

Strategy for Swedish support to the Lake Victoria Basin

September 2004 – December 2006



REGERINGSKANSLIET

UD

**Strategy for Swedish support
for poverty reduction and
sustainable development
in the Lake Victoria Basin**

2004–2006

| | |
|---|-----------|
| Executive summary | 3 |
| 1 The Lake Victoria Basin and surrounding region | 4 |
| 1.1 The Lake Victoria Basin..... | 4 |
| 1.2 Economic conditions in the Lake Victoria region | 5 |
| 1.3 Poverty analysis | 6 |
| 1.4 Environmental problems in the Lake Victoria region..... | 6 |
| 1.5 Regional institutions in East Africa and the Lake Victoria region | 7 |
| 1.6 The Nile Basin | 7 |
| 2 Bilateral development cooperation in the Lake Victoria region | 9 |
| 2.1 Kenya | 9 |
| 2.2 Tanzania..... | 9 |
| 2.3 Uganda | 10 |
| 3 The Swedish Lake Victoria initiative – observations and results ... | 11 |
| 4 Lake Victoria – the East African vision | 13 |
| 4.1 The vision and strategy development process..... | 13 |
| 4.2 Outcome of the vision development process | 14 |
| 4.3 A critical analysis of the vision | 15 |
| 5 World Summit on Sustainable Development and Lake Victoria | 17 |
| 5.1 All development must be sustainable | 17 |
| 5.2 The World Summit and Lake Victoria | 17 |
| 6 The Swedish strategy for support for poverty reduction and sustainable development in the Lake Victoria region | 19 |
| 6.1 Basic premises | 19 |
| 6.2 The overall goal | 20 |
| 6.3 Priorities and considerations..... | 20 |
| 6.4 Areas of activity | 22 |
| 6.5 Capacity building for sustainable development..... | 23 |
| 6.6 Empowering communities and individuals | 23 |
| 6.7 A sound environment and sustainable use of natural resources ... | 25 |
| 6.8 Combating HIV/AIDS | 26 |
| 6.9 Private sector development for economic growth | 27 |
| 7 Operationalising the Swedish strategy | 29 |
| 7.1 Approach | 29 |
| 7.2 Dialogue issues | 31 |
| 7.3 Risk analysis..... | 32 |
| 8 The Lake Victoria Directorate and focal points: implementation, follow-up and funding | 35 |
| 8.1 Implementation and follow-up..... | 35 |
| 8.2 Funding..... | 36 |

Executive summary

The East African Community (EAC) comprises Kenya, Tanzania and Uganda, three of the five countries bordering the shores of Lake Victoria. In an initiative marked by a significant measure of popular participation and support, these countries have united behind a vision for the development of the lake basin and the surrounding region. Their overall goal is to establish:

“Prosperity for the population of the region in a healthy and sustainably managed environment that offers equal benefits and opportunities to all.”

This vision can be seen as part of the follow-up of the World Summit on Sustainable Development held in Johannesburg in September 2002. At the summit, EAC heads of state and government and the Swedish prime minister pledged their countries' continued commitment to sustainable development in the Lake Victoria region. Sweden indicated its readiness to contribute financial support and share experience gained from cooperation in the Baltic Sea region.

The EAC countries pledged to continue efforts to promote sustainable development in the Lake Victoria Basin. The EAC will implement its vision strategies in collaboration with the countries' central and local government authorities, the private sector and organisations in civil society.

The East African vision encompasses five policy areas: (i) Ecosystems, Natural Resources and Environment; (ii) Production and Income Generation; (iii) Living Conditions, Poverty and Quality of Life; (iv) Population and Demography; (v) Governance, Institutions and Policies. Swedish support is possible in all 5 areas.

The overall objective of Swedish support is *to contribute to poverty reduction within a sustainable development framework.*

Priority will be given to Swedish efforts in five areas of activity relevant to policy areas identified by the EAC:

- (i) Capacity building for sustainable development
- (ii) Empowering communities and individuals
- (iii) A sound environment and sustainable use of natural resources
- (iv) Combating HIV/AIDS
- (v) Private sector development for economic growth

Measures that emphasise the links between the three dimensions of sustainable development are of major interest. Particular consideration must be given to the interplay between economic, social and environmental factors in all programmes.

Swedish support for the international Nile Basin Initiative (NBI) will also be directed at the Lake Victoria region. Swedish efforts will be focused largely on support for development partnerships. Efficient and effective development cooperation are predicated on East African ownership and donor coordination. It is vital that the Lake Victoria strategy be coordinated with Swedish bilateral country programmes in Kenya, Tanzania and Uganda. It is proposed that SEK 450 million be allocated during the strategy period 2004–2006.

1 The Lake Victoria Basin and surrounding region

1.1 The Lake Victoria Basin

Lake Victoria is the world's second largest fresh-water body. Its shores and the surrounding area sustain a large number of people who are dependent on its resources for their livelihood. However, it is also the final recipient of human, industrial and agricultural waste. The lake is a shared natural resource for the partner states of East Africa. It is here that the three countries meet – countries with a common history and a number of shared institutions and traditions.

Lake Victoria's total surface area of 69,000 km² is divided among the East African nations as follows: Kenya 6 %, Tanzania 49 % and Uganda 45 %. Its ecology and hydrology, its biological diversity and pollution levels, its wetlands and fish resources are common concerns for all three countries.

The Lake Victoria Basin – the lake itself and its catchment area – covers an area the size of Uganda. The basin also includes most of Rwanda and Burundi as these countries share the largest tributary of Lake Victoria, the Kagera river, with Tanzania and Uganda. The total population of the region is 35 million. Area and population figures for each riparian country are set out in the following table:

| | Catchment area km ² | Population (m.) | Population/km ² |
|---------------------|--------------------------------|-----------------|----------------------------|
| Kenya | 38,900 | 12.5 | 321 |
| Tanzania | 79,600 | 5.6 | 70 |
| Uganda | 28,900 | 5.6 | 194 |
| Rwanda | 20,500 | 6.9 | 336 |
| Burundi | <u>13,100</u> | <u>4.1</u> | <u>313</u> |
| Catchment area | 181,000 | 34.7 | 192 |
| Lake Victoria | <u>69,000</u> | | |
| Lake Victoria Basin | 250,000 | | |

The population of the region is concentrated in three areas: the Kagera river catchment area, with 40 % of the population; Nyanza and Western provinces in Kenya with one third of the total; and the narrow strip of land in Uganda on the northern shore of the lake, an area of high agricultural potential and relatively large towns.

Although Rwanda and Burundi and East Africa do not share the same colonial history, ties between the countries have been strengthened since independence. Rwanda and Burundi have applied to join the EAC. The EAC has adopted a protocol on Lake Victoria, and Rwanda, and the EAC signed a Memorandum of Understanding on cooperation in the region in the spring of 2004.

As regards the management of shared water resources, close cooperation has been established between the EAC countries and Rwanda and Burundi. Sida is the principal funder of a water resource study covering the entire Kagera region.

1.2 Economic conditions in the Lake Victoria region

Geographically, the Swedish Lake Victoria strategy is focused on the Lake Victoria region, i.e. that part of the basin shared by the three EAC countries. The area has a population of 24–26 million people, half of whom live in Kenya.

Agriculture – mainly the cultivation of maize, rice, sugar, coffee, tea, cotton and horticultural products – and livestock-rearing employ some 75 % of the workforce in the region and form the basis of its economic viability. The area was formerly rich in natural forests but this resource has been severely over-exploited. Deforestation combined with unsustainable agricultural methods have resulted in widespread, increasingly conspicuous land degradation. In industrial terms, the region has been neglected, mainly in Kenya. Agro industries based on sugar, cotton and tea predominate. The sugar and textile industries are exposed to stiff competition from import businesses and enterprises in other parts of Kenya and Tanzania, and a number of companies have gone out of business as a result. Light industry and handicraft enterprises, often operating in the informal sector, are not insignificant contributors to the region's productive wealth.

Fishing in Lake Victoria was traditionally carried on for consumption inside the region. Since the introduction of the Nile perch some 20 years ago, however, the region has seen the development of a large-scale, export-based fishing industry – putting an end to traditional small-scale fishing in the process. Some 35 fish-breeding factories are currently operating in the area. A common tendency to over-exploit the lake's fishing potential has led to minor conflicts between fisher folk in the three countries, and between large-scale industrial fishing and small-scale fishing for household consumption. Women at landing beaches, who act as intermediaries between fishermen and buyers, are especially vulnerable. Fishing and fish-breeding together provide employment for 500,000 people in the region.

