation (SAARC) member countries are, at present, implementing a second generation of a Regional Cooperation Strategy 2011-2015, which follows a two-pronged approach: project implementation and capacity development. Gender mainstreaming, private sector participation and promoting green technologies are presented as main cross-cutting themes. Other ADB regional cooperation formats are the Regional Cooperation Operations Business Plans, for example concerning the Pacific or the Greater Mekong Subregion.

The previous ADB 2006–2008 Regional Cooperation Partnership Strategy (RCPS) for South Asia had as its main goal to help the region achieve its full economic and social potential, while playing an effective role in wider Asian integration. It had six objectives: (i) improved connectivity, (ii) trade and investment, (iii) regional tourism, (iv) cooperation in energy, (v) private sector cooperation, and (vi) environmental cooperation. It covered nine regional and national (with regional implications) investment projects amounting to USD 1.566 billion, and non-lending assistance comprising 10 regional technical assistance (TA) projects amounting to USD 6.7 million. In parallel to the RCPS, ADB runs bilateral partnerships.

An internal validation of the RCPS Completion Report rated the strategic relevance of the RCPS as substantial because of its clear strategic goals and alignment with the development priorities of most of the countries in both South Asia and in the region as a whole. At the same time the relevance, in practice of the RCPS, was rated as modest, because, although it was broadly relevant to the needs of the region, it had overestimated what could be successfully implemented given a complex geopolitical setting, weak political will and trade creation prospects, partial coverage of South Asian countries in many assistance activities, and insufficient attention accorded to regional public goods.

The strategy also lost some relevance during implementation, as only a few regional planned investment projects had been approved by the end of 2009, while four had been dropped and one had been delayed. The regional TA projects were assessed as broadly relevant to the needs of the region.

The World Bank Group (WB) formulates Regional Strategies thematically, for example for Non-communicable Diseases (NCD) Prevention and Control, addressing common country-level gaps in human resource supply and skills for NCD:s, medication availability and affordability, an evidence base for interventions, and surveillance systems. They complement WB bilateral Country Assistance Strategies.

As an example, the WB Regional Integration Assistance Strategy for Sub-Saharan Africa (RIAS), covering the IDA-15 period July 2008 to June 2011, was the first of its kind for Africa. It set out a framework for engagement, including three strategic pillars to guide Bank support for regional integration, key guiding principles and selectivity criteria to prioritise investment activities, modalities for implementation, and a results framework to monitor program impact. The strategy focused on regional infrastructure development, institutional cooperation for economic integration, and coordinated interventions to provide regional public goods, with a cross-cutting theme of capacity development for regional institutions.

In addition, WB applies regional strategic frameworks, for example as regards the Europe and Central Asia Region (ECA). Its strategic framework there rests on three pillars – Deepened Reforms for Improved Competitiveness, Social Sector Reforms for Inclusive Growth, and Climate Action for Sustainable Growth. The current assessment of the Bank is that these remain highly relevant, and that governance will receive a renewed emphasis.

As for its operational response to regional development, WB lending is expected to rise, owing to higher demand, and complemented by improved disbursements and the Bank's analytical and advisory assistance programme. The assessment is that past engagement has made the Bank better prepared to step up financial and analytical support in response to spill over from the eurozone crisis. The reasons are that renewed and deeper policy engagement in the most vulnerable countries, ongoing and planned technical assistance, including crisis monitoring and closer engagement with EC, IMF and other crises response partners, have given the Bank a better starting position.

The Bank's conclusion is that its strategic framework will increasingly be based on growing regional partnerships, especially with the EU and Russia, and on a consistent use of sub-regional approaches. In Central and South Eastern Europe, that means addressing issues such as Roma inclusion, the Danube Region Water and Wastewater program, and the Vienna Initiative II (a framework for coordinating the crisis management and crisis resolution of financial sector issues).

In Ukraine, governance and energy efficiency will be central themes of the bilateral Country Assistance Strategy (CAS), while the one in Georgia will address issues such as governance reforms and the transport portfolio, the CAS for Armenia addressing, inter alia, fiscal transparency and regulatory reform.

6.2 BILATERALS

As mentioned, **DFID** and **CIDA** are also using regional strategy tools. **CIDA** is implementing a Southeast Asia Regional Programming Strategy that is intended to promote poverty reduction in the region by supporting the initiatives of the Association of Southeast Asian Nations (ASEAN) concerning transboundary and shared regional issues, in particular disaster risk reduction, governance, and strengthened human rights for women, children, migrant workers, and ethnic minorities. The focus of the strategy

is to support the ASEAN agenda in sustainable economic growth (through disaster risk reduction) and other reforms, including governance, through strengthened human rights for women, children, migrant workers, and ethnic minorities. The Southeast Asia Regional Program is intended to strengthen regional institutions, networks, and organisations working on transboundary or development issues that are effectively dealt with at a regional level. For Eastern Europe, no strategy framework has been identified.

A 2012 internal assessment of the regional strategy concluded that a concerted regional approach is necessary to increase the ability to mitigate the direct and indirect impacts of natural disasters and transboundary hazards across Southeast Asia. The implementation of the Southeast Asia Regional Programming Strategy could result in the building of more physical infrastructure for disaster prevention, which will in turn require appropriate design, construction, and implementation to minimise significant adverse environmental effects.

Strengthening human rights, the second of the sub-sectors of focus, is seen as a major governance challenge for Southeast Asia, and as one with increasing transboundary implications as mobility and awareness increase in the region. The program will focus on the treatment of migrant workers and ethnic minorities, and the human trafficking of women and children as both the most affected groups and those least able to defend themselves.

DFID has implemented and evaluated, for example, a Regional Assistance Plan (RAP) for the so-called CASC (Central Asia, the South Caucasus and Moldova) region during the five-year period from April 2002 to March 2007. Support to the five CASC countries (Tajikistan, the Kyrgyz Republic, Georgia, Armenia and Moldova) was managed by one DFID team, and was treated as a region for administrative purposes. After 2007, bilateral support would focus on Moldova, Tajikistan and the Kyrgyz Republic, so the 2002-2007 CASC RAP was the last. The CASC region originally included most of the twelve members of the Commonwealth of Independent States receiving support from DFID.

The evaluation (2008) concludes that the RAP was based on sound and thorough analysis, seeking common themes to link disparate elements across the five countries with three country-level and two regional-level objectives. However, it sought to impose an artificial sense of region without addressing the underlying differences and similarities amongst the group, which fall into three distinct sub-regions – two in Central Asia, two in the South Caucasus and Moldova as an outlier. As a result, the RAP has, in practice, provided a framework and principles for country-level planning, based on a subset of the five RAP objectives.

The evaluation concludes that the three RAP Country Level Objectives – governance/institutions, pro-poor growth, and conflict prevention/peace building – were relevant to the problems of all the CASC countries when the RAP was prepared, and that their relevance had continued. The evaluation also found that the two RAP Re-

gional Level Objectives – HIV/AIDS, and trade/regional development – were relevant at country and regional levels and that their relevance had increased over the intervening years.

The evaluation found clear evidence of impact in terms of capacity building across all projects and programmes. Sustainability was assessed as more problematic, the sustainability of policy influence through multilateral investments being more critical than short-term project performance. Ambitious programmes and consultants' desire for extensions were found to detract from the imperatives of closure. Preparation for programme closure should have started even earlier than had been the case.

As regards the chosen regional approach, the evaluation found the 'CASC Region' concept to be aspirational and unrealised. The emphasis on a country and project approach had resulted in synergies, lessons learning and complementarities of the region not being fully developed or realised. Also, the over-complex nature of the results framework, limited ownership by the management team, and the lack of application at the management level reduced RAP impact. However, the sustained attempt to apply a model that was able to be implemented across the region did yield lessons that can be applied to similar regional programmes.

The **United States Agency for International Development (USAID)** runs a general Europe and Eurasia strategy at the HQ Europe and Eurasia Bureau level, and bilateral country strategies at the country level, implemented by the respective Embassies. The regional strategy establishes cooperation objectives for the region in general terms, functioning as a framework, and guides allocations to regional programmes, such as Freedom House. In addition, regional thematic strategies are executed, for example concerning HIV/AIDS or energy. USAID divides its Europe and Eurasia region into three sub-regions, one of which is the South Caucasus. However, there is no corresponding regional Caucasus strategy.

New bilateral strategies for 2013-2017 are being elaborated at present. In Moldova, AID has left the health sector in search of concentration. The bilateral strategy goal will be "a well governed Moldova with improved living standards for its citizens", which leads to two operational sectors: governance, and investment and trade.

The USAID experience is that the strategy setup works well, that policy guidance at the regional, overall level preferably stays rather general in format, and that objectives and the results framework should be formulated and achieved at the bilateral level. As mentioned above, USAID was required to work towards the same results in all countries of one and the same region, for example Eastern Europe during the previous presidential administration. But the relevance of targets and results became eroded in that with this technique, results expected at the country level were not always formulated in a way that fully corresponded to requirements. As was mentioned above, AID has been instructed, under the present administration, to return to more individually formulated targets and results, that are all under the more general formulations at the

regional strategy level. The current AID approach can be illustrated by the Results Frameworks annexed to this report, Annex 9.

At the sub-regional level, the German **Gesellschaft für Internationale Zusammenarbeit** runs regional programmes in the South Caucasus. The origin is the so-called Caucasus Initiative, based on a German government decision, promoting conflict resolution and peace, cooperation and exchange there. Four separate programmes are being implemented – local government, environmental protection and biodiversity, private sector development, and legal reform.

Programme funding is not divided by three, but allocated according to where GIZ judges that impact can be achieved. For the donor government, it is preferable to give a regional assignment, together with the funding, to be allocated to the implementing agency. The argument to regional governments to accept this setup is that no funding is available for bilateral programming.

The impact on conflict resolution at the regional level is seen as small but real, with the main impact occurring at the national level. A disadvantage with this regional model is that constructing the regional schemes becomes complicated. A network model has been chosen for that. An advantage is having more people participate, leading to more impact and sustainability.

The **Swiss Agency for Development and Cooperation** implements a regional programme in South Caucasus under a strategy document “Cooperation for Peace and Development in the Caucasus”, adopted by the government in Switzerland. The strategy is not approved by recipient governments, but individual projects are. A new sub-regional strategy, 2013 – 2016, is being finalised at present. SDC also supports regional undertakings with peace building connotations outside the region, such as transboundary water programming in the Ferghana Valley.

The Swiss experience is interesting at the management level. The SDC manager in charge of overall programme execution is the head of the SDC regional office in Tbilisi. In addition to reporting to HQ, he reports to the Swiss ambassador to Georgia. His SDC colleagues in the sub-region, executing their respective parts of the sub-regional programme at the Swiss Embassies in Yerevan and Baku, also report to their respective ambassadors. In practice, the setup has turned out to be complicated, particularly as regards different aspects of management.

Finally, **Sida** itself has considerable experience of its own as regards regional strategy work. One genuinely regional case, covering only regional undertakings, is the two regional cooperation strategies for the Middle East and North Africa (MENA) 2006-2008 and 2010 -2015. When the strategies were formulated, this region was assessed as homogeneous in terms of development challenges and as to how these could be met. With the aim of contributing to intra-regional exchange and to strengthening established actors in the region, who execute agreed activities of a regional character, funding was channelled to such actors and to their networks. The 2010 -2015 strategy

focuses on three areas – democracy and Human Rights, a sustainable use of regional water resources, and regional economic integration.

However, the Arab spring in 2011 fundamentally changed requirements. Now, with revolutionary developments emerging and spreading in country after country, Sweden wished to quickly intervene at the national level in support of democratic change. The regional format no longer sufficed. Plans for bilateral interventions were designed and funds were allocated to implementing agencies, mostly agencies with an international profile, such as the UN. The regional strategy, which is still being implemented, was thus complemented with dynamic bilateral interventions in countries like Tunisia, Egypt, Yemen and Libya.

Undertaken actions seem to have adequately responded to changing needs and options in the region, although feedback from the field signals impatience with waiting for decisions in Sweden when requirements were urgent. The experience emphasises the desirability of flexibility in terms of format, and as regards the speed of reaction.

Primarily, however, the majority of Sweden's regional strategies have had bilateral contents. For example the Southeast Asia strategy, 2005-2009, contained five bilateral sections and some regional allocations to regional actors, such as the Asian Institute of Technology, ADB, the Mekong Commission, and regional research networks. The ex-post assessment of implementation was that neither the regional format noticeably contributed to the execution of bilateral country programmes, nor *vice versa*. In addition, design and reporting within the results frameworks became unusually complicated. Upon completion, and after extension, the regional Southeast Asia strategy was replaced by bilateral country cooperation strategies and one regional strategy document for regional commitments. The lessons to be learned from this experience concern the need to ascertain the linkages between the regional and the bilateral levels, which are key to profiting from the potential to increase impact, and the need for carefully considered formulations of objectives and results to be attained.

The regional cooperation strategy for Central America and the Caribbean (2001-2005) is a similar experience, and was basically added as an umbrella onto the bilateral programmes. The main regional elements in the regional strategy were the presentation and analysis of the cooperation, and some regional interventions and arrangements, including an informal cooperation between the Swedish development cooperation staff stationed in Nicaragua, Guatemala and Honduras concerning regional issues. In hindsight, the regional strategy is seen as a framework to already-operating bilateral programmes; it is a framework that, in practice, did not govern them.

Additional regional strategies of cooperation have been implemented, for example concerning South America 1998 – 2002 and 2003 – 2008, which share the basic feature of weak linkages between the two levels of operation, and also do not use the regional approach for guiding country-level operations.

Another kind of regional strategy in Sida's portfolio is the one for the regional development cooperation with Africa south of Sahara 2010 – 2015. Based on Sweden's policy for global development and on the government's Africa Letter, the cooperation is primarily intended to be realised through the African Union (AU) and the Regional Economic Communities (REC), i.e. the East African Community (EAC), the Economic Community of West African States (ECOWAS), the Intergovernmental Authority on Development (IGAD), the Common Market for Eastern and Southern Africa (COMESA), and the Southern African Development Community (SADC). The mandate is to promote regional development and security cooperation in Africa.

Regional integration and cooperation are seen as prerequisites for economic growth and peaceful coexistence. The AU and the REC have core roles in strengthening regional integration and cooperation, and strengthening their capacity to perform their roles is seen to strategically contribute to development.

The strategy does not address the issue of linkages to bilateral strategies of cooperation being implemented in parallel, but emphasises that cooperation with other donors will be developed, including with the EU, the WB and the AfDB.

A separate regional strategy for combating HIV/AIDS in Africa is also being signalled in the regional strategy document.

Thus, a mixed bag of regional strategy experiences is available within Sida. It seems (please cf. further below, section 11) that Eastern European reform cooperation requirements could most adequately be met by a strategy format in line with the first Latin American example mentioned, although possible linkages would need to systematically be taken into account.

A separate Sida experience concerns the Partnership programme 2009 – 2011. The objective was to strengthen the 2004 new EU Member States with a planned economy background, in their reform cooperation with Eastern European countries in transition. A series of contacts were initiated, with training being arranged for the new EUMS concerning the EaP in Brussels and around administrative reform issues in Tallinn. The implementation of the planned Partnership programme coincided, however, with the financial crisis, which depleted the resources that the new MS's needed to participate. Not least their diplomatic presence in the countries concerned, for example in Ukraine and Moldova, has been cut down drastically.

In spite of that, certain results were attained: EUMS were included in Sida's internal proceedings; cooperation was established with EUMS within Swedish financed projects and a direct support was channelled to the Estonian Center of Eastern Partnership, at the Estonian School of Diplomacy.

6.3 LESSONS LEARNT FROM REGIONAL COOPERATION STRATEGIES

As presented above, donors use regional cooperation strategies for both regional projects and programmes, and for guiding or directing country level interventions. In the first case, the rationale for intervening at the regional level is normally based on commonalities between the concerned countries, for example shared risks for natural disasters and transboundary hazards, possibilities at increasing transport and exchange, or diseases that spread over borders. Overall, the reported experience is that the approach is relevant, although a region's inherent dynamics might well undermine the relevance of the approach during implementation. The approach has also contributed to an increased channelling of funding through regional actors.

When intended to direct country-level cooperation, the collective evidence implies that region-level goals, in some cases, have in practice not achieved that. One conclusion is that goals at the regional level need to be formulated in a sufficiently general way so as to be relevant for all covered country-level programmes and their results frameworks, with another conclusion being that the logical link between region-level and country-level formulations needs to be strong and clear. It should be noted that no patent technical conclusion, as to how to achieve this in practice, can be offered here – the conclusion is rather that time and effort need to be available during the strategy preparation process for this aspect of the work.

Equipping the regional strategy with one set of objectives and the bilateral ones with other goals should be avoided. Collective evidence also indicates that goals and results frameworks must not be made overcomplicated, and that artificial definitions of regions must be avoided.

Furthermore, donors have used regional strategies not only for guiding country-level operations but also for allocating funding to them, in the form that the overall allocation is regional, from where funding is allocated directly to the project level without an intermediary country-level agreement with the partner government. The reported advantage is that funding can be allocated more directly to where results can be expected.

7 Complementarities

In line with the ToR, regional contributions have been studied in order to shed light on the issue of complementarities between Swedish and EU interventions. Evidently, different kinds of complementarities may be identified. One is where Sweden takes on issues and areas where the EU, for varying reasons, may not be able to act or is not interested in acting. Another is where Swedish financing complements EU financing in order to provide increased total resources for an agreed-upon purpose for increased impact or other expected gains. A third case is where Swedish financing precedes – and in certain cases even mobilises – other funding, for example from the EU. This can be the result of agreed-upon seed or bridge funding, but processes have, at times, been started that were subsequently able to attract additional donor attention, again, for example, from the EU.

It should be highlighted that all three Embassies interviewed for the present report emphasise that during the present strategy period, Sida is already, in several instances, complementing EU operations, and is both picking up areas that the Commission does not do, and initiating other types of support that the Commission can follow-up afterwards.

The Commission at HQ level welcomes Swedish cofinancing and other forms of complementarity. Cofinancing, in their view, would preferably take the form of parallel financing, as otherwise, an unnecessarily complicated preparatory processing would be needed in order to arrive at funding decisions and agreements.

Commission suggestions, as to where complementary financial inputs would be welcome, comprise sectors where the Commission is not able to act, such as health, and sectors where more resources are needed, such as environment, education and scholarships. An additional Multilateral Platform is also expected to be established that covers agriculture and land reform, including cadastre issues, which is an area where the Commission specifically welcomes Swedish contributions.

Further, the Commission welcomes coordinated programme planning. An example of this is the planning of the new project pipeline Moldova by the Commission together with GIZ, and where Sweden is encouraged to join the process.

In addition, the Commission will, in the new Financial Regulation from 2014 and onwards, be able to construct Trust Funds where interested Member States and other donors can contribute. The formulation of this new instrument is currently ongoing.

Apart from project and programme funding, the Commission feels that the level of its own regional development and situation analysis is not fully satisfactory, and indicates that MS contributions in this field would be welcome.

At the Delegation level, in Moldova, Sida has been invited to complement the EU funding in institution-building, in regional and rural development, and in the DCFTA process. Other suggested areas are energy at the regional level, Transnistria projects, local development and gender issues. Sweden has also been invited to go ahead bilaterally in twinning arrangements, which could subsequently become a subject of EU funding, although there would, as usual, have to be at least two participating MS if the Commission chooses to fund a continued twinning cooperation that is initiated by Sweden.

The Delegation in Ukraine encourages Sida to continue its parallel financing of the EU environment strategy, where the parallel scheme is supplemented with joint donor monitoring arrangements along with Civil Society observers. This area of cooperation between the Delegation and Sida is suggested to be continued over the next budget period, 2014 – 2020. Also, joint efforts toward budgetary support are seen as useful, as they share conditionalities and follow-up mechanisms. In addition, the Delegation has expressed interest in embarking on joint programming with Sida, but this is reported to have been overruled by the local HOMS group.

Furthermore, the Delegation would like to cooperate with Sida in the NGO sector, as Sida is a more flexible donor, and is able to move more quickly to support organisations that could subsequently be considered for financing by the Delegation. The Delegation feels that it is too big for organisations that are not yet big enough to satisfy EU criteria for funding. Furthermore, the EU demands a co-financing contribution of 20 percent, sometimes 10, which many small organisations cannot mobilise. Against that background, the Delegation is interested to know whether Sida could supply the necessary co-financing in relevant cases, and whether Sida could support smaller NGOs that want to start an activity, but which have yet to reach the formal and financial capacity necessary to directly apply for EU funding.

The Delegation in Kiev also invites Sida to cooperate in furthering the regional approach. The Delegation is trying to bring together the regional programmes with the bilateral one as regards Ukraine, e.g. concerning the international energy co-operation programme INOGATE and the international transport programme TRACECA; but the government does not show much interest.

In Georgia, Sida is invited to continue its already existing complementary programmes in agriculture, HR, gender and conflict. For future programmes, the Delegation would like Sida work with the environment. In addition, gender and HR do need more support. A case where Sida finances something that the Commission cannot fund can be found in Kiev, where at a certain moment the Delegation could not act and Sida stepped in with bridging funds, so that the activity in question could take place. The Delegation is appreciative of this intervention and invites to more of the same.

Another illustration of complementarity, this one at the HQ level, is the Söderköping process,² which was financed by the Commission during 2008 and by Sweden in 2009; in 2010 and 2011, it was again financed by the Commission. Sweden, seeing the Söderköping process as a relevant area for enhancing the EU approximation of all the three countries in the South Caucasus, also wanted it to cover Armenia and Azerbaijan, and was able to provide the necessary bridging financing until the Commission could again take up financing in 2012. The Söderköping process is now being integrated into EaP as a Technical Panel on Migration and Asylum on Multilateral Platform 1 concerning Democracy, good governance and stability.

There is another illustration where it has been suggested that Sweden can complement EU activities between the Swedish and two other Embassies in Kiev. Feeling that more needs to be done to promulgate a correct picture of the EU, they have – in consultation with the Delegation – started to prepare a marketing project, where different messages will be formulated and delivered to different target groups, such as Civil Society, students, business people, oligarchs, politicians, and public officials. The basic idea is to explain why the EU is a good idea, and to spread that message to relevant groups using Embassy staff as one channel. A feasibility study is presently being performed in order to find out how, more exactly, the project could be implemented.

Also, other donors invite Sweden to complement their operations. GIZ invites Sweden to supply TA to the Ministry for Local Development in Tbilisi for feasibility studies, project planning and spatial plans, stating that together, Sida and GIZ can achieve bigger impact as more resources are needed. USAID sees an interesting Sida-USAID complementarity in the area of decentralisation. USAID is addressing several aspects of decentralisation, but not the formal issues that need approximation to EU, and states that a Sida contribution would be helpful there.

The UN in Moldova suggests that Sweden invest more into social sectors, as the EU does not support them, although much attention is needed. The EU is seen as following the government's 2020 strategy which, in turn, is seen to focus on the economy and on association issues.

To summarise the interviewee comments, Swedish cooperation is seen to have a relative strength in its focus on flexibility, in terms of both swift decision-making and of the range of areas that could be covered. The areas that are often mentioned as the ones where Sweden is seen to have a comparative advantage are the social sectors, gender, environment and energy.

² The Söderköping Process / Cross-Border Co-operation Process (CBCP) is an initiative launched in 2001 to coordinate the cross-border cooperation issues of asylum, migration, and border management for the countries by the Eastern border of the EU.

8 Innovative thinking

The review has attempted to identify innovative aspects of intervention and methods of ground-breaking regional work in line with the ToR. The research into this issue, however, has only resulted in modest findings.

As to potential partners of cooperation, the Civil Society Forum is seen as an innovation in the region. It goes back to the Commission's statement in 2009, that "ongoing reforms [in Eastern Partner countries] require stronger participation of civil society to enhance oversight of public services and strengthen public confidence in them." The Commission then proposed "to establish an Eastern Partnership Civil Society Forum (CSF) to promote contacts among Civil Society Organisations and facilitate their dialogue with public authorities." Sweden was a strong backer of the idea. The CSF was endorsed under the Prague Summit in 2009. An EaP CSF was convened in November 2009.

