

Strategy for development cooperation with parts of South-East Asia

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REGERINGSKANSLIET

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STRATEGY FOR DEVELOPMENT COOPERATION WITH PARTS OF SOUTH- EAST ASIA: 2005–2009

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SUMMARY CONCLUSIONS

The present regional strategy replaces current strategies for the Philippines, Indonesia, Thailand and Timor-Leste (formerly East Timor). It also includes a discussion of the composition and extent of future support for Burma. The strategy additionally addresses regional cooperation in Asia, and South-East Asia in particular. For the purposes of the present document, South-East Asia is defined as the ASEAN countries and Timor-Leste. Concern is focused on the poorer countries in the region. Cooperation with Cambodia, Laos and Vietnam is covered in separate country strategies.

Regional cooperation

Regional cooperation should initiate interventions or form part of initiatives pursued by the countries of the region, regional organisations or donors, with a view to enhancing regional integration and collaboration.

Development cooperation must be based on a rights perspective and the perspective of the poor on development. The following areas will be given priority:

- The environment and sustainable use of natural resources
Cooperation in the environmental sphere is to involve a number of strategic measures designed to complement bilateral cooperation. The three main areas of concern are: the environment and institutional capacity, urban development and the environment, and natural resources and environmental protection for the Mekong countries.
- Democracy and human rights
A number of sub-areas have been identified as particularly relevant from a regional democracy and human rights perspective. Support should be made available to a restricted number of regional organisations and for cooperation between cultural institutions in Sweden and South-East Asia.
- HIV/AIDS
Support will be provided to a limited number of regional programmes implemented by multilateral organisations, international NGOs and regional networks in civil society. Given the extent of the epidemic, efforts should be concentrated on the Mekong region and preventive measures.
- Research cooperation
Priority in this sphere should be given to areas where prospects for collaboration between research activities and other forms of assistance are good. Primary concerns are the environment and sustainable use of natural resources.

Efforts must also be made to create a role for Sweden within the Greater Mekong Subregion (GMS) Programme for regional integration in the Mekong region. Provision should also be made for measures to fight corruption and for initiatives designed to support conflict management efforts by the government.

Gender equality concerns and, where reasonable and appropriate, HIV/AIDS and conflict management perspectives should be mainstreamed into all aspects of Swedish development cooperation. Coordination with other Swedish government

policy areas within the framework of Policy for Global Development (PGD) goals is essential. Cooperation should be structured to take account of Sweden's comparative advantages where such advantages exist.

The Asian 'tsunami' disaster in December 2004 caused immense human suffering and material devastation. Swedish disaster relief and support for reconstruction – both priority measures – are covered by separate decisions.

The strategy provides for regional cooperation aimed at the development of natural disaster prevention systems and support for the mitigation of ensuing environmental impacts.

It should be possible to extend support, within the strategy framework, for the development of disaster prevention and alleviation measures aimed primarily at regional and national environment-related issues. These should include interventions aimed at reducing vulnerability and improving the region's capacity to assess potential consequences in the event of a disaster.

Increasing levels of support channelled through regional cooperation programmes are anticipated for the period 2005–2009. Annual volumes are expected to reach SEK 180 million, compared to around SEK 90 million for the last five-year period.

SEK million	2005	2006	2007	2008	2009	Total
Regional Coop.	130	175	180	200	200	885

Bilateral cooperation

The aims of cooperation with **Indonesia** are 1) to support the development of democratic governance and respect for human rights, and 2) to contribute to environmental protection and sustainable use of natural resources. Support is expected to increase substantially in volume terms.

The aims of cooperation with the **Philippines** are the same as those for Indonesia. There is likely to be some increase in support in volume terms over the previous period.

Cooperation with both countries will, however, remain relatively limited and should be concentrated on a small number of strategically important areas. Efforts should be made to harness synergies arising from the use of different types of instruments and channels within the same, delimited area.

Support should be extended primarily through multilateral actors. Smaller volumes of supplementary bilateral assistance may be provided in areas where there is a demand for Swedish expertise. In both countries, multi-bilateral cooperation should focus mainly on environmental issues, primarily water, sanitation and air quality. Bilateral cooperation should provide scope for knowledge and skills development through a modified, more flexible form of contract-financed technical cooperation (CFTC) and through different types of institutional cooperation in support of activities undertaken by local players. Extension of credits and/or credit guarantees will be considered if the demand for them arises.

Cooperation with **Timor-Leste** should continue to include support for the development of democratic governance. Volumes may rise somewhat. The most appropriate form of support in this case is multi-bilateral cooperation. Twinning arrangements and other bilateral forms of cooperation may be considered.

