

Phase-out strategy for bilateral
development cooperation with

Central Asia

2008–2010



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Summary

Development cooperation with Central Asia is to be phased out in accordance with the Government's decision to focus bilateral development cooperation on certain countries. The phase-out strategy will apply to the period 2008–2010 and concerns mainly cooperation with Tajikistan and Kyrgyzstan.

The development challenges that Tajikistan and Kyrgyzstan faced during the previous strategy period remain, and during the phase-out process there is good reason to continue working on the areas that support has previously focused on. Both countries have poverty strategies that form the basis of Swedish support.

During the strategy period Swedish development cooperation with Central Asia will be targeted towards democratic governance, economic development and health. In Tajikistan, the focus will be on good governance and human rights, the agricultural sector and primary health care. Sweden plays a very active role in donor coordination and EU coordination. In Kyrgyzstan, public financial management and gender equality, the agricultural sector and health reforms are important parts of the Swedish programme. Sweden's close cooperation with other donors will continue during the phase-out process. In both countries, the programmes will seek to ensure sustainable results from previous and ongoing initiatives. Some initiatives will be re-planned, and efforts will be made to secure continued financing.

Swedish development cooperation takes its cue from Sweden's policy for global development, as well as the rights perspective and the perspective of the poor. The dialogue on gender equality and human rights will continue.

The European Union (EU) has produced a strategy for Central Asia that was adopted by the European Council in 2007. This strategy has created a framework for the European Commission and the EU Member States, and it is central to Sweden's support to the region. A close dialogue with the EU delegations in both countries during the strategy period will ensure that Sweden can continue to contribute to EU work in Central Asia even after the phase-out. The regional presence of the OSCE will also enable Sweden to continue working in particular for democracy and human rights in Central Asia.

The total volume for cooperation with Central Asia is estimated to reach approximately SEK 140 million in 2008, approximately SEK 110 million in 2009 and approximately SEK 75 million in 2010.

1. Tajikistan

In Tajikistan there is good reason, during the phase-out period, to focus mainly on the areas that were set out in the Swedish cooperation strategy for 2006–2009. There are serious shortcomings in the way public administration and democratic institutions function. Economic development is weak, not least in rural areas, and ill health is on the rise. The experiences of support so far have mainly been positive, despite slow reform processes and a complicated political and economic situation. One important task during the coming strategy period will be to create sustainable results from Swedish support.

1.1 Objectives and priorities for cooperation during the phase-out period and for the phase-out process

The overall objective of Swedish development cooperation with Tajikistan during the strategy period 2008–2010 is to improve opportunities for citizen participation in the development of society, and to improve poor people's possibilities of earning a living and maintaining good health.

This cooperation is to contribute to the achievement of the objective of Swedish development cooperation as stated in Sweden's policy for global development – to create opportunities for poor women and men

to improve their living conditions. Cooperation is also to help achieve the objective of the policy of global development – equitable and sustainable global development. Cooperation is based on the perspective of poor people on development and the rights perspective.

Swedish development cooperation with Tajikistan takes its cue from the country's poverty reduction strategy. The strategy is divided into three key areas – public administration, economic growth and human resources. Swedish development assistance is in line with the strategy and will continue to focus on three sectors during the phase-out period – democratic governance, economic development and health.

In the development assistance dialogue, Sweden will primarily pursue issues relating to gender equality and respect for human rights. These issues will be pursued in connection with individual initiatives and in donors' joint processes, where Sweden will take on an active role. This applies in particular to the drafting of the donors' joint strategy and the implementation of the EU Strategy for Central Asia.

During the strategy period, the phase-out will take place in a way that guarantees the sustainability of the results of support, and that improves Sweden's chances of working effectively via other actors, especially the EU. Sweden will take an active role in and contribute to donor coordination, in accordance with the Paris Declaration and the EU Code of Conduct. Sweden will also support the implementation of the special EU Strategy for Central Asia and EC development assistance to Tajikistan. Existing agreements will be respected. Sida will draw up a special communications strategy for the phase-out process.