Since then, the CSF has become an increasingly active participant in the process, and is now even part of the institutional setup of the Multilateral Platforms. The EaP CSF is seen as an EU invention in the region. The presented views indicate that it could be allowed to grow bigger, as many more organisations want to participate, and that the number of participants at its meetings is too small, possibly for economic reasons.

Furthermore, the EaP is itself an interesting innovation, although, as noted above, it is not yet sufficiently integrated into EU structures and procedures. But the fact that it is up and running presents an important entry point for Sweden's continued reform cooperation in Eastern Europe. Interventions that could strengthen the link between the multilateral and the bilateral levels of operation could be of interest. Another interesting venue for Sweden could be to advocate for the multilateral dimension and, indeed, for the EaP as such, in its dialogue with partner governments. At the government level, Sweden could identify different multilateral EaP components – in Platforms or Flagships – where the government could instruct other Swedish state entities to contribute, with financial support from Sida.

The quickly growing and active civil society in the region is also a new element of particular relevance in its democratic advocacy function. Joining efforts with the EU and with civil society at the country level in support of democratic reform would seem to be an option with considerable potential.

Secondly, at the methodological level, an interesting innovation is the EaP Index that is presented above. It was developed by independent civil society experts, who advocate for reforms related to European integration, and assumes that increased linkages and greater approximation mutually reinforce each other. However, as this virtuous

circle is not fully self-enforcing, and its dynamic depends more on facilitative political decisions and structures, the conclusion was that CS organisations should be given a tool to monitor and publicly comment on government performance.

The Index is also intended to assist EU institutions in applying the EaP agenda, although appreciative the Commission is of its existence has not been made quite clear to the present review how.

A methodological innovation is also the WB approach of calibrating cooperation strategies. The idea, as presented above, is an effort at formulating a mechanism quickly and adequately to respond to changes in preconditions and other decisive aspects of an operational scenario. In the case of a cooperation strategy, the concept might preferably take the form of alternative policies being prepared and decided on in advance, possibly also with a degree of operational preparations, depending on the individual case. Although political change in the Eastern European region has displayed its dynamic character, it might not be necessary to base an alternate policy on drastic overnight changes of a coup character. Still, the recent history of the region does indeed confirm that calibrating strategies to alternative scenarios of development can offer an option to rapidly respond with new policies and approaches when change occurs.

9 Areas of Regional Interest Carrying Additional Value

The ToR have requested a number of relevant thematic narratives to be produced within the area of democracy and human rights (HR), reflecting the Swedish Policy for democratic development and human rights in Swedish Development cooperation: Change for Freedom 2010-2014. These narratives will include, but will not be limited to, civil and political rights, freedom of expression and media, internet freedom, institutions and procedures of democracy and the rule of law, and actors of democratisation. The development of gender equality is being addressed in a separate section.

In line with the revised ToR of September 14, aspects of environment and market development are also reflected in the review. As regards the environment, close coordination was secured with the parallel a Indevlop Sweden AB assignment evaluating Sida's Support to Sustainable Environments in Central and Eastern Europe 1995 - 2010.

An October 12 stakeholder – in particular, Swedish NGOs and state agencies – meeting at Sida suggested a large number of priorities for action in the region. The number of problems identified was equally large. A summary of regional challenges presented during the seminar comprised issues such as the absence of a general public political commitment, a fundamental lack of clarity, difficulties in finding partners for cooperation, visa proceedings, democratic deficiencies, the relation to the EU, and the streams of migration.

As for solutions, or areas to be approached, the list comprised suggestions from seminar participants such as administrative reform, corruption, culture, democracy and HR, men and violence, and supporting the emergence of political parties. In the present Section, all issues called for in the ToR and enumerated above, will be addressed in greater or lesser detail, depending on their assessed regional relevance and on the availability of information.

9.1 DEMOCRATISATION

As has been commented on already, democratic development in the region needs continued attention and support. A finding confirmed in the present study is that, while it was traditionally believed in the region that dismantling the old system would suffice, it has become increasingly clear to the public that this is not enough and that new standards and rules have to be formulated and put into place to replace the old ones.

Here, Civil Society can contribute in a decisive way, and has already demonstrated that in several cases. Sida is already heavily supporting this. Interviewees confirm that

the Swedish line of advocating for stronger Civil Society participation in reform processes, particularly in the case of the EaP CSF, is a valid one. Now, some organisations want to advance positions further, and initiate a process where government and Civil Society will together produce a format for government – Civil Society interaction. The EaP CSF is seen as a platform for sharing this type of experience between organisations.

Sida concludes that, in the area of democracy, it is important to work with both Civil Society and with government authorities. Most EaP countries do not have an overly authoritarian situation in political life. This gives people the space to suggest improvements, and this is also something that should be supported. Civil Society should challenge political power, but should also cooperate with it, so long as they have the same agenda.

Another key finding of the present review is that working with local authorities – municipalities, rayons and even oblasts, is often a better way to promote democratic change than working with the central government. Local development is usually only weakly connected with ongoing administrative reforms. Also the dialogue between the central government and local and regional authorities is often poor, with the central government being seen to not listen to them. In particular, interviewees recommend cooperation with local and regional authorities for developing models and methods of self-governance, as they have a low capacity of their own.

Several donors are active in the area of local reform, including the EU, the WB, CIDA, GIZ, SDC, and UNDP. Sida uses different channels for its support for local governance, including the Council of Europe, which often addresses the legal aspects of the issue, developing draft concepts and law texts for local self-government reform. This kind of cooperation could be a candidate for increased Swedish funding.

9.2 THE RULE OF LAW

A worrying aspect of legal development in the region is continued deficiencies in the rule of law. In particular, corruption has proven more difficult to combat than was initially assumed by many. The basic problem, as presented to this review, is that everybody knows that corruption is illegal but, so long as effective counteraction is not taken, old habits prevail.

A Moldovan perspective presented by one interviewee is that the population suffers under a bad social construct. People are caught in a destructive relationship, paying bribes but not going to the police, while in practice the government allows corruption instead of raising salaries. The young generation tends to give up on the country, preferring to leave for employment abroad instead of staying and fighting for democracy. A donor who invests in education, is thereby also risking producing human resources for other countries. The situation will not change until there is effective action, until individual persons are charged in court and convicted. Laws are adapted but in prac-

tice, not much changes. The somewhat desperate conclusion is that the whole judiciary should be closed down and the system reloaded with new staff.

The judiciary is key to EU approximation; and things can be done. Suggested measures suggested are cameras in court session rooms, a jury system in some types of cases, increased accountancy and transparency, electronic public procurements, new procedures for increased openness in public decisions, and less interface between state and business. Improvement in these respects should be a precondition for foreign investment, and foreign assistance should support it. One conclusion offered on the subject is that in Moldova, it is actually better for donors to invest in physical infrastructure, such as rural roads, than to offer budget support to the administration.

A Ukrainian interviewee concurs: In this region, one has to keep track of the money, otherwise it will vanish somewhere down the line. Civil Society has an important role, in that it can follow up on state performance, checking where the tax money and other public assets have gone. A law on Access to Information was adopted in 2011, covering everything that receives public funding, including municipality income from land resources. The CoE in Kiev is preparing guidelines and arranging training for public administration staff.

Civil Society also has a role in insisting on legislation to be followed in politics, as was demonstrated in connection with the recent elections in Ukraine. In fact, Civil Society is seen as the most important component of the quite strong opposition movement in the country today. The conclusion is that continued and strengthened support for Civil Society development and consolidation will have strategic significance in the run-up to the presidential elections in 2015.

Civil Society can also have a role in supporting legal reform and other processes of importance for EU approximation. In Ukraine, an important contribution has been to raise the issue of citizenship for candidates to parliamentary elections, which is an issue that has assumed a strategic character as a result of the arrival of persons with a solid career behind them in the power structures of the Russian Federation, and who manage to quickly become Ukrainian citizens and to conquer key positions in political life there.

But in normal circumstances the main track, as regards donor support for legal reform, has to be in cooperation with the state. EU approximation is a strong driving force and is also a roadmap for the process, whose speed unavoidably will vary with the priorities of the incumbent government.

Sida is active in this field, and finances a range of projects through different channels. In Moldova, one of those is the Council of Europe, which is addressing reform needs in the whole chain of justice, including police, prosecutors and lawyers, judges and penitentiary, and is also supporting the Ministry of Justice and the Center for combating corruption. It is being done within the so-called Eastern Partnership Facility (EPF) that is presented above. The CoE indicates its preparedness to expand the Facility to

cover, for example, electoral processes and the participation of CS in the legislative process. Due to the combination of regional and bilateral approaches that the CoE can offer, this option does seem interesting.

9.3 HUMAN RIGHTS

The Swedish Policy for democratic development and human rights in Swedish Development cooperation implies that Human Rights (HR) should be used as a normative base and that the HR perspective should be mainstreamed into development cooperation. HR are a means to regulate the relationship between the state and the individual. The governments of the Eastern European partner countries are obliged, as a consequence of their adoption of the European Convention on Human Rights, to make these rights a practical reality. Gender equality, women's rights and children's rights, as well as ethnic and sexual minority rights, are at the core of a rights-based perspective.

Key components of an HR approach to reform cooperation are, according to the Swedish policy document *Change for Freedom 2010-2014*, non-discrimination, meaning that all persons are to be treated equally, participation in democratic political processes, openness and transparency in the various functions of society, and accountability on the part of decision-makers.

The movement in the region towards such a situation is slow, but some progress is being made. Serious deficiencies are to be seen, for example, in national systems for education and health and in the functioning of the judiciary. In particular, ethnic minorities often receive little respect for their rights in practice. But action is being taken. For example in Moldova, the government has adopted a Roma Inclusion Action Plan, under which a mapping of the Roma communities is presently being done.

Sida supports, through Swedish Civil Rights Defenders, the work of local HR organisations for improving minority rights in Moldova. Sida in Ukraine is providing core support to the European Roma Rights Centre in Budapest.

In Georgia, the previous government adopted laws on equal access to education for different ethnic groups; but divides continue to exist. SDC implements a programme concerning ethnic minorities in the South Caucasus, but finds that the possibilities of dialogue differ considerably between the three countries – in Georgia there is openness, but there is none in Armenia or Azerbaijan. The issue is seen as dynamic, and is becoming even more so as economic development picks up speed and the minorities remain under-equipped. They are excluded all along, in all three countries, from access to both services and to employment. The governments in the region pay attention to taking care of their minority groups living in other countries, while they tend to see minorities in their countries as foreign elements. Cross border ethnic minority issues are relevant and important, including religious minorities, and cross cultural communication between the countries. This issue has been researched during the review mission, but the availability of channels is limited.

The OSCE High Commissioner for National Minorities (HCNM) closely follows the development of minority issues in Georgia, welcoming the policy to strengthen national minorities' knowledge of the State language in combination with a quota system for minorities in higher education and in the training of civil servants. The HCNM is supporting the repatriation of the Meskhetians, and remains deeply concerned about the situation of ethnic Georgians in the breakaway regions of the country. Furthermore, the HR of sexual minorities in Georgia need attention.

In Moldova, the government's HR Action plan, adopted in May 2011, is underfinanced. The main HR issues are: 1) relating to institutional transformation, i.e. the response of public bodies to abuse and discrimination, 2) diversity, i.e. minorities and immigration, and 3) Transnistria and the HR situation there. Sida has been invited by the UN to finance the implementation of UN and CoE recommendations in line with the HR Action Plan.

9.4 MEDIA

The Embassy in Tbilisi identifies two interdependent problems in media sector – polarisation and quality; both are particularly visible on television during election campaigns. In essence, this becomes a democracy problem, with electors not being able to arrive at well-informed decisions. Now in Georgia, observers are wondering whether one dominant position will be exchanged for another one. The situation has its parallels in other EaP countries.

As for quality, several factors contribute. One is low employment security, which leads to journalists often giving priority to quantity at the cost of quality. In several cases, media are controlled by oligarchs, who define the content of the media they own.

Investigative reporting is risky in the region. In Ukraine, harassments are regularly reported, primarily in Kiev, probably because the regions are farther away. Journalists register, which provides certain protection for the journalists. The above-mentioned Ukrainian law on access to public information is assessed as effective in practice, particularly at local and regional levels. The Ombudsman follows up and acts on complaints, with cases going to court.

The role of regional media in the process of change in society is seen as strategic by interviewees. Journalists can also be used as confidence building actors. But the needs for knowledge build-up are characterised as tremendous. Both journalism and the economy of media are relevant issues. Training in the region is mediocre. One task presented to donors is to help media not to lose positions already taken, and where a key issue is ownership.

The CoE is implementing a composite media programme in the region, with a bilateral, Sida-financed project in Ukraine and a regional one, covering Moldova and South Caucasus. It was previously all regional, but could not address local challenges in

Ukraine to the extent needed. The two programmes are planned and implemented within one and the same framework. The regional part is managed at HQ, containing networking and thematic activities, such as media ethics or journalist education. The bilateral project in Kiev identifies participants for regional networks, manages their participation and collects their feedback.

Sida is supporting journalist's NGOs in Ukraine, something that also could take regional form, for example in the area of new media. Sida also finds that its ongoing support to the Media Development Loan Fund could be increased.

Additional inputs are being asked for. Swedish FOJO is seen as a relevant and valuable partner, particularly for offering local and regional journalist training, which is something that also could take a regional form. One comment is that attention needs to be given to the follow-up of training, as regards both how the results of training are used and the training of trainers.

9.5 GENDER

Interviewees and available documentation conclude that gender development does have a regional profile. In all six countries, gender development needs are identified in the same three areas as are currently being addressed in other parts of Europe: (i) violence, i.e. issues concerning the legal regime and the response of legal actors to crime and harassment, (ii) economy, which primarily concerns the labour market and the different possibilities for women and men as economic actors, and (iii) representation, particularly in political assemblies and in the administration. Patriarchal thinking weighs heavily in the region.

The Swedish Embassies in the region report about resistance in the society to accepting the importance of gender equality, both as a concept and as a political goal. Moldova is reported to be a patriarchal society with clear roles for women and men. In Ukraine, men's violence against women is seen as a private affair, which results in difficulties in getting a reliable picture of the situation today. And in Georgia, gender equality is usually met with disinterest. But in all countries, the discrimination of women is a major development problem. It has unfortunately not been possible to acquire statistical evidence from national statistical offices in the region, but reporting at large confirms the Embassy conclusions.

Sida is supporting women's organisations in all three visited countries during the present assignment. Interviewees indicate that more needs to be done. In the South Caucasus, gender could be addressed regionally in a women's empowerment approach, for example concerning domestic violence. Systems could be established that take care of victims, including victims of trafficking. The most relevant channels would be the Civil Society. Addressing the issues regionally would also make it possible to coordinate how to analyse, interpret and operationalise conclusions concerning common problems, such as domestic violence and violence in the work place.

Also the UN is a channel to be considered, with gender being approached in their respective country programmes and in a Sida-financed UN project for Regional Development and Local Governance. In Georgia and Moldova, strategies are in place. Operations need to be scaled up, Sida financing for scaling up would be welcome.

9.6 ENVIRONMENT

Environment and energy components of Sweden's Eastern European reform cooperation have recently been covered by a parallel Indevalop evaluation report, "Evaluation of Sida's Support to Sustainable Environments in Central and Eastern Europe 1995 – 2010", by Eric Buhl-Nielsen et al, addressing the full range of environmental projects including water supply, wastewater, solid waste management, district heating and energy efficiency. The present report therefore only links such issues (i) to Civil Society and (ii) to regional cooperation and confidence building.

Civil Society can have multiple roles in environmental development. Firstly, they can function as advocacy environmentalists and as project initiators and fundraisers, i.e. identify needs and mobilise public attention to them, and create projects around them that can attract funding from different local and international sources.

Secondly, they can accept to monitor operations. This was done, for example, in the case of the BP pipeline construction in Georgia. One interviewee sees this kind of commitment as problematic, as BP had contracted the NGOs for monitoring, who in turn reported that operations were being implemented without problems. In effect, the commitment became advocacy work.

Thirdly, NGOs can provide support and advice, depending on their profiles and capacities. Several organisations are able to do that, as NGO constituencies often are composed of persons who are both knowledgeable and dedicated, which also is often the rationale for their commitment to a specific question. This is not only the case in environmental project issues, but also in a range of instances such as expertise advice on EU issues to the administration. As one interviewee puts it, it is both more complicated and more interesting to be part of the process and to be able to improve outcomes and stop mistakes, than just to say no all the time.

Environmental undertakings in the Eastern Europe region can also have interstate confidence building effects, for example in the case of shared water resources. Such issues are presently being addressed in international cooperation in two cases: the Dniester river basin, shared between Moldova and Ukraine, and the Kura/Araks river basin, shared between Georgia, Armenia, Azerbaijan, Turkey and Iran.

In late November 2012, the governments of Moldova and Ukraine signed the "Treaty on Cooperation on the Conservation and Sustainable Development of the Dniester River Basin between the Republic of Moldova and Ukraine". OSCE, UNECE and UNEP, which have facilitated the development of transboundary water cooperation in the Dniester basin through their joint operational coordination window ENVSEC, and

have been requested by the riparian countries to support the implementation of the Treaty for its first few years. The support would cover expert group meetings, the Secretariat of the Commission including local staff, international and national experts, project management, equipment for coordinated monitoring and biodiversity conservation, and a basin information system. A short presentation of the issue can be found in Annex 5.

In the South Caucasus, most of which is in effect situated in one and the same Kura/Araks river basin, the prospects of achieving three government agreements are slim. The international approach has instead been to promote bilateral agreements, which one day might be integrated into one. At present, OSCE and UNECE are supporting – also through ENVSEC – transboundary water cooperation between Azerbaijan and Georgia. An “Agreement between the Government of the Republic of Azerbaijan and the Government of Georgia on Cooperation in the Field of Protection and Sustainable Use of the Water Resources of the Kura River Basin” is expected to be signed early 2013, following which ENVSEC will seek funds to support its implementation. Measures will primarily include: (i) the adoption and implementation of national and joint basin management plans and/or programmes aimed at achieving sustainable water utilisation, controlling sources of pollution sources, prevention of harmful water conditions, and protection of aquatic biodiversity; and (ii) establishment of a Joint Commission on the Sustainable Use and Protection of the Kura River Water Resources. Further details can be found in Annex 5.

Comments by interviewees to the latter case are that, although the region would profit from having a counterpart to the Danube Commission, such cooperation is evidently extremely difficult to realise, but also that working at a bilateral level also can be expected to have confidence building effects. In the case of the Dniester river, the problematic aspects are caused by the Transnistria issue, which also is seen as moving in a positive direction thanks to signing the Treaty. Both processes would seem to merit attention from the Swedish side as a means of raising the regional profile of Eastern Europe reform cooperation.

9.7 MARKET DEVELOPMENT

Market development is at the core of EU approximation. It is key to the arrival of EaP countries to DCFTAs, discussed above. It is also a prime component of bilateral cooperation between EaP countries and the EU, as well as of the EaP multilateral dimension, for example in the area of transport. The TRACECA (Transport Corridor Europe Caucasus Asia) provides a forum for discussion and TA in aviation, transport modalities, roro, which are all needed to facilitate the corridor through the Caucasus. One reason for the project is the need to make it more secure for companies, who at present tend to lose control of their goods once they arrive in Central Asia. As one UN interviewee puts it: *“Trade is regional, and so is its infrastructure.”*

The business climate itself is also seen as important for continued economic development which, together with the deteriorating infrastructure, is cited as a basic challenge for continued market reform and development.

As for governments, the requirements to fulfil EU Association Agendas, including processes towards DCFTAs, are supplemented by other obligations, for example, in the case of Ukraine, those related to the WTO membership. Additional challenges that face the Ministry of Economy, for example a lack of transparency from the side of business as regards which problems are encountered in practice in exporting to the EU. There might also be regional value in intergovernmental networking around certain WTO issues that need be addressed during membership implementation.

In Moldova, a private European Business Association (EBA) has been created that is mainly dedicated to business promotion, lobbying and advocacy, and supporting young entrepreneurs. The EBA states that as the government plans to sign an Association Agreement with the EU in 2013, the business community has to be prepared for market liberalisation and competition, increased demands for quality control and other new requirements in order to succeed in market economic operations. The EU has announced its intention to support EBA's work.

Support for market development is also offered by the Organisation for Economic Co-operation and Development, which runs an Eastern Europe and South Caucasus Competitiveness Initiative for sharing the knowledge, experience and good practices of OECD countries to:

- support the creation of sound business climates for investment,
- enhance productivity,
- develop the private sector, and
- support entrepreneurship.

The OECD approach comprises a regional dimension, which entails peer dialogue and capacity building, and a country-specific one supporting the implementation of a number of priority reforms. Sector analyses cover the formulation of targeted policies and strategies requested at the industry level.

The programme has developed and implemented regional and country-specific competitiveness strategies, complemented by capacity building seminars and coaching for policy makers. The Ukraine Sector Competitiveness Strategy, released on July 3rd, 2012, includes diagnosis and policy actions for policy makers and advisors, offering policy responses to underpin economic diversification, enhanced competitiveness and private sector development.

Issues such as migration and employment, which are also relevant in a regional perspective, are addressed in EaP multilateral Platforms, but could also be bilaterally raised in support of multilateral efforts.

9.8 OTHER REGIONAL ASPECTS

Social sectors are mentioned by several interviewees as being unfortunately left out of the priorities in Association Agendas. As such, they constitute an interesting option for Sweden regarding complementarity with the EU, not least against the background of several years of previously successful cooperation with Eastern European countries; please cf. below, section 11.

But social sectors are also areas “of regional interest carrying an additional value” as asked for in the ToR. An illustration is higher medical education, for example where, during the Soviet time, the then-Soviet Republics in the South Caucasus had the opportunity to undergo specialised training in Moscow or Leningrad. Today, no such option is available, which has led to suggestions to establish certain specialised training at the sub-regional level instead.

Another strikingly relevant area “of regional interest carrying an additional value” is the frozen conflicts in Eastern Europe. The 20-year-old Transnistrian conflict is being taken up in the OSCE conflict resolution process. An apparent recent thaw on all sides of the conflict is taken as a hopeful sign. A resolution would have strong positive implications for both Moldova and Ukraine. But the conflict resolution process is gradual and deliberate. A recent comment from the *World Politics Review* is available in Annex 8.

An Executive Summary of a "Report of the OSCE Minsk Group Co-Chairs' Field Assessment Mission to the Occupied Territories of Azerbaijan Surrounding Nagorno-Karabakh" is also available in Annex 8. As late as December 2012, the Minsk group stated with regret that any rapid progress in the peace process was absent, with the parties having “too often sought one-sided advantage in the negotiation process, rather than seeking to find agreement, based upon mutual understanding.”

In addition, the serious conflicts around Abkhazia and South Ossetia in Georgia are fundamentally affecting the reform process in the country. Sida is supporting confidence building activities in these areas.

Evidently, these frozen conflicts cannot be addressed within Reform Cooperation frameworks. However, Sida can – and is already doing so, particularly in the case of Transnistria – contribute to confidence building through its interventions. To consider the options of supporting the implementation of cooperative arrangements around international, shared water resources, as mentioned above, can also be a way to further contribute to confidence building in Eastern Europe.

10 Risk Analysis

Risks and security conditions in the different EaP countries vary considerably. In some countries, conditions have deteriorated during recent years, while in others, conditions have improved. Risk is defined as the potential for a specific event to occur. In that respect, each country situation needs to be addressed specifically. But over the whole EaP area, security issues are highly relevant for both continued reform and for EU approximation.

Security risks for activists, journalists and bloggers vary regionally. In Moldavia, Georgia and Armenia, they are presently assessed as small. In Ukraine, they are higher; and in Azerbaijan they are considerably higher. In Belarus, finally, activists, journalists and bloggers run evident risks of being arrested and prosecuted, or worse.

Minorities have risks attached to their existence that are sometimes quite serious. Ethnic minorities, religious minorities and sexual minorities run varying risks of being harassed, beaten up or attacked in other ways.

Reform needs, in these respects, are being addressed in several donor reform cooperation programmes in the region, especially in the EU Association Agendas and in the Swedish programme. Prospects of moving forward on these accounts differ from country to country; please cf. also the EU Integration Index above, section 5.