A new relationship with **Thailand** is warranted in view of the country's development. Swedish development cooperation with Thailand will be phased out during the strategy period in accordance with the Thai government's wishes. Broader and deeper cooperation between the two countries in a range of areas is currently in preparation. Tripartite cooperation involving the poorer countries in the region should also be encouraged.

Burma will continue to receive humanitarian assistance and other forms of support in accordance with the EU Common Position. Consideration will be given to interventions also deemed appropriate for support in a changed political climate.

SEK million	2005	2006	2007	2008	2009	Total
Indonesia	60–100	80–130	100–150	100–150	100–150	440–680
Philippines	10–20	20–30	30–40	30–40	30–40	120–170
Timor-Leste	40–45	40–50	40–50	40–50	40–50	200–250
Thailand	5	5	0	0	0	10
Burma	40–50	40–50	50–60	50–60	50–60	250–280
Total	155–220	185–265	220–300	220–300	220–300	1,000–1,385

1. INTRODUCTION AND GOALS

The present strategy replaces existing strategies for the Philippines, Indonesia, Thailand and Timor-Leste. It covers regional cooperation and includes considerations regarding cooperation with Burma.

Having regard to the overall goal of Swedish development cooperation – to “contribute to an environment supportive of poor people’s own efforts to improve their quality of life” – the government has defined the following sub-goals for development cooperation with the region:

- to improve prospects for 1) long-term poverty reduction (the 1st Millennium Development Goal) and 2) social development for Millennium Development Goal target groups,
- to promote democracy and respect for human rights,
- to help reduce damage to the environment,
- to help improve the region’s ability to manage transboundary problems such as HIV/AIDS, trafficking, etc.,
- to help reduce the risk of conflict and promote conflict management, and
- to promote cooperation within the region, and between the region and the EU and/or Sweden in areas which are relevant from a development perspective.

Cooperation must be characterised by a rights perspective and the perspective of the poor on development. It must be based on the international conventions jointly

ratified by Sweden and the cooperating countries. Considerations relating to Swedish support must be guided by the countries' own priorities, development plans and visions.

The development of the strategy was preceded by a results analysis. Its main conclusions are set out in the section headed 'Development cooperation to date' below. A detailed regional and country analysis (in Swedish) may be ordered from the Swedish International Development Cooperation Agency (Sida: Regional Department for Asia). The present strategy covers the period 2005–2009.

2. STRATEGIC CONSIDERATIONS

Sweden is a small actor in the context of development cooperation with those countries of South-East Asia covered by the present strategy. The emphasis should therefore be on concentration and focus, thematically as well as geographically. Cooperation should complement what other donors are doing. Intensified cooperation and co-financing with other donors, particularly multilateral development banks, is envisaged.

Financial and human resources available for bilateral and regional cooperation as set out in the present strategy are limited. Sweden's presence in the field will be very restricted – in most cases non-existent.

The strategy should be flexible and allow funds to be directed to countries and areas where conditions are particularly favourable. Programmes that complement others and yield synergies at regional and national level should be given priority.

In the bilateral cooperation sphere, a few areas combining relevant needs and the possibility of effective cooperation have been identified. It is in these areas, which coincide with overall Swedish development cooperation goals, that Sweden has extensive experience, knowledge and expertise in the private and public sectors and in civil society. This applies particularly to environmental issues, democratic governance and human rights. By concentrating a variety of approaches (multi-bilateral cooperation, CFTC, twinning, etc.) within the same area of cooperation it should be possible to use resources economically and still achieve satisfactory results.

Bilateral cooperation also embraces forms of support available to all or most of the developing countries in the region, irrespective of the strategy's focus. These include international courses; private sector development through the StartSyd (Start South) programme; the research programme, Swedish Research Links, and support to Swedish NGOs via separate appropriations.

Sweden's comparative advantages are substantial in the areas selected. Expertise and experience available from Sweden's resource base should be utilised as and when the countries' priorities permit. However, experience gained in recent years of the CFTC¹ and credit instruments underscores the need for certain changes in the methods currently being applied. The aim is to involve Swedish actors in the areas

¹ The weak demand for contract-financed technical cooperation is due to the stricter enforcement of procurement rules and difficulty in financing costs for premises. However, active commitment to CFTC, reflected in the temporary field posting of a technical cooperation officer in 2003, has begun to have some effect in terms of project proposals, though not in the form of project starts.

selected through the use of more flexible instruments and by adopting longer-term approaches than in the past.

