

Strategy for Sweden's reform cooperation with Eastern Europe for 2021–2027



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1. Direction

The objective of Sweden's international development cooperation is to create opportunities to improve the lives of people living in poverty and oppression. Development cooperation is based on the principles of aid and development effectiveness, the 2030 Agenda, the Addis Ababa Action Agenda and the Paris Agreement. Swedish reform cooperation with the countries of Eastern Europe is aimed at supporting reform processes in those countries so as to strengthen their ties with the EU, which is the most effective way to achieve the overarching aim of Swedish international development cooperation in the region. The EU's Eastern Partnership provides an important framework for this.

The strategy for Sweden's reform cooperation with Eastern Europe applies between 2021 and 2027, and comprises a total of SEK 6.6 billion. Sida's activities in Eastern Europe¹ comprise SEK 6.4 billion. The Swedish Institute's (SI) activities in Eastern Europe comprise SEK 150 million. The Folke Bernadotte Academy's (FBA) activities comprise SEK 50 million.

This strategy governs the use of funds allocated under expenditure area 7, International development cooperation, appropriation 1:1 Development assistance, appropriation item 23 in the appropriation directions for Sida for each fiscal year, funds allocated under appropriation item 21 in the appropriation directions for the SI for each fiscal year, funds allocated under appropriation item 1:1.4 'Development assistance' and 1:4.1 'Folke Bernadotte Academy' concerning administrative costs associated with implementation of the strategy in the appropriation directions for the FBA for each fiscal year.

Sida's and the SI's activities will contribute to the following objectives:

Human rights, democracy, the rule of law and gender equality

- Better democratic governance and respect for human rights and the rule of law
- Better conditions for accountability, increased transparency and reduced corruption
- Better prospects for a gender-equal society

Sida's and the FBA's activities will contribute to:

¹ Cooperation with Eastern Europe covers Ukraine, Moldova, Georgia, Armenia and Belarus, for which initiatives can be both bilateral and regional. Initiatives concerning Azerbaijan can only be regional.

Peaceful and inclusive societies

- Better conditions for inclusive reconciliation processes and conflict and violence prevention efforts

Sida's activities will also contribute to the following objectives:

Environmentally and climate-resilient sustainable development and sustainable use of natural resources

- Better conditions for reduced environmental impact, sustainable management and use of natural resources, and protection, conservation and restoration of biodiversity and its ecosystems
- Reduced climate impact, including increased access to renewable energy and higher energy efficiency
- Better adaptability and strengthened resilience to climate change and environmental and natural disasters

Inclusive economic development

- Improved opportunities for productive employment and decent work
- Improved livelihood opportunities for groups that are excluded or discriminated against
- Strengthened conditions for free, fair and sustainable trade

2. Context

Developments in the EU's eastern neighbourhood are of major importance to both Sweden and the EU. Through continued reform cooperation with the countries in the EU's Eastern Partnership, Sweden can contribute to further democratic development focusing on human rights, the rule of law and gender equality.

The countries of Eastern Europe face many common challenges while at the same time the region exhibits substantial differences with regard to democracy and human rights. Political developments in the region are unstable and varied. Some of the countries have experienced positive democracy development, whereas others are governed by a political system characterised by a limited and shrinking democratic space. Systemic

corruption is a widespread problem in a number of the countries and is prevalent at all levels of society.

The countries of Eastern Europe rank relatively high on the UN Human Development Index and in measurements of economic equality, although there are major differences between and within those countries. The COVID-19 pandemic has, however, led to a significant rise in poverty in the region. The consequences of the pandemic, both social and economic, have been assessed as hitting already vulnerable groups especially hard. Sida's Multidimensional Poverty Index indicates that LGBTIQ people, people with disabilities, ethnic minorities, people in rural areas, older people, young people and children and, where applicable, internally displaced persons, are the most vulnerable groups and that women are at higher risk of facing poverty than men in all dimensions. These groups are also overrepresented among those living in income poverty. The region is characterised by continued high fossil dependency and lack of access to public services such as health care, quality education, infrastructure for water and sanitation, and waste management. This itself contributes to increased inequalities. Likewise, the region is characterised by limited employment opportunities, particularly for young people. The population in rural areas and in small municipalities has significantly more limited access to good public services compared with people in large cities.

The lack of judicial independence is a challenge throughout the region. In the countries where reforms have been initiated, results are mixed and major challenges remain, such as very little confidence in the judicial system. Corruption, lack of transparency, clientelism, nepotism and inefficiency affect the judicial systems in all countries in the region. Moreover, the public administration suffers from a lack of transparency and accountability.

The results of decentralisation processes in the countries have mostly been modest, which is a significant obstacle to local governance and in many cases hinders effective use of resources while at the same time contributes to poorer community services and undermining the population's confidence in public authorities. Ukraine is an exception, where major progress was made in 2020–2021, with a new territorial division and increased influence for the country's new municipalities.