Mining – mainly in Tanzania, where gold-mining in the Kahama and Shinyanga districts has become a leading export industry – is another important commercial enterprise. The tourist industry – with the Serengeti National Park in Tanzania and Masai Mara in Kenya as principle attractions – is also a valuable source of foreign currency. Prospects for the development of a flourishing industry based on eco-tourism are also favourable given the abundant birdlife on and around Lake Victoria and the region's remarkable ecological diversity.

Although the road network in the region is rapidly improving, shipping remains under-developed. Telecommunications are concentrated in the larger urban areas. Hydroelectric power is the region's most important energy source, with the full potential of the Nile and Kagera rivers still largely unexploited. Charcoal is the most common source of energy at household level.

The Lake Victoria region has been designated an economic growth zone by the EAC on the basis of proposals and recommendations contained in a study funded by the Swedish International Development Cooperation Agency (Sida). The EAC document based on the study is aimed at highlighting the region's economic growth potential and identifies a number of investment opportunities. The report refers to the region's rich resource base and to the potential for the establishment of processing industries to serve the agricultural sector and other industries. It

also points out that infrastructure is being improved, although not continuously, the education system is being strengthened, the democratisation process is being deepened and awareness of the measures needed to alleviate the impact of HIV/AIDS and widely prevalent diseases like malaria and tuberculosis is growing. It further states that the role of the government should be to create conditions conducive to a stable growth- and enterprise-friendly environment characterised by cohesive legislation and an active civil society. The vital role of the financial sector is underlined, as is the importance of investment in production and marketing in the private sector.

The EAC report also draws attention to a number of factors inimical to private sector investment. Chief among these is inadequate infrastructure; reference is made to the crucial role of small, passable roads in linking urban and rural areas and primary sector produce and markets. Other growth-inhibiting factors cited are limited financial resources at local government level and non-enterprise-friendly local and regional legislation. Corruption is also a major problem.

1.3 Poverty analysis

The Lake Victoria region is home to approximately one third of the population of East Africa. The region takes in the poorest areas of Kenya and Tanzania, where the percentage of the population living below the poverty line – i.e. on less than a dollar a day – is 61 % and 41 % respectively, compared to the national average for the two countries of 52 % and 36 %. In Uganda, the region contains several districts where the percentage of people living in absolute poverty is far lower than the national average of 39 %. In Kenya in particular, people living in the region consider that they have been marginalised in terms of public resource distribution ever since independence on the grounds that the government has always regarded this part of the country as a stronghold of the opposition. In sum, the Lake Victoria Basin is a region marked by negative trends in terms of living conditions, the environment and natural resources.

The causes of poverty in the region have numerous dimensions. Common features of governance and policy-making in all three countries are a refusal to acknowledge the right of ordinary citizens to take part in and influence the decision-making process, and the failure of decision-makers to promote pro-poor development. HIV/AIDS is both a cause of poverty and the result of a policy that has failed to put the poor at the centre of government concerns. Self-generating processes are perpetuated in a vicious circle of mounting poverty, unsustainable pressure on natural resources, environmental degradation and greater poverty.

1.4 Environmental problems in the Lake Victoria region

Lake Victoria is a vital natural resource. However, the region has been severely strained by over-use and environmental degradation. Poverty is both cause and effect of the rapid and extensive deterioration of the region's environment. Soil erosion is a major problem as it not only removes fertile topsoil to the detriment of local agriculture but also contributes to eutrophication of the lake, which has become increasingly polluted due in part to the absence of viable sewage treatment facilities in the towns and lack of adequate sanitation in the rapidly growing townships in the countryside. Insufficiently treated or wholly untreated

industrial waste adds to the burden of damaging nutrients in the lake and raises the level of heavy metals and toxins.

1.5 Regional institutions in East Africa and the Lake Victoria region

The development of Lake Victoria has been designated one of the country's two top-priority tasks by the EAC – the other being the creation of a customs union, leading ultimately to a political federation. In principle, the customs union agreement, which covers common external and transitional internal tariffs, was fully negotiated by the three EAC countries, and signed by the respective heads of state on 2 March 2004. The pact is due to come into force on 1 January 2005. Preparations to include Rwanda and Burundi in the WTO inspired agreement have been announced.

A special unit, currently staffed by two officials, has been established for the Lake Victoria development programme. The EAC has drawn up a Lake Victoria protocol based on a Sida-financed study of the relevant legal and institutional framework. The protocol, which addresses environmental concerns in and around the lake, lays down the principle that “partner states shall utilize the water resources of the Basin in their respective territories in an equitable and reasonable manner.” The instrument, which was signed on 29 November 2003, provides for the establishment of a special Council of Ministers for Lake Victoria and a Lake Victoria Basin Commission (LVBC). The special unit will in all probability be merged with the LVBC when the latter becomes operational.

The EAC, its secretariat, the East African Parliament and the Supreme Court are located in Arusha, Tanzania. Other important EAC institutions are the East African Development Bank (EADB), the Inter-University Council for East Africa (IUCEA) and the Lake Victoria Fisheries Organization (LVFO). Like other regional organisations such as the East African Business Council (EABC) and the East Africa Law Society (EALS), these bodies – apart from the LVFO – are concerned with a broad range of issues of which Lake Victoria forms a part.

1.6 The Nile Basin

Lake Victoria is the source of the (White) Nile. The countries in the Lake Victoria Basin belong to a larger group of nations forming part of the Nile Basin: Egypt, Sudan, Ethiopia, Eritrea and the Democratic Republic of Congo (DRC). The establishment of the international Nile Basin Initiative (NBI), with its headquarters in Entebbe, Uganda, is their joint accomplishment. The aim of the organisation is to promote a common vision for all the Nile Basin countries through programmes for the entire basin aimed at “planning and implementing investments and activities ‘on the ground’ within a basin-wide framework.” The NBI has since developed two complementary programmes: (i) a basin-wide Shared Vision Program (SVP) to create an ‘enabling environment’ for cooperative action from all riparian countries, and (ii) the Nile Equatorial Lake Subsidiary Action Programme (NELSAP) for the White Nile Countries, i.e. the five Lake Victoria Basin countries plus DRC and the downstream riparians, Sudan and Egypt. Sweden supports two subsidiary programmes within the SVP – the Higher Education Programme and the Regional Power Trade Programme – and four NELSAP programmes – three on water resource studies in the Kagera river (Uganda–Tanzania), the Mara river

(Kenya–Tanzania) and the Sio-Malaba-Malakisis river system (Uganda–Kenya), and a fourth involving NELSAP's coordination centre in Entebbe.

The aim of the NBI is to help ensure that conflicts over utilisation of the Nile's water resources are resolved by means of joint solutions reached by the riparian countries on a 'win-win' basis. i.e. solutions that meet the interests of as many parties as possible. The Lake Victoria Basin countries have expressed some dissatisfaction with the basic Nile agreement, which because of its emphasis on historical rights rather than the equitable distribution of water resources is perceived as biased in favour of Egypt. The confidence-building mechanism set up through the NBI will probably be put to the test from time to time.

2 Bilateral development cooperation in the Lake Victoria region

Swedish development cooperation with the three East African countries on Lake Victoria has a long history. A common feature of this cooperation down the years is provision in the form of support for the countries' own poverty alleviation strategies and plans. A number of Swedish NGOs are also active in the countries.

2.1 Kenya

The proposed new 2004–2008 country strategy for Kenya identifies lack of democratic governance and respect for human rights as basic causes of poverty in the country. The primary goal of Swedish development cooperation is to contribute to Kenya's efforts to reduce poverty. The strategy's main focus is democratic governance and human rights, including gender equality, popular participation and the right of individual citizens to a greater say in the political and decision-making process.