For journalists and Civil Society actors, IT Security has become a particular growing concern, in parallel with growing cyber traffic and digital communication. IT security would seem to be an issue of relevance and importance for EU approximation, where regional initiatives could also be launched and considered. This kind of issue could possibly be considered within the multilateral framework of the EaP.

Other kinds of risks that deserve consideration are connected with corruption. The role of corruption for EU approximation has been discussed above, section 9.2. But corruption is also a risk for donors that needs to be fully considered. Sida has drawn the conclusion that for the time being, budget support should not be offered in the Eastern European region. Certain other donors are providing budget support, and have in some cases been obliged to freeze implementation because of deficiencies in the advancement of control and reform.

Other donor risks may be more difficult to avoid; for example the risk that investments made in cooperation with one government are annihilated by a new government that has decided to radically shift political priorities.

A case in point is Georgia, where the new government has stated that investments made by the previous government, for example, in the extension of a new institutional and physical judiciary structure, will be destroyed. This risk, however, seems difficult to counter via the concerned donor. Another risk in cooperation in some countries is that capacity building is never enough, because trained people leave for employment abroad.

Also, external risks need to be mentioned here. For example, the South Caucasus is a sub-region that is subject to serious risks for earthquakes and other natural hazards. The UN is working on natural disaster preparedness and disaster risk reduction in the sub-region, but more is needed, which was clearly demonstrated by the devastating earthquake in Armenia in 1988.

As all foreign assistance is linked to risks of different kinds, risk analysis and risk management should be part of the process to develop, implement and follow-up a regional cooperation strategy in Eastern Europe.

11 Conclusions

The ToR for the present assignment stipulate that the consultant “shall undertake a review which will support the coming elaboration of a regional Eastern European strategy. Moreover, the consultant shall provide strategic and innovative advice during the Strategy drafting period.” Consequently, this section will offer conclusions based on the preceding presentation, but not recommendations.

A. The evidence collected and presented above emphasises that **the region** reviewed is not a natural region. Both governments and donors address reform and development issues, including EU approximation, in national, bilateral formats. What unites the six countries is: (i) that they are members of the Eastern Partnership, and (ii) that they all emanate from the now-dissolved Soviet Union. Although this latter factor does produce a number of interesting and valuable commonalities, the clear conclusion is that operationally, the six countries should not be approached as one group. For political reasons, this conclusion is also valid for the three South Caucasus countries, although they do constitute a geographical region *per se*.

B. In consequence, a relevant Swedish reform cooperation programme with the EaP countries during the coming strategy period will continue to be dominated by **bilateral undertakings**, at instances supplemented by regional ones. Also, multilateral interventions directed at one or several countries will continue. In addition, certain purely regional options for future consideration have been identified; please cf. below.

C. The preceding operational conclusion evidently does not, however, preclude processing **Sweden’s Eastern European reform cooperation programme in a regional strategy format**. The advantages with a regional approach at the strategy level are that existing commonalities between the countries can be adequately highlighted, influencing analytical work and, subsequently, also governing programming, and that regional options, which reinforce bilateral interventions, might be more easily identified.

D. Donors have tried and experienced **different regional strategy formats**. In view of the programme profile suggested here, it would seem preferable to use a format such as the Swedish regional strategy for Latin America, that terminated in 2006, which could house both regional and bilateral interventions within a regional political and analytical framework.

E. As the planned seven-year strategy period is unusually long, overarching cooperation **objectives at the regional level** need to be formulated in rather general terms, in order to avoid becoming obsolete. Country level objectives and country results frameworks, governed by the overarching regional ones, need to vary between coun-

tries. In order to prepare for eventual, unforeseen changes in preconditions for cooperation during implementation, the strategy might preferably be calibrated to alternative scenarios. In view of regional dynamics, two strategy reviews may be needed during the seven-year period. A rolling strategy model could be considered.

An example could be offered to illustrate the presentation. At the regional strategy level, an overall Swedish ambition may be formulated, as suggested in Sida's Instructions on How to Prepare a Results Proposal for the Eastern Europe Region of October 1, 2012, as an **Overall Objective** (or Development Objective), for example **OO 1: A strengthened parliamentary democracy in Eastern Europe** (= the Eastern Partnership countries). While normally, the discussion in the regional strategy document will offer a general, descriptive, analytical and concluding text concerning parliamentary democracy in Eastern Europe, the argument here is that at the regional level, goal formulation could preferably abstain from becoming more specific or detailed, which is something that would be taken care of at the country level.

Subsequently when, for example, going into the Ukraine section of the Strategy, **Results area No. 1** could be defined as **A strengthened parliamentary democracy in Ukraine**. Individual seven-year Results Proposals could be defined, such as:

- R 1.1 : An improved democratic governance in Parliament
- R 1.2 : An increased parliamentary accountability
- R 1.3 : Strengthened media coverage at national, regional and local levels
- R 1.4 : A strengthened advocacy role of Civil Society in terms of coverage and capacity

Corresponding **Results Proposals for Ukraine** could be, again as examples:

- R 1.1.3 : Strengthened institutions responsible for guaranteeing the electoral system
- R 1.2.1 : Legislation concerning Public Audit
- R 1.3.2 : An increased professional quality in regional and local media
- R 1.4.6 : Increased knowledge concerning the institutions and procedures of the parliamentary system

As the strategy period is suggested to be broken down into to shorter periods of implementation, Results Proposals need to be broken down concordantly, possibly for period A (after three years) and B (after seven years). An example could be R 1.3.2.A: A regional network for journalistic professional up-grading, including high-quality training resources, constructed and fully operating, and a corresponding R 1.3.2.B: 140 newspaper, radio and TV journalists have undergone at least three weeks of professional training together with colleagues from the EaP countries.

F. A large number of actors are participating in reform efforts and EU approximation in the region, some of which are particularly relevant for Sweden's continued reform cooperation. At the country level, the Civil Society at large offers interesting potential to achieve impact in both democratisation and in sector work. At the international level, three intergovernmental organisations that should be considered for in-

creased cooperation display both regional relevance and thematic excellence – the Council of Europe, the Organisation for Economic Cooperation and Development, and the Organisation for Security and Cooperation in Europe.

G. The EU itself is naturally a dominant actor in support of EU approximation in Eastern Europe. The EaP combines regional and bilateral approaches, but suffers from weak linkages between them, as bilateral cooperation is managed by EU Delegations at the country level and multilateral activities are managed at HQ level. EU staff shares the impression that the relative importance of the bilateral approach is growing. The preparation of bilateral and multilateral strategy documents for the next seven-year budget period has been initiated, but will not result in a coherent EaP strategy document. Bilateral strategies will basically be limited to three sectors. The timing of bilateral strategy reviews during implementation will vary between countries. Sweden is invited to cooperate with the Commission in both planning and in implementation.

H. Lessons learnt by other donors from their own regional strategy approaches address the need for linkages between the regional and the bilateral levels, a sometimes insufficient attention to regional public goods, the increasing use of regional partnerships and of sub-regional approaches, the risk that results frameworks may become over-complex, the experience that political change in one country can overthrow the regional programme approach, and the possibility to allocate funding more flexibly to more effective purposes.

I. Complementarities with the EU can comprise cases such as when Swedish financing (i) takes up issues and areas, which the EU for varying reasons is not interested in or may not be able to address, (ii) complements EU financing in order to provide increased total resources for an agreed-upon purpose for increased impact or other expected gains, or (iii) precedes, and possibly also mobilises, funding from the EU. A fourth option has recently resulted from the accreditation of Sida at the European Commission.

A strategic, political choice for Sweden is between either focusing its attention, at the country level, on issues within the Association Agendas in direct support of the process towards EU membership (alternatives ii and iii above), or committing its resources to areas outside these Agendas, for example to social sectors that are left out of EU cooperation, to contribute to a more balanced country approximation process (alternative i, above). The experience of the admission of two new MS in 2007, which on several occasions has been characterised as premature, is supporting the balancing line, the case being that EU membership presupposes an adoption of the *acquis*, but in sectors outside the *acquis*, for example social sectors and environment, an approximation to European standards is not required, although it is of course desirable. If on the other hand a top Swedish priority is to accelerate approximation in order to support a continued EU Enlargement process, the directly complementary line of action that supports what the Commission is doing or is desiring to do in different ways, is more relevant. In this endeavour, Sweden can also use its own instruments to promote ap-

proximation, for example the National Board of Trade, in order to facilitate trade negotiations.

Both lines of action are repeatedly being endorsed by EU representatives, with both also having advantages and disadvantages, as mentioned. As the choice is basically one between two government priorities, the present report does not have the task to advocate one over the other. It can be noted, however, that at present, Sweden is doing both, in combinations that vary over time and from one country programme to another.

J. Areas of regional interest carrying n additional value

In the **democratisation** process, it has become increasingly clear to the public that dismantling the old system is not enough, and that new standards and rules have to be put into place instead. Advocating for stronger Civil Society participation in reform processes is valid against the background of regional development, although donors need to work both with Civil Society and with government authorities. Working with local authorities is often an interesting alternative way to promote democratic change.

The continued deficiencies in **the rule of law** are worrying. The EaP countries would need a reform anchor in the form of future EU membership, just as the Baltic and Central European countries had during the nineties. Corruption is extremely difficult to combat. Destructive social constructs lock people in. So long as substantive efforts are not undertaken, donors should abstain from budget support to state administrations. Civil Society has a role in checking on corruption, and in insisting that legislation be followed in politics. Civil Society can also have a role in supporting legal reform and other processes of importance for EU approximation.

The **Human Rights** of ethnic and other minorities are often met with little respect. The issue is dynamic, and is becoming even more so as economic development speeds up and minorities remain underequipped and excluded from access to services and employment. Also, other groups, such as women and children, meet disrespect with regard to their HR.

The **media** sector suffers from polarisation and low quality because of low employment security and journalistic policy. Investigative reporting is risky in the region. Journalists are being harassed but are rarely killed. The need for enhanced knowledge is tremendous, and training in the region is mediocre. Ongoing Swedish media support is a candidate for increased priority.

In all six countries, **gender** issues and needs are to be found in the same three areas as in other parts of Europe – violence, economy, and representation. Patriarchal thinking weighs heavily in the region. Men's violence against women is often seen as a private affair, with the discrimination of women in all countries being a major development problem. Gender could be addressed regionally in a women's empowerment approach.

Civil Society can play an important role in **environmental development**, creating projects, monitoring operations, and providing support and advice in their own capacities. Environmental undertakings in the Eastern Europe region can also have interstate confidence building effects, for example in the case of shared transboundary water resources in the Dniester river basin and in the Kura/Araks river basin.

Market development is at the core of EU approximation. The business climate is also important for continued economic development which, together with deteriorating infrastructure, is a basic challenge to continued market reform and development. The movement towards DCFTAs in the countries challenges local business communities to prepare for market liberalisation and competition.

Among **other regional aspects** of relevance, social sectors are being left out of the priorities in Association Agendas, thus constituting an option for complementarity with the EU. Another regional challenge is the frozen conflicts in the region. Although frozen conflicts cannot be addressed by Sida, contributions to confidence building can be obtained through Sida interventions.

K. Risks for activists, journalists and bloggers and security conditions in EaP countries vary considerably. IT Security has become a growing concern. Ethnic, religious and sexual minorities have risks attached to their existence. External risks, for example earthquakes in the South Caucasus, focus attention on poor emergency preparedness and insufficient disaster risk reduction. Corruption is a risk for many groups of actors, including donors. Donors also risk that their investments in cooperation with one government will be annihilated by a new government. Risk analysis and risk management should be part of cooperation.

Annex 1 – Terms of Reference

Case No.: 55030094, 2012-000999

Date 2012-09-14

1 BACKGROUND

1.1 Information about Sida

Sida, the Swedish International Development Cooperation Agency, is a government authority. Our goal is to contribute to enabling poor people to improve their living conditions.

For additional information, please visit Sida's website, www.sida.se

1.2 Information on the RES-Department

The Department for Reform and Selective Co-operation (RES) at Sida covers reform cooperation, EU integration and selective cooperation. The department is coordinating Sida's activities in Europe and gives advice in thematic and methodological matters.

1.3 Sida's work in Eastern Europe

The Unit for Eastern Europe is one of three units at the RES-department. The Unit coordinates the implementation of the bilateral development cooperation strategies with Georgia, Ukraine, Moldova, and the aid initiatives in Belarus as well as the international cooperation with the Russian Federation.

Our vision is a unified Europe. The way to achieve that is through stronger democracies, sustainable development and moving towards the EU. Our reform work with Eastern Europe is breaking new ground.

Since 2008, our reform cooperation with Eastern Europe has been a new policy area within our development assistance. The targets for this policy area are stronger democracies, fair and sustainable development as well as moving towards the EU and its fundamental values. Instruments such as the ENPI, the new ENI and the Eastern Partnership (EaP) is of importance. It remains to be seen what the newly launched *European Global Strategy* may imply for the development context in Eastern Europe.

1.4 Sida and The Eastern Partnership

The Eastern Partnership completes the EU's foreign policy towards Eastern Europe and Southern Caucasus countries as a specific Eastern dimension of the European Neighbourhood Policy (ENP). Initiated in 2008 and launched in May 2009, the EaP fosters the necessary conditions to accelerate political association and further economic integration between the European Union and Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

The Partnership foresees stronger political engagement with the EU, namely:

- the prospect of a new generation of Association Agreements;
- integration into the EU economy with deep free trade agreements;
- easier travel to the EU through gradual visa liberalisation, accompanied by measures to tackle illegal immigration;
- enhanced energy security arrangements;
- increased financial assistance;
- deeper cooperation on environment and climate issues;
- increased people-to-people contacts and greater involvement of civil society.

Sida's Partnership Programme

The Swedish Government has established a Sida Partnership Programme in response to the Eastern Partnership. The aim of the Programme is to increase cooperation between Sweden and the new EU Member States within the area of development cooperation and in the long run contribute to increased strategic- and programmatic cooperation. This aim has helped to establish a platform for dialogue and networking around international work on aid effectiveness, which, in turn, has contributed to increased effectiveness in the Swedish reform cooperation in relevant Partner countries.

1.5 Sida and the regional approach in Eastern Europe today

Currently, there are mainly two channels of regional contributions for Sida in Eastern Europe;

1) The Regional Account 15680.

Regional contributions on Western Balkans and Eastern Europe amounts for this year 50 MSEK (annual plan and list of contributions annex 1 and 2). The main lot of 30-35 MSEK is channelled to Western Balkans, and the remaining amount of 15-20 MSEK to Ukraine, Belarus, Moldova and Georgia. The guiding principles for the regional support are: a) Cross border contributions which include a regional level, and/or b) Cooperating partner who can implement similar activities with a coordinated administration, and/or c) Special measures of development aid which are not part of the bilateral cooperation development strategies, such as twinning and *the Partnership Programme* (see point 1.3) and the International Training Programme (ITP).

2). Contributions financed from other/bilateral/ accounts with regional aspects.

1.6 The intervention – A new regional strategy for Eastern Europe

A strategy for Sida's work in the Eastern European region (i.e. the EaP-countries) is foreseen. The baseline of the assignment is expected to be provided through a governmental decision, probably in September 2012. The fast-track-strategy model is likely to be followed (as with ZAM, TAN, OPT).

Geographically. The baseline is foreseen to focus geographically mainly on the Eastern Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine).

Thematically. In addition to the main focus on environment, the baseline is foreseen to focus on supporting the civil society, developing gender equality, promotion of democracy and supporting of improved human rights. Other areas may be considered, such as other aspects and approaches of environment and market development.

In an amendment to the Letter of Appropriation for Sida 2012, the Government has provided Sida with the task of issuing necessary processes as point of departure for such an Eastern European regional approach. Two evaluations are foreseen to be undertaken as part of the preparatory process, one on environmental investments (decision no. 2012-002689) and the second on other regional aspects with an emphasis on CSO/ democracy and human rights as well as regional approaches of environment and finally market development. This ToR guides the latter.

2 Scope of assignment

2.1 Scope of assignment

The overall objective is to make:

- Strategic review and support on the aspects of the development context of the Eastern European Region and the EaP- countries.

The specific objective of the assignment is:

- Provide input to the forthcoming drafting of the Strategy on the Eastern European Region and support on the result orientation.

2.2 Methodology:

The assignment shall be implemented through:

- Studies of existing documentation,
- Interviews with Sida co-workers and staff at the relevant embassies,
- Interviews with relevant cooperation partners and other knowledgeable people in cooperation countries,
- Travels to relevant countries. At least three (3) countries are foreseen to be visited during the study.

2.3 Coordination

The consultant agency Indevelop has been assigned to perform two additional strategic reviews on the aspects of the development context of Europe, which will be carried out during the year. The strategic reviews regard aspects of the environmental sector in Eastern Europe and Central Asia, in addition to aspects of development cooperation in Western Balkans and Turkey. The consultant shall, when it is possible, coordinate its work in this regard, and when possible use the same material in order to avoid double work.

2.4 Target group

The primary target group of intended users of the evaluation is Sida's Department for Reform and Selective Cooperation and the respective Swedish embassies, who will draw on the evaluation to advice the Government on the foreseen strategy/strategies. Other target groups are Sweden's Ministry of Foreign Affairs, engaged partner organisations in countries of the EaP region and neighbouring countries. In this regard, the

review can be used in dialogue with partners, as input for planning and as a basis for follow-up and reporting.

2.5 Tasks of the consultant

The consultant(s) shall undertake a review which will support the coming elaboration of a regional Eastern European strategy. Moreover, the consultant shall provide strategic and innovative advice during the Strategy drafting period.

The following tasks are anticipated:

Inception report

- Including a specified methodology for the assignment.

To be issued no later than two weeks after the signing of the contract

Final draft report to cover:

- *Lessons learned* from Sida and other development partners that have implemented regional strategies or Strategies for a specific region, in Eastern/Central Europe and elsewhere
Actors - relevant regional actors, their capacity and competency, identified in dialogue with Sida and other relevant stakeholders, and include both multilateral representatives from the civil society, the third sector/mass media/, the private sector and others.
- *Areas of regional interest carrying an additional value* - relevant thematic narratives within the area of democracy and human rights reflecting the *Swedish Policy for democratic development and human rights in Swedish Development co-operation: Change for Freedom 2010-2014*. These narratives may include, but are not limited to, civil and political rights, freedom of expression and the development of free, independent media and social media, internet freedom and the utilising information and communications technology, institutions and procedures of democracy and the rule of law and actors of democratisation. The development of gender equality should be emphasised. Aspects of environment and market development shall be reflected.
- *Innovative thinking* - other relevant regional aspects of intervention and methods of ground-breaking regional work identified.
- *Complementarity* - samples of regional contributions analysed, i.e. how they complement the bilateral and multilateral development support, in particular with the EU,
- *EaP thematic platform and Flagship initiatives identified* - regional lessons learned including success stories from the already existing regional approaches of Sida and other stakeholders, reflecting the five standard evaluation criteria of OECD/DAC: Effectiveness, Relevance, Impact, Sustainability, Efficiency.
- *Risk analysis* - analysing aspects of safety and security in a regional Eastern European development context.

To be presented at the Region Conference in Sankt Petersburg, 16-18 October. Indevop will have the overall responsibility for the seminar which will be hosted by Sida. Other stakeholders may also be invited.

Final report to cover:

- Includes ev. modifications of the findings from the final draft, as well as conclusions from the Regional Conference in Sankt Petersburg, 16-18 October 2012.

To be submitted no later than 1 November 2012.

2.6 Time frame

The assignment is expected to be implemented during approximately 66 consultant days, during 5 months starting from 2012-08-27. For reporting schedule, please see 2.

2.7 Budget

The budget shall include fees and reimbursable costs. Furthermore, estimate costs for participants and the approximate number of the study visits should be included into the budget. The levels of fees shall be in accordance with those stated in the framework agreement. The proportion between fees and reimbursable costs should be realistic and cost-efficient.

The assignment is expected to be implemented during approximately 66 consultant days and include; desk studies, visits to at a minimum of three (3) EaP-countries, advice, in addition to a final seminar. The costs shall not exceed 650 000 SEK.

2.8 Reporting

- *An Inception Report* shall be submitted and presented to Sida no later than 2 weeks after the signing of the contract.
- *Final Draft Report* synthesising overall findings, conclusions, lessons and recommendations, should be submitted and presented at the regional conference in St Petersburg 16-18 October 2012.
- *Final Report* shall be submitted to Sida no later than 1 November 2012 and shall contain a two page summary.
- After completion of the Final Report, one final presentation *seminar* shall be organised to present the findings to Sida.

The reports shall be written in English and adhere to the OECD/DAC Glossary of Key Terms in Evaluation and Results Based Management. The Main Report should not exceed 40 pages, excluding annexes. Format and outline of the report shall follow the guidelines in Sida Evaluation Manual “Looking Back, Moving Forward” – Annex B, Format for Sida Evaluation Reports. The complete evaluation manual including annexes is retrievable from Sida’s home page.

The reports must be presented in a way that enables publication (in black and white) without further editing. A report format in Word will be furnished by Sida. After approval, the report will be published in the series Sida Evaluations. Sida also intends to share the final version of the evaluation digitally with the major stakeholders to the evaluation.

The evaluators are expected to maintain a continuous dialogue with Sida throughout the evaluation process, both for the management of the evaluation and as a way to promote learning.

Annex 2 – Review Methodology

The Strategic review on comparative advantages in Eastern European Region and the Eastern Partnership countries (EaP)

As specified in the ToR, the assignment has been implemented through:

- studies of existing documentation,
- interviews with Sida and other staff at the Embassies in Tbilisi, Kiev and Chisinau,
- interviews with relevant cooperation partners and other knowledgeable persons in Stockholm, Brussels and in partner countries, and
- visits to Georgia, Moldova and Ukraine, and to Brussels and St. Petersburg.

As indicated in the IR, lessons learned from Sida and other development partners (DP) of regional strategies in Eastern and Central Europe and elsewhere have been followed-up through studies of on-going or recently concluded regional strategies and their relevance in relation to the political, social and economic development in the region. Experiences from strategies from other geographical regions (those of Sida and of other DP:s) have also been collected. Attention has been given to identifying subject areas, where a regional approach has a particular added value, identifying the comparative advantage of a regional approach over a bilateral approach.

The distinction between a regional approach and regional programmes in regional strategies has been elaborated upon. Evaluations of regional strategies have been reviewed, and representatives of Sida and other DP:s interviewed in order to see if success factors for regional strategies can be identified. Sources of data for the questions above have been desk reviews of relevant documentation (strategy documentation, including to some extent project and program documentation, evaluations etc) and interviews with key stakeholders.

In accordance with the ToR, relevant regional actors, their capacity and competency, have been interviewed, including representatives from both multilateral organisations, the civil society, the third sector and mass media, the private sector and others. Most interviews have been undertaken in the form of personal meetings, based on a set of questions decided in beforehand and supplemented by additional questions and initiatives as motivated by the individual interview.

The circle of actors to be interviewed was defined in close cooperation with the Sida staff concerned, in particular that of the Swedish Embassies in the region, both during the conference in St. Petersburg and following that. International actors identified and interviewed include EU, EBRD, WB, UNDP and other UN Agencies, OSCE, Council of Europe, GIZ, SDC, DFID, USAID, Council of Europe, Kvinna-till-Kvinna and

Civil Rights Defenders. International actors have been interviewed either at the field level, or at Headquarters, in certain cases both. In addition, a large number of local organisations, think tanks and agencies has been interviewed, for details please consult the list of persons in Annex 2.

Regional lessons learned from the Eastern Partnership have been studied, as well as success stories from the already existing regional approaches of Sida and other stakeholders, reflecting as far as possible the five standard evaluation criteria of OECD/DAC: Effectiveness, Relevance, Impact, Sustainability, Efficiency. As the review did not have an evaluation mandate as regards such ventures, the breadth and depth of these lessons learned have depended on the availability of relevant information to the review team.

The review has followed the continued implementation of the EaP road map with a view to assessing the lessons learned from the EaP, focusing on success stories. The work has been undertaken both at the country level, addressing EU Delegations and other key stakeholders, and the HQ level in Brussels, where Commission representatives have been approached for interviews. Also MFA and Sida HQ staff have been interviewed.