Civil society and its space to act vary greatly between the countries. It can be noted that public confidence in civil society organisations is low in a number of countries. At the same time, civil society plays an important and

sometimes decisive role in demanding accountability and pushing for reform efforts in the region, and for provision of community services to the general public.

All countries in the region have committed to respecting the international regulatory framework for human rights and all countries, with the exception of Belarus, are party to the European Convention on Human Rights. The only countries of Eastern Europe to ratify the Istanbul Convention are Georgia and Moldova. Despite existing legislation for protection against discrimination, implementation is often deficient. The level of freedom of the media and expression varies significantly between the countries. With the exception of Belarus and Azerbaijan, where media freedom and freedom of expression are severely limited, the media landscape in the countries is characterised by diversity but also by political connections and polarisation among larger media or a high concentration of media ownership among a small group of financially powerful actors.

The countries of Eastern Europe are at different stages of economic development and are distinguished by varying degrees of economic inequality. Income poverty varies dramatically in the region and reaches very high levels in certain countries (40 per cent in Georgia in 2019). Migration from Eastern Europe to the EU is extensive and constitutes a socio-economic challenge for the Eastern European countries, but also offers opportunities for development. Remittances are an important source of income for the region. The different countries' diaspora is an important source of investments, exports and transfer of know-how. However, extensive emigration poses a challenge for the countries of the region and can lead to a brain drain, as many young, well-educated people choose to emigrate. Irregular migration and the absence of repatriation and reintegration can have negative effects on development.

The countries of the region face extensive environmental and climate-related challenges. Their economies are characterised by heavy, centralised fossil-based industries that continue to impact natural resources and ecosystems. Moreover, decades of Soviet and post-Soviet environmental mismanagement have contributed to negative consequences not only for the natural environment, but also for the population's health. The most serious challenges in the region are related to climate change, air pollution, water quality, water treatment, waste management and energy, while soil degradation, deforestation and loss of biodiversity pose additional problems. These environmental and climate-related challenges can also be linked to the

ongoing conflicts. Climate change and unsustainable use of natural resources can lead to natural disasters, depletion of ecosystems and water, and health problems. Nature-based solutions, sustainable use and protection and restoration of ecosystems are measures that need to be developed.

Since the fall of the Soviet Union, the region has been marked by conflicts varying in intensity over time. Russia's aggressive actions have a negative impact on stability in the countries, impede a peaceful solution to the conflicts in the region and are an obstacle to development for many of these countries. Russia's interference in the countries' politics and violations of a number of the countries' sovereignty and territorial integrity in violation of international law and the European security order are in many cases among the root causes of the conflicts. With regard to economic development, it can be noted that Russia has on various occasions initiated sanctions against a number of the countries of the region. Moreover, Russia has used its exports of natural gas as a means of exerting pressure. Disinformation in the region is extensive and is part of Russia's hybrid warfare.

Sustainable economic development, including sustainable trade, transparent and effective public administration, digital transformation, anti-corruption, and education and health are important development priorities in the region. The importance of stronger ties with the EU for development varies considerably between the countries. Association agreements between the EU and Georgia, Moldova and Ukraine are central driving forces in a broader reform agenda. Sweden's lasting support to the region and long-term perspective based on a seven-year strategy provide clear added value. Sweden is seen as a reliable, competent and flexible partner who is actively involved without micromanaging. This has built trusting relationships with national and international partners.

3. Activities

Sida, the SI and the FBA will carry out, monitor and report on the results of the activities in accordance with the Government's guidelines for strategies in Swedish development cooperation and humanitarian assistance (UD2017/21053). The guidelines state that analysis, learning and lessons learned should be an integral part of Sweden's development cooperation. There will be a focus on results at all stages of the strategy process. The supporting information will give a general account of the conditions for implementation and of how monitoring is intended to take place in the specific context. The annual strategy report will be comprehensive and

include an account, analysis and assessment of the results of the activities in relation to the stated objectives. Performance information will be used for decision-making, learning and accountability, and for ensuring transparency towards the general public. Monitoring will produce reliable and useful performance information in both the short and long term by using both qualitative and quantitative information where possible. Performance monitoring will primarily establish whether activities have made a difference, in what way and for whom. Based on the existing conditions, monitoring will determine the extent to which development cooperation has made a difference.

Sweden's strategy-based reform cooperation will also contribute to sustainable development based on the 2030 Agenda, the financing for development commitments in the Addis Ababa Action Agenda and the Paris Agreement. The activities' contributions are relevant to all of the 2030 Agenda's Sustainable Development Goals (SDGs). Strategy reports to the Government will also include references to how activities contribute to implementation of the 2030 Agenda in relation to the strategy's priorities. Sweden's total development cooperation will contribute to poverty reduction, better conditions for democratic development and respect for human rights.