Sweden will promote equality for all, irrespective of gender, ethnicity, geographical origin or age, and whether or not a person is disabled. Particular importance will be attached to gender equality requirements and women's rights in all programmes. Women's legal rights will be emphasised. The geographical focus will be the Lake Victoria region, where Sweden will seek to promote equal development opportunities in all areas. Where appropriate and in accordance with Kenyan priorities, the country strategy programmes will be 'steered' towards the Lake Victoria region. One of the four programme areas defined in the strategy is Sustainable Management of Natural Resources. As six of the seven districts covered by the rural health care programme in Kenya are in the lake region, some 70 % of Swedish health care funding is steered there. Eleven districts in Nyanza province receive Swedish support for the construction and maintenance of country roads.

Although the water supply programme is a national project, some 20–30 % of funding is directed to the lake region. Cooperation in the urban development programme, will focus on Kisumu as well as Nairobi. Sweden plans to be more ambitious in its efforts to prevent the spread of HIV and mitigate the impact of the pandemic. HIV/AIDS-related issues will be mainstreamed in all sectors.

2.2 Tanzania

Here too, the overall goal of Swedish development cooperation with Tanzania in the period 2001–2005 is poverty reduction. Cooperation will focus on three areas: pro-poor growth promoting measures, development of human resources and democratic development. A number of programmes and projects supported by Sweden are being oriented towards the lake region. Examples include the District Development Programme (DDP), a five-year project based in part on the comprehensive, now concluded, Hesawa programme and targeted at three districts in the Mara and Mwanza regions. The DDP is aimed at developing capacity at all levels in district authorities, improving social services and boosting household incomes. In the private sector, some 20 % of total funding goes to the Tanzanian Chamber

of Commerce in the Lake Victoria region. The Swedish organisation *Kooperation Utan Gränser* (cooperation without borders) and a Tanzanian organisation are cooperating on the establishment of savings and credit institutions in the lake region. Pride Tanzania, a micro-finance organisation, also receives Swedish support. Fourteen villages in the Seregenti district will shortly be linked to the national power grid. HakiElimu, a Tanzanian NGO, affirms and promotes respect for the rights of primary school children. Approximately 20 % of Swedish funding is channelled to the Mara and Mwanza regions.

2.3 Uganda

The emphasis in the 2001–2005 country strategy for Uganda is on poverty reduction through support to the health and water supply sectors and projects in the Economic Reform and Business Cooperation programme aimed at stimulating employment and growth. Extensive support has been extended to projects promoting human rights and democracy. Efforts to steer the programme towards the Lake Victoria region have been limited for two reasons. The first is the programme's primary aim of poverty reduction. As poverty levels in the northern part of Uganda (far from Lake Victoria) are the highest in the country, directing support to the lake region would have created further regional imbalances. The second reason is that the programme is not amenable to steering of this kind.

3 The Swedish Lake Victoria initiative – observations and results

The primary aim of the Swedish Lake Victoria initiative is poverty reduction within sustainable development framework. Launched in 2000, the initiative has a 20-year time frame. An interim evaluation was conducted in 2003. As a traditional outcome assessment, its value was limited since activities had only been in progress for a relatively short period. However, some general conclusions may be drawn and these are set out below. Disbursements for the previous strategy period totalled SEK 134 million.

Regional versus national

The strategic connection between the Lake Victoria initiative and the country strategies for Kenya, Tanzania and Uganda has not been made sufficiently clear. Close dialogue must be maintained between the Lake Victoria directorate and the three embassies in Kenya, Tanzania and Uganda. The primary aim here is not to set funding levels for ongoing or approved projects, but to profit from synergies, avoid duplication of effort and ensure that new initiatives support goals in other strategies.

Partnership

The partnership model has yielded satisfactory results despite initial weaknesses. Partnerships – as a method and instrument of cooperation – must be sought in connection with continued implementation of the Lake Victoria programme.

Focus and priorities

In the first, three-year, strategy period, Sida has felt the need to contribute to process-oriented support and funding for institutional development in addition to taking part in more visible projects having direct effects. These include the Vi Agroforestry programme (*Vi-skogen*) involving the promotion of sustainable agriculture in the lake basin, further education programmes for environmental journalists in East Africa and the installation of ecological sanitation units in the slums of Kampala. This approach has led to a surfeit of projects and underlined the need for a sharper focus and a more strategic approach. Clearer priorities as to what needs be supported and what does not should be defined at the project planning stage. An important criterion for all future projects is that they show how economic, social and environmental factors work together for sustainable development. Although a single project may focus on one of these factors, efforts must be made to clarify its relationship to other aspects of development. It must also be designed to support, or at least not run contrary to, these aspects.

The need for coordination

Despite a lack of reliable knowledge and inadequate coordination of development cooperation efforts in the region, there are many international organisations on the ground. Substantially improved coordination of their activities designed to achieve possible synergies is essential if optimum use is to be made of available resources. Partnership with the EAC will in future serve as a basis for coordinating Sweden's development cooperation activities and those of other countries and organisations. Sweden must play a proactive part in this process.

Lessons from Baltic Sea cooperation

Baltic Sea cooperation continues to be a fruitful source of inspiration. Twinning arrangements like the partnership between the Union of Baltic Cities and the Lake Victoria Shore Regional Local Authorities Co-operation have been successful. In many respects, Baltic Sea cooperation has also served as a model for the protocol on sustainable development for Lake Victoria. The protocol provides the legal backing for all intended interventions in the lake basin.

Interaction with the Lake Victoria Environmental Management Programme

The objectives of first phase of the World Bank-sponsored Lake Victoria Environmental Management Programme (LVEMP 1) were: (1) to maximise the sustainable benefits to riparian communities from using resources within the basin; (2) to conserve biodiversity and genetic resources; and (3) to harmonise national management programmes with a view to halting growing environmental degradation. The programme has focused on the lake itself, its environment and on developing scientific capacity, while the Swedish Lake Victoria initiative has concentrated more closely on sustainable development in the catchment area. However, cooperation with LVEMP is an important component of the initiative.

4 Lake Victoria – the East African vision

4.1 The vision and strategy development process

A process aimed at developing a vision for resource management and development of the Lake Victoria Basin has been under way. This will be used as a basis for decision on LVEMP 2. The overall objective of this process has been to assist stakeholders to:

- develop broad consensus on realistic, achievable objectives for the sustainable management of Lake Victoria in a time frame of 15 years, and
- develop mechanisms to (i) help stakeholders to advance their interests, (ii) provide feedback to government and (iii) monitor progress towards achieving goals.

National task forces (NTFs) were appointed by the EAC in consultation with the national governments. These were composed of representatives of central and local government authorities, civil society and non-governmental organisations, the private sector and the academic community. With the support of national consultants, the NTFs organised a series of stakeholder meetings attended by farmers, fisher folk, business community representatives, conservationists and representatives of local government authorities. Women and young people were well represented. A total of 15,000 stakeholders submitted views, which subsequently provided the basis for a national consultation and a national vision and strategy in each country.

The task of developing a regional vision, and in due course, a strategy, was entrusted to a regional task force (RTF) composed of five members from each East African country (government administration, civil society, the business community and the academic community) and representatives of regional organisations. Sweden was also present as a donor 'representative'. As well as the national visions, the RTF was able to draw on a comprehensive background document produced by an international consultant. The outcome of the RTF's efforts was a vision and strategy proposal, which was submitted to the EAC Council of Ministers for approval via a committee of permanent secretaries.

4.2 Outcome of the vision development process

Challenges and opportunities were identified in the national and regional reports. In a departure from conventional sector classifications, five policy areas were identified. A large number of strategies and change indicators were identified during the national processes. These were then harmonised and assigned priority in the regional consultations. As a result, strategies were defined for each policy area. These included sector strategies and cross-cutting strategies:

Policy area 1: Ecosystems, Natural Resources and Environment

- Fish resources management
- Land use and natural resources management
- Water resources management
- Pollution control and waste management

Policy area 2: Production and Income Generation

- Promote exploitation of resources potential
- Improve research and development facilities
- Improve access to natural resources
- Improve infrastructure
- Improve institutional regulatory framework and capacity
- Management of HIV/AIDS

Policy area 3: Living Conditions, Poverty and Quality of Life

- Water supply and sanitation
- Health facilities
- Education and training
- Infrastructure
- Vulnerability and poverty alleviation

Policy area 4: Population and Demography

- Population growth and migration
- Change cultural and social behaviour patterns and practices if these tend to promote the spread of HIV/AIDS

Policy area 5: Governance, Institutions and Policies

- Good governance and human rights
- Harmonisation of laws and policies
- Institutional framework and devolution
- Law enforcement and security
- Conflict resolution and peace building
- Gender issues

Each NTF developed its own national vision. These were then brought together and harmonised by the international consultant and the RTF into the following regional vision for the Lake Victoria Basin:

“A prosperous population living in a healthy and sustainably managed environment providing equitable opportunities and benefits.”

