

Strategy for development cooperation with

# The Middle East and North Africa

September 2010 – December 2015



REGERINGSKANSLIET

Government Offices  
of Sweden

## **Cooperation strategy for Swedish support to the Middle East and North Africa, 2010-2015**

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### **Summary**

This strategy will govern Swedish development cooperation to the Middle East and North Africa (MENA) from 9 September 2010 until 31 December 2015. It is based on the Government's international development cooperation policy, the Policy for Global Development, the Paris Declaration and the EU Code of Conduct on Complementarity and Division of Labour in Development Policy.

The overarching objectives of Swedish development cooperation with the Middle East and North Africa are: stronger democracy and greater respect for human rights; and sustainable development that improves conditions for peace, stability and freedom in the region.

Cooperation will focus on three sectors:

- i) Democratic governance and human rights
- ii) Sustainable use of transboundary water resources
- iii) Regional economic integration

### **1. Overall objectives and priorities, objectives and priorities for aid effectiveness and overarching dialogue issues**

#### ***1.1 Overall objectives and priorities***

Swedish development cooperation with the Middle East and North Africa shall, in accordance with the objective of Sweden's policy for global development, contribute to just and sustainable global development, and, in accordance with the objective of Sweden's development cooperation, help create conditions that enable poor people to improve their lives.

Development cooperation in the Middle East and North Africa shall focus on poverty in the broad sense as a result of human rights

violations. The Government's three thematic priorities in development cooperation: democracy and human rights; the environment and climate; and the promotion of gender equality and the role of women in development; shall be the guiding principles. The need to prevent and combat corruption shall be integrated into all initiatives.

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Swedish development cooperation in the region shall include regional and sub-regional initiatives. Cooperation shall be limited to countries defined by the OECD Development Assistance Committee (DAC) as developing countries. "Multi-country initiatives" shall be avoided.

The strategy applies until 31 December 2015 and a half-time review shall be implemented. The planning of development cooperation initiatives should, however, take a longer-term perspective.

### *1.2 Objectives and priorities for aid effectiveness*

Swedish development cooperation in the region should be implemented in accordance with the principles of aid effectiveness laid down in the Paris Declaration and the Accra Agenda for Action. The specific goals for greater aid effectiveness in this strategy are:

- i. Improved cooperation with other donors
- ii. Programme-based approaches for 70 percent of the portfolio of measures at the end of the strategy period

### *1.3 Overarching dialogue issues*

To ensure that the strategy can promote the development of democracy, good governance, greater respect for human rights and sustainable development, a long-term perspective and mutual trust between both Swedish and regional cooperation partners are required. A continuous dialogue should be the aim.

The overarching dialogue issues within the strategy are: democratic governance and human rights; sustainable development; and the potential of migration for development. The dialogue is coupled to sectors /initiatives financed by Sweden.

The dialogue on democratic governance shall be guided by the priorities stipulated in the policy for democratic development and human rights in development cooperation. Furthermore, the importance of preventing and combating corruption shall be highlighted as a pre-condition for positive democratic and economic development.

The dialogue on human rights shall underline the full enjoyment of human rights by women. The issue of how children's rights can be strengthened shall also be emphasised in the dialogue.

The dialogue on freedom of expression shall also stress that this right also covers new media and new forms of communication.

The dialogue on sustainable development shall press home the need for efficient water resource management and greater regional cooperation on water.

In all dialogues, Sweden shall communicate approaches and priorities in the area of migration and development.

Ongoing dialogue-focused activities, especially those being pursued at the Swedish

Institute in Alexandria, should be noted. Cooperation with the Anna Lindh Euro-Mediterranean Foundation for the Dialogue between Cultures shall be sought.

## **2. Cooperation sectors**

### ***2.1 Sector 1: Democratic governance and human rights***

#### *2.1.1 Objective for the sector*

*Greater respect for human rights, especially the freedom of expression and women's rights*

#### *2.1.2 Focus*

Swedish assistance should primarily focus on support to groups in civil society that promote democratisation and human rights by means of lobbying, opinion building, the organisation of grass-roots political parties, the monitoring of government undertakings, etc. Initiatives in support of independent media and journalism should be given special focus.