Activities will create better conditions for democratic and inclusive development. Sweden's development cooperation will support reform processes for stronger ties with the EU or EU collaboration in the region's countries seeking such cooperation and in the contexts where appropriate. Coordination and collaboration with the EU's development cooperation will be sought. Priority will be given to promoting efficient implementation of reforms that are of benefit to the inhabitants of the partner countries and encourage continued reform efforts.

Activities will contribute to building and strengthening transparent, responsible, independent and more efficient public administrations at national and local level. Institutional and administrative support through interagency cooperation, direct support and joint donor solutions should be investigated to contribute to the countries' policy development and implementation, and thus increased effectiveness in reform efforts. Better conditions to combat corruption and organised crime, including their breeding grounds, will be promoted. Support to capacity-building activities should contribute to increased migration reception in line with EU standards

and to measures to reduce remittance costs, counter brain drain and promote well-functioning repatriation and reintegration.

The role of civil society in creating inclusive dialogue and contributing to increased trust in society will be strengthened. This includes better conditions for accountability and sustainable cooperation between a broad range of agents of change, including cultural actors. Priority will be given to helping build resilience to anti-democratic influences, not least through support for freedom of expression and free and independent media.

Support to Belarus will be aimed at actors considered to have the will and ability to contribute to democratic development, increased openness and greater respect for human rights. As a point of reference, support will not go to state actors, and collaboration with public institutions and their representatives should be avoided unless it has been deemed that this contributes to promoting reforms and democratic development. Activities should be focused on contributing to more democratic development in the country in the long term through exchanges of experience, capacity development and education initiatives. The direction of the support during the strategy period will be continuously adapted based on developments in the country.

Increased gender equality is an objective for the overall strategy and will be mainstreamed into the implementation of all objectives in all support areas. In the area of gender equality, activities will contribute to reducing gender discrimination, strengthening women's economic empowerment and rights, supporting women human rights defenders, increasing women's influence and participation in political processes, and contributing to increased access to, and respect for, sexual and reproductive health and rights. This involves efforts to combat sexual and gender-based violence and changed social norms.

Activities will contribute to environmentally and climate-resilient sustainable development, and sustainable use of natural resources. This includes activities for a broader green climate transition through measures for renewable energy, emission reductions, preservation of biodiversity and a transition to a resource-efficient, circular economy. Activities can also include sustainable agriculture and fisheries, more sustainable public services for water, sanitation, energy efficiency and waste and chemicals management, in line with initiatives such as the European Green Deal. Increased attention should be given to adaptation to climate change and

nature-based solutions, which can contribute to sustainable urban and rural development, including preservation of biodiversity.

Activities in the area of inclusive economic development will contribute to the implementation of association agreements and to developing opportunities for productive employment with decent working conditions and improved livelihood opportunities. Priority will be given to marginalised groups. Better conditions for free, fair, sustainable and inclusive trade and for integrating the partner countries' economies in regional and international value chains and markets, including the EU's, will be promoted. The potential in increased intra-regional economic cooperation should be harnessed.

Activities in the area of peaceful and inclusive societies will mutually reinforce activities in the areas of democracy, human rights including trade union rights, the rule of law and gender equality. This will focus on the root causes of conflicts, contribute to conflict resolution and increase resilience to conflict. Increased influence and participation of women, young people and discriminated groups in conflict resolution, reconciliation, decision-making and transitional justice will be promoted. Priority will be given to reducing levels of violence, including gender-based violence. The FBA's activities will be adapted to each conflict's specific nature and should primarily focus on increased resilience, conflict prevention and confidence-building efforts. Activities can be conducted with a strengthened bilateral focus in one or more of the partner countries.

Sweden's development cooperation must be relevant and effective. Sida, the SI and the FBA will ensure a holistic approach to Sweden's total support, and the support's complementarity and added value in relation to the countries' reform efforts based on their closer ties with the EU. Regional activities are an important complement to bilateral initiatives and are expected to contribute to increased effectiveness for implementation of the strategy. The potential of digital transformation and innovation will be harnessed as a tool for achieving the objectives.

Synergies will be sought between the strategy objectives and with activities within the framework of other relevant strategies for Sweden's development cooperation and humanitarian aid. Effective donor coordination will be sought, especially through active coordination and collaboration with the EU – particularly through the Team Europe approach – and with other relevant multilateral actors, including multilateral development and investment banks.

The possibility of implementing initiatives with funds delegated by the EU will be further developed.

When implementing the strategy, the implementing agencies will work to build broader, more self-sustaining and long-term relations between Sweden and the partner countries. This also comprises opportunities to engage with academic institutions, cultural actors and the business sector. The SI's activities will encourage establishing people-to-people contacts that lead to increased trust and cooperation between Swedish actors and actors in the region. Priority will be given to providing agents of change with an increased understanding of, and opportunities to help achieve, the strategy objectives. Inter-agency cooperation will be used as a means to contribute to institution-building and capacity development. The strategic work with secondments should be developed.

In strategic communications linked to the reform efforts, implementers will actively work to create legitimacy for the activities and to counter disinformation.