The task of taking the results back to the villages and communities that originally took part in this popular process has begun. In Kenya, the vision process and its outcome will be presented to the parliament. Like much of the RTF's work to date, this task is being financed by Sweden. If a conventional sector-based approach is to be avoided, Sweden must continually draw attention to ways in which the five policy areas can interact, identify possible conflicts of interest between them and propose appropriate solutions.

4.3 A critical analysis of the vision

The Lake Victoria vision has strengths and weaknesses.

Its strengths are:

- A broad-based, popular process involving 15,000 stakeholders.
- Strong East African ownership of the process at regional, national and local level.
- Focus on poverty alleviation and the sustainable use of resources.
- An innovative analytical model resulting in the definition of five policy areas directly linked to poverty alleviation and sustainable development.
- The vision development process can be favourably compared in terms of breadth and depth to the process of developing national poverty reduction strategies (PRS).
- The NTFs and the RTF had a balanced mix of government officials and stakeholders (NGOs, enterprise, the academic community).

Its weaknesses are:

- Originally, provision was made for developing a vision only; strategy development came at a later stage and is still in progress.
- Like the poverty reduction strategies, the strategy sets out a long list of wishes but few priorities.
- No decision was made regarding which issues should be dealt with at national level and which at regional level.
- The timetable for the final phase was too tight and important policy evaluations were not carried out.
- Coordination between central government ministries and activities at local level is weak, which tends to prevent the vision and strategy from having the desired impact.
- No comparative analysis has been made of national and international goals on the one hand and the vision and strategy goals on the other.
- The vision document would have benefited from an explicit rights perspective, with references to international conventions and regional treaties.
- The international consultant proposed the development of cross-cutting matrices, a useful tool in cases where measures impact more than one policy area. However, this task was not completed.

The final result is nevertheless a serviceable document, wholly owned by the EAC, the national governments and other stakeholders in the region. The vision has been adopted by the EAC and declared the basis for all interventions in the Lake Victoria region. It provides a comprehensive framework for use in poverty reduction within a sustainable development framework. It is linked to the East African sector protocol on Lake Victoria, which emphasises the over-riding importance of environmental protection, both as a shared responsibility of the three East African states and through their jointly owned organisation, the EAC.

5 World Summit on Sustainable Development and Lake Victoria

5.1 All development must be sustainable

The World Summit on Sustainable Development, held in Johannesburg in September 2002 adopted a global programme of action (Agenda 21). Its recommendations included measures to promote sustainable development. Economic, social and environmental aspects were dealt with in an integrated way. In an address to the summit, UN Secretary-General Kofi Annan outlined five areas which in his view required particular attention:

1. *Water and sanitation*
2. *Health*
3. *Agriculture and the food supply*
4. *Energy*
5. *Biodiversity*

The summit made new commitments in these areas. These may be seen as supplementing the Millennium Declaration with additional, time-limited goals, particularly in the natural resources sphere. For instance, an agreement was reached to halve the percentage of people lacking basic sanitation by 2015. Serious ongoing damage to the environment and public health arising from the use and production of chemicals is to end by 2020. Where possible, fishing stocks threatened with extinction must be built up/restored to their former level by 2015. Recommendations to significantly increase the percentage of renewable energy sources were also adopted. These objectives contribute in different ways to the work of achieving the overall goal of the Millennium Declaration: "to eradicate extreme poverty and hunger, with the target to halve it by 2015".

Consumption and production patterns are a perennial, over-arching concern. The challenge is to decouple economic growth from adverse environmental impact. The summit adopted a ten-year global framework programme for sustainable consumption and production initiatives. The recognition that developed countries have a special responsibility in this area, combined with the readiness of developing countries to take part, must be seen as a step in the right direction.

5.2 The World Summit and Lake Victoria

A special initiative was taken in Johannesburg by the EAC countries and Sweden. At an open, high-level meeting, the heads of state and government of Kenya, Tanzania, Uganda and Sweden agreed to cooperate on implementation of summit resolutions on Lake Victoria. The EAC countries pledged to give continued priority to sustainable development efforts in the region, while Sweden undertook to contribute financial support and share experience gained from participation in Baltic Sea cooperation.

As the three countries share a common natural resource in Lake Victoria, efforts can encompass all aspects of sustainable development in an integrated and holistic way. Sustainable use of natural resources based on new technologies

and modern cultivation methods can also help generate employment/economic growth, both important factors in poverty reduction. Coordinated interaction centred on Lake Victoria will enable Kenya, Tanzania and Uganda to develop regional cooperation structures capable of contributing to environmental, economic and social development and thereby to long-term poverty reduction.

6 The Swedish strategy for support for poverty reduction and sustainable development in the Lake Victoria region

6.1 Basic premises

Like the EAC vision document, the joint undertaking made at Johannesburg affords an important point of departure for Sweden's support strategy in the Lake Victoria region. Swedish development cooperation must promote implementation of the East African vision and planned strategy. Thus the five policy areas also provide a central framework for the Swedish strategy.

Other important guiding principles for Sweden's strategy are relevant sections of:

The *Riksdag report* in reply to the government bill, Our Common Responsibility: Sweden's policy on global development (*Gemensamt ansvar - Sveriges politik för global utveckling*), which sanctions and underlines the policy of focusing on poor people, poor countries and goals relating to equitable, sustainable development.

The *UN Millennium Declaration* and *Millennium Development Goals*, which establish a framework and timetable for poverty reduction.

The *Sida policy document*, *Perspectives on Poverty (Perspektiv på fattigdom)*, in particular its conclusion that the problems of poverty can only be understood and addressed in a multidisciplinary perspective and on the basis of a holistic approach.

Baltic Sea cooperation, which has all along been a source of inspiration for the EAC, countries in the region and Swedish programmes for Lake Victoria.

The report, *The Swedish Strategy for Regional Cooperation in Sub-Saharan Africa (Svenska strategin för regionalt samarbete i Afrika söder om Sahara)* cites two cases where action at regional level is the most appropriate approach: (i) where this form of cooperation is important and necessary and/or (ii) where it generates added value. Conflict prevention, economic integration and management of common resources are examples of the first case; cooperation including exchanges of know-how and experience of combating HIV/AIDS, harmonisation of laws and regulations, networking and regional cooperation programmes are example of the second. Support to the Lake Victoria region can also be regarded as part of the implementation of the regional strategy.

The overall goal of all three Swedish country strategies for East Africa – Tanzania 2001–2005, Uganda 2001–2005 and Kenya 2004–2008 – is poverty reduction through support for the countries' PRSs. The Lake Victoria Strategy complements these strategies by highlighting other regional obstacles to sustainable development and thereby to poverty alleviation. The Swedish strategy for Lake Victoria must support implementation of the East African vision and strategy, just as Swedish country strategies support cooperation partners' PRSs.

Sida has commissioned a number of studies as part of the strategy process. Two are especially significant. One concerns *HIV/AIDS*. Conducted by the head of

Taso, the prominent Ugandan NGO, in collaboration with the Sida HIV/AIDS Secretariat in Lusaka and Stockholm, it confirms the vital importance of regional as well as national measures in combating the pandemic.

The other study, carried out by the Department of Peace and Development Research at Göteborg University (PADRIGU) deals with *conflict prevention*. It emphasises that measures to deal with possible structural violence run parallel with efforts to reduce poverty. Social development must be monitored with particular attention to skewed welfare distribution. The study also refers to the impact of power structures and dynamics on the factors and processes that create and perpetuate poverty. There is a need for empowerment, i.e. measures targeted at vulnerable groups aimed at enhancing participation in the political process, thereby giving citizens a greater say in decisions affecting their lives.

Both studies conclude that inadequate capacity at all levels and structural hindrances that prevent people from having a say in their own development are serious obstacles to the achievement of sustainable development.

6.2 The overall goal

Sweden will continue to support efforts to implement the East African Vision and forthcoming strategy for Lake Victoria in accordance with the joint undertaking by the EAC countries and Sweden at the Johannesburg summit:

The overall aim/goal of Swedish development cooperation in the Lake Victoria region is to contribute to poverty reduction in a sustainable development framework.