Support to develop legal and institutional frameworks can be considered as can support to initiatives and reforms aimed at increasing accountability, transparency and respect for human rights in public administration.

The initiatives can be based on the exchange of experiences and should lead to knock-on and demonstration effects in other countries in the region.

The support shall have sufficient flexibility so that it can be adapted to political changes and conflict risks.

### *2.1.3 Cooperation with other donors*

Nationally based initiatives dominate in the sector. A few actors are active at the regional level, including the EU, the OECD-MENA Programme, some UN bodies and international NGOs. Coordination with these should take place where appropriate.

## *2.2 Sector 2: Sustainable use of regional water resources*

### *2.2.1 Objective for the sector*

*More sustainable use of the region's water resources, clearly taking the effects of climate change into consideration*

### *2.2.2 Focus*

The objective shall be achieved by supporting transboundary cooperation on common water resources and integrated water resource use.

Swedish support to transboundary cooperation on water should be limited primarily to the two sub-regions: the areas around the River Jordan and the Euphrates-Tigris, where it is considered Sweden could play a special role. The focus of the cooperation is governed by the special conditions in the respective river areas, based on a conflict perspective. Consideration for the climate shall pervade the work focusing on the participation, needs and rights of vulnerable individuals and groups.

Support to initiatives aimed at improving skills in integrated water resource use, covering the entire region, shall continue to be implemented by providing capacity support to regional organisations

and networks, such as the International Training Programme (ITP). The programme creates a meeting-place for national and regional dialogue and an opportunity for Swedish stakeholders to establish contacts in the region.

### *2.2.3 Cooperation with other donors*

The EU is one of the major donors in the region through the EU Water Initiative and European Neighbourhood and Partnership Instrument (ENPI) and is also expected to be one of the largest donors in the Union of the Mediterranean (UfM). The World Bank and several UN bodies are also active in the region. Switzerland, the United States, the Netherlands and Canada are the regional donors who are most active in the water sector.

Donor coordination is expected to continue to take place for the foreseeable future at project level in the absence of regional fora. Sweden should take an active part in the development of regional coordination structures.

## *2.3 Sector 3: Regional economic integration*

### *2.3.1 Objective for the sector*

*More regional trade and the development of regional markets*

### *2.3.2 Focus*

Swedish support shall promote economic development and growth through stronger regional economic integration. This is expected to contribute to the creation of more jobs, which will benefit people living in poverty.

To achieve the objective, support shall be provided to develop harmonised structures and regulatory frameworks in the trade sector focusing especially on international standardisation, including in the climate area, mutual approval of products, competition issues, consumer protection and trade in food. The focus shall be on capacity development. The international training programme (ITP) should also continue to be utilised to build up skills and capacity as well as regional networks in order to be able to be developed into a regional programme.

Sida shall consult with other actors and businesses, where it is deemed relevant.

#### *2.3.3 Cooperation with other donors*

In recent years, the EU and Sweden have built up cooperation in the region on the trade policy front. OECD-led investment cooperation with the MENA region has been cofinanced by Sweden and cooperation also takes place with the UN. Such cooperation should continue to be the aim.

### **3. Amount**

The amount of aid shall be about SEK 650 million (about EUR 71 million) during the strategy period. The annual amount shall be about SEK 130 million (EUR 14 million) in 2011, 2012 and 2013. This amount is on approximately the same level as during previous periods.

### **4. Risk assessment and risk management**

#### *4.1 Corruption*

There is widespread corruption in the MENA Region which hampers good governance and democratic development. The fight against corruption shall therefore pervade all Swedish initiatives. On the initiative level, it is very important to create efficient systems for monitoring and accountability and to constantly scrutinise.

#### *4.2 Political risks*

The region is characterised by conflict risks and rapid political changes. These must be catered for by means of a high degree of flexibility in the initiatives.