The issue of complementarities has been approached as part of the subject specific, structured interviews with stakeholders and other actors, something that has provided a recurrent opportunity to analyse complementarities from different points of departure, in particular concerning how Swedish bilateral and multilateral interventions could complement those of the EU.

The ToR requires a survey of innovative thinking to be performed. This has been done, based on reviews of documentation, reports and evaluations, as well as on interviews with key stakeholders. However, the outcome on this account is modest, please cf. section 8 below.

A number of areas of regional interest, carrying an additional value, have been studied on the basis of data collected through documents and interviews with the staff of Sida in Stockholm and at the Swedish Embassies, of MFA, of major donors to the region, both bilaterals and multilaterals, of INGO:s, NGO:s and other relevant cooperation partners, and with other knowledgeable persons in cooperation countries. The issue has consequently been addressed through identifying in interviews and documentation, financing purposes that preferably could be assessed and managed in a multilateral format.

The areas in question comprise democratisation, the rule of law, civil rights, media, gender, environment, market development, and certain other issues, please cf. section 9 below. As regards environment, and as mentioned above, close coordination has been secured with the parallel Indevalop Sweden AB assignment evaluating Sida's support to sustainable environments in Central and Eastern Europe 1995 - 2010. In

addition to that, the present review has addressed the interface between the civil society and environment, and certain regional, transboundary environmental challenges.

As the ToR does not address reform issues and challenges in terms of specific countries, country aspects within the framework of the assignment will surface under respective thematic headlines.

The requested risk analysis has primarily been done through studying documentation and through interviewing key stakeholders and other knowledgeable persons in the region. Different aspects of safety and security in a regional Eastern European development context have been analysed. Security issues both at the national level and at the regional level have been addressed during the review, particularly as regards to personal security, to the security of journalists and activists, and to the security of development cooperation itself, the latter for risks of corruption and for results already achieved risking to be eroded by political change.

Annex 3 – Persons Interviewed

Brussels

Fontana, Andrea, DG DEVCO, DIR F1 Geographical Coordination Neighbourhood East
Mikos, Philip, DG DEVCO, DIR F3 Regional Programmes Neighbourhood East
Person, Bodil, DG DEVCO, DIR F3 Regional Programmes Neighbourhood East

Chisinau

Barba, Ghenadi, Deputy Head of Office, Council of Europe
Brighidin, Andrei, Development Director, East Europe Foundation
Bålów, Ros-Mari, Counsellor, Development Cooperation, Swedish Embassy
Cahn, Claude, Human Rights Adviser, UN
Darie, Andrei, Programme Officer, Swedish Embassy
Duhot, Hubert, EU Delegation
Fonari, Antonita, General Secretary, National Council of NGOs in Moldova
Harrington-Buhay, Nicola, Resident Representative, UNDP
Ieseanu, Valeria, Programme analyst, UNDP
Kavalkov-Halvarsson, Björn, Deputy Head of Mission, Swedish Embassy
Larson, Kent, Country Director, USAID
Mereacre, Sorin, President, East Europe Foundation
Muravschi, Alexandr, local public services modernisation advisor, GIZ
Orlova, Nina, Senior Programme Officer, Swedish Embassy
Prohnitchi, Valeriu, Executive Director, Expert Group
Rufa, Mariana, Program Director, European Business Association
Sahakyan, Narine, Deputy Resident Representative, UNDP
Sirel, Kaido, Head of Operations, EU Delegation
Skvortova, Alla, Assistant Resident Representative, UNDP
Stålgren, Patrik, First Secretary, Swedish Embassy
Szymanowicz, Marian, Senior Public Services Modernisation Advisor, GIZ
Tersman, Ingrid, ambassador, Swedish Embassy

Kiev

Aurell, Ebba, Swedish Embassy
Belikbayeva, Gelena, Swedish Embassy
Belli, Paolo Carlo, World Bank
Bilous, Irina, PACT/Uniter
Burakovsky, Ogor, IER
Ehnberg, Mårten, Swedish Embassy
Gullgren, Stefan, Swedish Embassy
Khomenok, Oleg, Internews
Kovats, Roland, PACT/Uniter
Lytvinenko, Olena, Council of Europe
Maksimenko, Sergij, IER
Marchenko, Victoria, USAID
Maydan, Oksana, Internews
de Mercey, Colombe, EU Delegation
Movchan, Veronika, IER
Onishuk, Olexandra, Ministry of Economic Development and Trade
Parinov, Andriy, Swedish Embassy

Peterson, Mirja, Swedish Embassy
 Prudko, Antonina, PACT/Uniter
 Revenok, Svitlana, Swedish Embassy
 Sandakova, Olga, Swedish Embassy
 Sedova, Olga, Council of Europe
 Sharpe, Wayne, Internews
 Sheyhus, Volodmyr, PACT/Uniter
 Sjölander, Stefan, BAM Project
 Tymoshenko, Olga, Swedish Embassy
 Tretton, Walter, EU Delegation
 Veckys, Rimantas, BAM Project
 Yermoshenko, Anastasia, BAM Project

Stockholm

Eklund, Lars, Sida
 Ekfeldt Nyman, Sofia, MFA
 Henriksson, Anders, Ministry for Foreign Affairs
 Hard, Robert, Civil Rights Defenders
 Kurosz, Joanna, Civil Rights Defenders
 Markensten, Klas, previous Director, Sida
 Schönning, Jörgen, head of unit, Sida
 Sundberg, Jenny, Kvinna-till-Kvinna
 Waern, Joachim, MFA

Tbilisi

Christensen, Nils, UNDP
 Eichler, Philip, GIZ
 Graumann, Sascha, Unicef
 Higgins, Nick, USAID
 Jambou, Michel, EU Delegation
 Janse, Diana, Swedish Embassy
 Kaaman, Peeter, Swedish Embassy
 Khimshiashvili, Kakha, Programme Officer, Swedish Embassy
 Kimeridze, Mariam, Georgian Society of Nature Explorers Orchis
 Lejdström, Agneta, Swedish Embassy
 Natsvlshvili, Natia, UNDP
 Navarro, Luis, National Democratic Institute
 Pastrana, Eva, EU Delegation
 Reigada Granda, Ramon, EU Delegation
 Rosén, Martin, Swedish Embassy
 Schoch, Rudolf, Swiss Agency for Development and Cooperation, SDC
 Smedberg, Eva, Swedish Embassy
 Stremplat, Petra, GIZ
 Vashakidze, Ketevan, Eurasia Partnership Foundation
 Veitsman, Stan, UNDP
 Woodward, Ian, National Democratic Institute
 Zaldastanishvili, Khatuna, Programme Officer, Swedish Embassy

OSCE

Esra Buttanri, Environmental Affairs Advisor, OSCE
 Daussa, Raul, OSCE

UNECE

Libert, Bo, Regional Adviser on Environment, UN Economic Commission for Europe

Annex 4 – Key Consulted Documents

Association Agendas and the ENPI:

- http://ec.europa.eu/world/enp/partners/enp_ukraine_en.htm
- 2011_enpi_nip_ukraine_en
- 2011_enp_nip_moldova_en
- enpi_csp_moldova_en

Eastern Partnership:

- Eastern Partnership: A Roadmap to the autumn 2013 Summit
- Eastern Partnership Roadmap 2012-13: Multilateral Dimension
- Eastern Partnership Roadmap 2012-13: Bilateral Dimension
- Multilateral (Calendar of events, second half of 2012)
- http://eeas.europa.eu/eastern/docs/calendar_en.pdf
- Implementation of the European Neighbourhood Policy in 2011. Regional Report : Eastern Partnership

EaP Flagship Initiatives:

- Integrated Border Management Programme
- Small and Medium-size Enterprise (SME) Flagship Initiative
- Regional energy markets and energy efficiency
- Prevention of, preparedness for, and response to natural and man-made disasters
- Flagship initiative to promote good environmental governance
- Update on the implementation of the Eastern Partnership
- Flagship Initiatives

Civil Society Forum:

- <http://www.eap-csf.eu/>

World Bank:

- http://siteresources.worldbank.org/ECAEXT/Resources/ECA_Regional_Update_2012.pptx

African Development Bank:

- 2011-2015 - Southern Africa - Regional Integration Strategy Paper
- 2011-2015 Regional Strategy for Central Africa

CIDA:

- Southeast Asia Regional Programming Strategy (2009) - Canadian International Development Agency (CIDA) (83.73)

DFID:

- DFID REGIONAL PROGRAMME EVALUATION CENTRAL ASIA, SOUTH CAUCASUS, EVALUATION REPORT EV686, March 2008

USAID:

- Country Development Cooperation Strategy, Fiscal Year 2013 – 2017, Georgia, July 2012

Sweden:

- The government Budget Bill to Parliament, September 2012.
- Sida: Draft Instructions on How to Prepare a Results Proposal for the Eastern Europe Region

Annex 5 – Actors of Relevance for Sweden's Reform Cooperation with EaP Countries

In accordance with the ToR, a large number of actors of different categories of relevance for Sweden's continued reform cooperation in Eastern Europe have been interviewed. Amongst the multilateral development banks, the European Bank for Reconstruction and Development (EBRD), the World Bank (WB), the European Investment Bank (EIB) and the Nordic Investment Bank (NIB) are the most prominent.

International intergovernmental organisations of relevance for Sweden in the region primarily comprise the UN and its funds and agencies, the Council of Europe (CoE), the Organisation for Security and Cooperation in Europe (OSCE) and the Organisation for Economic Cooperation and Development (OECD).

The bilaterals of higher relevance in the region are the German Gesellschaft für Internationale Zusammenarbeit (GIZ), the Swiss Agency for Development and Cooperation (SDC) and the US Agency for International Development (USAID).

In addition, international NGO:s are offering important contributions to the work, including the Eurasia Foundation (US based), the Internews Network (US based), the National Democratic Institute (US based), PACT (US based), Kvinna-till-Kvinna (Sweden based), Transparency International, and the Civil Rights Defenders (Sweden based), who are all working in the region.

At the national level, a number of NGO:s are active in different fields, organisations that will be referred to either under respective country heading or under relevant thematic headings, all below.

This Annex presents the full report in response to the request formulated in the ToR. An abridged version, presenting a few most relevant actors in relation to Sida's mandate, can be found in Section 4 of the main report. As for the EU and its European Commission, in several areas the most important actor, please cf. Section 5 of the main report.

1 The International Financing Institutions (IFI)

The European Bank for Reconstruction and Development

The EBRD is a well known partner to Sida in Eastern Europe, at present heavily engaged in cooperative ventures particularly related to energy and environment. The bank has taken a lead role in the implementation of the Eastern Europe Energy Efficiency and Environmental Partnership (E5P),

Since June 2009, EBRD and Sida are implementing a cooperative venture "Sida-EBRD Municipal Environment and Climate Programme Fund". Through this new facility, financing is extended to Swedish priority countries in Eastern Europe in a regional context and according to new cooperation procedures. The Programme provides support to governments and cities to implement municipal environment and climate projects with the overall objectives to support:

- EU-integration
- Reduced emissions to the environment
- Sustainable use of natural resources
- Institutional reforms and sustainability of services
- Transition and social inclusion

Belarus, Georgia, Moldova and Ukraine are eligible for the Programme. Only projects that clearly demonstrate a potential for achieving quantifiable and measurable results with regard to the overall objectives are eligible for funding support.

Amongst the projects suggested to be financed from the fund, there is the Borjomi Water and Wastewater project and the Rustavi Solid Waste Management project in Georgia, and in Zhytomyr and Rivne Water and wastewater projects in Ukraine. However of these, so-far only the Rustavi project has been implemented, the Borjomi project having received other financing and been taken from the list. The two Ukrainian projects have been put on hold due to budget code restrictions and difficulties to obtain municipal guarantees. A total five projects have been approved in Eastern Europe.

Cooperative arrangements combining proceeds of EBRD loans with Sida grants in the region have allowed, for example, the Georgian cities of Kutaisi and Poti to benefit from rehabilitations of their water and sewerage services, the water and wastewater treatment facilities and system in the Autonomous Republic of Crimea to be rehabilitated and upgraded, significantly decreasing the level of polluting discharges into the Black Sea, and Moldovan households to reduce energy consumption and cut bills with a new Moldovan Residential Energy Efficiency Financing Facility intended to encourage households to make better use of the country's energy resources and to reduce their household energy bills.

The EBRD is playing a lead role in the Eastern Europe Energy Efficiency and Environmental Partnership ("E5P"), please cf. section 9.6, a coordinated effort to accelerate the implementation of important energy efficiency and environmental projects, particularly at the municipal level. "E5P" has started with Ukraine and other countries are expected to join.

The World Bank (WB)

The implementation of World Bank country strategies in Georgia, Moldova and Ukraine has been supported with grant funds provided by Sida in a large number of cases. Sida has thus, together with other donors, supported the implementation of the reform agendas in several sectors in the three countries.

In Georgia, the World Bank finances the Public Sector Financial Management Reform Support Project together with Sida. Sida is also providing support on water supply in cooperation with the WB. Further, Sida provides analytic support for land registration and food safety and testing, coordinated with the Bank's Development Policy Operation and agriculture efforts.

The WB in Moldova states that it regards partnerships and donor coordination for governance results as a delivery instrument. The Bank needs both to continue to be a lead donor convening key stakeholders and mobilising donors' resources to address national priorities, and to lead in selected governance areas where it has already established pro-

grammes and dialogue. In areas where other donors and partners, such as Sida, have proven advantage or implement sizable programmes, the Bank will hand over the lead donor role, offering its convening role as needed and remaining a provider of analytical support.

In Ukraine, the WB states that only in countries where the Bank is in agreement with the government, project financing is launched. In Ukraine much TA is delivered instead. But as for strategic options in the country, WB recommends working with local authorities, which tend to be more reformist than the central level authorities in Kiev.

The WB concludes that Human Development and the social agenda falls outside the EU Acquis, which make them important niches for World Bank. The Bank also invites Sida to additional cooperation, particularly in social sectors, such as for example four different projects within social investment and social assistance in Moldova. The WB is also expressing its interest in cooperation with Sweden in health, as regards the mobilisation of TA, and concerning best practices in different sectors.

The European Investment Bank (EIB)

The EIB is owned by the 27 EU Member States. It borrows money on the capital markets and lends it at a low interest rate to projects that improve infrastructure, energy supply or environmental standards both inside the EU and in neighbouring or developing countries.

About 90% of EIB's loans go to programmes and projects within the EU. The EIB has 6 priority objectives for lending:

- Cohesion and convergence
- Support for small and medium-sized enterprises (SMEs)
- Environmental sustainability
- Implementation of the Innovation 2010 Initiative (i2i)
- Development of Trans-European transport and energy networks (TENs)
- Sustainable, competitive and secure energy

In Eastern Europe, EIB is active in Russia and the Eastern Partnership countries. The current EUR 3.7 Billion mandate runs from 2007 to 2013 and covers Russia, Ukraine, Moldova, Armenia, Azerbaijan, Georgia, and Belarus (the latter subject to future Council and European Parliament Agreement). The mandate is for projects of significant interest to the EU in transport, energy, telecommunications and environmental infrastructure. As from mid-2009, it has been extended to cover also loans for SMEs via banks in Eastern Partnership countries within the framework of the Joint IFI Action Plan.

To complement the Eastern Europe Mandate, the EIB set up in December 2009 a EUR 1.5 Billion Eastern Partnership Facility (EPF), under which the Bank will be able to support EU Foreign Direct Investment (FDI) in Eastern European countries, with a EUR 500 Million ceiling for projects in Russia. The EPF enables the Bank to play a pro-active role in supporting the resumption of FDI in Eastern Europe and thereby contribute to the modernisation of these economies and to their integration with the EU economy.

Within the Eastern Europe Energy Efficiency and Environmental Partnership, EIB has joined in a coordinated effort to accelerate the implementation of important energy effi-

ciency and environmental projects, particularly at the municipal level. “E5P” has started with Ukraine and other countries are expected to join. EIB is a member of the Steering Group (SG), together with Ukraine, the European Commission, EBRD, NIB and the World Bank, which is the main operative body.

During 2010, Sida contributed financial resources to a joint donor fund for technical assistance through the EIB to the EaP countries.

The Nordic Investment Bank (NIB)

NIB has operations in its Nordic and Baltic member countries, and in a number of focus countries. In line with the Bank's operational framework and plan, 82% of new lending in 2011 was carried out in the member countries. In Eastern Europe, Russia is the main borrower. The bank is also lending to Belarus and Ukraine, but although figures are not available, volumes would seem modest.

Furthermore, NIB has cooperation agreements with three regional multilateral banks, one of which is active in the Eastern Europe region, the Black Sea Trade & Development Bank. Through the regional multilateral banks NIB can operate also in countries where it has no agreement on financial cooperation.

Projects financed by NIB outside the membership area, should be of mutual interest to the country of the borrower and the member countries.

NEFCO

NEFCO, the Nordic Environment Finance Corporation, is an international finance institution, established in 1990 by Denmark, Finland, Iceland, Norway and Sweden. NEFCO provides loans and makes capital investments in order to generate positive environmental effects of interest to the Nordic region.

To date, NEFCO has financed a range of environmental projects in Central and Eastern European countries, including Russia, Belarus and Ukraine. NEFCO's activities are focused on projects that achieve cost-effective environmental benefits across the region. NEFCO prioritises projects that reduce the releases of climate gases, improve the ecological status of the Baltic Sea or mitigate release of toxic pollutants. NEFCO's portfolio currently comprises nearly 400 small and medium-sized projects spread across different sectors.

In Ukraine, NEFCO has financed environmental projects since 2003, and currently has 85 on-going projects in the country. In 2011, NEFCO together with Sida set up an investment programme aimed at promoting energy efficiency projects in Ukraine. The programme, which is called DemoUkraine, receives SEK 35 million from the Swedish government via Sida, which will be used to finance local district heating projects. NEFCO will administer the programme and, among other things, ensure cost and energy consumption efficiency by consulting and sourcing professional district heating expertise.

Also in 2011, the Eastern Europe Energy Efficiency and Environmental Partnership, the E5P, was operationalised, please cf. below, section 9.6. Within E5P, grant financing together with loan funding from financial institutions like NEFCO, can finance energy

efficiency projects in Ukraine. So-far, NEFCO has focused on developing district heating projects as part of the E5P financing scheme.

A series of projects have been financed jointly with Sida, for example the Zhytomyr energy efficiency project, where the feasibility study for the project was financed by Sida. On its own, NEFCO also finances various energy efficiency enhancing measures in the public and private sectors.

2 International intergovernmental organisations

The Council of Europe

The Council of Europe (CoE), founded by 10 countries in 1949 covers virtually the entire European continent with its 47 member countries. Throughout Europe, the CoE seeks to develop common and democratic principles based on the European Convention on Human Rights and other reference texts concerning the protection of individuals.

CoE has functioning representation and information offices in Armenia, Azerbaijan, Georgia, Moldova and Ukraine. As for Belarus, the Council of Europe Parliamentary Assembly has proposed the opening of a CoE office in Minsk. This has not been granted, but a CoE Info-Point in Minsk has been established as a joint project between the Council of Europe and the Belarus State University to promote awareness in Belarus of the Organisation and its activities. The CoE Info-Point in Minsk continues to function.

The Council of Europe implements a 4 MEURO 30 months agreement with the European Union to implement various projects to help promote democracy, good governance and stability, human rights and the rule of law in the Eastern Partnership countries. The aim of the cooperation projects is to provide support to reform processes in the six countries involved and to help them move closer towards CoE and EU standards in areas such as electoral standards and judicial reform, as well as fighting cybercrime and corruption. The agreement also provides a multilateral framework for addressing issues raised by the Council of Europe's different monitoring and advisory bodies, including the European Court of Human Rights, and for enabling the participating countries to exchange information and best practices.

The programme comprises activities such as meetings of representatives of Ministries of Justice and Interior, General Prosecutor's Offices and other agencies involved in the fight against cybercrime in the six Eastern Partnership countries to discuss challenges and best practices for enhancing regional and international law enforcement and judicial co-operation against cybercrime, aiming at for example strengthening the co-operation between high tech crime units, at increasing the efficiency of the 24/7 global police communications system, and at mutual legal assistance.

The Council of Europe is a permanent participant in two Eastern Partnership multilateral platforms policy platforms: Democracy, good governance and stability (Platform 1); Contacts between people (Platform 4).

CoE implements an Eastern Partnership Facility, Enhancing judicial reform in the Eastern Partnership countries. The purpose is to share experiences and promote CoE standards through TA of reform in the Judiciary, Election Commissions, Anticorruption,

cybercrime. CoE has cooperated with national institutions and bodies responsible for judicial training for more than a decade. The six countries are all members of the so-called Lisbon network, which promotes the exchange of information and dialogue between such training institutions in Europe.

The Eastern Partnership Facility is assessed as having a somewhat limited impact, but is also seen as useful for following the process. If desired, it could be expanded to cover electoral processes, for example the participation of Civil Society in the legislative process. Sida is being welcomed to consider participating in such a broadened EPF.

In Ukraine, Sida is financing the implementation of parts of the CoE Action Plan for Ukraine, contributing to local self-government reform, prison and probation reform, pre-electoral assistance, and media legislation. In media, the focus is on bringing media legislation in line with European standards, the project now working on Broadcasting Law, for which a draft law text has been approved and will be submitted to Parliament in February 2013. In local self-government reform, draft concepts are being developed that will hopefully be approved by the president of the republic within soon.

Monitoring the political process in Moldova, CoE is reporting on development to Strasbourg and assisting in development projects. Main project areas are the Judiciary, democracy and good governance, and Human Rights. As Moldova has signed the European charter of local and regional governance, CoE concludes that a process has been set in motion that Sida could support.

In the region, many see the role of CoE in the reform process in EaP countries as important, not least because the countries have signed the CoE conventions, which consequently now are their own and should be implemented by them. Although the organisation at instances is understood as somewhat less dynamic, it is also assessed as possible to vitalise its profile. It is seen as important in another way than the EU, which sometimes is perceived as being high up and far away. The Embassy in Kiev sees the CoE as a strategic partner and has constructed the programmes just mentioned around it. In view of its mandate and regional profile, the CoE seems to be an unusually relevant partner for Sweden in the continued reform cooperation with the EaP countries.

ENVSEC

The Environment and Security Initiative (ENVSEC) is a partnership, a cooperative arrangement, established in 2003 by OSCE, UNDP, and UNEP. It is today a partnership of six international organisations – OSCE, UNDP, UNECE, UNEP and REC, and NATO as an associated partner. The partners have specialised, but complementary mandates and expertise, which provides an integrated response to environment and security challenges. Through ENVSEC, its partners want to contribute to the reduction of environment and security risks through strengthened cooperation among and within countries in four regions: Central Asia, Eastern Europe, Southern Caucasus, and South-Eastern Europe.

ENVSEC aims at achieving four inter-related products:

- Vulnerability assessments, early warning and monitoring of environment and security risks;
- Improved capacities of national institutions for more effective environment and security policies, and stronger institutional dialogue;

- Technical expertise and financial resources mobilised for clean-up and remediation, and
- Increased knowledge and awareness about the linkages between environment and security risks, and enhanced participation of interested actors in activities that aim at preventing and reducing these risks.

As ENVSEC is not an operational, independent organisation, the implementation of project activities is the responsibility of one or several of ENVSEC's partner organisations, who agree on the division of labour in the ENVSEC Management Board, based on their mandates and capacities. At the country level, country and field offices of OSCE, UNDP and REC participate actively in project planning and monitoring, with the support of national agencies, NGOs, academia and research institutions when needed. OSCE and UNECE lead the efforts at the ratification and implementation of the UNECE Water Convention and at strengthening transboundary water cooperation between riparian countries.

Over the period of 2003-2011, ENVSEC major donors have been: Finland (62%), Sweden (18%), Canada, Austria, Switzerland, and Norway. As of 2011, ENVSEC was receiving financial contributions for "Transboundary cooperation and sustainable management in the Dniester River basin Phase III", "Transforming risks into cooperation in South-Eastern Europe", "Supporting international cooperation in shared water basins of Belarus and Ukraine" and "Transforming risks into cooperation in Eastern Europe, South Caucasus and South-Eastern Europe".