Sweden's special role here is to support efforts that highlight the interplay between and contribute to the development of the three dimensions of sustainable development – economic, social and environmental – from a holistic, integrative perspective. Possible conflicts of interest and the potential benefits of integrated solutions are to be analysed and used as a basis for assessment of programmes and projects. Efforts must focus on poverty reduction and all measures must reflect a clear commitment to human rights concerns and a pro-poor perspective on development. Other key components are sustainable use of natural resources and active efforts to protect the environment. However, these must be based on solutions which are sustainable in all three dimensions.

6.3 Priorities and considerations

The EAC needs to develop quantitative, verifiable goals for the five indicators for the policy areas (see p. 14). Sweden is to offer support for this task as part of its dialogue with the EAC.

A tool for creating the necessary links has been discussed in the report, The Swedish Strategy for Regional Cooperation in Sub-Saharan Africa, which calls for support for regional programmes and projects that are either necessary or generate added value. In the case of the Lake Victoria Initiative it is particularly important that interventions are in close accord and in synergy with the three bilateral strategies. This does not rule out measures in a single country provided these support the regional goals.

Prospects for regional cooperation on sustainable development in the Lake Victoria region are favourable. Maximally effective cooperation presupposes efficient regional organisations and adequate institutional resources – in civil society and at intergovernmental level. At present, capacity for regional cooperation and the implementation of trans-boundary programmes is limited in both areas. Capacity-building measures will therefore be necessary and can be expected to generate added value.

Effective promotion of sustainable development by enhanced regional organisations is predicated on more active participation on the part of local citizens. Swedish support must promote efforts by poor people to improve their living conditions and provide instruments for meaningful public participation in decision-making.

The three countries bordering on Lake Victoria share a vital natural resource – and a crucial mainstay for people in the region. Long-term sustainable use of the lake and the surrounding area by the inhabitants of all three countries calls for close cooperation. It is essential that the need for such cooperation, the interplay between the activities in the catchment area and the load on water resources as well as the lake itself are all made clear and widely known at all levels. Cooperation, exchange of information and active dialogue around the lake and across national borders are fundamental to sustainable development.

Efforts aimed at capacity building are of particular relevance and strategically appropriate given the disastrous impact of HIV/AIDS on individuals and the community at large. The experience of many local and Swedish organisations has taught them the importance of and need for well-trained, skilled personnel to help empower citizens living in poverty. Closely related to this is an issue of special interest to Sweden and a long-standing commitment: its vigorous support for gender equality and women's rights in East Africa.

The HIV/AIDS epidemic is a trans-boundary problem which must be tackled at every level. Here, too, cooperation and exchange of knowledge are vital; Uganda's experience of involving civil society and groups at grassroots level is of particular value. Capacity building at various levels should be supported.

Increased trade between riparian communities is vital to economic growth. Agriculture is the primary source of income in all three countries in the region. Private sector growth, including agriculture, is needed to provide work for the growing numbers of unemployed young people. Creating the necessary means of communication between the farmers/manufacturers and their markets is a particularly important challenge.

6.4 Areas of activity

Sweden has defined five areas of activity in which regional measures are seen as necessary or which can be expected to generate added value. Their crucial importance is confirmed by assessments in different studies, including the above analysis and the findings of the performance analysis:

Capacity building for sustainable development

- Organisations in the EAC structure and related bodies
- Support for regional cooperation
- Civil Society Organisations (CSOs)
- Local government authorities
- Knowledge of the relationship between poverty reduction and sustainable development

Empowering communities and individuals

- CSOs as mouthpieces for people without power
- Media
- Efficient local administration
- Gender equality
- National and regional dissemination of democratic principles

Sound environment and sustainable use of natural resources

- LVEMP 2
- Support for local popular initiatives as a complement to LVEMP 2
- Implementation of the Johannesburg undertakings and of the principal conventions on the environment
- Capacity building

Combating HIV/AIDS

- Exchanges of experience, especially Ugandan experience
- Trans-boundary issues
- Capacity building
- Orphans and Vulnerable Children (OVCs)
- Gender equality

Private sector development for economic growth

- Focus on the private sector, including agriculture
- Promote entrepreneurship
- Networking
- Exchanges of information and experience
- Combating corruption

Special priority will be given to multidimensional programmes and projects, i.e. those which promote the three dimensions of sustainable development. This also applies to resource allocation, human as well as financial. These areas are also central elements in the dialogue strategy for Lake Victoria.

6.5 Capacity building for sustainable development

In the Lake Victoria programme, capacity building at individual as well as organisational level is a central concern. New organisations will be set up at intergovernmental level in the EAC structure, in networks in civil society and in the research sector. The relatively low priority given to this area by other donors means that Sweden can play a unique, strategic role in supporting the capacity of organisations to fulfil their tasks. This applies particularly to the capacity to promote sustainable development, including the ability to actively strike a balance between economic, social and environmental priorities. Also required in this context is a deeper understanding of the demands and possibilities entailed by a policy of sustainable development. Educational measures may therefore be necessary and should be initiated by Sida where appropriate.

The EAC needs to enhance its institutional capacity in order to function as a top-level organisation with a broad agenda that includes general development issues, harmonisation of national legislation and the development of common institutions, and as a mediator between parties with conflicting interests. Prospects for cooperation with other intergovernmental organisations concerned with promoting sustainable development should be carefully investigated. Special priority should also be given to support for developing the capacity of intergovernmental organisations active in the region. Although this applies mainly to the EAC, the EADB, the LVFO and the EABC are also relevant here. Cooperation and collaboration with other donors such as the EU Commission (an LVFO donor) is of crucial importance.

Riparian local government authorities lack the capacity to effectively deliver necessary social services or to draw up action programmes relevant to their interests. Grassroots organisations lack the capacity to pursue issues of importance to their members or to implement previously adopted measures. Although capacity problems must be solved at national level first, exchanges of experiences at regional level can also play a significant part. A regional approach is often successful, especially when such exchanges can benefit from economies of scale. Support is to be extended to regional capacity building efforts which emphasise the importance of and methods for promoting sustainable development.

SAREC's (Sida's Department for Research Cooperation) Lake Victoria Research initiative (Vic Res) is aimed at regional, multidisciplinary research in the Lake Victoria region. A coordinating role is played by the IUCEA, which has member universities in Kenya, Tanzania and Uganda. One of its long-term aims is to develop the capacity of research groups.

6.6 Empowering communities and individuals

Measures supported by Sweden should be based on existing opportunities for local inhabitants to influence the decision-making process themselves – and thereby improve their material circumstances and the general quality of their lives. They should also take account of local authority and private sector involvement, cultural and traditional structures, etc. The impact of national and regional decisions should also be considered when analysing conditions for those who are

powerless to change their lives. The East African Vision has helped to create more opportunities for poor people to drive the development process themselves.

Support can be extended in numerous ways. Grassroots organisations play a key role in informing poor women, men, children and groups of their rights and opportunities to constrain the regional development process to highlight not only the problems and threats they encounter but also their own needs and prioritised solutions where these are consistent with sustainable development. The vigorous civil society in the lake region can be further strengthened with the help of Swedish support. Swedish NGOs can play an important role here given their experience of democratic development in Sweden and the longstanding presence of a number of organisations in the region.

Civil society organisations are not the only bodies capable of strengthening local communities and augmenting the range of opportunities available to them. Local development is also predicated on efficient and effective local government administration. Twinning programmes incorporating experience gained from Baltic Sea cooperation can also be instrumental in this regard. The media, radio in particular, can play a prominent role in disseminating information and encouraging public debate. Networks, such as EALS, local government authorities, small business associations and cultural networks can also play a part in empowering local communities, generating new opportunities and helping women obtain access to the legal system. The same applies to religious organisations.

Although meaningful participation in decision-making is normally best achieved in a national context, opportunities for regional approaches also exist. Values – not least democratic values – tend to be contagious. Failure to apply legislation rigorously and consistently in one country increases the likelihood that a similar disregard for the rule of law will develop in neighbouring states. If gender equality demands are respected in one society, the citizens of adjacent countries will seek the same rights. The fact that the spread of HIV/AIDS in Uganda is being brought under control could stimulate popular demand in Kenya and Tanzania for the kinds of policies responsible for this favourable development.