During the phase-out period, support will primarily focus on initiatives that are capacity-enhancing and geared towards changes that are sustainable in the long term. Attention is given in the existing programme to the thematic priorities of democracy and human rights, gender equality and the role of women in development, and environment and climate issues. This is achieved both in the dialogue with the partner country and with other donors, and in individual initiatives, including support to human rights and greater local self-governance, the development of environmentally sustainable farming, and through the focus on gender equality aspects in all initiatives.

1.2 Democratic governance

Objectives in Tajikistan's poverty reduction strategy that are relevant to Swedish development cooperation in the area of democratic governance:

- Improve public administration by increasing transparency, accountability and efficiency, as well as combating corruption.
- Develop local self-governance.

Swedish objectives during the strategy period:

- Establish a system for following up and evaluating the country's poverty reduction strategy.
- Ensure that the work of the statistics authority is conducted in accordance with international standards.
- Strengthen local self-governance through a system that gives local village councils greater political influence.

Swedish support in the area of democratic governance is directed towards strengthening central government institutions at different levels so that they are better able to promote the country's development. At central level, support is given to the Tajik government's work on developing its efforts to reduce poverty, among other things. Various models are being developed in Tajikistan to strengthen local self-governance. Sweden is supporting a model for local self-governance and greater citizen participation that provides civil society with greater opportunities to exert an influence on local planning, and gives it a clearer role and responsibility.

Fighting corruption is a long-term and extensive project. Swedish support will help to ensure that there is a public debate on the problem of corruption.

In all of the areas mentioned above, there are other donors who can continue to support institution building when Sweden has phased out its support.

Sweden is one of few donors who have been active in the area of human rights, where several Swedish-supported initiatives are being implemented in 2008. During the phase-out period, Sweden will also seek to encourage an interest in these issues among various donors and organisations active in Tajikistan. This will be done through dialogue with other donors, primarily the European Commission, and by raising

the issue in connection with the drafting of a joint strategy for donors intended to coordinate support in accordance with Tajikistan's national poverty reduction strategy. As part of the implementation of the EU Central Asia Strategy, special limited support may be considered – for example, in the area of freedom of expression – so as to consolidate Sweden's contribution to human rights.

1.3 Economic development

Objectives in Tajikistan's poverty reduction strategy that are relevant to Swedish development cooperation in the area of economic development:

- Implement institutional reforms in the agricultural sector.
- Clarify right of use and right of ownership of land.
- Improve conditions for entrepreneurship in rural areas.
- Increase productivity in the cotton sector.

Swedish objectives during the strategy period:

- A national strategy for sustainable seed enhancement to be adopted by the Ministry of Agriculture.
- A market-based plant breeding system to be introduced.
- A gene bank to be established with the aim of safeguarding and developing the country's plant genetic resources in accordance with international agreements.
- A uniform system for property administration to be introduced.
- Veterinary services to be privatised and placed under state supervision.

Sweden's support to economic development and pro-poor growth in Tajikistan focuses primarily on initiatives to promote the market-based development of the agricultural sector. Swedish support is part of a larger, long-term reform process with coordinated donor support. Sweden considers it important that agriculture is diversified through a long-term transition from cotton to other crops.

There is a long way to go before Tajikistan has a well-functioning agricultural sector, and Swedish support during the phase-out process will only be able to contribute some elements. Initiatives that promote long-term capacity development will be prioritised. An economically sustainable seed industry is of crucial importance for the development

of Tajikistan's agricultural sector. Supporting the development of commercial crops other than cotton is important from both an economic and an environmental perspective, as well as from the perspective of poor people. The creation of a framework for seed certification and testing and a national gene bank for plants is vital to work to secure the development of the agricultural sector, both from an economic perspective, and an environmental and climate perspective. When Swedish bilateral support is concluded in 2010, these results will form an institutional foundation upon which further development can build.

During the phase-out process, Swedish support to the establishment of a functioning system of land ownership and use rights in Tajikistan will be limited to contributing certain elements, such as improved systems for information management. Due to the limitations the phase-out process will bring with it, this support is being designed with a special focus on sustainability and implementability. Special emphasis will be placed on ensuring complementarity between Swedish-supported initiatives and other donors' initiatives in this area so as to achieve efficiency and create opportunities for others – including the World Bank and the Asian Development Bank – to continue to support activities that previously received Swedish support.