The Organisation for Economic Cooperation and Development

The Organisation for Economic Co-operation and Development (OECD) was established in 1947 as the Organisation for European Economic Cooperation (OEEC) with the mandate to run the US-financed Marshall Plan for reconstruction of a continent ravaged by war. Canada and the US joined the organisation 1960. Other non-European countries joined as well, including Australia, Chile, Israel, Japan, Korea, Mexico, and New Zealand. Today, 34 OECD member countries worldwide regularly use the OECD in order to identify problems, discuss and analyse them, and promote policies to solve them. The OECD is broadly seen as an internal forum for the industrialised economies.

In 2008, the OECD launched its Eastern Europe and South Caucasus Competitiveness Initiative to support Eurasian economies in developing more vibrant and competitive markets. The programme uses OECD instruments and tools in order to assess where and how to enhance competitiveness of countries, sectors and regions to generate sustainable growth. It is mandated to address two regions, including the EaP countries.

The OECD Eastern Europe and South Caucasus Competitiveness Initiative shares the knowledge, experience and good practices of OECD countries to:

- support the creation of sound business climates for investment,
- enhance productivity,
- develop the private sector, and
- support entrepreneurship in order to render sectors more competitive and attractive to foreign investment.

The OECD approach comprises a regional dimension, which entails peer dialogue and capacity building, and a country-specific one, supporting the implementation of a num-

ber of priority reforms. Sectoral analyses cover the formulation of targeted policies and strategies requested at the industry level.

Within the framework of the programme, public authorities, the private sector and civil society in these countries are being engaged in a dialogue and collaborative process to support policy actions and identify the key barriers to sectoral competitiveness. The participation of all stakeholders in the reform process, including foreign investors, is considered to be crucial for guaranteeing the effectiveness and transparency of the recommended policies.

The programme has developed and implemented regional and country specific competitiveness strategies, complemented by capacity building seminars and coaching for policy makers, please cf. below, section 9.7. The Ukraine Sector Competitiveness Strategy, released on July 3rd, 2012, includes diagnosis and policy actions for policy makers and advisors, offering policy responses to underpin economic diversification, enhanced competitiveness and private sector development. The report is the result of the first phase of the OECD Sector Competitiveness Project for Ukraine. In the second phase, from 2012-2013, the OECD Eastern Europe and South Caucasus Competitiveness Initiative will work with the Ukrainian government to support the implementation of these recommendations in each sector.

OECD also implements an advisory programme, the SIGMA (Support for Improvement in Governance and Management), which works with countries in transition to promote and strengthen public governance systems and the capacities of people working in public administrations. Expertise is offered from a wide range of national public administrations, including the EU and OECD member states, including advice and support based on extensive experience of working in national public administrations, and 20 years of working with EU candidate countries and more recently with European Neighbourhood countries. The advisory assistance offered is designed to be flexible and tailored, while seeking to build long-term relationships in the countries concerned.

SIGMA assesses reform strategies and action plans; reform progress; legal frameworks, methodologies, systems and institutions. It develops: methodologies, tools and guidance to support reforms. It also provides: advice on the design and implementation of reforms; recommendations on improving laws and administrative arrangements; advice on optimising the use of other EU assistance; opportunities to share good practice from a wide range of countries; multi-country studies. Vertical areas such as education, health and agriculture are not being addressed.

SIGMA is at present active in nineteen countries, including Armenia, Azerbaijan, Georgia, Moldova, and Ukraine.

Sida supports the OECD's Eurasia programme in Ukraine. Under an overall objective to strengthen the country's sector competitiveness, the specific objectives are (i) to identify, prioritise and determine market dynamics and establish key success factors in three sections of the country, resulting in the establishment and implementation of a country private sector development strategy, (ii) to contribute to the systematic reduction of country industry specific barriers that hamper trade and investment both intra-regionally and between the region and the EU, and (iii) to perform an OECD review of the country's investment and promotion policies.

OECD, both its Eurasia programme and SIGMA, are assessed as highly professional, also giving recipient countries an entry into other European countries. Objections concern the impression that most of the work is based on short-term assessments and that OECD does not have a long-term presence in EaP countries.

The Organisation for Security and Cooperation in Europe

The Organisation for Security and Cooperation in Europe (OSCE) is the world's largest regional security organisation, with 57 member states from Europe, Central Asia and North America. It is a forum for political negotiations and decision-making in the fields of early warning, conflict prevention, crisis management and post-conflict rehabilitation, and puts the political priorities of its member states into practice through a network of field missions.

The OSCE takes a comprehensive approach to security that encompasses politico-military, economic and environmental, and human aspects. It therefore addresses a wide range of security-related concerns, including arms control, confidence- and security-building measures, human rights, national minorities, democratisation, policing strategies, counter-terrorism and economic and environmental activities.

With its specialised institutions, expert units and network of field operations, the OSCE addresses a range of issues that have an impact on Europe's common security, including arms control, terrorism, good governance, energy security, human trafficking, democratisation, media freedom and minority rights.

The OSCE views security as comprehensive and works to address the three dimensions of security – the politico-military, the economic and environmental, and the human – as an integrated whole. The politico-military dimension of security is broad approached broadly, addressing among other issues defence reform, policing and the safe storage and destruction of small arms and light weapons and conventional ammunition. Further, the OSCE sees environmental issues as a key factor of security, and works with participating member states to ensure that hazardous waste is soundly managed, to promote environmental awareness and to foster co-operation over shared natural resources. For lasting security, OSCE highlights the respect for human rights and fundamental freedoms. The OSCE helps its member states build democratic institutions; hold free, fair and transparent elections; promote gender equality; ensure respect for human rights, media freedom, minority rights and the rule of law; and promote tolerance and non-discrimination.

At the field level in Eastern Europe, OSCE has a Mission in Moldova and a Project Co-ordinator in Ukraine. In 2011 the OSCE was instrumental in ending a five-year hiatus in official negotiations between the parties in the “5+2” format (Moldova and Transdnistria, the Russian Federation, Ukraine, the OSCE, the European Union and the United States). The resumption was possible after the OSCE mediated informal meetings between the prime minister of Moldova and the Transdnistrian leader. As a result of these contacts, a decision to resume official negotiations was taken on 22 September 2011 in Moscow. The first renewed official meeting took place in the Lithuanian capital of Vilnius on 30 November – 1 December.

The Project Co-ordinator in Ukraine assists the country's authorities to domestic reform efforts aimed at institution-building, strengthening human rights, rule of law and de-

mocratic freedoms, combating trafficking in human beings, promoting economic development and environmental protection, including elimination of explosive remnants of war.

In Georgia, the OSCE does not have a permanent presence, but the High Commissioner for National Minorities (HCNM) follows the development of minority issues in Georgia, welcoming the efforts to strengthen national minorities' knowledge of the State language, combined with a quota system for minorities in higher education and the training of civil servants from minority backgrounds. The HCNM is supporting repatriation of the Meskhetians, and remains deeply concerned about the situation of ethnic Georgians in the Gali and Akhalkalaki districts of the country.

The OSCE maintains an office in Yerevan, through which support is channelled to police reform and to the promotion of the Aarhus Convention, as well as to economic reform and good governance. Support is also directed at strengthening the capacity of national institutions to combat trafficking in human beings and to monitor and promote human rights.

The OSCE supports Azerbaijan's government agencies and civil society in the implementation of OSCE commitments in three dimensions – the politico-military, the economic and environmental, and the human – including security, governance, economic and justice sector reforms.

Following the non-extension of its office in Minsk in December 2010, the OSCE initiated several rounds of consultations throughout the year with the Belarusian authorities on possible future OSCE activities in the country, while at the same time speaking out against violations of human rights and fundamental freedoms.

As the chief OSCE Institution focusing on the human dimension, the Office for Democratic Institutions and Human Rights (ODIHR) provides support, assistance and expertise to participating states and civil society to promote the implementation of OSCE commitments in the areas of democracy, rule of law, human rights and tolerance and non-discrimination. In 2011, ODIHR carried out 18 election observation activities in 17 participating States, comprising eight election assessment and ten election observation missions. Expert teams were also deployed to follow local elections in two participating States. In recent years, a particular effort has been made to increase follow-up on recommendations made in observation mission final reports, and a number of visits were made to participating States for this purpose. ODIHR also supports participating states in drafting legislation in compliance with their OSCE commitments.

Although the profile and regional coverage of OSCE and its ODIHR office is highly relevant for the Swedish reform cooperation profile, Sida has a limited cooperation with OSCE in Eastern Europe at present. During 2012, Sida financed OSCE/ODIHR long-term and short-term observers in the parliamentary elections of Ukraine the same year. There seems to be possibilities of further cooperation to the benefit of both parties.

The REC

The Regional Environmental Center for Central and Eastern Europe (REC), established in 1990 by the United States, the European Commission and Hungary, is an international organisation with a stated mission to assist in addressing environmental issues, pro-

moting cooperation among governments, non-governmental organisations, businesses and other environmental stakeholders, and by supporting the free exchange of information and public participation in environmental decision making.

A recently adopted REC strategy for the period 2011 to 2015 will streamline resources towards two main directions of work: governance for sustainability and green economy. According to its home page, the REC continuously provides assistance to the RECs in Eastern Europe, the Caucasus and Central Asia by sharing lessons learned from the REC's 20 years of experience in the region.

Operations are dominated by a heavy commitment to the Western Balkans region. In Eastern Europe, in addition to regional undertakings that partly may cover some countries, projects specifically relating to EaP countries are, for example, Illegal logging in South Eastern Europe and Ukraine, Training for Young Environmental Leaders in Romania and Moldova, Promotion of GIS in the New EU Member States, Russia and Ukraine, Assistance to the Development of Sustainable Entrepreneurship in Ukraine and Feasibility Study for the Green Pack in Ukraine.

The REC, whose Headquarters is located in Szentendre, Hungary, has an office network in 17 countries, although none in Eastern Europe. Its limited presence in the region may partly explain the impression shared by some interviewees that although the organisation itself displays a strong ownership of operations, the local organisations when looked at more closely don't own it.

Sida has financed several REC projects in the Western Balkans, but according to the REC homepage none so far in Eastern Europe.

The United Nations system

The United Nations (UN) system, including UNDP, UNEP, Unicef and its specialised agencies, would seem to be too well known to be introduced to the target groups of this report. The UN organisations are present in all EaP countries, and do implement a long series of programmes and projects in support of reform efforts, some with Sida financing.

In Georgia, Sida supports the Governance Reform Fund and the programme Abkhazia Livelihood Improvement and Recovery through UNDP, a Human Rights project in Abkhazia through Unicef, plus a UN Joint Programme to Enhance Gender Equality in the country.

The Sida programme in Moldova finances through the UNDP Capacity development within the Ministry for Foreign Affairs and European Integration, support to negotiations around the EU-Moldova Association Agreement, support to Local Self Governance, support to Parliamentary Development, and Improving the quality of Moldovan democracy. Further, Sida finances Women's Economic Empowerment through UN Women and a Juvenile Justice Reform through Unicef.

In Ukraine, the Sida programme comprises only one input into the UN system, a project financing through UNIDO to the Horlivka Chemical Plant.

The UN system has a slightly different profile as compared to the more European based Organisations. The UNDP country programme, for example in Moldova for 2007—

2011 (extended), is expected to contribute to national development priorities embodied in the Economic Growth and Poverty Reduction Strategy Paper (EGPRSP) and the EU-Moldova Action Plan, and to the achievement of the National Millennium Development Goals (NMDGs). UNDP supported the elaboration of the first PRSP – the EGPRSP 2004-2006 and launched a comprehensive programme in partnership with UNICEF and the Swiss Development Cooperation Agency (SDC) to support the EGPRSP implementation processes. Overall orientations are thus broader and somewhat less EU-focussed, which may add plurality to the overall picture.

3 International non-governmental organisations

Eurasia

The Eurasia Foundation has evolved from being a U.S.-based foundation with multiple field offices into a Eurasia Foundation Network – a constellation of affiliated, locally registered foundations in Russia, Central Asia, the South Caucasus, Ukraine and Moldova that work in partnership with the Eurasia Foundation in the U.S.

One of these is the East Europe Foundation of Moldova, which was launched as an independent organisation in 2010. EEF-Moldova aims at building democratic systems in Moldova, empowering Moldovan citizens and fostering sustainable development through education, technical assistance and grant programmes that promote civil society development, strengthen media, enhance good governance, and build economic prosperity. EEF-Moldova implements projects in Economic Development, Good Governance and Social Action, supported mainly by USAID funds, but also by European donors including Sida, who provides core support to the project “Engaging Citizens, Empowering Communities”. Sida has financed projects with EEF-Moldova.

East Europe Foundation of Ukraine, launched in November 2007 is a local non-profit, non-governmental developmental NGO which builds on the Eurasia Foundation's experience by further developing the most effective programmes. EEF-Ukraine currently focuses on programmes in Local Economic and Social Development, Effective Government and Corporate Social Responsibility (CSR) and Responsible Philanthropy.

Eurasia Partnership Foundation is a regional international NGO, working in Armenia, Azerbaijan and Georgia. Its three offices are led by a President's Office in Tbilisi and are governed by an international board of directors. Each office pursues a common mission and shares governance and management structures to promote coordinated work across borders. The stated mission is to empower people to effect change for social justice and economic prosperity through hands-on programmes, helping them to improve their communities and their own lives.

EPF is both a grant maker and a program implementer based of five program mandates and approaches: Creating Opportunities for Civic and Economic Participation; Building Capacity for Evidence-Based Research to Improve Policy-Making; Fostering a Culture of Corporate and Community Philanthropy; Cross-Border Cooperation; and Open Door Grant Making. Eurasia Foundation has supported and implemented more than 2,000 projects and invested nearly \$90 million in the South Caucasus.

EPF supports a number of parallel and collaborative programmes in the South Caucasus, including:

- Armenia-Turkey Rapprochement, building ties and developing mutual understanding among Armenian and Turkish peer groups in the non-governmental, media, and business sectors;
- Caucasus Research Resource Centers, a network of resource, research and training centres in the region's capitals, strengthening social science research and public policy analysis in the South Caucasus;
- Unbiased Media Coverage of Armenia-Azerbaijan Relations, increasing accurate and unbiased media reporting on bilateral relations between Armenia and Azerbaijan and the Nagorno-Karabakh conflict, and
- Youth Bank Armenia, Azerbaijan and Georgia, designed to increase opportunities for young people to volunteer in their communities and promote a culture of civic activism.

According to the organisation's own homepage, Sida has financed EPF projects in Armenia and Georgia.

Civil Rights Defenders

Civil Rights Defenders (CRD) is an independent expert organisation founded in Stockholm, Sweden in 1982, with the aim of defending people's civil and political rights. The CRD works through empowering partners – human rights defenders in a large number of countries in the world.

CRD (previously the Swedish Helsinki Committee for Human Rights) was originally a part of the Helsinki movement. During the Cold War an agreement had been signed by the Eastern and the Western Bloc in the Finnish capital in 1975. This inspired citizens all around Europe and in the USA to form non-governmental organisations that would monitor their own governments in regard to respect of human rights. The Helsinki family grew to include more than 40 organisations.

In the EaP country group, CDR has at present ongoing cooperation with partners in Belarus and Moldova. CDR would be interested in opening a window of cooperation also towards Azerbaijan. CSR also finds that HR issues can well be addressed at the regional level, in particular facilitating for organisations to exchange experiences and knowledge.

Internews

Internews is a California and Washington based, primarily USAID financed, international non-profit organisation whose stated mission it is to empower local media worldwide to give people the news and information they need, the ability to connect and the means to make their voices heard.

Internews policy is to provide communities the resources they need to produce local news and information with integrity and independence. With global expertise and reach, Internews trains both media professionals and citizen journalists, introduces innovative media solutions, increases coverage of vital issues and helps establish policies needed for open access to information. Internews programmes create platforms for dialogue and enable informed debate, which bring about social and economic progress.

Internews has four main areas of operations:

- Improve News and Information Quality;

- Increase Coverage of Vital Issues, Expand Information Access;
- Advocate for Media Law & Policy, and
- Strengthen Viability of Local Media and Deliver Innovative Media Solutions.

The organisation is active in Ukraine since 1994, granting funds to media organisations with the purpose to increase their capacity so that they could receive funds themselves from AID. Internews promotes investigative journalism and media monitoring. In the latter area, Internews can finance both capacity development and operations. Also legal aspects of journalism and media technology are areas of interest.

Kvinna-till-Kvinna

The Kvinna-till-Kvinna Foundation (KtK) was founded during the war in Bosnia-Herzegovina in the early 1990s as a response to reports concerning mass violations of women in the war there. The Kvinna till Kvinna Foundation supports women's organising in conflict regions, collaborating with women's organisations who play an active part in peace and rebuilding processes. KtK's partner organisations help women legally and psychologically. They are involved in women's health issues and sexual and reproductive rights. They inform women, and men, of women's human rights. They empower and further educate women activists and politicians. They counteract violence against women and human trafficking. They educate authorities and influence decision-making processes and legislation. Women's organisations change society by spreading their knowledge and experience of democracy, reconciliation and peace work.

KtK is working through a sustained presence in the regions of operation, having one or two field coordinators employed at each office, depending on the geographical size of the region and the number of organisations being support there.

The Kvinna till Kvinna Foundation supports women's organisations that safeguard and lobby for women's legal rights. Equality in the eyes of the law such as the right to education, inheritance, property and divorce must be guaranteed in countries where women live among lawlessness with a lack of legal protection. Education is seen as a prerequisite for women to demand their rights. Women's shelters and helplines can provide women with temporary protection against assault and sexual violations. Prostitution and trafficking in women for sexual purposes needs to be tackled both nationally and internationally, and forced marriages and honour-related violence counteracted.

The emergence of an active and multifaceted women's movement is a goal for KtK and seen as a prerequisite for just and sustainable peace and democratic progress. During and after a war, trauma healing can reduce the long-term injurious effect that would otherwise impact the next generation. Psychosocial support during the rebuilding process is also supported.

KtK works for conflict resolution, dialogue and reconciliation between ethnic, religious and national ethnic groups, also promoting meetings between organisations across the ethnic borders.

National Democratic Institute for International Affairs

The National Democratic Institute for International Affairs (NDI) is a Washington based, USAID financed, non-profit NGO. It presents itself as a nonpartisan organisation, working to support and strengthen democratic institutions worldwide through citizen participation, openness and accountability in government.

NDI receives financial support from the United States government as well as from several other governments, including fifteen European governments and the European Commission, multinational institutions such as the UN and the WB, private foundations and individuals.

On its home page, NDI reports the following activities of relevance for the present Review. In Ukraine, NDI political party assistance has focused on coalition-building, organisational strengthening, platform development, and voter outreach, while its civic assistance has focused on nonpartisan election monitoring activities and issue advocacy campaigns. NDI has also worked with the parliament of Ukraine, the Cabinet of Ministers, and the Presidential Secretariat to build the technical capabilities of legislators and civil servants. During 2012, NDI deployed an international pre-election assessment mission in Ukraine from September 10 to 17. The delegation called for immediate measures to address problems that collectively threatened to undermine the integrity of the October 28, 2012, parliamentary elections.

In Moldova, NDI's civic assistance has primarily consisted of technical support for local nongovernmental and election monitoring organisations. Since 2006, NDI is working with legislators and parliamentary staff members through workshops, consultations and study missions to help the parliament in Moldova develop its legislative and oversight functions.

Active in Georgia since 1994, NDI reports having conducted programmes in political party development, parliamentary strengthening, safeguarding elections, civil society development, women's political participation, and local governance. Since 2003, NDI has provided technical assistance and support to parliament, supported local civic actors working to bolster public involvement in the reform process, provided technical assistance for election monitoring efforts, and conducted public opinion research examining citizens' attitudes toward reforms. Sida is currently financing an NDI project in Georgia, aiming at Building Public Confidence in the Electoral Process.

Pact

Pact is another Washington based, USAID financed, non-profit NGO, founded in 1971 as a membership organisation of U.S. private and voluntary organisations (PVOs) to facilitate the distribution of small USAID grants to PVOs working in relief and development assistance. Pact's stated mission is to help build strong communities globally that provide people with an opportunity to earn a dignified living, raise healthy families, and participate in democratic life. Currently Pact has offices in more than 20 countries in Asia, Eurasia, and Africa. Impact areas include livelihoods, natural resource management, and health.

According to its own home page, Pact is known for its subgrant management and financial operations, and markets these services to a range of programme managers in both PVO and donor organisations around the world. Over the last ten years Pact has managed over 5000 subgrants in its programme portfolio totalling more than \$100 million in USAID funds. Pact also provides USAID-funded subgrant management services to other PVOs. Advice to clients on how to improve internal controls and properly handle U.S. government grants has resulted in minimal audit findings for these clients.

Pact is implementing the Ukraine National Initiatives to Enhance Reforms (UNITER), funded by USAID, with the primary goal to strengthen and assist leading pro-reform Ukrainian NGOs in order to sustain and consolidate democratic gains. Further UNITER has an office in Crimea that implements additional activities through a targeted grants programme and the Crimea Civic Innovation Fellowship that is building a new generation of civil society leaders in Crimea.

In Belarus, Pact is executing a Belarus Organizational Development Support Program, funded by USAID and Danish MFA, aiming at promoting well-informed citizen participation in community-based civic initiatives. The overarching strategy of the programme is to support the creation of political and civic space in Belarus and assist organisations and activists to make effective use of this space by strengthening their skills.

Sida does not finance any Pact projects at present.

Roma Rights

The European Roma Rights Centre (ERRC), established in 1996, is an international public interest law organisation, working to combat anti-Romani racism and human rights abuse of Roma through strategic litigation, research and policy development, advocacy and human rights education. The ERRC has consultative status with the Council of Europe, as well as with the Economic and Social Council of the United Nations. The ERRC has set in motion more than 500 court cases in 15 countries to bring to justice state and non-state actors who have discriminated against Romani individuals or have committed violence against them. The ERRC's extensive research programme has provided reliable data about the human rights situation of Roma. ERRC human rights education activities aim to empower Romani activists to promote human rights respect and equality of Roma, using the international human rights framework.

Sida in its Ukraine programme has provided core support to the ERRC since 2006, extended. Other donors to the ERRC comprise the European Commission, the Open Society Foundations, the Sigrid Rausing Trust, the UN Democracy Fund, and the UN Voluntary Fund for the Victims of Torture.

In addition to the ERRC, the **Roma Rights Watch**, is monitoring human rights violations against the Roma and encouraging the civil society to document such violations by submitting reports to its web page, or e-mail the organisation at watch@romarights.net. Reports can be submitted anonymously.

Transparency International

Berlin based Transparency International (TI), created in 1993, states its mission globally to stop corruption and to promote transparency, accountability and integrity at all levels and across all sectors of society, stated core values being: transparency, accountability, integrity, solidarity, courage, justice and democracy.

Today the TI movement includes more than 100 independent national chapters and partners around the world. A new [five-year strategy](#) 2011 – 2015 sets out six strategic priorities:

- Increased empowerment of people and partners around the world to take action against corruption;

- Improved implementation of anti-corruption programmes in leading institutions, businesses and the international financial system;
- More effective enforcement of laws and standards around the world and reduced impunity for corrupt acts;
- Higher levels of integrity demonstrated by organisations and people, especially youth and those in leadership positions around the world;
- Networking - Strengthened ability to work together, and
- Enhance responsiveness, presence, performance and impact at all levels.

TI Georgia implements a Business of Government project, launched in July this year funded by a SEK 15.3 million grant from Sida. The project will continue to bring transparency to selected critical sectors and institutions through in-depth research, analysis, and innovative uses of technology. TI Georgia uses the results of its own research to strengthen democratic institutions and legislative regimes through targeted advocacy and by building the capacity and engagement of civil society organisations, the public, and the media with the task of overseeing the government. Public monitoring tools will be created and information generated to ensure that Georgia will continue to improve transparency and democratic accountability.