Risks can emerge for human rights actors who put forward reform demands of different kinds. Such risks cannot be completely eradicated but can be dealt with by using good knowledge and understanding of the region's political and religious dynamics. Close cooperation with Sweden's diplomatic representation is expected to take place.

#### *4.3 The weak capacity of regional actors*

The regional actors are few and often lack capacity. The civil society is mostly organised through networks and similar associations that are often of a temporary nature and lack experience in cooperating with donors. A notable exception is *faith-based organisations*. The risks that

these weaknesses can be dealt with by establishing coordinating functions and capacity- building initiatives supplemented by thorough monitoring.

## **5. Consensus**

Relations with countries in the MENA region are influenced by actions within a number of policy areas. Sweden has had diplomatic relations with all the countries in the region for a long time and has foreign missions in many of them. Sweden has also been strongly involved in many of the attempts made to find a solution to the conflicts that have characterised the Middle East and North Africa. In addition to its political commitment, Sweden has also contributed to several UN peace-keeping military operations in the region. Sweden also provides humanitarian aid through e.g. UNHCR and UNFPA.

Regarding foreign and security policy, Sweden mostly acts within an EU framework. The EU's relations with the partner countries around the Mediterranean are formulated within the framework for both the European Neighbourhood Policy (EN) and the Union for the Mediterranean (UfM). The EU has entered into bilateral trade and cooperation agreements with most of the countries in the Mediterranean region. This cooperation is broadly arranged and includes political issues, democracy and human rights, economics and trade, and social and cultural issues. One of the main goals in the economic field is to create a free-trade area around the Mediterranean. In the social and cultural cooperation area, the Anna Lindh Euro-Mediterranean Foundation for the Dialogue between Cultures has been established. Besides the UN, the UfM process is the only forum in which Israel and all its neighbouring Arabic countries participate on the ministerial level.

The Confederation of Swedish Enterprise is broadly represented in the MENA region and Sweden has a good reputation in many of the countries. Even though trade is relatively limited, there is considerable dynamism and major potential for both increased trade and more investment. Sweden's biggest trade partners in the region are Saudi Arabia, Egypt, Iran and the United Emirates. The Gulf region, with its strategic oil and gas assets, is one of the world's most expansive and growth-oriented areas. Initiatives are constantly being implemented in



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partnerships between the Swedish Ministry for Foreign Affairs, the Swedish Trade Council, the Invest in Sweden Agency and other actors.

Many Swedish citizens have their roots in the region, creating the basis for special relations between Sweden and the countries in the MENA region. These citizens can help to achieve development and this potential should be utilised (cf. the Ministry for Foreign Affairs 'Kosmopolit' project).

Cultural exchange and initiatives in support of intercultural and interfaith dialogue are being implemented through the Alliance of Civilisations, the Swedish Institute in Alexandria and the Anna Lindh Foundation. Many Swedish artists, authors and film-makers are active in the region, as are several Swedish museums, some with support from the Swedish Institute.

Actors in the peace and security arena include: The Folke Bernadotte Academy, the Stockholm International Peace Research Institute (SIPRI) and Uppsala University. Through the Swedish International Water Institute (SIWI) and the Swedish Water House, Sweden has a high profile and a broad resource base in the field of water management and other areas of social development.

## **6. Considerations with regard to the focus of the strategy**

### ***6.1 Developments in the MENA region***

The MENA region consists of 18 countries, the occupied Palestinian territories and West Sahara and has a total population of about 355 million people. Average life expectancy is 70 years. The region is characterised by a complex geopolitical environment and political, economic and social antagonism both between and within countries. Despite some economic and social progress, the last few decades have been defined by stagnation and the region faces significant challenges.

The conflicts that characterise the MENA region, especially the longstanding dispute between Israelis and Palestinians and recent developments in Iraq, constitute major obstacles to development and affect the conditions for peace and security in the entire region. The political tension connected with Iran's nuclear programme and actions in the region reinforce this image. The conflicts have influenced attitudes to the West and helped to create a breeding-ground for

fundamentalism and various forms of extremism as well as allowed authoritarian regimes to hang on to power.