Democratic principles such as public participation, transparency, non-discrimination, good governance and accountability will be crucial to achieving results in this area. The same applies in the sphere of human rights and gender equality.

Organisations and networks in civil society in the Lake Victoria region can be supported by helping to fund their ordinary activities. Many Swedish NGOs, such as Vi Agroforestry Project (*Vi-skogen*), WWF and organisations affiliated to the Swedish Mission Council, are already active in the region. Frequently established partnerships between local groups and Swedish NGOs facilitate exchanges of experience and contribute to capacity development. In combination with exchanges of experience between the Baltic Sea and Lake Victoria regions, they can also lead to synergies and promote actor and programme coordination. Other voluntary, non-profit organisations may have objectives that do not necessarily involve sustainable development. Support should therefore only be extended to

programmes and projects that promote or are consistent with sustainable development principles.

Support for EAC efforts to promote democratic governance at regional level in line with the EAC vision may also be extended.

6.7 A sound environment and sustainable use of natural resources

A number of environmental threats must be dealt with if sustainable development is to be achieved in the Lake Victoria region. The most prominent are:

- growing pressure on water systems and deteriorating water quality caused by population growth and rising water consumption, removal of vegetation cover in the catchment area, chemical and fertiliser run-off from agriculture, and urban waste and sewerage disposal,
- over-exploited land, shrinking vegetation cover and destruction of wetlands,
- deforestation in the basin area leading to severe soil degradation,
- reduced bio-diversity of fish species and invasion by non-indigenous species,
- damaging dry- and rainfall caused by air pollution,
- pollution from point sources, e.g. industries and urban areas, as well as from non-point sources, mainly non-sustainable use of artificial fertilisers,
- conflicts of interest between stakeholders concerned to preserve wildlife on the one hand and people's immediate social needs on the other.

The second phase of the World Bank-sponsored Lake Victoria Environmental Management Programme (LVEMP 2) is expected to help identify regional solutions to these issues. However, a general conclusion of the performance analysis of LVEMP 1 is that workable approaches have been devised only in part. This became evident in the process leading to the Lake Victoria vision and has been a cause for concern among the grassroots organisations in the lake region. A number of international NGOs and similar organisations have developed programmes aimed at solving environmental problems. These include the World Conservation Union (IUCN) (sustainable fishing), and the WWF (primary school instruction in the sustainable use of natural resources and sustainable consumption patterns). Both organisations receive Swedish funding. Ways must be found to redress the critical lack of environmentally acceptable industrial and local authority waste management programmes, partly to protect the lake itself, partly to help alleviate poverty in the region and partly to reduce health risks. Special efforts must be made to identify positive links between measures to promote sustainable use of natural resources, income generating activities and poverty reduction.

The purpose of the numerous studies and extensive investigative activities now in progress is to renew the LVEMP concept. The aim is to avoid a repeat of LVEMP 1, regarded in the region as a programme unduly concerned with scientific goals and fact-finding. The intended result – a new investment programme – will be submitted to the World Bank's governing board for approval in the middle of 2006. Sweden will be closely monitoring this process, partly in its capacity as a dialogue partner, and partly to prepare for financial contributions to supplementary studies.

Sweden will have occasion to decide regarding participation in the LVEMP 2 investment programme when it is time to develop a strategy for Lake Victoria for the period after 2006.

Special attention will be focused on initiatives enjoying broad popular support and involving democratic management of natural resources and on capacity and skills development in relevant institutions.

The same applies to interventions expected to achieve the specific goals adopted at the World Summit on Sustainable Development in Johannesburg, e.g. relating to over-fishing, access to water and sanitation, transition to sustainable energy and biodiversity conservation. Another basic concern is implementation of the major environmental conventions.

6.8 Combating HIV/AIDS

HIV/AIDS was first detected in the Lake Victoria region. Since then it has spread widely and at increasing rates, with devastating effects. Although effective awareness-enhancement programmes are being implemented, particularly in Uganda, programmes that tackle the basic causes of the epidemic and action programmes in areas such as counselling, testing, care and support are far weaker. Swedish support should focus on measures aimed at developing existing programmes. The regional dimension is a further important consideration:

- exchanges of experience; favourable results in Uganda (see above) an important basis for action,
- trans-boundary measures and/or measures aimed at migrating populations: 'sex for fish' in fishing communities, the transport sector, students in higher education, border towns,
- capacity development at different levels designed to promote better use of major global AIDS funds,
- focus on Orphans and specially Vulnerable Children (OVCs).

Women and children in the lake region perform most of the everyday manual agricultural work, collect wood and water, look after smaller livestock, etc. Women normally bear most of the responsibility for procuring food for the family and maintaining food security insofar as this is possible. Prevailing cultural conditions make them easy prey for exploitation. Some exploitative practices are related to gender roles and relations, e.g. widow inheritance, widow 'cleansing' and female genital mutilation, all significant contributors to the spread of HIV/AIDS. On the other hand, processes and measures aimed at promoting their integration into modern society have been inimical. Examples include legislation that denies women the right to land, inadequate advisory systems, the priorities of the market, etc. Sweden must seek to ensure that legislation serves to safeguard women's rights. Improved access to the legal system is also necessary to protect women from violence and abuse. Support for changes in this direction are an important element in the fight against HIV/AIDS.

A rights based perspective will be adopted in the context of HIV/AIDS prevention. As mentioned above, women's human rights are of particular importance here, as are the Rights of the Child. Emphasis will be placed on orphans and OVCs.

Efforts must also be made to assess the impact of HIV/AIDS on economic and social development and to identify adjustments that need to be made to improve conditions and prospects.

6.9 Private sector development for economic growth

Poverty in the Lake Victoria region cannot be tackled successfully without economic growth. The EAC has accordingly designated the region a growth area. Growth and employment for the growing numbers of people leaving the education system each year must be generated through close collaboration between government and the private sector. The actors involved must have clearly delineated roles yet be able to work towards the common goal of pro-poor growth. The private sector in the region comprises agriculture, which not only employs a large proportion of the local population – particularly women – but is the only basis of food security, a growing mining industry, a stagnating manufacturing industry, and a tourist industry with major, as yet unexploited, potential. The private services sector is poorly developed but has considerable growth potential. The role of central and local government is to create an enterprise-friendly environment in which the central importance of adequate infrastructure and clear regulatory frameworks is recognised and where rapid economic growth and exploitation of natural resources does not further reduce the prospects for sustainable development.

Conditions for private sector development are established primarily at national level. Laws and regulations are normally national in scope, as are the institutions that seek to promote favourable conditions for private sector development, such as industrial associations, chambers of commerce, agricultural organisations, etc. However, harmonisation of laws and regulations, responsibility for trans-boundary infrastructure and institutional cooperation – one of the activities of the EABC – are all important regional concerns. Moreover, although financial institutions are usually national, there is more scope for regional solutions in an increasingly liberalised capital market.

The Protocol on the EAC Customs Union, which was recently signed by the three East African countries, is an important step in the development of a regulatory framework aimed at facilitating trans-boundary trade and investment. At present, inter-state trade in the region is largely comprised of exports, on a limited scale, of manufactured goods from Kenya to Tanzania and Uganda. The Kenyan power grid receives electricity generated in Uganda. The EAC will play a key role in continued harmonisation work, thereby helping to promote trade between the countries. Efforts will be made to enhance the ability of the EADB to actively promote regional investment in infrastructure and other areas.

But private sector development is not just – or even mainly – about promoting trans-boundary trade. It is about encouraging entrepreneurship, making sure that players make full use of the employment opportunities and growth potential offered by the private sector and ensure that production is more closely linked to a viable market. It is also vital from the standpoint of long-term economic growth that private sector development take account of the social and environmental consequences of its operations. If the sector is to compete successfully in

international markets, where sustainability is increasingly required and increasingly in demand, governments must also promote sustainable production and consumption patterns and the development of proactive enterprises where environmental and social concerns are implemented early in the development of goods and services. Swedish experience in greening in the agricultural, mining, manufacturing and tourist sectors should be turned to account in the Lake Victoria region, a process which could lead to increased cooperation with Swedish enterprises.