The chapters are independent local NGOs free to choose their own policies and raise funds for their activities. TI is based on the principle that as corruption is a country specific phenomenon, local organisations can be much more efficient than any efforts taken or imposed from the outside. Transparency International is present in five EaP countries with Chapters, and with an EU Liaison Office in Minsk.

4 Local non-governmental organisations

A series of local non-governmental organisations are active in the EaP countries, offering their services to donors. Several are being used by Sida in their respective areas of competence, providing Sida with precious knowledge, insights and contacts. Amongst the more prominent ones surfacing during the present assignment, one can enumerate the following.

In Georgia, the Georgian Foundation for Strategic and International Studies (GFSIS) implements a project aiming at building capacity in public administration, public policy and negotiation within the Georgian public service. The Greens Movement of Georgia/Friends of Earth Georgia programme execute a programme whose aim it is to clean up Georgia, to challenge the present waste management in the country through awareness campaigns, and through introducing new systems and modern methods to the population. The Partnership for Economic Education and Research (PEER) at the Tbilisi State University manages a project intended to strengthen the local capacity for economic policy analysis, economics research and teaching in Georgia and the South Caucasus region.

An NGO met during the mission but not at present partner to Sida is the Georgian Society of Nature Explorers Orchis, a Tbilisi think tank focussing on issues of concern for the long-term utilisation of the country's natural resources. The Society has published a Natural 2000 Habitat of Georgia, and is also doing awareness campaigning in different areas.

Sida's Moldova programme has also decided to channel parts of the country programme through local NGOs. To those belong the East Europe Foundation in Chisinau, please cf. above under Eurasia. The Cross Cultures Project Association (CCPA) has received funding for its project stimulating confidence building using children's football games as a tool. With the Expert Group in Chisinau, Sida has co-financed the 2008 International Conference "National Development Plan (NDP) – a new development stage for Republic of Moldova".

A more recently created NGO in Chisinau is the European Business Association, a private sector initiative to serve its beneficiaries in three areas: enhancing the business environment in the country, streamlining business promotion and supporting its members and other stakeholders with a range of services, please cf. below, section 9.7.

In Ukraine, Sida funds the e-Governance Academy and its efforts at achieving increased transparency of Ukrainian trade policy and practice with regard to the WTO and the EU. The Institute for Economic Research and Policy Consulting, the Football Federation of Ukraine, the Cross Cultures Project Association, the Citizens of Ukraine, the MAMA - 86, the International Centre for Policy Studies, Telekritika, Teachers for Democracy Partnership Ukraine, and several other local NGO:s are receiving funding within the Ukraine country programme.

5 Bilaterals

Austria

The Austrian Development Agency (ADA) has a strong regional presence in Eastern Europe. In Moldova, a Country Strategy 2011–2015 is being executed, where poverty reduction, peace and security, and environmentally and socially sustainable development are defined as strategic objectives in the Austrian Development Cooperation Act. In Georgia, decentralisation and strong local and regional governance will be in focus of an initiative launched by the Georgian Ministry of Regional Development and Infrastructure in December 2012, to be implemented with assistance from the UNDP and with funding from ADA and the Swiss Agency for Development and Cooperation SDC. No activities are reported in Ukraine.

Denmark

The Neighbourhood Programme of the Ministry of Foreign Affairs of Denmark includes a number of programmes in Eastern Europe, all under four subcategories: Civil Society Programmes, Private Sector Programmes, Public Sector Programmes and Regional Programmes.

Civil Society Programmes have been implemented in Belarus and in Ukraine through 2011, and Private Sector and Economic Development Programmes in Ukraine and in Armenia through 2011. Reformation of the Public Sector in Ukraine has been supported through 2011. Two regional programmes have been part of the Danish Eastern Europe cooperation – a media programme for Belarus, Ukraine and Azerbaijan 2008-2011, and a programme against Human Trafficking in Belarus, Moldova and Ukraine, 2009-2011. It is not clear whether these programmes are still operational.

Germany

As mentioned in the report, the German **Gesellschaft für Internationale Zusammenarbeit** (GIZ) runs regional programmes in South Caucasus, maintaining a South Caucasus regional office in Georgia since 2006. The origin is the so-called Caucasus Initiative, based on a German government decision, promoting conflict resolution and peace, cooperation and exchange there. Four separate programmes are being implemented – local government, environmental protection and biodiversity, private sector development, and legal reform.

In Georgia, GIZ currently has more than 15 seconded experts working in the following priority areas: Sustainable economic development, Democracy, municipal development and the rule of law, and Environment and natural resources. GIZ is assisting Moldova in promoting the modernisation of the agricultural sector and the food processing industries, as well as on improving vocational training and municipal services. GIZ also supports selected municipalities and districts with participatory budgeting, public tendering and project management with a view to integrated regional development. In Ukraine, GIZ is currently working at 16 locations in the country, with more than 90 national and international staff. Around 40 CIM experts and returning experts are providing support for the public administration, chambers of commerce and SMEs. The GIZ office in Kyiv opened in 2009. Germany's international cooperation with Ukraine focuses on three priority areas: sustainable economic development, energy efficiency, and the HIV/AIDS response.

United Kingdom

The UK has terminated its support programmes to the countries of Eastern Europe. The last one to be closed was the one in Moldova, where DFID had supported the implementation of Moldova's strategic priorities as expressed in national development documents. The DFID office in Chisinau was closed in 2011.

United States

The United States has a large and broad programme of cooperation in Eastern Europe. As presented in the report, USAID runs an ECA regional strategy as well as bilateral ones in today 13 countries in Eastern Europe, Central Asia and the Western Balkans.

Among objectives pursued in Eastern Europe, USAID emphasises an enhanced stability in the Caucasus through assistance for economic growth and trade, confidence building measures, institutional and civil society development, the promotion of democratic and economic reform in Ukraine, supporting Moldova's progress toward European integration by strengthening democratic institutions and promoting economic growth, and addressing the challenges to democracy and human rights in Belarus.

Each country programme in the region is guided by a multi-year strategic plan that identifies the sectors in which USAID will work, and estimated levels of funding. With FY2010 resources, the Europe and Eurasia Bureau is managing more than \$600 million in U.S. assistance across the ECA region.

USAID reports cooperation results such as that countries which have “graduated” from US assistance now are among the strongest supporters of U.S. global objectives, that in some countries in the region, civil society has blossomed from virtually nothing to become a significant force, both in service delivery and advocacy, that strengthened inde-

pendent media, civil society, and political coalitions have played a major role in the democratic breakthroughs in the region, including in Moldova, Ukraine, and Georgia, that models of effective and efficient social systems have been successfully adapted and replicated, including innovative health, education, and social protection approaches, and that professional energy regulatory authorities are in place in all USAID partner countries in the region.

The absence of a US ambition to support EU Approximation in the region is striking.

6. Some Swedish actors of relevance

Government agencies

Several Swedish Government agencies are engaged in the Swedish reform cooperation programme in Eastern Europe.

The **Swedish Tax Agency** is supporting tax reform in Moldova. The project is supposed to reduce the fiscal gap, increase taxpayers' compliance, and improve business procedures in tax administration.

Sweden's National **Board of Trade** works at strengthening Moldova's government capacity to execute its trade negotiations, especially as regards the DCFTA, to implement and monitor EU trade agreements and directives, and to develop and implement appropriate policies and strategies to facilitate trade.

Statistics Sweden assists the Moldovan government to implement Chapter 2 "Market access for goods/trade statistics" in preparation for the future negotiation concerning the DCFTA. The purpose of the project is to improve the competence of the staff of the Moldova Bureau of Statistics.

The Swedish **Environmental Protection Agency** (SEPA) is supporting the Ukrainian Ministry of Environment Protection, aiming at developing legislation and reforms in the area of environment, at increasing the alignment to the EU environmental legislation, as well as to building capacity in the environmental administration in Ukraine.

The Swedish **Competition Authority**, which primarily is working to safeguard and increase competition and supervise public procurement in Sweden and to promote an efficient competition in the private and public sectors for the benefit of the consumers, as well as for the efficient public procurement for the benefit of the society and the participants in the markets, also works in Georgia, in a project aiming at ensuring an environment for unhindered competition, thus strengthening the efficiency of the market at large.

Further, the Swedish **Board of Agriculture** (SBA) is cooperating with the Georgia National Food Agency (GNFA) to ensure that a solid food safety system, in line with the EU and international standards, can be established and sustained in Georgia. The project objective is to strengthen GNFA capacities so that safety and security of the food supply is achieved by means of efficient inspection systems, veterinary services and methods for responding quickly to food safety and food security related emergencies.

FOJO

Fojo is the only institution in Sweden that has a national mandate to train professionally active journalists. The assignment comes from the Ministry of Education and is part of the Letter of Appropriation to the Linné University in Växjö. The mandate is to offer training, which gives journalists the knowledge they need to perform free, independent and critical journalism in support of democracy in Sweden.

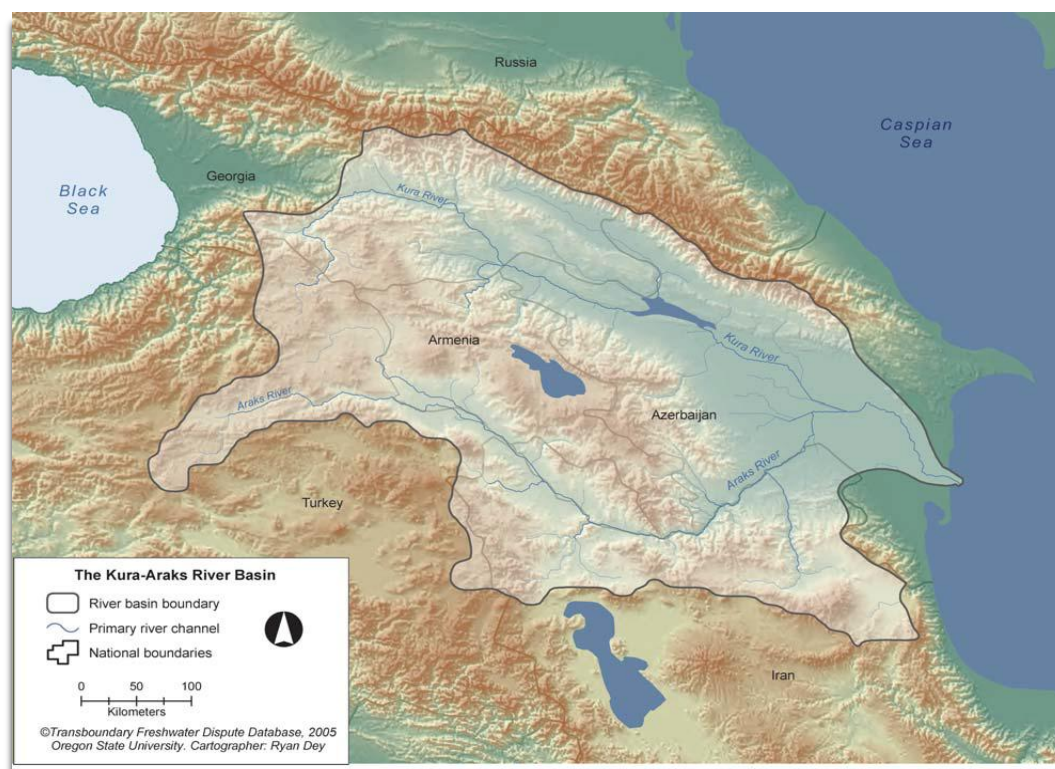
FOJO is also performing that same function in several countries outside Sweden, both in developing countries and in Eastern Europe, primarily with the financing of Sida. In Ukraine, FOJO is working with the Institute of Journalism in the Shevchenko university in Kiev in order to make training more interactive, and to replace traditional lectures with exercises in trend analysis, production of blogs and web pages. Another part of the project aims at developing the knowledge of, and the training concerning new media and publishing in different channels.

International Centre for Local Development (ICLD)

An important issue in the region is decentralisation. Is also of regional relevance, as it concerns the development of new models for local self-government including governance and accountancy after the demise of the soviet system, experiences could be shared on how to move forward, maybe of interest for us to have SKL from Sweden contribute.

Annex 6 – Regional River Basins

The Kura-Araks River Basin (UNEP)



The Kura-Araks (sometimes spelled “Aras”) River Basin is an international basin located in the South Caucasus with five separate countries contributing to the area of the watershed (Figure 3.3). These countries are Turkey, Iran, Armenia, Georgia, and Azerbaijan. The total area of the watershed is approximately 188,500 km². The total watershed area percentage for each of the countries is as follows: 18%, Georgia; 16%, Armenia; 31%, Azerbaijan; and 35% for Iran and Turkey combined (USAID, 2002). The Kura River originates in Turkey, and flows southeast through Georgia into Azerbaijan (USAID, 2002). Its length is approximately 1,364 km, with an average discharge of 575 m³/second (CEO, 2002). The headwaters of the Araks River are also in Turkey. The river flows east through Turkey to the border with Armenia, then flows through Iran and Armenia, before flowing into Azerbaijan. The length of the Araks is approximately 1,072 km, with an average discharge of 210 m³/second (CEO, 2002). Pollution in the Kura River includes organic pollution from untreated sewage, heavy metals from mining, hydrocarbons and PCBs from industry, organochlorine pesticides and nutrients from agriculture, as well as a high sediment load from deforestation and flood irrigation practices (TACIS, 2002). Many water quality monitoring projects either exist or are planned, and the involvement of international organisations

in the basin is quite high. However, the current programmes focus on the collection of data and do not seek to limit contaminant exposure.

When Armenia, Georgia, and Azerbaijan became independent states, these three countries lacked water resources management regulations or water codes. Each country adopted new water codes within the last 17 years: Armenia in 1992 and revised in 2002 by the European Union (EU) Water Directives; Georgia and Azerbaijan in 1997 (UNECE, 2000; Hovsepyan and Eduard, 2004; UNECE, 2003a; UNECE, 2003).

There are currently no treaties among these countries concerning water rights or water quality in the basin (Wolf, 2003). An overarching influence in transboundary water issues is the political context that prohibits the creation of multilateral agreements (UNECE, 2003). The political controversies between the countries include ownership of the Nagorno-Karabakh area⁵ (Azerbaijan and Armenia) and the ethnic autonomy of the Armenians living in Javakheti region of Georgia (Cornell et al., 2002; CIA, 2005). Although there are no institutions governing the apportionment, quality, or management of the water in the Kura-Araks Basin, there are examples of cooperation between the three countries (mentioned above) on conducting technical studies concerning water quantity and quality. The Kura-Araks Basin also draws international organisations; several projects related to the management of the basin exist. Major regional perspective projects related to transboundary water resources management are the EU TACIS Joint River Management Project (TACIS JRMP) in cooperation with UNDP, the NATO/OSCE South Caucasus River Monitoring Project (Campana et al., 2008), and USAID's South Caucasus Water Management Project (UNECE, 2003; UNECE, 2003a; NATO, 2002). An example of how projects of international organisations foster cooperation between the three countries (Armenia, Georgia, and Azerbaijan) is the European Union's Programme on Joint River Management for the Kura River Basin (TACIS). Since 2002, the TACIS Programme has created a country-to-country interaction that emphasises consistency in gathering data in order to promote trust in another country's data (UNECE, 2003a; UNECE, 2003). The existence of accepted water quantity and quality data is expected to provide the basis for future transboundary water management (UNECE, 2003a). In November 2002, the South Caucasus River Monitoring Project was funded by the North Atlantic Treaty Organization's (NATO's) Science for Peace Programme and the Organization for Security and Co-operation in Europe (OSCE).

This project is not a top-down project managed by NATO and OSCE, but was conceived, developed, and is managed jointly by individuals from the three countries. These individuals, whose personal relationships have overcome any intergovernmental animosity, come from scientific organisations and are led by Professor Nodar Kekelidze of Tbilisi State University in Georgia. Assistance is provided by NATO experts from Belgium, Norway, and the USA. The project's overall objective is to establish the social and technical infrastructure for international, cooperative, transboundary river water quality and quantity monitoring, data sharing, and watershed management among the Republics of Armenia, Azerbaijan, and Georgia. Its specific objectives are to (Campana et al., 2008)

- increase technical capabilities (analytical chemistry and its application to water resources sampling and monitoring, database management, and communications) among the partner countries
- establish standardised common sampling, analytical, and data management techniques for all partner countries and implement standards for good laboratory practice (GLP), quality assurance (QA) and quality control (QC) cooperatively
- establish database management, GIS, and model-sharing systems accessible to all partners via the WWW
- establish a social framework (i.e., annual international meetings) for integrated water resources management, and
- involve stakeholders.

The water quality data collected by the three riparians are generally considered the best in the South Caucasus (Campana et al., 2008).

A final report is in preparation.

2) The Dniester River Basin

Agreement between the government of the republic of Moldova and the government of Ukraine on the joint use and protection of transboundary waters Treaty basin:

Dnestr, Danube, Kogilnik, Sarata Date: November 23, 1994

Signatories: Moldova, Ukraine



The Dniester River is a transboundary river 1380 km long, which starts in the Ukrainian Carpathians, flows through Moldova and reaches Ukraine again near the Black

Sea. The upper and lower reaches of the Dniester flow within Ukraine, totalling a length of 629 km. Another 225 km of the river is shared by Ukraine and Moldova, while 475 km are within the borders of Moldova. Only a very small upper part of the Strviazh River (a tributary of the Dniester) lies within the territory of Poland.

The total population of the Dniester River basin in Ukraine and Moldova is about 8 million people, with over 5 million in Ukraine and 2.7 million in Moldova. The Dniester is currently facing environmental problems due to pollution and the current water flow regime. The environmental degradation of the Dniester is made worse by the frozen Transdnistriean conflict, which, inter alia, negatively impacts the use of existing infrastructure for wastewater treatment.

During Soviet times, the water basin was managed as one system, but since 1991 Moldova and Ukraine have been managing their respective parts of the river separately. A bilateral “Agreement between the Government of the Republic of Moldova and the Government of Ukraine on the Joint Use and Protection of the Cross-Border Waters” was signed in 1994 (hereinafter “the 1994 Agreement”) and a Meeting of Plenipotentiaries was instituted as a cooperative mechanism.

This site is devoted to cooperation between Moldova and Ukraine to improve sustainable management of the Dniester River basin. It was developed in the frame of the UNECE / OSCE / UNEP project Action Programme to improve transboundary cooperation and sustainable management of the Dniester River basin (Dniester III) within the Environment and Security Initiative ([ENVSEC](#)) and was transferred to the Plenipotentiaries of the Republic of Moldova and Ukraine (the 1994 Agreement) for administration according to the [Regulation on Moldovan-Ukrainian cooperation in the management of the joint Dniester River basin website](#) in December 2008

On 29 November the Minister of Environment of the Republic of Moldova, Mr. Gheorge Salaru, and the Minister of Ecology and Natural Resources of Ukraine, Mr. Eduard Stavytskyi, signed the bilateral Treaty on Cooperation on the Conservation and Sustainable Development of the Dniester River Basin. The signing ceremony took place in the Italian Parliament during the Meeting of the Parties to the United Nations Economic Commission for Europe (UNECE) Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention).

The new Treaty identifies principles and provides a framework for cooperation on water pollution prevention and control, water flow regulation, conservation of biodiversity and protection of the Black Sea environment. It also addresses the monitoring of data exchange, public participation and cooperation in emergency situations.

The Treaty is a pioneering example for the region in the post-Soviet era. It significantly broadens the existing cooperation arrangements to cover the entire river basin and all sectors important for the management and protection of the shared waters. The Treaty establishes the bilateral Dniester Commission to facilitate sustainable use and

protection of the Basin. It is an important step in the implementation by the Republic of Moldova and Ukraine of their obligations under the UNECE Water Convention.

The enhanced cooperation of the two countries, including the drafting and negotiation of the Treaty, have been supported by the Environment and Security Initiative through a series of Dniester projects jointly managed by UNECE, the Organization for Security and Cooperation in Europe and the United Nations Environment Programme. The signing is the result of eight years of step-by-step development of cooperation involving a broad range of stakeholders from both countries, including the Transnistria region of the Republic of Moldova.

The 1,362-kilometre-long Dniester River is one of the largest Eastern European rivers. It starts in the Carpathian mountains in Ukraine, flows through the Republic of Moldova and then re-enters Ukraine where it discharges into the Black Sea. In addition to supplying drinking water for a large part of the basin, including the major city of Odessa (Ukraine), hydropower generation and fisheries are other important sectors the river serves.

Expeditions funded by the Dniester-III project indicate severe water quality problems, declining biodiversity and deteriorating ecosystems along the river. The impacts of climate change, such as increasingly frequent and devastating floods are already felt in the basin. The signing of the Treaty as a basis for improved transboundary cooperation between the two countries is a very timely response to these challenges.

The [“Transboundary cooperation and sustainable management in the Dniester River basin: Phase III - Implementation of the Action Programme”](#) (Dniester III) is a project funded by Sweden and Finland under the umbrella of ENVSEC and implemented by OSCE and UNECE in close collaboration with authorities and NGOs from the Republic of Moldova and Ukraine. It aims to improve the joint management of the basin, mainly through: (a) promoting adoption of the new Dniester River Basin Agreement; (b) facilitating cooperation between the sanitary-epidemiological services of the two States; (c) supporting activities on biodiversity conservation (with a focus on fisheries); (d) facilitating information exchange at the national and basin levels; and (e) raising public awareness and promoting media coverage of the environmental issues of the Dniester River basin.

Annex 7 – ENVSEC: Suggested Support for Implementing the Dniester River Basin Treaty³

Support of the implementation of the Treaty on Cooperation on the Conservation and Sustainable Development of the Dniester River Basin between the Republic of Moldova and Ukraine

The ENVSEC partners – OSCE, UNECE and UNEP – that have facilitated the development of transboundary water cooperation in the Dniester basin, have been requested by the riparian countries to support the implementation of the Treaty over the first few years. There is some preliminary interest from the Global Environmental Facility to contribute with some restricted funding for the analysis of transboundary problems. The Austrian Development Cooperation (ADA) and the European Commission will be making funds available for climate change adaptation and flood management in the basin as part of a larger project on climate change and security.

Support from Sida would be very much welcomed and these funds could be used to support the institutional structure that is foreseen by the Treaty. A three-year support from Sida could include support/co-funding of the following (very preliminary estimate of costs):

- Commission meetings, logistics – 80,000 USD
- Expert group meetings: four or more expert groups are anticipated – on water quality and drinking water, information management, implementation of water framework directive and on biodiversity, logistics – 80,000 USD
- Support to the Secretariat of the Commission, local staff costs – 50,000 USD
- Substantive support by international and national experts, fees – 140,000 USD
- Project management and substantive support from ENVSEC organisations, staff costs and travel – 100,000 USD
- Equipment for coordinated monitoring and biodiversity conservation, procurement – 90,000 USD
- Basin information system – 100,000 USD
- Public awareness activities including two conferences open to stakeholders, work with mass media and awareness material, logistics and fees – 140,000 USD

³ Note received from ENVSEC, December 5, 2012

Outputs would include:

- Statutes/TORs for the commission, expert groups etc.
- Meeting reports of the Commission and expert groups
- First steps taken with regard to coordination of the Water Framework Directive implementation in both countries including the coordinated development of a river basin management plan
- Strengthened coordinated monitoring, information exchange and biodiversity conservation
- Implementation of public awareness activities including the establishment of a website of the Commission, conference reports and articles

Annex 8 – Regional Frozen Conflicts

Executive Summary of the

"Report of the OSCE Minsk Group Co-Chairs' Field Assessment Mission to the Occupied Territories of Azerbaijan Surrounding Nagorno-Karabakh"

The OSCE Minsk Group Co-Chairs conducted a Field Assessment Mission to the seven occupied territories of Azerbaijan surrounding Nagorno-Karabakh (NK) from October 7-12, 2010, to assess the overall situation there, including humanitarian and other aspects. The Co-Chairs were joined by the Personal Representative of the OSCE Chairman-in-Office and his team, which provided logistical support, and by two experts from the UNHCR and one member of the 2005 OSCE Fact-Finding Mission. This was the first mission by the international community to the territories since 2005, and the first visit by UN personnel in 18 years.