Conflict management, like corruption prevention, is a priority issue which should be mainstreamed in all aspects of development cooperation. In addition, there are contingency plans for humanitarian intervention, primarily to meet acute humanitarian needs arising as a result of human conflict or natural disasters. Where relevant, the HIV/AIDS problem must be a focus of concern at all levels of cooperation. Direct measures aimed at countering the spread of HIV/AIDS, and associated drug problems, will be mainly implemented within the regional cooperation framework. Gender equality should be a mainstream concern in all bilateral and regional cooperation.

Support for reconstruction in the aftermath of natural disasters and conflict may be provided in addition to that reflecting the geographical and subject-defined priorities established for individual countries and the region as a whole (cf Sida's appropriation directions for 2005).

NGOs, religious communities, political parties, independent universities, the mass media, trade unions and networks of different kinds all play a vital part in international cooperation and as opinion multipliers, particularly in the sphere of human rights and democratic development. Efforts should therefore be made to promote the further development of international cooperation and dialogue with players in civil society in South-East Asia, both at national and regional level.

Policy dialogue and coordination with the EU, the UN system, the Asian Development Bank (ADB), the World Bank and bilateral donors will remain vitally important. Given its restricted development cooperation framework, Sweden's prospects of pursuing an active dialogue of its own in the countries concerned are fairly limited. Only a few strategic cooperation areas will therefore be selected. In its cooperation and dialogue with the EU, Sweden should concentrate on general, strategic issues such as the drafting, implementation and follow-up of the Commission's country strategies, promoting regional integration and encouraging active involvement on the part of delegations concerned with donor coordination on the ground.

3. REGIONAL COOPERATION

Regional analysis

South-East Asia is a highly diverse region characterised by widely varying conditions, in terms of socio-economic development and living standards. A number of countries have enjoyed exceptional growth in recent decades. Others have been relatively successful in this respect. Still others have remained comparatively poor. The World Bank and other prognosticators have painted a bright picture for South-East Asia in terms of economic growth and poverty reduction. Growth rates in 2004 were the highest since the Asian crisis.

Along with East Asia, South-East Asia has recorded the most favourable poverty reduction trends in the world, with a significant decline in the percentage of the population living in extreme poverty. According to recent estimates, Indonesia, Malaysia, Thailand and Vietnam have already achieved the 1st Millennium

Development Goal targets: halving the proportion of people who suffer from hunger and whose income is less than USD 1 per day.

In some countries, however, including Burma, Timor-Leste and the countries of Indochina, poverty is still widespread. A significant proportion of the population of Indonesia and the Philippines also live in poverty. Most of the countries in the region are home to numerous ethnic minority groups, usually among the poorest, most marginalised and vulnerable sections of the population.

South-East Asia also comprehends a diversity of political systems. However, democracy is gaining ground, albeit somewhat slowly in some countries. In a few cases little or no discernible progress is being made. The Asian crisis generated serious political turbulence in several countries. In Indonesia, it led to the downfall of the Suharto regime and the establishment of a democratic system. The overthrow of the regime would also lead to independence for Timor-Leste, which has since been working to build a functioning society with the help of the UN and other donors.

Discrimination against women occurs in varying degrees throughout South-East Asia, and is particularly severe in some countries. Sexual abuse and the use of violence against women and children in the home are not uncommon and often very difficult to counter owing to lack of or inadequate legislation. Trafficking in women and children, either to supply the labour market or for purposes of prostitution or marriage, is a commonly observed phenomenon.

Timor-Leste's success has inspired separatist movements in Aceh and Papua, though the histories of the latter are very different. Although the 'tsunami' disaster in late December 2004 had a devastating impact on the people of Aceh and the economy of the area, it sparked off new negotiations. However, any attempt to assess the prospects of success would be premature.

The Mekong region suffers from serious democratic and human rights deficits. It is also South-East Asia's poorest area. Burma, which has been ruled by military juntas since 1962, poses the biggest problems. Vietnam and Laos, though still one-party states, have distinct market economy traits and reflect Western influence in other ways. Cambodia adopted a democratic constitution in 1993. In Vietnam and Laos, minor conflicts flare up from time to time between the central government and ethnic minorities and other disaffected groups. In Thailand, a long-standing religious and ethnic conflict has recently erupted in serious clashes in the southernmost provinces.

The military and the police have played a prominent part in the political life of several countries in the region. In some countries, the military has exercised political power for longer or shorter periods. Burma is a case in point. Military careers are not infrequently followed by a spell in the political arena. The presence of the military has also affected South-East Asian societies in other ways. In some places many of its activities are financed by 'business' operations, which often include smuggling, trafficking and illegal logging. 'Protection' rackets are another source of income. The need for security reforms is regarded as particularly urgent in Burma and Indonesia.

Corruption is a serious problem in the region. Although governments and politicians readily acknowledge the damaging effects of corruption, efforts to combat it are still far from effective. Competition for foreign investment could help pressure governments into adopting more effective countermeasures in this area.