Private sector development is exemplified by the Swedish NGOs, VI Agroforestry and *Kooperation Utan Gränser*. Their joint efforts have enabled small farmers in the region to market their produce in and outside their countries. Another example is LVEMP 2, with private sector participation in economic and social development in the Lake Victoria region as one of its sub-areas. A third example is the partnership between the Lake Victoria Region Local Authorities Cooperation (LVRLAC) and the Union of Baltic Cities, three of whose primary aims is to promote entrepreneurship, create jobs in the private sector in the region and work for sustainable development.

As an area of activity, private sector development can benefit from close cooperation between the Swedish and East African private sectors. Working in partnership with the EABC, the International Council of Swedish Industry (*Näringslivets internationella råd, NIR*) will seek to strengthen entrepreneurs' business skills and broker business contacts. Institutional development efforts – undertaken in close collaboration with the German cooperation enterprise, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) – will be initiated at a later stage of the programme. Business skills development will include delegation visits to Sweden and East Africa and the adoption of a promotional plan for East Africa in Sweden, and *vice versa*. Special emphasis should be placed on strengthening the status and role of women in the private sector.

7 Operationalising the Swedish strategy

7.1 Approach

Strategy implementation will involve a range of methods and approaches. Some important aspects are:

Ownership

It is vital that the people living in the Lake Victoria region 'own' Swedish-funded development. The emphasis on ownership must feature prominently in the implementation of activities supported by Sweden. At what level ownership actually lies will depend on the situation and the specific issue. The principle of subsidiarity is significant in this context.

Regional partnerships

Five formal partnerships have so far been agreed as part of the Lake Victoria initiative by actors in East Africa and Sweden:

- A multilateral partnership between the EAC on the one hand, and donor organisations and countries, including Sweden, Norway, the World Bank, France and the EADB on the other was set up in 2001. A special partnership fund was established by all the parties apart from the World Bank with a view to financing pilot studies to identify investment opportunities, capacity development and coordinating measures.
- Partnerships have also been set up between East African local authorities, the private sector, CSO networks and Swedish counterparts.

The EAC plans to extend its trans-boundary partnerships to include other countries and/or organisations, including representatives of LVRLAC and international NGOs, in particular the IUCN.

The partnership model has worked well. Developing models for new areas and deepening cooperation in existing ones will therefore form an important part of this strategy. Sida is to channel funds for studies and capacity development through the EAC Partnership Fund in addition to direct support for partnerships and projects.

Conflict resolution

The PADRIGU study mentioned earlier sets out important recommendations on avoidance and prevention of conflict in the region. It also refers to the need to fund institutional and capacity development of EAC bodies in addition to its Lake Victoria development programme and thereby support efforts to ensure that requirements regarding legal rights and good governance are met by the Community. Also important are support for regional networks, exchanges of experience and efforts to enhance Sweden's role as a mediator and participant in policy-oriented and diplomatic consultations.

Lessons from Baltic Sea cooperation

2000 saw the establishment of a partnership between LVRLAC, the committee responsible for coordinating cooperation among some 40 local government authorities in the Lake Victoria region, and its counterpart in the Baltic Sea region, Union of Baltic Cities (UBC). Sweden has played an active part in this alliance. Opportunities to exchange experience acquired in the two regions in light of the potentially valuable lessons to be learned should be actively followed up, with particular focus on similarities and differences. Other, analogous exchanges and cooperation could involve organisations such as the Council of the Baltic Sea States and Baltic 21 (to address overall aspects of sustainable development), and the Baltic Marine Environment Protection Commission (HELCOM) and the International Baltic Sea Fishery Commission (IBSFC) (management and protection of water resources and fisheries).

As regards future cooperation in the Baltic Sea region, the Swedish government intends to appoint an inquiry to report on ways of organising the proposed Baltic Centre on the Swedish island of Gotland, located in the Baltic Sea. The centre will disseminate information and facilitate cooperation among authorities and organisations engaged in promoting trade, cooperation and exchange of knowledge and information in the countries in the Baltic Sea region. Sida also plans to establish a special section on Gotland tasked with supporting continued integration and cooperation in the Baltic Sea region, with the emphasis on cooperation through voluntary, community-based associations and NGOs, people-to-people contacts and twinning between regions, municipalities, counties and authorities. The section will be an important addition to the complex of Baltic Sea-related research, development, education and collaborative activities now being established on Gotland. It should be possible to draw on these resources as well in the not too distant future.

Coordination with other donors

Sweden is the only donor to have signed a partnership agreement with programmes aimed directly at the Lake Victoria region. Other EAC-initiated projects do receive bilateral support, however. A major donor is GTZ, which provides the EAC Secretariat with technical support in connection with the customs union and private sector development efforts, and gives valuable assistance to the EABC. The World Bank supports the secretariat in a number of areas including trade. The EC Commission is a major cooperation partner in the field of fisheries research.

The NBI has set up a system for joint management of donor funds through the Shared Vision Programme (SVP). In addition to the World Bank, Norway and Sweden, contributions are expected from Canada, the Netherlands, Denmark, Finland, Germany, UK, the Global Environment Facility (GEF) and the African Development Bank (ADB). The programme is to be coordinated through a fund committee for the Nile Basin which meets once a year. Better cooperation between the EAC and the NBI/NELSAP is expected when the parties have signed a memorandum of understanding.

Cooperation between the LVEMP and EAC/donors has been poor. In dialogues with the EAC, its member states and the World Bank, Sweden has emphasised the need for uniform, holistic measures for the development of Lake Victoria. The Vision and Strategy project has proved a useful mechanism in this regard. The Vision embraces all development efforts in the region. An integrated vision furnishes a common platform for launching new development projects whether initiated by the LVEMP or the NBI, funded through partnerships or bilateral cooperation.

Sweden must actively endeavour to identify opportunities for cooperation with other donors in all interventions.

Annual “regional plan”

An important instrument in operationalising the Lake Victoria strategy is the implementation plan (“regional plan”) drawn up annually by Sida in cooperation with the embassies concerned. The plan establishes the direction of development cooperation at operational level during the current period (year 1 and years 2/3) and identifies priority projects or areas of activity committed to promoting cooperation aims. Regional plans include indicative funding amounts at project or project area level based on funding allocations under the budget item ‘Africa’, in accordance with appropriation directions given to Sida.

The planning process must be accompanied by dialogue with the EAC and other cooperation partners. Planning results may also be reported at meetings of the partnership committee and shared with other stakeholders. The plan shall also be communicated to Swedish government.

7.2 Dialogue issues

Close dialogue is to be maintained with relevant actors in the EAC and the three governments throughout the strategy period. The dialogues with the EAC should preferably be conducted in the partnership committee. Sweden’s contribution is expected to bear on the following issues:

- defining verifiable goals and identifying indicators,
- further efforts by the EAC to develop its vision and strategy, with particular reference to progress and setbacks regarding poverty reduction and the three dimensions of sustainable development,
- returning the results of the vision and strategy development process to local stakeholders (civil society, local authorities),
- regional cooperation versus support for national initiatives,
- improving donor coordination,
- lessons from Baltic Sea cooperation,
- HIV/AIDS.

Dialogue with the governments of the EAC member states should form part of ongoing discussions on the respective country strategies. Where appropriate, issues relating to cooperation in the Lake Victoria region should be raised and discussed. Dialogue should be based on the EAC’s role as a body for cooperation and on its Vision and Strategy for Lake Victoria and include exchanges of experience and best practices, including lessons from Baltic Sea cooperation.

It is also important that Sweden take every appropriate opportunity to affirm – at the highest level in each country – its continued interest in supporting efforts by the member states and the Lake Victoria region to promote sustainable development, and, by the same token, to seek confirmation of continued interest in this form of cooperation and Swedish support.

Implementation of the outcome of the World Summit for Sustainable Development, with its commitments on the transition to renewable energy sources, access to water and sanitation and the protection of biodiversity also furnish a suitable basis for dialogue with the EAC and its member governments. Other important dialogue issues are implementation of the commitments enshrined in the major environmental conventions – the Convention on Biological Diversity (CBD), the UN Framework Convention on Climate Change (UNFCCC), the UN Convention to Combat Desertification (CCD) and the Convention on Persistent Organic Pollutants (POP) – and opportunities for regional cooperation in this sphere.