Oil and gas exports still constitute the basis of much of the region's economy. Although only affected to a limited degree, the region is still recovering from the recent global financial crisis. Corruption, bureaucracy and non-transparent administrative procedures are hampering the regional economies. Both the lack of regional economic cooperation and integration and what is in many cases a poorly developed private sector are also affecting economic development.

There is multifaceted poverty in the region. Most of the countries are classified as middle-income countries but there are major economic and social differences between and within them. The distribution policy, which earlier led to better conditions for poor people, has failed over the last ten years or so and the gaps between rich and poor have grown wider. The countries are also characterised by poverty in the broad sense as a result of human rights violations and the absence of peace and security.

The demographic conditions in the region have considerable bearing on development. Most of the countries have a very young population. Over a third of the population is under 15 years old and more than half is under 25. While this young population could constitute a positive force for development, youth unemployment is unfortunately the highest in the world.

Religion plays an important role. The teachings, values and cultural traditions of Islam play a decisive role in both legislation and social customs, influencing people's interpretation of concepts such as democracy and human rights and not least how the role of women in society is viewed. Faith-based communities and organisations often play a key role in Muslim countries, not least regarding social work and the efforts of charities. A widespread opinion held in the region is that Europe and other parts of the "western world" take a condescending and discriminatory view of Islam and the Muslim world.

The MENA region is characterised by the residual dominance of authoritarian and totalitarian regimes. The lack of both democracy and respect for fundamental human rights are often identified as key factors in the region's underdevelopment. Another commonly cited reason is

the weak standing of women in all areas of society. Women in the region are both formally and actually deprived of many of their rights.

In many countries, there is little or no protection of citizen, political, social and economic rights. The justice system is often weak and part of the existing power structure. Government institutions are often oversized and corrupt. The rights of minority groups are often restricted. Public participation in politics is low, especially among young people and women. The civil society, apart from the vast array of faith-based organisations, is generally weak, and mostly circumscribed by government legislation, surveillance or cultural trends.

The media is often controlled by the authorities. Censorship, as well as subtler economic arm-twisting, is common. Journalists, and other culture and media actors, are commonly subjected to different forms of harassment, which has led to strong self-censorship. New information technology has caused a rapid increase in Internet and mobile phone use. Online media and satellite channels provide new scope for exchanging information. The region's totalitarian regimes are making various attempts to control some of these.

The region is home to five percent of the global population but only one percent of the world's available freshwater resources. These are often shared by several countries. The shortage of water, both in quantity and quality, is one of the biggest obstacles to development in the region. Climate change and high population growth will make water supply an even greater challenge over the forthcoming years. The region's groundwater sources are already being overexploited. In addition, the MENA region's long coastline is under threat from rising water levels, which can have a seriously detrimental effect on human safety in the region.

The situation in the education sector is contradictory. About 90 percent of the population complete their compulsory school education. The level of education among women and girls has improved but more than half of Arab women are still estimated to be illiterate. The contradiction lies in the fact that the majority of those who complete a university education are also women. A major overall problem is the poor quality of available education alternatives.

The migratory pressure is high in many of the region's countries and is further exacerbated by the fact that the region is a transit country for migrants from sub-Saharan Africa and Asia. The countries are also affected by substantial regional migration. Migrant workers risk being adversely treated in the face of discriminatory legislation and a lack of rights. Longstanding refugee situations and a lack of citizenship for e.g. second-generation migrants lead to a lawlessness that inhibits development.

### *6.2 Regional development initiatives*

Regional cooperation is weak and there are no effective regional institutions. The League of Arab States has however taken the initiative in recent years to ensure that development issues have been discussed at summit-level meetings and as a result of this, the report "Development Challenges for the Arab Region" was published in 2009, in cooperation with UNDP. The report stipulates six regional development challenges: institutional reform and governance; generating employment; sustaining and financing a pro-poor process (economic equalisation); diversifying the sources of economic growth; reforming educational systems and significantly raising agricultural production to address low food security and food sovereignty under increasingly limited and binding water resource restraints.