A number of other rapidly growing global problems are giving serious cause for concern. These include drug production and dealing, trafficking in women and children, the spread of HIV/AIDS and environmental degradation. Rapid urbanisation, which places severe strains on urban infrastructure and environments, is a particular problem.

The frequent natural disasters to which the region is prone aggravate poverty and further damage the environment. The 'tsunami' disaster of 2004 was the worst single catastrophe in the region in living memory. Other examples are annual floods in Indochina and hurricanes and earthquakes in the Philippines. There is an urgent need in the region for measures to alleviate the impact of these recurrent natural disasters.

The Mekong is one of the world's most important rivers. Its biodiversity is only exceeded by the Amazon's. The river provides a livelihood for the 85 million farmers and fishermen who live within its catchment area. The main challenge for those responsible for managing the Mekong river is to achieve a balance between the need for short-term rapid economic growth and long-term preservation of the area's natural resources. The ADB has drawn up a Strategic Environment Framework for the GMS.² Its aim is to ensure that investment in the transport and water resources sectors is environmentally and socially sustainable.

Regional cooperation, in existence for several decades, is growing in importance. Political development and regional integration have significantly enhanced stability in the region and reduced the risk of conflict. However, conflicts are ongoing in several countries, fuelled in some cases by the claims of separatist movements. Perhaps the strongest driving force behind regional cooperation today is the desire to boost economic growth. In many respects the EU serves as a model for the Association of Southeast Asian Nations (ASEAN) although the latter's ambitions are not as far-reaching. A greater political role for ASEAN is anticipated.

Development cooperation to date

There has never been a separate strategy for regional cooperation with South-East Asia. Previous interventions were based on general priorities set out in Sida's appropriation directions and the government's development strategy for Asia. Funding has been limited.

² Greater Mekong Subregion. Comprises Burma, Cambodia, China, Laos, Thailand and Vietnam.

Regional disbursements to South-East Asia per year and sector. SEK million.³

Sector:	1999	2000	2001	2002	2003	Total
Human rights and democracy	3	8	13	17	11	52
The social sector	1	7	15	4	17	44
Infrastructure, trade and urban development	14	19	17	7	12	70
Natural resources management	29	30	41	56	50	206
Other	1	2	2	5	4	14
Total	48	66	88	90	95	386
Of which via NGOs	1	0	0	5	0	6
Of which humanitarian support	0	5	0	2	8	16

Regional initiatives have so far focused on the environment and natural resource preservation. Cooperation, including research cooperation, in these areas has been fairly extensive. Priority has been given to efforts to promote democracy.

A regional HIV/AIDS project had already been initiated under UNICEF auspices before the epidemic was designated a priority area following the adoption of the government's 2002 strategy for Asia. A follow-up evaluation of strategy initiatives reported mixed results but concluded that a good platform for further measures and for raising awareness of HIV/AIDS among children and young people had been built.

During the strategy period, Sida assisted four regional NGOs engaged in human rights projects in a bid to support and supplement national human rights work undertaken by national NGOs, international organisations and individual countries. The three-year core support model chosen served to promote the organisations' development. Few other donors were able to extend support of this type. However, the goals were not clearly defined and the overall impact has been hard to assess.

The extensive regional initiatives supported by Sida in the field of environmental and natural resource conservation are in many ways closely linked, and the prospects of achieving results in this area are good. Measures often have a direct bearing on bilateral cooperation in the larger recipient countries of the region. They frequently take the form of exploratory programmes aimed at promoting and supporting processes involving change and feature far more and more varied cooperation partners than their bilateral counterparts. They are normally concerned with the development of know-how and expertise, changing attitudes and raising awareness, factors that are difficult to measure in production terms.

Support extended to the Asian Institute of Technology (AIT) is of special importance. Founded in 1957, AIT was the first higher education institution of its kind in Asia. It is concerned *inter alia* with general development issues, including the broader implications of interaction between technology and the environment.

The Swedish Environmental Secretariat in Asia (SENSA) was established in the autumn of 2002 at the embassy in Bangkok. Its task was to identify issues relating to environmental/natural resource protection in which regional approaches and

³ The table includes disbursements for initiatives classified as regional cooperation in South-East Asia and interventions regarded as having a bearing on the region, mainly or in part.

working methods were called for and/or generated added value in terms of technical/administrative solutions, knowledge acquisition and the dissemination of ideas and experience. Networking with established organisations in the region was an important task in the first two years of the pilot project stage. An evaluation of the secretariat's activities will be conducted in 2005.