1.4 Health

Objectives in Tajikistan's poverty reduction strategy that are relevant to Swedish development cooperation in the area of health:

- Improved access to and quality of social services for poor people.
- Lower poverty indicators.
- A uniform system for protecting children's rights.

Swedish objectives during the strategy period:

- Strengthened capacity at the Tajik Ministry of Health and the country's regional health authorities to lead and coordinate development work in the health sector.
- Right conditions for introducing health sector programme support.
- Improved access to primary health care in selected pilot areas.

Sweden will continue to support the implementation of the primary health care reform. Sweden is providing substantial support for this reform, which is now being tested in pilot areas with a view to implementing it throughout the whole country in future. With the help of Sweden, a strategy for the development of the health sector and for sector programme support will be drawn up during the phase-out period. Swedish support during the strategy period will prioritise capacity development at central government and regional level, so as to create the conditions for functioning health sector programme support once the phase-out process is complete.

Support for the implementation of a new system for child and family care will continue in accordance with the agreement, and will be concluded during the strategy period. As Sweden is one of few donors in this sector, special efforts must be made to mobilise other donors and resources for continued reform work in this area.

1.5 Forms of development assistance

Swedish support will continue during the strategy period in the form of project and programme support.

1.6 Volume

Swedish support to Tajikistan will amount to approximately SEK 80 million in 2008, approximately SEK 60 million in 2009 and approximately SEK 40 million in 2010. In 2011, final payments are expected to amount to approximately SEK 15 million within the framework of existing commitments. To be able to implement a responsible phase-out, 2008 and 2009 will be devoted to consolidation, systematisation and negotiation with cooperation partners and other donors. The final activities within the programmes will be concluded by 2011 at the latest, with reports and documentation being completed by the end of the same year.

1.7 Implementation of support and phase-out

Tajikistan is a relatively new recipient of development assistance, and it has weak mechanisms for coordinating and steering donors. Besides the traditional donors, Russia, China, Iran and Turkey are important donors to Tajikistan. The cooperation that has begun between donors

needs to be developed further. During the phase-out period Sweden will remain an active member of the donor council that in 2007 initiated work to produce a joint donor strategy. Sweden will support this process, pursue Swedish priority thematic issues and work to find continued support for the areas in which it is phasing out its development assistance.

The EU Strategy for Central Asia that was adopted in 2007 has created a framework for the activities of the European Commission and the EU Member States in the region. Sweden will monitor the Commission's development cooperation, both in Brussels and in Dushanbe. Among other things, Sweden will follow up the European Commission's strategy and the use of budget support. In Dushanbe, Sida will work together with the Commission, not least in the area of human rights, and it will investigate whether the Commission has an interest in the sectors in which Swedish development assistance is to be phased out. The possibility of placing Swedish national experts at the European Commission's office in Dushanbe and in Brussels will be looked into.

There is a Stockholm-based ambassador for Central Asia. In 2004, Sida established a section office for development cooperation in Dushanbe. The office is expected to play an important role during the phase-out period, partly in ensuring sustainable results and possible future financing for initiatives in Tajikistan that have received Swedish development assistance funds; and partly in pursuing Sweden's thematic priorities and participating in donor coordination. Existing procedural agreements with Tajikistan expire in 2010 and will then be terminated.

1.8 Background

Summary analysis of each cooperation area currently receiving support

Sweden has conducted development cooperation with the countries in Central Asia since 1996. In 2006 the Government adopted a strategy for extended long-term development cooperation in Central Asia for the period 2006–2009 with the aim of reaching a volume of SEK 200 million in 2009. The overall objective of cooperation with Tajikistan was to improve opportunities for citizen participation in the development of society, and to improve poor men and women's possibilities of earning a

living and maintaining good health. In 2007, support to Tajikistan amounted to approximately SEK 90 million.

The objectives of the 2006–2009 strategy still apply. During the phase-out process there is good reason to adapt these objectives to Tajikistan's new poverty strategy that was adopted in June 2007, and to reflect the influence that reduced financing may have on the results of initiatives.