In travelling more than 1,000 kilometres throughout the territories, the Co-Chairs saw stark evidence of the disastrous consequences of the Nagorno-Karabakh conflict and the failure to reach a peaceful settlement. Towns and villages that existed before the conflict are abandoned and almost entirely in ruins. While no reliable figures exist, the overall population is roughly estimated as 14,000 persons, living in small settlements and in the towns of Lachin and Kelbajar. The Co-Chairs assess that there has been no significant growth in the population since 2005. The settlers, for the most part ethnic Armenians who were relocated to the territories from elsewhere in Azerbaijan, live in precarious conditions, with poor infrastructure, little economic activity, and limited access to public services. Many lack identity documents. For administrative purposes, the seven territories, the former NK Oblast, and other areas have been incorporated into eight new districts.

The harsh reality of the situation in the territories has reinforced the view of the Co-Chairs that the status quo is unacceptable, and that only a peaceful, negotiated settlement can bring the prospect of a better, more certain future to the people who used to live in the territories and those who live there now. The Co-Chairs urge the leaders of all the parties to avoid any activities in the territories and other disputed areas that would prejudice a final settlement or change the character of these areas. They also recommend that measures be taken to preserve cemeteries and places of worship in the territories and to clarify the status of settlers who lack identity documents. The Co-Chairs intend to undertake further missions to other areas affected by the NK conflict, and to include in such missions experts from relevant international agencies that would be involved in implementing a peace settlement.

Transnistria

A comment to the Transnistria conflict, *World Politics Review*, April 17, 2012

New Year's Day, when a Russian peacekeeper shot and killed a young Moldovan man at a checkpoint on the Vadul Lui Voda Bridge near Moldova's capitol, Chisinau. Tragic as the shooting was, it was also a fitting reminder that the conflict over Transnistria should no longer be ignored by regional powers and the wider world. Over the past year, governments on the left and right banks of the Dniester have undergone major changes that are likely to improve the lives of ordinary people and hold real promise for conflict resolution. In Moldova, a pro-European coalition that has held a majority in parliament since 2009 finally succeeded in electing a president, obviating the need for new elections until 2014 and offering Chisinau a window of opportunity to implement a longer-term reform agenda. In Transnistria, a Web-savvy, reform-minded 42-year-old has been elected president, replacing the Soviet-era factory boss who had ruled the region for the preceding two decades.

At last, there are signs of hope that the end to this protracted conflict may be in sight. Under Lithuanian and Irish chairmanship, the Organization for Security and Cooperation in Europe (OSCE) has brought Moldovans and Transnistrians, along with representatives of the key international stakeholders -- Russia, Ukraine, the European Union and the U.S. -- together for new talks aimed at easing the conflict's impact on daily life and regional development, while pursuing a path to permanent reconciliation between the two sides.

The Transnistria conflict matters for Brussels and Washington, both despite and because of its small size and relative quiet. The perception that this is a "solvable" conflict has inspired European heavy hitters like German Chancellor Angela Merkel and French President Nicolas Sarkozy to declare it a "test case" for a new, inclusive model of European security. Recognising Russia's central role and influence over the Transnistrians, Merkel has even offered Moscow a permanent bilateral security dialogue in exchange for support in resolving the conflict. A resolution would indeed serve Germany and Europe's wider security interests, reducing the opportunities the standoff provides for trafficking in weapons, people and other contraband, while forcing the region's shadowy enterprises to submit to international scrutiny. Furthermore, at a time when the EU badly needs success stories in the East, Brussels sees Moldova as the next likely candidate for EU membership -- but only if Chisinau settles its differences with the left bank.

For Russia, Transnistria is both an asset and a liability. As a strongly pro-Kremlin outpost on the doorstep of NATO and the EU, the region offers Moscow a narrow foothold in Central Europe and an indirect veto over NATO expansion in the Black Sea region. Together with Russia's Black Sea Fleet based at Sevastopol, Russian troops in Transnistria also help remind Ukrainians that they still live in Russia's neighbourhood. Russian President-elect Vladimir Putin's recent appointment of fire-breathing nationalist Dmitry Rogozin to the post of presidential envoy for Transnistria underscores that for Russians the conflict is not only about geopolitics. It is also about the collective memory of World War II, when Nazi-allied Romania seized a

swath of land from Chernivtsi to Odessa and persecuted Russians, Jews, gypsies and others living there. Yet except for a handful of Russian oligarchs who profit from “gray market” trading with Transnistria’s hastily privatised enterprises, Russians are unhappy subsidising the region through some \$30 million in direct annual aid and more than \$3 billion in unpaid gas debts. Given adequate representation for Transnistria’s Russian speakers, protection of Russian economic interests and a prohibition on NATO expansion in the region, Moscow might well support Moldovan reunification. Officially a neutral “guarantor” of the OSCE conflict resolution process, Ukraine stands to benefit significantly from such an outcome. Bringing Transnistrian territory under Moldovan sovereignty would choke off smuggling routes that cost Kiev millions in lost customs revenue and would mean an end to the Russian military presence on Ukraine’s southwest frontier. Moreover, with its territorial questions resolved, Moldova would be more likely to secure a path to EU membership, potentially opening the door for Ukraine’s own bid, or at least for a full association agreement. In 2013, Ukraine will chair the OSCE, so next year is seen as a key opportunity for progress on resolving the conflict.

The latest apparent thaw on all sides of the Transnistria conflict is a hopeful sign. But the conflict resolution process will still be gradual and deliberate. The passing of two decades has brought a new and wholly post-Soviet generation into positions of influence on both sides of the Dniester. These young people may be impatient to see and feel progress in their own lives, but they are not immune to the sensitivities that brought their parents and grandparents into tragic conflict during the past century. To help today’s Moldovan and Transnistrian leaders break the pattern of this protracted conflict, Europe, Russia, Ukraine and the U.S. must pay close and sustained attention, while searching for a compromise among themselves that enables the region as a whole to move forward.

Annex 9 – USAID Results Frameworks, Georgia

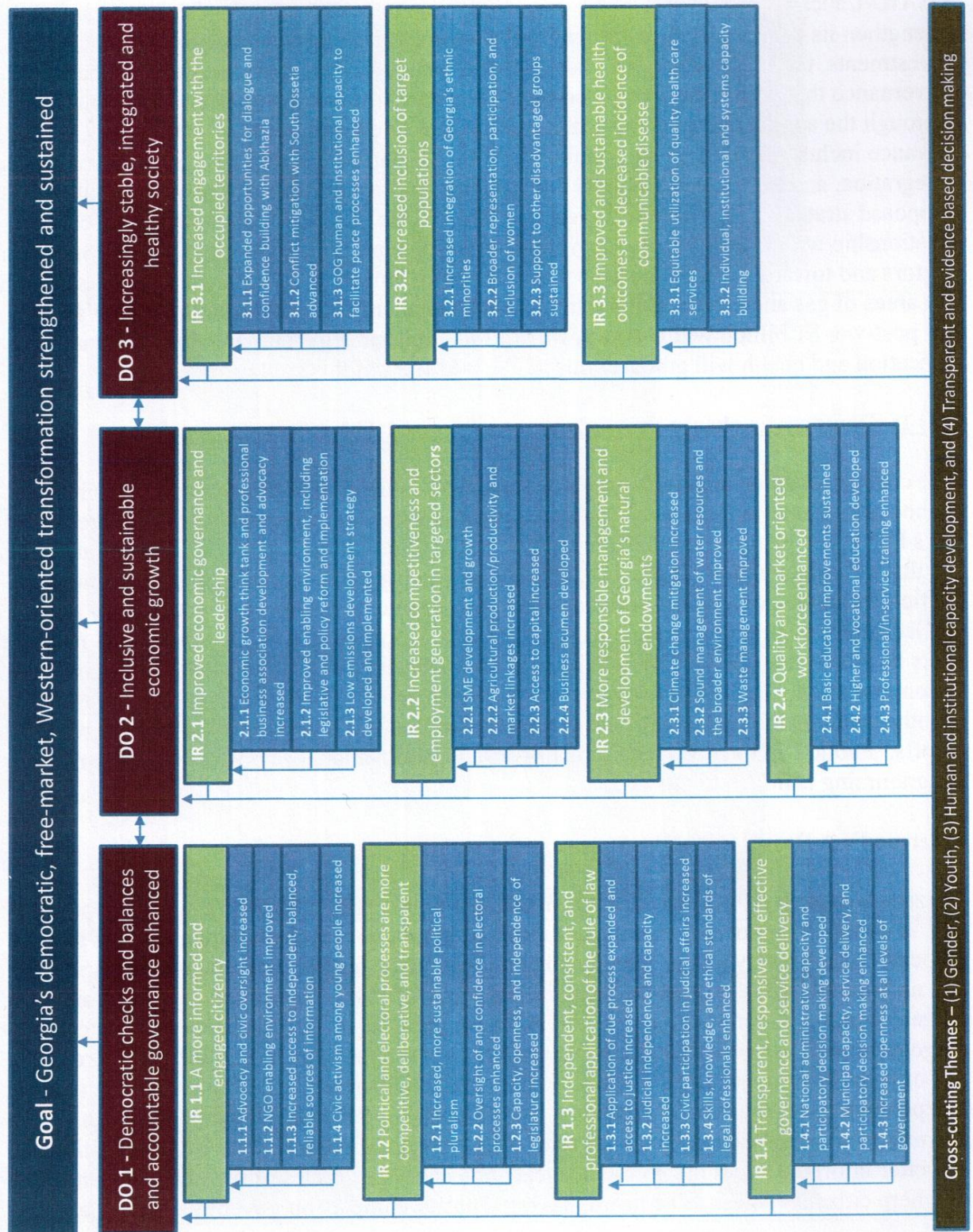
The USAID primary policy goal for its assistance to Georgia during 2013 – 2017 is: **“Georgia’s democratic, free-market, Western-oriented transformation strengthened and sustained.”**

The primary goal mentioned above for USAID’s assistance to Georgia is divided into Development Objectives. One is **“Democratic checks and balances and accountable governance enhanced.”**

Another Development Objective for USAID’s assistance to Georgia is **“Georgia’s Inclusive and sustainable economic growth”**.

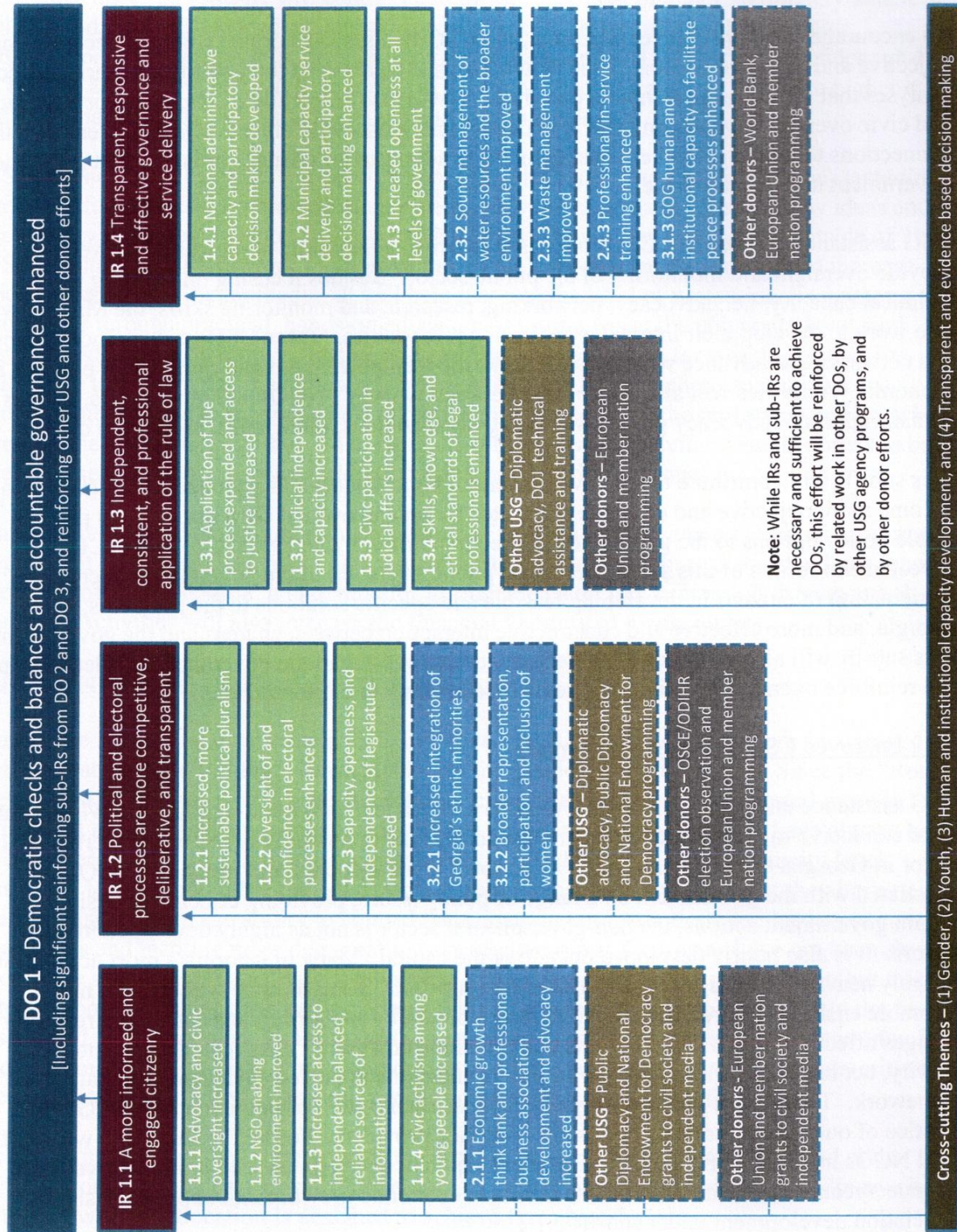
The USAID primary policy goal for its assistance to Georgia during 2013 – 2017 is:
“Georgia’s democratic, free-market, Western-oriented transformation strengthened and sustained.”

IV. Results Framework



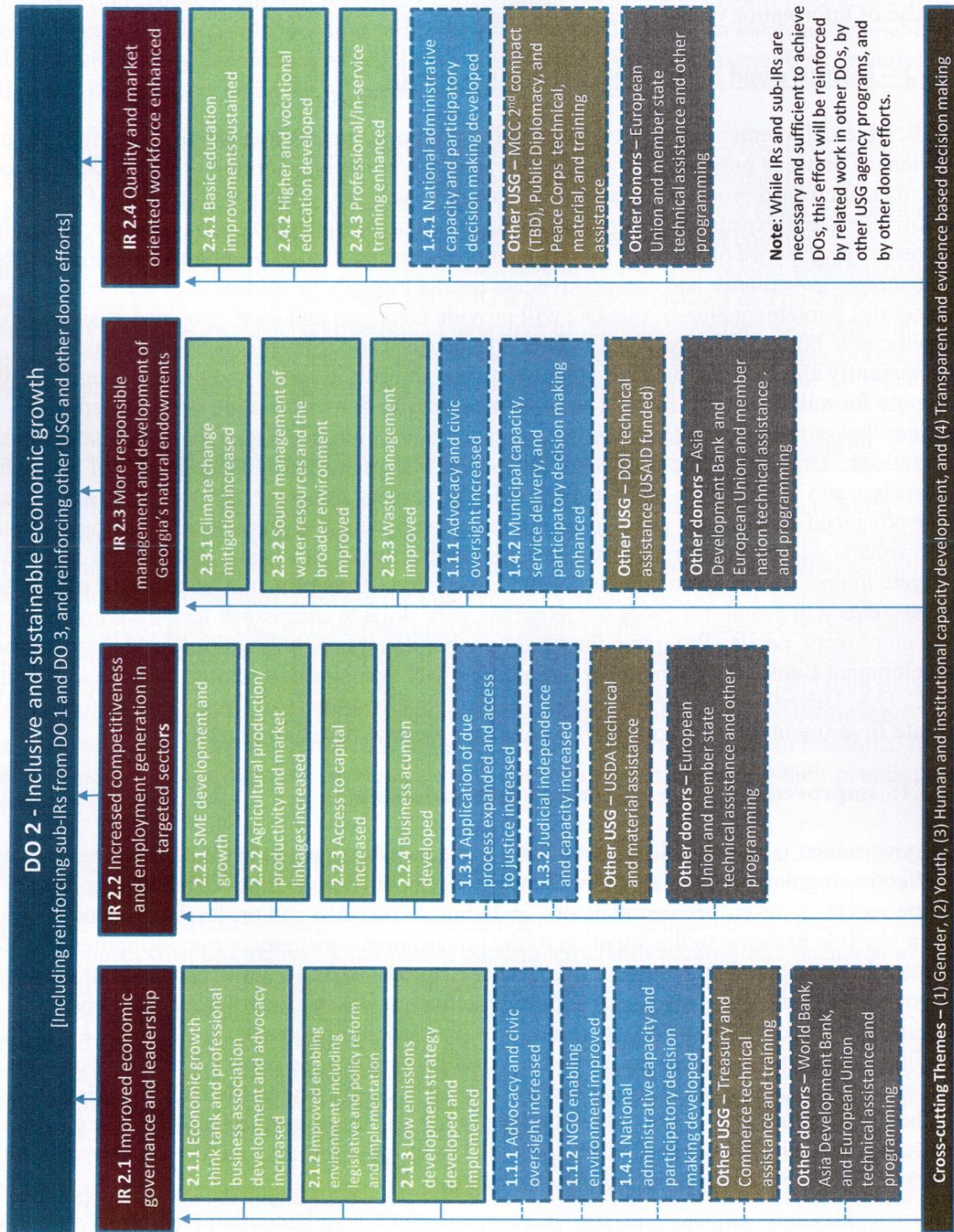
The primary goal mentioned above for USAID’s assistance to Georgia is divided into Development Objectives. One is “**Democratic checks and balances and accountable governance enhanced.**”

DO 1 Detailed Results Framework



Another Development Objective for USAID’s assistance to Georgia is **”Georgia’s Inclusive and sustainable economic growth”**.

DO 2 Detailed Results Framework



Annex 10 – Inception Report

1. The mandate

In its budget bill for 2013, presented to Parliament September 20 2012, the government has elaborated on its priorities for Sweden's continued international development cooperation, including the reform cooperation with the countries of Eastern Europe. The latter being is being closely linked to the EU's overarching Eastern Europe policy, in particular in the form of the Eastern Partnership. An enhanced regional approach as regards parts of Sweden's Eastern European interventions is seen as natural and rational, within which supporting the EaP will be a salient feature.

The government attaches high priority to the preparation of a new, regional strategy for Sweden's Eastern European reform cooperation during 2013. Main components in the current bilateral programmes are interventions in environment, democracy and Human Rights, and market development. When financing is transferred from bilateral to regional schemes, efficiency gains are expected as regards both operations and management.

Environmental cooperation will continue to be a main priority for the continued cooperation. Further, civil society is defined as a key actor for democratic development in the region. Civil society support will be focussing on European values and other issues of relevance for EU approximation. Market development interventions will address issues such as negotiation and implementation within the association process.

The government states that Sweden has an important role in cooperating with and supplementing EU's financing, including its pre membership support to the countries and their participation in the EaP. An extended bilateral cooperation also increases the scope for Swedish influence on the continued formulation of EU instruments and policies. Joint programming with the Commission will be tried, facilitated by the accreditation of Sida at the Commission.

The government further indicates that Sweden's future regional strategy for Eastern Europe Reform Cooperation will address, inter alia, common and cross-border challenges.

In an amendment to the Letter of Appropriation for Sida 2012, the government has given Sida the task of preparing such an Eastern European regional approach. In response to the mandate, Sida has launched the present "review which will support the coming elaboration of a regional Eastern European strategy" (Terms of Reference dated 2012-09-14, please cf. Annex 1).

2. The Strategic Review concerning regional comparative advantages in Eastern Europe and the Eastern Partnership countries

A regional strategy for Sida's work in Eastern Europe (i.e. with the EaP countries) is foreseen, covering the period 2014 through 2020 (coinciding with the planned extension of the next EU Budget and its European Neighbourhood Policy Instrument 2014-2020). The regional strategy is intended to supplant existing bilateral strategies of cooperation. Some current bilateral strategies will be concluded earlier than originally planned in order for operations to fit into the new regional strategy by January 1, 2014. An inter-country financial reallocation facility is planned to be part of the new management system.

A Ministry of Foreign Affairs (MoFA) baseline for the assignment is expected to be provided to Sida through a governmental decision. The fast-track-strategy model is likely to be followed (as with ZAM, TAN, OPT).

Geographically; The baseline is foreseen geographically to focus on the Eastern Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine).

Thematically; In addition to the main focus on environment affected by a parallel Eastern Europe Environmental Cooperation Evaluation, the baseline for the present Review is foreseen to focus on supporting the civil society, developing gender equality, promotion of democracy, supporting improved human rights, and market development. Other areas may be considered.

The primary target group of intended users of the review defined in the ToR is Sida's Department for Reform and Selective Cooperation (RES) and the respective Swedish embassies, which will draw on the review to advise the government on the foreseen regional strategy.

Other target groups are the MoFA, engaged partner organisations in countries of the EaP region and neighbouring countries. In this regard, the Review can be used in dialogue with partners, as an input into planning and as a basis for follow-up and reporting.

3. The scope of the review

The ToR of September 14, 2012, defines the scope of the review in terms of issues to be covered. The methodological aspects of the assignment will be presented together in Section 6, below.

The review's final report is expected to cover the following:

Lessons learned from Sida and other development partners that have implemented regional strategies, in Eastern/Central Europe and elsewhere.

Actors - relevant regional actors, their capacity and competency, identified in dialogue with Sida and other relevant stakeholders, and include both multilateral representatives from the civil society, the third sector/mass media/, the private sector and others.

Areas of regional interest carrying an additional value - relevant thematic narratives within the area of democracy and human rights reflecting the Swedish Policy for democratic development and human rights in Swedish Development cooperation: Change for Freedom 2010-2014. These narratives may include, but are not limited to, civil and political rights, freedom of expression and the development of free, independent media and social media, internet freedom and the utilising information and communications technology, institutions and procedures of democracy and the rule of law and actors of democratisation. The development of gender equality should be emphasised.

Innovative thinking - other relevant regional aspects of intervention and methods of ground-breaking regional work identified.

Complementarity - samples of regional contributions analysed, i.e. how they complement the bilateral and multilateral development support, in particular with the EU,

EaP thematic platform and Flagship initiatives identified - regional lessons learned including success stories from the already existing regional approaches of Sida and other stakeholders, reflecting the five standard evaluation criteria of OECD/DAC: Effectiveness, Relevance, Impact, Sustainability, Efficiency.

Risk analysis - analysing aspects of safety and security in a regional Eastern European development context.

3.1 Initial findings on lessons learned from Sida and other development partners of regional strategies, in Eastern/Central Europe and elsewhere

Some donors, primarily International Financing Institutions (IFI), have implemented regional strategies in Eastern or Central Europe and elsewhere. Only few bilaterals have done so, such as the British Department for International Development (DFID) and the Canadian International Development Agency (CIDA). Certain early findings can be reported here.

The African Development Bank (AfDB) is implementing, for example, a 2011-2012 Regional Integration Strategy Paper for Southern Africa. The AfDB Southern Africa regional integration agenda aims at contributing to a fully integrated and internationally competitive region, with the overarching objective of poverty reduction. The strategy is focused on regional infrastructure and capacity building, and on knowledge management and networking. The AfDB also implements a [2011-2015 Regional Strategy for Central Africa](#). This strategy is also designed to reduce poverty through infrastructure development and through institutional and human capacity building.

The Asian Development Bank (ADB) uses regional cooperation strategies to ensure coherence and strategic prioritisation for the five sub-regions, covered by ADB's regional departments. ADB assists developing member countries in financing regional cooperation through technical assistance grants and projects loans. For the South Asia region, for example, ADB and the South Asian Association for Regional Cooperation (SAARC) member countries are at present implementing a second generation of Re-

gional Cooperation Strategy 2011-2015, which will follow a two-pronged approach: assistance for project implementation and for capacity development. Effective gender mainstreaming, greater private sector participation and promotion of green technologies will be the main cross-cutting themes and implemented by embedding them in project designs and tracking their progress through design and monitoring frameworks and results matrixes.