Swedish support for regional research cooperation was concentrated primarily on six research networks. In some cases, cooperation has been continuing for some time; in others, the partners involved are relatively new. Results varied; most networks functioned very well, structurally, organisationally, and in terms of quality of research. Some of the newer networks, however, seem relatively weak in terms of ownership and/or coordinating capacity in the region. Future support should be aimed at improving this capacity and promoting continued exchanges between researchers in Sweden and the countries of the region. Environmental issues in general receive priority in the context of Sida funding for regional research in Asia. On the whole results in this area have been favourable.

The strategy for Asia emphasises the importance of promoting mutual contact between Sweden and Asia. A survey of potential areas of cooperation in Asia, including South-East Asia, in the culture and media spheres resulted in 2003 in a proposal for an extended programme. This would be concentrated in four areas: museums/cultural heritage; public libraries/literature; dramatic art; media/information. As efforts were limited to identification work aimed at developing long-term cooperation involving museums and libraries, no conclusions concerning cultural cooperation during the period can be drawn. Media cooperation mainly took the form of training activities organised by two regional organisations and aimed at enhancing skills and awareness among journalists in areas such as conflict management, poverty reduction and good governance.

Regional cooperation: strategic considerations

The primary justification for regional initiatives is the need to coordinate the common resources and problems of a number of countries across their respective borders. South-East Asia (ASEAN countries and Timor-Leste) comprises a highly diverse group of countries where regional cooperation is often weak and unevenly developed.

The prospects for genuine regional cooperation vary widely from country to country and within different areas of activity. Cooperation should be sought in areas where real conditions for regional dialogue and regional integration exist. Development cooperation should be pursued in a restricted number of areas where it can act as a catalyst and where Swedish aims and experience are particularly relevant. Programmes that yield synergies with Swedish bilateral development cooperation should be given priority. Conditions for effective development cooperation capable of strengthening bilateral cooperation exist, mainly in the Mekong region.

A significant proportion of regional support should be devoted to combating negative regional developments such as environmental degradation, armed conflict, epidemics, drugs and smuggling.

Certain issues, such as trade in forest products and the manufacture of/trade in chemicals cannot always be dealt with at national level. Political and/or economic

forces within the countries themselves often pose insurmountable problems. External actors can pursue these issues, sometimes without the full participation of national interests. In such circumstances a regional approach, capable of taking the issue beyond the national agenda, may be justified.

Innovative forms of cooperation should be sought. Opportunities for cooperation and co-financing with other donor countries, the UN system and the multilateral development banks should be actively pursued. This can be done by entering into strategic alliances with other players with more influence and resources, and a wider range of contacts. Sweden's strengthened partnership with the ADB is an important example. Thus the GMS programme headed by the bank provides for extensive investment and other measures in areas where the Swedish business sector has considerable expertise, and where Swedish development cooperation is already ongoing, mainly in the countries of Indochina.

Sweden will give priority to the following regional cooperation areas:

- The environment and the sustainable use of natural resources
- Democracy and human rights
- HIV/AIDS
- Research cooperation

To these may be added a number of delimited areas where cooperation will be restricted to one or two high-priority interventions, as described below.

Support for regional cooperation is normally targeted at the poorer ASEAN countries and Timor-Leste. However, where special grounds for this exist, provision should be made for the inclusion of other Asian countries, e.g. China. Regional HIV/AIDS-related initiatives may be considered for all the sub-regions in Asia where Sida is active. Provision should also be made for regional projects in other areas if support is strongly justified. The special instruments mentioned above in the spheres of business, research and cultural cooperation are also employed in a different, broader geographical perspective.

Areas of cooperation

Principal areas of concern in the sphere of regional cooperation are:

Environment and sustainable use of natural resources

Objective: to help promote sustainable development and better management of existing natural resources.

Cooperation in the environmental sphere should involve a number of carefully selected strategic interventions designed to supplement bilateral cooperation. Environmental cooperation in South-East Asia should have three aims:

Environment and institutional capacity

Cooperation should strengthen the capacity of institutions to handle natural resource issues effectively and to prevent environmental problems in a regional context. The aim is to help improve the ability of the countries of the region to comply with

international conventions on the environment⁴ and other environment-related regional agreements and action plans adopted by them. Support may be provided for capacity building, transfer of knowledge, strengthening of institutions and civil society, and regional networking.

The strategy also makes provision for the strengthening of institutional capacity with regard to emergency preparedness and the prevention of natural disasters. This includes support for the development of policies, strategies and methods to improve natural resource management. The ‘tsunami’ disaster of 2004 left a swathe of devastation and severe problems along many of the region’s coastlines. Special provision has been made for coastal and marine programmes and projects for disaster prevention measures. These include resource management planning in the countries and areas affected by the ‘tsunami’.