7.3 Risk analysis

A number of potential risks in connection with implementation of the Lake Victoria strategy have been identified:

Political risks

The PADRIGU conflict study concludes that the risk of violent conflict in the Lake Victoria region is limited, although the present situation could be affected by conflicts in the Great Lakes region. Minor conflicts could break out from time to time, depending for example on levels of social instability and marginalisation in the region, the incidence of criminality and competition for shrinking natural resources before over-exploitation can be reversed. Asymmetric political and economic development in the three East African countries have periodically threatened to halt the process of regional integration. However this risk appears to have diminished and is being further reduced by the active integration process driven by the EAC and other stakeholders. The Lake Victoria Vision and its development is an important factor in reducing the political risks and a central element in the conflict prevention strategy.

Risks relating to the Lake Victoria Vision and Strategy

In addition to the general political risks outlined above, there is a possibility that the owners of the vision and the forthcoming strategy – the national governments, stakeholders and the EAC – will fail to adhere to the adopted document. No funds are directly linked to the vision to encourage owner loyalty. It is in many respects an expression of popular will; this is both its strength and its weakness. The risk is heightened by the fact that the vision has yet to be followed up with a complete strategy, where the difficult decisions are made and priorities established. It is all the more important, therefore, that the opportunities for dialogue created by the international partnership are used to encourage stakeholders to keep the vision alive and develop in into a finished strategy.

Risks associated with the LVEMP

The LVEMP 2 programme, which is linked to the Swedish strategy, may not be realised. The structure envisaged is complicated and the programme is predicated on the granting of International Development Association (IDA) credits to the national governments and on the willingness of the latter to accept them. Uganda in particular has expressed doubts in this regard as additional loans have already been extended for the LVEMP 1 programme. The credits, which in this case must be approved by the Ugandan parliament, may not exceed a strict borrowing ceiling adopted by the government and approved by the donors. If the credits for LVEMP 2 are not granted or are refused, there may be grounds for revising the Swedish strategy and programme. However, the LVEMP was not a precondition for initiating Swedish support for efforts in the Lake Victoria region.

Risks relating to Nile cooperation

Nile cooperation through the NBI, which also includes Lake Victoria and the rivers that flow into it, is under threat, with a concomitant risk of conflict, due to growing political pressure from the East African countries to opt out of two agreements signed by Great Britain, the colonial power at the time, with Egypt as the other main contracting party. The probable reason for this is that the agreements are considered to be in the interests of the downstream countries to the detriment of those closer to the river's source, including the countries around Lake Victoria. NBI cooperation is based on the assumption that the benefits of cooperation for each individual country will be perceived as greater than the benefits accruing to them if every country attempted to maximise its proceeds in terms of the Nile's (and Lake Victoria's) water resources. In an ongoing confidence-building process the ground is being laid for an eventual revision of the colonial agreements with a view to meeting the long-term strategic interests of all the parties concerned.

Partnership-related risks

It is assumed that partnerships will create win-win situations. If they fail to do so they may collapse. Partnerships in the Lake Victoria region involving relatively weak, network-based organisations are particularly vulnerable.

Risks associated with weak institutions

The organisations forming part of the various partnerships are newly established and in general lack the capacity to implement their difficult tasks effectively. Behind them are national and local government organ, civil society organisations and private sector enterprises, all similarly handicapped by inadequate capacity, their institutional and human resources in need of reinforcement. The Lake Victoria strategy assumes the feasibility of gradually strengthening relevant institutions, thereby enabling them to improve their performance.

Risks associated with corruption

The danger of corruption is present in the Lake Victoria programme as in most major projects of this kind. However, the risk is low at partnership level as partners can keep a close check on how funds are administered. The likelihood of corruption is similarly small in programme areas managed by Swedish NGOs. The risks are greater at project level, particularly in connection with major investment projects that may be financed as part of the strategy. Vigilance is

called for. In Sida's case, this will involve rigorous application of the anti-corruption rules and guideline instructions adopted by the agency.

In the event of significantly adverse developments in these risk areas, it will be necessary to review the scope and aims of the strategy.

8 The Lake Victoria Directorate and focal points: implementation, follow-up and funding

8.1 Implementation and follow-up

The Lake Victoria Initiative (LVI) has been based at the Swedish embassy in Nairobi since 1 August 2004. Focal points have been set up at the embassies in Dar es Salaam and Kampala and at Sida's Department for Africa (AFRA) in Stockholm. Initially, the Lake Victoria Initiative will operate out of the embassy in Nairobi with a staff of three: a director, recruited from within Sida, and two locally recruited regional programme officers. The focal points will continue to operate at the embassies in Dar es Salaam and Kampala. The focal point at Sida headquarters (Africa Department), will work closely with Sida's sector departments. Given the strategy's horizontal orientation, the Africa Department will be expected to encourage and coordinate other departments and divisions involved in strategy implementation. The LVI will also be expected to maintain a dialogue with bodies responsible for Baltic Sea cooperation and with other Baltic Sea institutions, and actively seek opportunities to exchange experience.

Responsibility for coordinating the Swedish Lake Victoria strategy lies with the LVI. The three embassies in the region will be jointly responsible for implementing the four strategies for East Africa (the three bilateral as well as the Lake Victoria one). They will play an active part in determining whether regional or national solutions are more appropriate in the context of the present strategy and the national country strategies. All embassy personnel shall be regarded as a common resource in this respect.

Implementation of the present strategy must be accompanied by continual dialogue with the EAC. Swedish interventions during the strategy period are to be guided by the Community's work on the East African vision for Lake Victoria and efforts to develop a concomitant strategy. Sweden must seek to ensure that the EAC and local authorities in the three countries retain ownership of the process, and that the donor community acts in a cohesive, integrated manner.

Follow-up and evaluation must be core components of strategy implementation. Planned measures must be linked to well-established follow-up systems so that their effectiveness can be subsequently assessed. Sida is required to inform the Swedish Ministry for Foreign Affairs in advance regarding expected annual funding volumes, and to consult the ministry on important matters of principle. Sida and the ministry are to conduct an informal annual follow-up of strategy-related work, and a dialogue on the subject is to be carried on in the Government Offices.

A reference group appointed by Sida was formerly attached to the LVD as a consultative forum. It is important that the group be re-established and strengthened. It should have the character of an expert panel and contribute primarily to the development of methods and measures to promote sustainable development and enable the LVI to adopt a holistic approach to poverty reduction and sustainable development.

The outcomes of the present strategy and its predecessor are to be evaluated in good time before the commencement of the next strategy period in 2007 in accordance with the 20-year Swedish time frame and the 15-year East African vision perspective.

8.2 Funding

At the 2002 World Summit on Sustainable Development, Sweden made an indicative pledge to place SEK 1.5 billion at the disposal of the Lake Victoria Programme over a ten-year period. It is proposed that SEK 400–450 million of this amount be set aside for the 2004–2006 programme. Under an indicative allocation for 2004–2006, SEK 125 million will accordingly be set aside for 2004, SEK 150 million for 2005 and SEK 160 million for 2006. These amounts include SEK 10 million per year for SAREC and for research purposes.

Investments should be made in industrial and urban waste management, sustainable agriculture and the sustainable use of natural resources. Swedish support will be focused particularly on regional cooperation on these issues. Support to regional networks such as LVRLAC, the East African Communities Organization for the Management of Lake Victoria Resources (ECOVIC), IUCEA and the EABC will play a key role in this connection.

The following disbursements are planned for 2004: approximately SEK 5 million on support for the EAC (establishment of the partnership fund, follow-up study of the vision development process, preparation of LVEMP 2, support to the LVBC, etc.); approximately SEK 44 million on support to NGOs in East Africa and Sweden (ECOVIC, Vi Agroforestry, WWF, etc.); approximately SEK 36 million on support to traditional sectors such as urban development, agricultural development, water supply, training for journalists, enterprise development, etc.; and approximately SEK 6 million on process-oriented projects. About SEK 24 million will be allocated to the NBI exclusively for projects in the Lake Victoria region.



REGERINGSKANSLIET

Ministry for Foreign Affairs

Additional copies of can be ordered from: The Ministry for Foreign Affairs, Information Office, S-103 39 Stockholm
Telephone: Int+46-(0)8-405 10 00, fax: Int+46-(0)8-723 11 76, web site: www.ud.se

Cover: Editorial Office, The Ministry for Foreign Affairs

Printed by XBS Grafisk service, 2004

Article no: UD 04.058