Democratic governance

One of the key areas in Tajikistan's poverty reduction strategy is to improve public governance and the rule of law. The public sector in Tajikistan is weak; it is lacking resources and capacity. Swedish support to this sector has focused on strengthening public institutions, developing local self-governance and promoting human rights in the legal sector. Tangible results have been achieved – for example, law enforcement authorities have received human rights training and an open discussion has been held in the media about problems related to corruption.

Support has been given to the Tajik government to develop its capacity for reporting on compliance with the declarations on human rights. There is only a small number of donors in the area of human rights. Swedish support to local self-governance has developed from being primarily a humanitarian initiative to being an initiative aimed at supporting various actors, local government officials and leaders, and an emerging civil society. Several donors and international organisations are active in this area, and Sida has an important role to play in terms of coordination.

Economic development

Poverty is most widespread in rural areas where the majority of the population lives. The agricultural sector needs to be developed if poverty is to be reduced and sustainable economic growth achieved. In order to achieve market-based development in rural areas, the land reform must be fully implemented. In the spring of 2007, the government in Tajikistan and the group of donors agreed on a plan for how to implement this reform, and how to manage debt in the cotton

sector. Sweden's support to this plan focuses on two areas – the creation of a national system of property administration so as to improve legal protection for land rights and user rights, and the development of commercially driven production of quality seeds in the country.

Support to economically sustainable production and processing methods in the agricultural sector and the dairy industry has been delayed due to difficulties for smaller primary producers and industry actors in finding efficient forms of cooperation.

Health

The objectives of Sweden's initiatives in the area of health have been to improve the efficiency of and provide equitable access to health care and social services. In accordance with the 2006–2009 strategy, Sweden has supported a long-term reform of primary health care in order to improve access to and the quality of health care for the most vulnerable part of the population. Tajikistan's own resources for combating growing ill health and for achieving the Millennium Development Goals in this sector are limited. Together with the World Bank, Sweden is financing a reform of primary health care in a number of pilot areas. In addition, Sweden is financing expert analysis and planning support for the Ministry of Health, as well as three projects to inform the local populations in the pilot areas. Several donors are active in the health sector, and the first steps have been taken towards attaining sector programme support under the Ministry's leadership.

Sweden has contributed to a reform of social services and to the strengthening of children's rights. This work has been successfully conducted by the United Nations Children's Fund, and there are tangible results to report. For example, there is now a secretariat at the National Commission for Children's Rights. Family-based methods for supporting vulnerable children have been developed as an alternative to institutionalisation. Social work has been introduced as a professional area, and a higher education programme in this area is due to start in 2008. Social care and services are an area that few donors, beyond Sweden and the European Commission, have pursued.

2. Kyrgyzstan

Prior to the previous strategy, development problems were identified in the areas of democratic governance and the health sector, as well as in areas in which Sweden was able to make effective contributions in cooperation with other donors, without having to establish its own representation on the ground. It was expected that there would, in future, be a transition from support to financing within a joint donor support programme for Kyrgyzstan's poverty reduction strategy. Support to the agricultural sector was also included in the strategy. Despite turbulent political developments, it has been possible to implement the strategy step by step. One important task during the coming strategy period will be to create sustainable results in the areas Sweden is supporting.

2.1 Objectives and priorities for cooperation during the phase-out period and for the phase-out process

The objective of Swedish development cooperation during the phase-out period 2008–2010 is to continue supporting the country's long-term programme to combat poverty.

Cooperation with Kyrgyzstan will focus on the key sectors of democratic governance, health and economic development. Sweden's initiatives are in line with the donors' joint strategy.

This cooperation is to contribute to the achievement of the objective of Swedish development cooperation as stated in Sweden's policy for global development – to create opportunities for poor women and men to improve their living conditions. Cooperation is to also help achieve the objective of the policy of global development – equitable and sustainable global development. Cooperation is based on the perspective of poor people on development and the rights perspective.

In the development assistance dialogue, Sweden will primarily pursue issues relating to gender equality and respect for human rights. These issues are to be pursued in connection with individual initiatives, as well as through the donor council, with the help of cooperation with the Swiss development assistance office in Bishkek.