Urban development and the environment

Cooperation through regional forums should serve to strengthen the capacity of countries and cities to mainstream environmental concerns in urban planning, thereby ensuring better living conditions for the poorer sections of the urban population, and health and environmental protection. Cooperation may include measures to introduce and maintain ecologically and economically sustainable water and sanitation systems, initiatives relating to air quality and climate change, waste management and disposal, urban transport and traffic safety.

Natural resource issues and environmental protection in the Mekong countries

Environmental cooperation between the Mekong countries takes place mainly through existing organisations involved in regional activities such as the ADB, ASEAN, the Mekong River Commission (MRC), the United Nations Environment Programme (UNEP) and the World Conservation Union (IUCN). The organisations ‘owned’ by the region are focusing increasingly on transboundary ecosystems. Attempts are being made to establish cooperation on joint sustainable environmental management and regional environmental impact assessments.

Swedish support should serve to strengthen implementation and enforcement of regulations aimed at improving conditions for poor people in terms of access to a secure supply of water and sustainable agricultural production in rural areas where poverty is still widespread. Possible thematic areas include continuing capacity development; exchanges of experience and methods development in connection with land issues, e.g. land surveying and structural rationalisation measures; decentralised decision-making processes relating to natural resource utilisation, e.g. community forestry and community fisheries; sustainable, diversified agricultural, aquacultural and agro-forestry systems; management systems for marine and coastal areas; and market- and trade-related issues.

Democracy and human rights

Objective: to promote the development of a democratic culture and increased respect for human rights.

⁴ Examples include climate conventions and protocols (on emissions reduction and protection from the effects of climate change), protection of the ozone layer, chemicals (POPs), waste management, preservation of biological diversity and wetlands conservation.

A number of sub-areas in the democracy and human rights sphere have been identified as particularly relevant from a general regional perspective. These are areas in which a regional approach is likely to be more effective or to usefully supplement and/or strengthen support at national level. Roughly the same volume of support as in the past should be extended to a limited number of organisations and institutions in the region operating at regional level. Cooperation and exchanges of experience should be encouraged.

Promoting a democratic culture and development based on human rights

Although the growth and development of a democratic culture is primarily a domestic process best supported at national level, certain aspects of democratisation are suitable for regional support. Sweden should place particular emphasis on freedom of speech and freedom of the press by promoting greater awareness and wider acceptance of the role played by free and independent media in the development of a democratic society, and seeking to strengthen their role in the development of a democratic society. Particular attention should be focused on media used by the poor.

Support should be provided for the development of a strong, vital civil society able to take part in and exert a positive influence on regional and national policy-making and help ensure that human rights are respected and upheld. Efforts to promote awareness of the international conventions on human rights should receive priority.

Experience acquired by regional organisations of how best to integrate human rights and democratisation into projects and programmes should be turned to account and disseminated further.

Women's and children's rights

In harsh social conditions or in difficult political situations, regional initiatives aimed at raising awareness and disseminating information can often be an effective way of changing attitudes to and treatment of discriminated, vulnerable groups. This applies particularly to women and children. In Sweden's view, gender equality is not just a women's rights issue, but a key element in the development of society as a whole. Strategic issues include women's equal entitlement to human rights and participation in the political process. Priority should be given to activities aimed at changing structural and system-based discrimination.

Sweden's work with children is based on the UN Convention on the Rights of the Child. Support for efforts to safeguard children's rights in accordance with the convention may also be extended at regional level.

The rights of ethnic minorities

Many of the region's ethnic minority groups live on both sides of the borders of adjoining countries. Oppression and discrimination against these groups may constitute a regional rather than a national problem. A measure of support for the rights of ethnic minorities will be provided as part of regional environmental initiatives. This may be combined with support to regional human rights organisations and other players active in the area.

Trafficking in human beings

Trafficking in human beings is a regional issue that needs to be tackled in cooperation with governments working together and with other players in the region. Many national projects and programmes have been launched by governments and civil society to support victims of trafficking, prevent trafficking and reduce demand. There is a need to support initiatives promoting regional cooperation aimed at boosting the effectiveness of national measures.

Cultural cooperation

The aim of regional cooperation in the cultural sphere is to promote cultural diversity and stimulate dialogue between countries, institutions, organisations and individuals. The tools designed by Sida on the basis of the government's strategy for Asia and used to promote cooperation between Swedish and Asian cultural institutions are likely to be further developed. Efforts will be concentrated on three areas: museums/cultural heritage, libraries/literature, and dramatic art. Cooperation between institutions in the region and Sweden is expected to be a significant feature of cultural support.