Other ADB regional cooperation formats are the Regional Cooperation Operations Business Plans, for example concerning the Pacific or the Greater Mekong Subregion.

The World Bank Group (WB) formulates Regional Strategies thematically, for example for Non-communicable Diseases (NCD) Prevention and Control, addressing common country-level gaps in human resource supply and skills for NCDs, medication availability and affordability, an evidence base for interventions, and surveillance systems. In addition, WB applies regional strategic frameworks, for example as regards the Europe and Central Asia Region (ECA).

As an example, the WB Regional Integration Assistance Strategy for Sub-Saharan Africa (RIAS), covering the IDA-15 period July 2008 to June 2011, was the first of its kind for Africa. It set out a comprehensive framework for engagement, including three strategic pillars to guide Bank support for regional integration, key guiding principles and selectivity criteria to prioritise investment activities, modalities for implementation, and a results framework to monitor programme impact. The strategy focused on regional infrastructure development, institutional cooperation for economic integration, and coordinated interventions to provide regional public goods, with a cross-cutting theme of capacity development of regional institutions.

As just mentioned, also DFID and CIDA are using regional strategy tools. **CIDA** is implementing a Southeast Asia Regional Programming Strategy, intended to promote poverty reduction in the region by supporting initiatives of the Association of Southeast Asian Nations (ASEAN) concerning transboundary and shared regional issues. The focus of the strategy is to support the ASEAN agenda in sustainable economic growth (through disaster risk reduction) and other reforms, including governance, through strengthened human rights for women, children, migrant workers, and ethnic minorities. The Southeast Asia Regional Programme will strengthen regional institutions, networks, and organisations working on transboundary or development issues that are effectively dealt with at a regional level. For Eastern Europe, no strategy framework has been identified.

DFID has implemented and evaluated for example a Regional Assistance Plan (RAP) for the CASC (Central Asia, the South Caucasus and Moldova) region during the five year period from April 2002 to March 2007. Support to the five CASC countries Tajikistan, the Kyrgyz Republic, Georgia, Armenia and Moldova was managed by a single DFID team and treated as a 'region' for administrative purposes. Following that, bilateral support would focus only on Moldova, Tajikistan and the Kyrgyz Republic, so the 2002-2007 Regional Assistance Plan for the CASC region was the last. The CASC

region originally included most of the twelve members of the Commonwealth of Independent States (CIS) receiving support from DFID. The purpose of the evaluation was to assess the relevance of DFID's strategies to individual country policies and DFID's own corporate objectives, the choices of aid interventions and their effectiveness, and DFID's added value as a development partner and the impact of its programme on poverty.

Finally, **Sida** has an experience of its own as regards regional strategy work. A case in point is a series of Regional Strategies for Development Cooperation in Central America.

The present review will follow up and report on each donor experience mentioned above. On-going or recently concluded regional strategies and their relevance in relation to the political, social and economic development in the region will be studied. Experiences from strategies from other geographical regions (Sida strategies and other DPs) will also be collected. Questions to be asked are if there are subject areas where a regional approach has a particular added value, identifying the comparative advantage of a regional approach over a bilateral approach.

The distinction between a regional approach and regional programmes in regional strategies will be elaborated upon. Evaluations of regional strategies will be reviewed and representatives of Sida and other development agencies interviewed in order to see if success factors for regional strategies can be identified.

3.2 Actors

Relevant regional actors, their capacity and competency, identified in dialogue with Sida and other relevant stakeholders, will be interviewed, including both multilateral representatives from the civil society, the third sector/mass media, the private sector and others.

The circle of actors to be interviewed will be defined in close cooperation with the Sida staff concerned, in particular that of the Swedish Embassies in the region. An important step in this regard will be the planned conference in St. Petersburg, October 15-18. A stakeholder mapping of regional actors will be carried out, building on information provided by Sida HQ and Embassy staff and on interviews with other potential actors.

International actors identified so far include EU, EBRD, WB, UNDP, DFID, USAID, OSCE, Council of Europe, Helsinki Committee, Amnesty International and Transparency International. International actors, with the exception of the EU Commission, will be interviewed at the field level, not at Headquarters. The EU Commission will be interviewed both in Brussels and at the field level.

Findings in this regard are not available at the present time of Inception. Actors have been identified, certain of them also being addressed as to their availability.

3.3 Areas of regional interest carrying an additional value

The ToR has requested relevant thematic narratives to be produced within the area of democracy and human rights (HR), reflecting the *Swedish Policy for democratic development and human rights in Swedish Development cooperation: Change for Freedom 2010-2014*. These narratives will include, but will not be limited to, civil and political rights, freedom of expression and the development of free, independent media and social media, internet freedom and the utilising information and communications technology, institutions and procedures of democracy and the rule of law and actors of democratisation. The development of gender equality will be emphasised.

The approach implies that HR should be used as a normative base and the HR perspective mainstreamed into development cooperation. HR are a means to regulate the relationship between the state and the individual. The governments of the Eastern European partner countries are obliged to make these rights a practical reality. Gender equality, women's rights and children's rights are a key part of the rights perspective.

Key components of a HR approach to reform cooperation are, according to the policy document *Change for Freedom 2010-2014*, non-discrimination, meaning that all persons are to be treated equally, participation in democratic political processes, openness and transparency in the various functions of society, and accountability on the part of decision-makers.

In accordance with the revised ToR of September 14, also aspects of environment and market development will be reflected in the review. As regards environment, close coordination will be secured with the parallel Indevelop assignment evaluating aspects of and cooperation within the environmental sector in Eastern Europe and Central Asia.

As for market development, the review will assess issues such as market related institutional development, the role of governments, deregulation and regulation of markets, the features of the external sector, trade and other commercial, financial and economic relations with the EU, and different factors conditioning foreign investment in the countries concerned.

3.4 Innovative thinking

The review will attempt to identify and discuss also other relevant regional aspects of intervention and methods of ground-breaking regional work.

Issues to be addressed in an innovative perspective comprise partnerships (private, public sectors, civil society etc), institutional arrangements, thematic and programmatic areas and funding modalities. There will be a review of innovative initiatives and thinking in different areas. It is proposed to develop this question further in consultation with Sida in order to focus on areas of particular relevance.

3.5 Complementarities

A sample of regional contributions will be analysed in the report, i.e. how they complement bilateral and multilateral development cooperation, in particular with the EU.

Based on a sample of regional contributions (to be identified during St. Petersburg conference, October 15-18), there will be an analysis of complementarities of the regional contributions (Sida and other key actors) in relation to a set of criteria, such as objectives of support, context for engagement, choice of partners, and funding modalities.

It might be mentioned already here that different kinds of complementarities between Swedish and EU interventions may be identified. One is where Sweden takes on issues and areas, where the EU is not able to act, or is not interested in acting. Another is where Swedish financing precedes – and in certain cases even mobilises – other funding, for example from the EU. This can be the case of agreed seed funding, but also at instances a case of setting issues in motion that thereby will be able to attract additional donor attention, again for example from the EU. A third one is where Swedish financing supplements EU financing for increased impact or other expected gains.

3.6 Eastern Partnership Thematic Platforms and Flagship Initiatives

Regional lessons learned from the Eastern Partnership will be reported, as well as success stories from the already existing regional approaches of Sida and other stakeholders, reflecting as far as possible the five standard evaluation criteria of OECD/DAC: Effectiveness, Relevance, Impact, Sustainability and Efficiency. The review having no evaluation mandate as regards such ventures, the breadth and depth of these lessons learned will depend on the availability of relevant information to the review team.

The EaP Multilateral Platforms are fora, each with its core objectives, where senior officials from EU Member States and the partner countries engage in policy dialogue on the following thematic issues: democracy, good governance and stability; economic development; energy security; engaging civil society and facilitating contacts between people across borders. They complement the bilateral agenda of EU-partner country relations.

The EU has launched a range of flagship initiatives since the creation of the EaP, which are regularly discussed within the relevant Multilateral Platform. An EU assessment of them will be conducted during 2012-13, allowing the EU to reflect on possible new flagship initiatives in the run up to the next Eastern Partnership Summit, in the framework of programming for the 2014-2020 period. Early interviews with the Commission indicate that the preparatory process for the next budget period and the pertinent operational instruments, such as the ENPI, has started. Internal and external evaluations and reviews are being undertaken, including concerning EaP and its flagship and other components.

Another early review finding is that the fact that the EaP Multilateral Platforms and Flagship Projects are managed at the HQ level by the Directorate General for Development and Cooperation (EuropeAid) and its DEVCO F Neighbourhood Department, while all bilateral cooperation is managed by the EU Delegations at the country level, leads to a weak link between the two operational spheres. As EU Delegations usually have heavy workloads implementing their own bilateral programmes, it is understood that EaP Multilateral Platforms and flagship projects are little known at the country

level. The present review will follow as closely as possible the continued implementation of the EaP road map with a view to assessing the lessons learned from the EaP, focusing on success stories. However, the EaP platforms and flagship initiatives will not be evaluated as part of the review.

3.7 Risk analysis

Different aspects of safety and security in a regional Eastern European development context will be analysed. Risks concerned primarily refer to personal security, to the security of journalists and activists, and to IT security. The scope of the review will, however, evidently not allow sounding such issues in depth.

Security conditions in EaP countries vary considerably between them. In some, conditions have deteriorated during recent years, while in some other, conditions have improved. Each country situation needs to be addressed specifically. But over the whole EaP area, security issues are highly relevant both for continued reform and for EU approximation. Options at strengthening security both at the national level and at the regional level will be addressed during the review.

4. Regional strategies

As stated in Section 1, the government sees an enhanced regional approach as regards parts of Sweden's Eastern European interventions as natural and rational, within which supporting the EaP will be a salient feature. Sida has also stated that EU approximation is the rationale for establishing an Eastern Europe regional strategy. This will in effect be the foundation of the coming review work, not least as regards conclusions and recommendations.

The EaP could in several respects be regarded as an EU equivalent to a regional strategy for cooperation, although it has not been labelled as such. Theoretically, it should actually also be possible to rephrase it specifically as that, and supplement it with the present setup of bilateral and multilateral undertakings. For EU internal political reasons, however, this option does not seem available at present. But the EaP is based on a truly regional analytical perspective and does contain policy formulations and programming at both multilateral and bilateral levels, which would seem to satisfy most requirements attached to a regional cooperation strategy. The conclusion here is that the present review will be closely aligned with the EaP.

On the other hand, regional strategic perspectives in Eastern Europe in the present context of planning the continued reform cooperation between Sweden and the EaP partner countries will imply different connotations as compared with, for example, the Asian Development Bank's strategic framework. There, regional cooperation and integration can play an important role in achieving long-term development objectives in different Asian regions and sub-regions. By deepening regional cooperation, regions and sub-regions can exploit the economies of scale and cost advantages resulting from larger regional markets, thereby sustaining high economic growth rates and continued reduction in poverty. For example, given the large national, sub-regional, and regional infrastructure deficits of South Asia, regional cooperation and integration can help remove

some of the barriers to development progress by promoting cross-border infrastructure. It is key to understanding that the present assignment has a different, political, rationale, and that in the case of Eastern Europe, the fundament of the regional perspective is the EaP and the European integration and approximation process. This being said, it is also a fact that in addition, regional cooperation and integration can help remove barriers to the reform and development process in Eastern Europe by promoting cooperation concerning issues like cross-border infrastructure. Connectivity infrastructure not only helps to integrate a region in itself, but can also contribute to the region playing a more active role as a bridge to the EU. In addition, regional cooperation can respond to shared social and environmental concerns by improving the provision of different regional public goods.

Regional cooperation strategies may have different functions also in other respects. One group of regional strategies, one-layer in structure, may comprise only regional, i.e. multilateral undertakings. The strategy in this case normally provides a shared analytical and political framework, and a programming format for one or more interventions, whose common denominator is that they cover the same geographical area. It may, as is the case of Sida in Africa, run parallel to bilateral strategies of cooperation.

A two-layer strategy would typically comprise both regional and bilateral cooperation. The analytical and political framework would be shared between the two levels, influencing both multilateral and bilateral undertakings, which then would be geared to the same development objectives, at instances also to the same operational goals. The approach offers an interesting option to combine the two levels of intervention to produce synergy effects in the pursuit of greater impact.

A third kind of regional cooperation strategy covers only bilateral undertakings. Its function is primarily one of presenting factors shared by the countries in the region, such as for example political and historic background, development challenges, reform agenda, and options for future action. In this case, the strategy would offer an analytical and operational framework and an option of formulating bilateral interventions that not only contribute to the same overarching objective but also may strengthen each other's impact at the national level.

It is understood that in the present case, as the current setup houses both multilateral and bilateral interventions, a regional cooperation strategy of the second type would be intended by Sida. At present, the allocation through the regional budget line 15680 is quite modest, MSEK 15-20 per year. The intention indicated in the Budget Bill mentioned above, Section 1, could be realised either through increasing the allocation to the regional budget line or through channelling bilateral allocations multilaterally, or both.

5. Baselines, targets and indicators

The review will address the need and options for baselines, targets and indicators, and for follow-up mechanisms, in the regional strategy. As an example, Swedish efforts at facilitating energy cooperation in the Eastern Europe region may be expected to produce an outcome in terms of increased energy supply, energy efficiency and use of renewable

resources in the countries concerned through the development of cross-border cooperation, including the development of power generation and transmission infrastructure

Indicators chosen could be a certain cross-border power transfer capacity, a regulatory framework for regional energy trade, a certain cross-border power exchange, or annual CO₂ emissions reduced by X million tons, all to be attained at a defined point in time. Baselines and production targets (possibly incremental targets with zero baselines) would be defined.

At the bilateral level, baselines, targets, indicators and follow-up mechanisms will also have to be defined, all in accordance with Swedish overriding operational decisions taken for future financing commitments. The draft “Instructions on how to prepare a results offer for the development cooperation with country x”, recently informally shared with the review team, indicate that results offers should be developed in accordance with MoFA guidelines, with country-specific “input values”, also from MoFA, and along with the political platform for development cooperation. The results offers will be developed by Sida in close cooperation with respective Embassy, and will form the basis for a results strategy prepared by MoFA and decided upon by the government. All this will be considered by the present review, whose conclusions and recommendations will address the requirements stated in the MoFA framework.

The political framework for Sweden’s continued reform cooperation with the EaP countries may be further elaborated by the planned formulation of a European Global Strategy (EGS), intended to cover all aspects of the EU’s external action. Such a strategy, seen as an instrument at reinforcing a common European strategic culture, as well as a shared vision and strategic direction, has been advocated by the four Member States Italy, Poland, Spain and Sweden. Their assessment is that the EU needs a broad strategic approach for its external relations. Accordingly, they have jointly invited think-tanks in their countries to cooperate in a project, aimed at developing ideas for a broad strategic approach for the future of European external relations.

The current EU Security Strategy was elaborated in 2003 and updated in 2008. The aim is now to develop ideas that go beyond risks, also to look at opportunities, and to take into account changes taking place in Europe as well as in the rest of the world. The intention of the four Member States is that the result of the think-tank process will provide inspiration for, and an important input into, the formulation of a future European Global Strategy, to be developed together by EU institutions and Member States, and with the High Representative and the European External Action Service playing central roles. This initiative may well influence the forthcoming Eastern Europe regional strategy. While more specific results may not be awaited from it during the time of the present review and the ensuing strategy formulation process early 2013, its conclusions might well influence the future implementation of the strategy.

6. Methodology

As requested in the ToR, the assignment will be implemented through:

- studies of existing documentation,

- interviews with Sida staff at the relevant embassies,
- interviews with relevant cooperation partners and other knowledgeable persons in partner countries; and
- visits to Georgia, Moldova and Ukraine, and to Brussels.

The initial findings on lessons learned from Sida and other development partners of regional strategies (section 3), will be followed-up through studies of on-going or recently concluded regional strategies and their relevance in relation to the political, social and economic development in the region. Experiences from strategies from other geographical regions (Sida strategies and other DPs) will also be collected. Questions to be asked are if there are subject areas where a regional approach has a particular added value, identifying the comparative advantage of a regional approach over a bilateral approach.

The distinction between a regional approach and regional programmes in regional strategies will be elaborated upon. Evaluations of regional strategies will be reviewed and representatives of Sida and other development agencies interviewed in order to see if success factors for regional strategies can be identified. Sources of data for the questions above will be desk reviews of relevant documentation (strategy documentation, including to some extent project and programme documentation, evaluations etc) and interviews with key stakeholders.

As regards **actors**, the approach will primarily be based on interviews. Relevant regional actors, their capacity and competency, identified in dialogue with Sida and with other relevant stakeholders, will be interviewed, including both multilaterals, representatives from the civil society, the third sector/mass media, the private sector and others. Most interviews will be undertaken in the form of personal meetings, based on a set of questions decided in beforehand and supplemented by additional questions and initiatives as motivated by the individual interview.

The circle of actors to be interviewed will be defined in close cooperation with the Sida staff concerned, in particular that of the Swedish Embassies in the region. An important step in this regard will be the planned conference in St. Petersburg, October 15-18. A stakeholder mapping of regional actors will be carried out, building on information provided by Sida HQ and Embassy staff and on interviews with other potential actors. International actors identified so-far include EU, EBRD, WB, UNDP, DFID, USAID, OSCE, Council of Europe, Helsinki Committee, Amnesty International, and Transparency International. International actors, with the exception of the EU Commission, will be interviewed at the field level, not at Headquarters. The EU Commission will be interviewed both in Brussels and at the field level.

The **areas of regional interest carrying an additional value** will be approached on the basis of data collected through documents and interviews with staff at Sida in Stockholm and at the Swedish Embassies, at the Ministry for Foreign Affairs, at major donors to the region, both bilaterals and multilaterals, within INGO:s and other relevant coop-

eration partners, and with other knowledgeable persons in cooperation countries. Travels will be undertaken to Georgia, Moldova and Ukraine, and to Brussels.

In accordance with the revised ToR of September 11, also aspects of environment and market development will be reflected in the review. As regards environment, close coordination will be secured with the parallel Indevlop assignment evaluating aspects of sustainable environmental services in Eastern Europe and Central Asia. As for market development, the review will assess issues such as market related institutional development, the role of governments, deregulation and regulation of markets, the features of the external sector, trade and other commercial, financial and economic relations with the EU, and different factors conditioning foreign investment in the countries concerned.

The planned methods for addressing **innovative thinking** will comprise reviews of documentation, reports, evaluations as well as interviews with key stakeholders. There will be a review of innovative initiatives and thinking in different areas. Issues to be addressed in an innovative perspective comprise partnerships (private, public sectors, civil society etc), institutional arrangements, thematic and programmatic areas and funding modalities. It is proposed to develop this question further in consultation with Sida in order to focus on areas of particular relevance.

In order to discuss **complementarity**, a sample of regional contributions will be analysed in the report, i.e. how they complement bilateral and multilateral development cooperation, in particular with the EU. The sample should be identified during St. Petersburg conference, October 15-18, and will allow an analysis of complementarities of the regional contributions (Sida and other key actors) in relation to a set of criteria, such as objectives of support, context for engagement, choice of partners, and funding modalities. Complementarities of regional contributions from different actors will be studied through reviews of documentation, reports and evaluations as well as by interviewing key stakeholders, not least Eastern Europe donors.

Regional lessons learned from the **Eastern Partnership** will be reported, as well as success stories from the already existing regional approaches of Sida and other stakeholders, reflecting as far as possible the five standard evaluation criteria of OECD/DAC: Effectiveness, Relevance, Impact, Sustainability, Efficiency. The review having no evaluation mandate as regards such ventures, the breadth and depth of these lessons learned will depend on the availability of secondary data and relevant information.

The review will follow as closely as possible the continued implementation of the EaP road map with a view to assessing the lessons learned from the EaP, focusing on success stories (although evidently, the EaP platforms and flagship initiatives will not be evaluated as part of the review). The work will be undertaken both at the country level, addressing EU Delegations and other key stakeholders, and the HQ level in Brussels, where Commission representatives will be approached for interviews. Also MoFA and

Sida HQ staff will be interviewed. In addition, follow-up reports and other documentation is expected to provide insight into the process and its outcomes.

The planned **analysis of risks** will primarily be done through studying documentation and through interviewing key stakeholders and other knowledgeable persons in the region. Different aspects of safety and security in a regional Eastern European development context will be analysed. Options at strengthening security both at the national level and at the regional level will be addressed during the review. Risks of relevance for the study primarily refer to personal security, to the security of journalists and activists, and to IT security. The scope of the review will, however, evidently not allow sounding such issues in depth.

Indevelop has been assigned two additional strategic evaluations, addressing regional aspects of reform cooperation in Europe, which will be carried out during this year, one concerning regional aspects sustainable environmental investments in Eastern Europe and Central Asia, and one concerning regional aspects of development cooperation in Western Balkans and Turkey. The present team will, when possible, coordinate its work in this regard, and when possible use the same material in order to avoid double work.

The implementation of the review will take as its point of departure the fact that the primary target group of its intended users is Sida's Department for Reform and Selective Cooperation (RES) and the respective Swedish Embassies, who will draw on its conclusions and recommendations to advise the government as regards the forthcoming Eastern Europe regional strategy. Other target groups are Sweden's Ministry for Foreign Affairs, and engaged partner organisations in countries of the EaP region and neighbouring countries. In this regard, it is the team's intention that the review could be used in dialogue with partners, as input into planning and as a basis for follow-up and reporting.

7. Work plan

The present Inception Report will be presented at the Regional Conference in St. Petersburg, 16-18 October, hosted by Sida. During Wednesday, October 17, Indevelop will have the overall responsibility for the programme and its implementation. The discussion during the conference is expected to provide important inputs into the subsequent review work concerning the regional strategy of cooperation.

Following the St. Petersburg Regional Conference, the team will visit the three EaP countries just mentioned, as well as Brussels. A full draft Final Report, including conclusions from the Regional Conference, findings from the field visits, conclusions and recommendations, will be submitted to Sida no later than November 24. After having received stakeholder feed back through Sida, a final report will presented to Sida 3 December.

However, the suggested calendar depends, it should be noted, also on the availability of intended interviewees, particularly in the partner countries. In order not to lose time, the

preparation of the field section of the review will be initiated early, but a caveat needs to be noted.

The Final Report will be written in English and adhere to the OECD/DAC Glossary of Key Terms in Evaluation and Results Based Management. The Final Report will include a two page summary and not exceed 40 pages, excluding annexes. Format and outline of the Final Report will follow the guidelines in Sida Evaluation Manual “Looking Back, Moving Forward” – Annex B, Format for Sida Evaluation Reports.

The Final Report will be presented in a way that enables publication (in black and white) without further editing. It is understood that the report, after approval, will be published in the series Sida Evaluations. Sida also intends to share the Final Report of the review digitally with its major stakeholders.

After completion of the Final Report, a final presentation seminar will be organised to present the findings to Sida.

According to the ToR, the review team is expected to maintain a continuous dialogue with Sida throughout the review process, both for the management of the work and as a way to promote learning. The team is appreciative of this opportunity, not least as the venture is partly new and as the political instructions to the process have, so-far, only been partly made available.

Following the approval of its final report, the review team will, as requested, support Sida’s continued work on preparing a Results Offer to the MoFA for the elaboration of a regional Eastern European cooperation strategy, providing strategic and innovative advice to the strategy preparatory process.



A Swedish Eastern Europe Regional Strategy – A Strategic Review

This strategic review is an input into a Swedish Eastern Europe Regional Strategy 2014-2020, which will replace four bilateral strategies. The objectives for Sweden's reform cooperation with the countries of Eastern Europe are strengthened democracy, just and sustainable development and approximation to EU and European values. The Review recommends a two-layer strategy, covering regional and bilateral interventions. Objectives at the regional level should be more general than bilateral ones, which need to vary between countries. Linkages between the two levels are needed. Sweden can complement the EU by funding other issues that the EU does not, by adding funding to joint purposes, or by initiating or bridging financing purposes that the EU can take up later. Issues to be addressed comprise corruption, Human Rights and gender, civil society, media, market development, environmental development and certain regional challenges.

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