During the strategy period, the phase-out will take place in a way that guarantees the sustainability of the results of support, and that improves Sweden's chances of working effectively via other actors, especially the EU. Sweden will take an active role in and contribute to donor coordination, in accordance with the Paris Declaration and the EU Code of Conduct. Sweden will also support the implementation of the special EU Strategy for Central Asia and EC development assistance to Kyrgyzstan. Existing agreements will be respected. Sida will draw up a special communications strategy for the phase-out process.

In implementing the strategy, attention will be given to the Swedish thematic priorities of democracy and human rights, gender equality and the role of women in development, and environment and climate issues, both in the initiatives Sweden is helping to finance and in the dialogue with Kyrgyz cooperation partners and other donors. Examples of initiatives that promote the thematic priorities are support to the improvement of public financial management, to sustainable agriculture and to women politicians.

2.2 Democratic governance

Objectives in Kyrgyzstan's poverty reduction strategy that are relevant to Swedish development cooperation in the area of democratic governance:

- Improved public financial management.
- More efficient administration.

Swedish objectives during the strategy period:

- A programme for competence management and development in public financial management to be established at the Ministry of Finance and other public authorities. The programme is to be managed under the clear ownership of the Ministry of Finance.

Support to the development of systems for public financial management until 2010 will be implemented together with other donors through a joint World Bank fund.

Swedish support in the area of democratic governance is also seeking to increase gender equality in Kyrgyzstan. The objective is to support

regulatory frameworks and working methods for gender equality within the areas of politics, the public sector and the media, and in doing so to increase female representation in these areas.

There is a lot of interest among donors in public financial management, and therefore there is a good chance that others will take on Sweden's role once Swedish support has ended. There are fewer actors in the area of gender equality, and it is uncertain whether these dedicated gender equality initiatives will be able to continue. However, the conditions are right for working towards the further integration of gender equality into, for example, the European Commission's programmes.

2.3 Health

Objectives in Kyrgyzstan's poverty reduction strategy that are relevant to Swedish development cooperation in the area of health:

- Develop sustainable social capital.
- Ensure access to high-quality health care.

Swedish objectives during the strategy period:

- An expanded primary health care system to be established, where illegal patient fees have begun to be replaced by legal ones, and where emergency medical care is made more efficient.
- A functioning system to be introduced for local health advice with the active partnership of the official health structures.

Swedish support to health and social development in Kyrgyzstan is made up of the financing of health sector programme support, a public health project and the continued development of the social insurance system, above all for vulnerable children. The aim of the health sector programme is to improve the population's health by developing an efficient national health system. Special focus will be placed on improving the systems for financial governance within the health sector, thus improving the conditions for future sector budget support. The primary health care reform is part of the overall health care reform and aims to strengthen rural populations' chances of improving their health and to integrate such an approach into the public health system. Sweden will help the Kyrgyz authorities to look for replacement financing for when Swedish support has been phased out.

Thanks to Swedish support to the development of the social insurance system, new methods have been drawn up for the care of vulnerable children and children with disabilities in order to reduce the number of children at institutions. Sweden has pushed for methodological developments to be used, but the remaining period will be too short for the implementation of a more radical reform. Sweden will help to seek future financing from other donors – this will be a challenge as this sector is not prioritised in Kyrgyzstan’s national poverty reduction strategy.

2.4 Economic development

Objectives in Kyrgyzstan’s poverty reduction strategy that are relevant to Swedish development cooperation in the area of economic development:

- Improve systems for registering land ownership.
- Develop forms of cultivation.

Swedish objectives during the strategy period:

- Lay the foundation for a functioning system for the registration of land ownership rights.
- Develop a framework for legislation and regulations governing seed testing and certification.
- Establish a gene bank with the purpose of safeguarding and developing the country’s plant genetic resources.

Support to the development of the Kyrgyz seed industry is to be concluded by 2010. The aim is to continuously produce high-quality seeds at prices that Kyrgyz farmers can afford. This should, in turn, lead to greater productivity. With the establishment of the fundamental parts of a gene bank in Kyrgyzstan, the seed programme will be complemented as future seed supplies will be strengthened. Due to the short period of time until the phase-out is completed, particular emphasis will be placed on ensuring the implementability and sustainability of this project.

Cooperation with the Kyrgyz land survey authority will continue until the end of 2010 through support to a system for the registration of land

ownership and an information system. The Kyrgyz land survey authority and other national actors will then be expected to be in a position to continue their development process.