HIV/AIDS

Objective: to help reduce the spread of HIV/AIDS in South-East Asia and mitigate the effects of the epidemic.

Sweden will extend coordinated support for a limited number of strategic regional programmes implemented by multilateral organisations, international NGOs and regional networks in civil society. The primary focus of activity in South-East Asia is on the Mekong region. Greater priority will be given to coordinated dialogue on HIV/AIDS problems in the region, and potential synergies between bilateral and regional programmes will be sought.

Activities pursued within the programmes should be aimed primarily at preventing the spread of the epidemic. HIV/AIDS interventions should take drug-related and intravenous drug abuse problems into account.

Research cooperation

Objective: to help strengthen research capacity, particularly in the poorer countries of the region, and generate new knowledge and expertise of considerable relevance to poverty reduction.

The sustainable use of natural resources and the environment will continue to receive priority in the context of regional research cooperation in Asia. Here, where research efforts and other forms of development assistance can interact, the prospects for a broad-based initiative on the environmental front are encouraging. The possibility of extending research cooperation to areas such as climate change, energy scenarios, sustainable urban development, etc. should be carefully examined, in collaboration with institutes such as the AIT. Sweden should also be open to proposals from established institutions regarding regional research cooperation between the Mekong countries. The purpose of supporting regional research networks is to promote ownership and/or coordinating capacity in the region.

Swedish Research Links has achieved promising results *inter alia* in connection with research cooperation with Vietnam and Laos. There should be scope for widening its

area of operations and so help strengthen Sweden's relations with the countries of the region. A condition of increased support is a base in established, functioning institutions in the region and continued interest in cooperation on the part of Swedish research councils.

Other cooperation areas

The Greater Mekong Subregion Programme (GMS)

This subregional programme for integration and investment was launched as early as 1992. The ADB has played a prominent part in GMS since its inception and remains an important funder along with Japan. Most bilateral donors are either active participants in the programme or observers. GMS is directly linked to activities supported by Sweden in the Mekong countries. Sweden has sought closer association with the programme. Swedish focus areas include environmental issues and infrastructure.

Given the type of programme, the potential impact of Sweden's resource base, particularly the business sector, should be considerable. If initial indications from the preparatory stages are favourable, GMS should be allocated a significant share of the financial resources earmarked for regional cooperation. These should be restricted to a small number of relatively large projects.

Conflict management and humanitarian assistance

Violent conflicts between the countries of the region do not pose an immediate threat at present. ASEAN and other regional cooperation bodies have played, and continue to play, a crucial preventive role. However, potential grounds for conflict, such as disputes over territorial boundaries, water use, etc., remain. Support for the Mekong region (see above) can play a vital part in conflict prevention.

Serious trouble spots have developed in several countries in the region, including the Philippines, Indonesia and Thailand. Conditions for ethnic minorities are a periodic source of conflict *inter alia* in the countries of Indochina. Part of the bilateral assistance to these countries is deemed to have a preventive effect. Provision has been made for emergency support in the event of conflict. Provision should also be made for special reconstruction projects in the interest of prevention.

In relatively new democracies like Indonesia and the Philippines, the military and, to some extent, the police, continue to play a complex role from a conflict and democracy standpoint. One aim of democratising security sector reform (SSR) is to place these forces fully under civilian control. Clearly defined, urgently needed SSR measures, compliant with the rules drawn up by the OECD Development Assistance Committee (DAC), should be eligible for support. Cooperation partners should be well-known, well-established organisations with a knowledge of local conditions and experience of SSR work in the country or region.

The government and Sida maintain a humanitarian support capability in accordance with the government communication, Government Policy on Humanitarian Assistance (*Regeringens politik för humanitärt bistånd – skr 2004/05:52*) and government guidelines on support by Sida for humanitarian assistance (*UD2004/60685/GS*). Humanitarian assistance in the event of armed conflict, natural disasters or other disaster-like situations is provided at the request ("appeal") of the UN and other

humanitarian organisations. Support is normally channelled through the UN's humanitarian organisations and international NGOs.

The present strategy makes some provision for disaster prevention measures.

International trade

Knowledge and expertise in the sphere of international trade is comparatively well developed in all but the very poorest countries in the region. The EU supports a major programme for the development of such skills through ASEAN. Absorption capacity is regarded as limited, however. Provision has already been made for the implementation of a clearly delimited set of skills enhancement measures in this area in two Indochinese countries. Similar measures are proposed for Timor-Leste. Accordingly, no regionally based trade-related initiatives are currently envisaged.

Prevention of epidemics

The recent epidemics in South-East Asia (SARS and avian influenza) have had considerable economic repercussions, with poorer families among the hardest hit. Provision should be made for limited Swedish interventions in areas where Sweden has a clear comparative advantage.