Four "Arab Human Development Reports" were published between 2002 and 2009. Funded and published by UNDP, these were written by experts from the region and have therefore a high level of credibility. The reports constitute important references when assessing the obstacles to development in the region and all of them pinpoint three particularly significant areas:

- insufficient citizens' rights and the absence of democracy,
- the absence of women's rights and lack of gender equality, and
- inadequate educational institutions with insufficient resources.

The 2009 report on human security underlines the negative effect of ongoing conflicts and the need for regional cooperation in order to meet the challenges of the region.

The development suggests there is an interest in reform in the region even though implementation has so far been limited. It is important to underpin all reform initiatives.

### *6.3 Conclusions regarding initiatives implemented to date*

An assessment of the results of regional development cooperation initiatives with the MENA region has been carried out. It shows that the established strategy objectives; the promotion of democracy and good governance, human rights, sustainable use of water resources and regional economic development and growth, have been achieved and the initiatives performed are deemed to be relevant in this regard. The areas of cooperation prioritised in the strategy are in general considered to be relevant in relation to the needs of the region and in relation to Sweden's comparative advantages. The support given to the region is also considered to have helped increase exchange between the region and Sweden.

The assessment points to certain difficulties in implementing the strategy. The number of areas of cooperation is deemed too many to implement in such a large region and the objectives in the strategy are considered to be too vaguely worded. The work with focus countries has been less appropriate. Development cooperation in the region has also been impaired by weak regional structures.

The assessment of results indicates that Sweden is viewed in the region as a reliable and neutral partner with a high level of credibility. According to the Swedish Institute's latest MENA study, however, knowledge about Sweden is relatively poor in the region. Swedish initiatives are welcomed. As a neutral actor, Sweden is seen as a bridge-builder that can enhance regional cooperation and regional networks. This is particularly true of democracy and human rights but also regarding water issues, where Sweden is well-placed to stimulate transboundary cooperation. Sweden is considered to have relevant and qualified expertise and experience.

### *6.4 Areas of cooperation for development aid*

The development challenges in the MENA region are considerable. Increased regional cooperation is an important prerequisite of development. Despite limited resources, it is felt that Sweden could make an important contribution by focusing on areas where Sweden has comparative advantages and where the region has shown an interest in Swedish experience and knowledge. Swedish initiatives shall as far as possible complement the actions of other regional donors. Cooperation with EU aid efforts, as well as with other actors such as the UN and the multilateral development banks, is a natural aim. This cooperation, for

capacity reasons, shall primarily take place through already established mechanisms.

Swedish development cooperation with the Middle East and North Africa focuses on three sectors in support of the overall objective:

- i) Democratic governance and human rights
- ii) Sustainable use of transboundary water resources
- iii) Regional economic integration

These sectors shall be seen as mutually reinforcing. During implementation, links can be forged between the sectors.

Existing support that does not fall under this strategy shall be phased out. Regional needs and priorities shall be the guiding principles of all support initiatives and shall be matched against Swedish comparative advantages. A results matrix shall be developed and communicated to the Ministry for Foreign Affairs.

#### *6.4.1 Democratic governance and human rights*

Despite the chances of a democratic breakthrough being seemingly remote in most of the countries in the region, groups and individuals are actively promoting democratic change and fighting for the rights of the most vulnerable. Internal and external criticism has in many cases forced cautious reform, not least regarding women's civil rights. The majority of these actors have, however, not been able to secure an established political platform from which to influence and drive political development in a democratic direction.

The countries in the region have similar political problems and shortcomings. National political developments often have regional repercussions and progress in one country can be used to influence others in a positive direction. Champions of democracy and human rights often start and participate in regional networks whose working methods include mutual support, exchange of experience and joint studies/proposals.