2.5 Forms of development assistance

Swedish support will continue in the form of project and programme support.

2.6 Volume

Swedish support to Kyrgyzstan will amount to approximately SEK 60 million in 2008, approximately SEK 50 million in 2009 and approximately SEK 35 million in 2010. In 2011, final payments are expected to amount to approximately SEK 10 million within the framework of existing commitments. In order to implement a responsible phase-out, 2008 and 2009 will be devoted to consolidation, systematisation and negotiation with cooperation partners and other donors. The final activities within the programmes will be concluded by 2011 at the latest, with reports and documentation being completed by the end of the same year.

2.7 Implementation of support and phase-out

No major changes are expected to current forms of cooperation. Cooperation with the Swiss development assistance office in Bishkek – which is working well – will continue. The Swiss office represents Sweden in donor coordination and follows up Swedish-financed initiatives.

The EU Strategy for Central Asia that was adopted in 2007 has created a framework for the activities of the European Commission and the EU Member States in the region. Sweden will actively follow the European Commission's development cooperation; seek cooperation wherever possible; look into whether the Commission has an interest in initiatives in the sectors for which Swedish development assistance is to be phased out; and work hard to make an impact in the planning of European initiatives that promote a positive development in the Swedish Government's three thematic priorities.

2.8 Background

Summary analysis of each cooperation area currently receiving support

In 2006, the Government adopted a strategy for development cooperation in Central Asia for the period 2006–2009, with an overall objective for Kyrgyzstan being to support the country's long-term programme to combat poverty. One long-term objective was to be able to participate in donor-coordinated sector support to poverty reduction. In 2007, support to Kyrgyzstan amounted to approximately SEK 46 million.

Democratic governance

In accordance with the Swedish cooperation strategy for 2006–2009, support to democratic governance has focused on public financial management. Since 2005 Sida has, together with other donors, supported reform work in the area of public financial management and the Kyrgyz government's action plan in this area. The donors have developed an ever closer spirit of cooperation, and a donor coordination group has been created. The Kyrgyz government has become increasingly aware of the need for extensive continuing professional development in support of the reform work, and commitments have been made to support this via a special World Bank fund. Swedish support to a gender equality project for the participation of women in politics has produced positive results.

Health

A decision was taken in 2006 to provide sector programme support to the Kyrgyz health care reform together with the World Bank and several bilateral donors. The aim of the reform is effective health and medical care that is accessible for all Kyrgyz. The programme is followed up jointly every six months and it is expected that the objectives can be achieved. A joint mid-term review will be conducted in 2008.

As a complement to the reform, Sida has, in cooperation with the Swiss Agency for Development and Cooperation, supported a public health project. As a result of Sweden's contribution, it has been possible to extend this project to several regions. The aim of the initiative is for villagers and local authorities to cooperate to enhance the use of health resources. This project is an example of extremely well-functioning delegated cooperation in accordance with the cooperation principles set out in the donors' joint framework; this framework was drawn up by the Nordic Plus Group for aid effectiveness and is implemented by the Swiss Red Cross.

New methods have been developed through Swedish support for the care of vulnerable children and children with disabilities; these methods have reduced the number of children in institutions in the project's pilot areas. There are now two centres with the competence to train others, but further initiatives to strengthen capacity are necessary. Parallel to this, support has been provided to develop education for social workers.

Economic development

Swedish support to the Kyrgyz land reform and the land survey authority was introduced in 2000 as technical assistance to complement a loan from the World Bank. Since 2006, cooperation has moved more towards institutional cooperation with the National Land Survey; there are plans to conclude this cooperation in 2009. A review will be conducted in 2008 to assess whether the objectives set can be achieved or whether limited additional initiatives are needed to ensure sustainability.

Support to the development of the Kyrgyz seed industry is to be concluded in 2010. The aim is to produce high-quality seeds at prices that Kyrgyz farmers can afford. This should, in turn, lead to greater productivity.

3. Kazakhstan

Support to Kazakhstan amounts to less than SEK 2 million per year and covers concluding initiatives within a gender equality project. The final payment will be made in 2009.



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