In this perspective, freedom of expression is clearly a very important right, both for its intrinsic value and for its significance for political development in general. Freedom of expression is also a pre-condition

for most other human rights, such as freedom of the press, freedom of association, freedom of religion and the right to an education.

New information technology has caused a rapid increase in Internet and mobile phone use, which has contributed to greater regional information flows reinforced by growing regional media diversity. The content of and forms for such new media can help to strengthen and expand the public sphere, which is a precursor for sustainable development towards democracy.

The regional dynamics are also clear as regards women's rights. The discrimination to which women are subjected in the countries of the region has clearly common traits, e.g. regarding family and citizenship laws, and reform in one country can lead to demonstration effects in others. There are extensive contacts between women's rights activists in the region's various countries. UNFPA has established close cooperation with e.g. Muslim faith-based organisations.

Public administration is undergoing reform in most of the countries in the region, with the aim of increasing its efficiency rather than overarching change towards greater democracy. Such change can help promote democracy, especially as a result of greater transparency in government activities.

#### *6.4.2 Sustainable use of transboundary water resources*

The water issue is very much a regional matter. About 60 percent of the MENA region's water resources are shared among two or more countries, most of which are dependent on water supply from neighbouring countries for their social and economic development. Cooperation on transboundary water resources is politically sensitive and closely connected to ongoing conflicts in the region. On a technical level, various cooperation initiatives that can stimulate political rapprochement are ongoing. Regional cooperation on water issues can therefore help to improve water supply and bring peaceful development to the region.

Water shortage and other negative environmental and climate-related effects hit poor people the hardest, people who have little chance of finding alternative solutions. Access to sufficient quantities of clean water and the participation of water users in water-related decisions are important from a rights perspective. Women play a central role in water

use on the local level. Water of an acceptable quality is also a pre-condition for economic growth and development in a number of other sectors.

The capacity of the countries to manage the region's water resources more efficiently, by using integrated water resource use as a tool for climate adaptation measures and transboundary cooperation, is a decisive factor for future development. Greater regional cooperation can also influence national water management and vice versa. Efficient national water resource management and greater regional cooperation on water can be mutually reinforcing.

#### *6.4.3 Regional economic integration*

Trade is a powerful instrument for economic growth and poverty reduction as it contributes to greater competition, greater economies of scale as a result of access to larger markets, better availability of consumption products and input goods and greater access to new technology. It also promotes new economic activity and employment. A number of factors, specific for each country and situation, affect the degree to which trade can help reduce poverty. It is a question of e.g. in which sectors poor women and men are active, which categories of products and services are affected, political power structures and institutions, the investment climate, the degree of macro-economic stability and prevailing income distribution and poverty levels. More open international trade contributes to greater productivity and growth. Regional integration can be a step towards integration into the global market. Such a limited market opening provides the same advantages in principle as a more open market vis-à-vis the global market as a whole. Bigger markets, benefits of scale, specialisation and greater local competition encourage domestic as well as foreign investment, which in turn promotes development and the transfer of technology. This would enable countries to gain a better foothold prior to entering into more far-reaching free trade and allow them to reap further benefit from globalisation. Regional trade integration prevents conflict by making trade partners mutually dependent on one another. Greater economic integration can also help to bridge over the national interests of different countries in the region.

The MENA region is characterised by limited economic integration and intra-Arab trade. Regional trade has, however, considerable development potential and liberalised rules of origin in free-trade



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agreement arrangements could promote an expansion of trade in the region. Cooperation in the Agadir Process between Morocco, Tunisia, Egypt and Jordan is an example of how the countries in the region are trying to accelerate development towards free trade.

It is vitally important that the Swedish business sector becomes involved in development cooperation initiatives. The establishment of Swedish businesses on developing markets contributes to economic growth and helps reduce poverty. They can play an important role in promoting corporate social responsibility (CSR), i.e. respect for human rights, working conditions, environmental protection and anti-corruption, in initiatives aimed at developing the region's business sector.



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