Corruption

Although efforts to reduce corruption are mainly implemented at national level, regional initiatives can help enhance policy and methods development in this area and promote exchange and learning in the region. One example is the ADB/OECD regional anti-corruption programme.

4. BILATERAL COOPERATION

Indonesia

Country analysis

Indonesia, though not one of the poorest countries in the region, is perceived by many actors as difficult to cooperate with. The extensive donor presence there despite this feature reflects the country's status, the importance of supporting the ongoing process of democratisation, the need to deal with the substantial pockets of poverty that still remain, and the risk that many more people could fall below the poverty line. Japan, USA, Germany and Australia fund extensive programmes in the country, as does the European Commission.

Indonesia has successfully reduced extreme material poverty. It is estimated that just over 15 million people, or 7 per cent of a total population of 215 million, live on less than USD 1 per day. However, figures show that more than half the inhabitants live on less than USD 2 per day and are thus extremely vulnerable to sudden changes in their circumstances, such as illness or unemployment. Poverty varies widely from region to region. In some areas, Papua and other parts of eastern Indonesia in particular, the percentage of people living in poverty is very high. Although the total number of HIV carriers is low by international standards, the prevalence of infection is high and rising rapidly in certain groups and in certain regions.

Indonesia was more severely affected by the financial crisis of 1997 than its neighbours. It also took the country longer to pull itself out of the crisis. Indonesia now has an annual growth rate of around 4 per cent and its currency has remained relatively stable in the past few years.

Investment is low due in part to lack of confidence in the legal system and instability resulting from conflicts and terrorist attacks. Growth is not nearly strong enough to generate new jobs for the over two million jobseekers coming into the labour market each year.

The financial crisis also marked the start of Indonesia's transition from an autocratic, centralised state to a democratic, decentralised country. 2004 saw the second parliamentary election after Suharto's downfall and the first direct presidential election ever. Voting was fairly orderly and virtually without violent incident.

An ambitious, large-scale programme of decentralisation of the public administration was launched in 2001 with the primary aim of defusing tensions between regions and ethnic groups. This process continues. However, although a closer balance is now being sought between responsibilities and tasks on the one hand, and resources and competence on the other, substantial disparities between richer and poorer regions still remain.

Continued development of democratic governance in Indonesia, with clearly defined functions and responsibilities for central and local administrations respectively will play a decisive part in Indonesia's future development. Provided it gives people at local level a genuine say in the decision-making process, decentralisation can help reduce poverty and the risk of recurring conflict. Central government, for its part, must retain the capacity to exercise its supervisory, countervailing function.

Aceh province on the island of Sumatra suffered the worst ravages of all the areas hit by the 2004 'tsunami'. The coastal zone was totally devastated and whole cities were destroyed. The task confronting the inhabitants of these areas and the organisations supporting them – the rebuilding of entire communities – will take a very long time to complete.

Corruption, one of Indonesia's greatest problems, is prevalent at all levels and in all sectors of society. Extensive legislation against corruption has been introduced and institutions have been established and strengthened. However, implementation remains ineffective and few are held accountable.

The human rights situation in the country remains complex. Although Indonesian human rights legislation is of a high standard, compliance is far from universal. Nevertheless, significant advances have been made in recent years and efforts to further improve the situation continue. Progress has been somewhat uneven, however. The recent application of the death penalty ended a three-year *de facto* moratorium. Another issue to attract widespread notice is impunity for the crimes committed in Timor-Leste before independence. At present, the human rights situation is particularly serious in areas such as Aceh and Papua, where independence movements are active. Although the media is reasonably free, restrictions may be imposed even here if those in power feel their authority is being encroached on.

Freedom of expression, the right to information and the right of association all exist in practice. Though relatively free, the media is not always responsible and the quality of reporting varies widely. Despite the freedom to conduct open political debates, pressure, threats and violence aimed at the media and civil society are not uncommon.

The military still wields considerable power. Political influence is now exercised through groups or individuals with economic power and through personal contacts. Approximately a third of Indonesia's defence costs are financed through the central government budget. The remaining revenue is generated by various forms of private enterprise, which include illegal economic activities.

Conflicts with ethnic, religious and/or separatist overtones are ongoing in a number of areas. The underlying causes are usually poverty and competition for resources. Local separatist movements in Aceh and Papua continue to clash with central government forces. Conflicts and natural disasters have created huge refugee populations. Although the government has assumed a measure of responsibility for helping the victims, outside assistance has been necessary.

High population growth and urbanisation have led to the rapid expansion of Indonesia's cities and the proliferation of large slum areas. Access to clean water is precarious and sanitation and waste disposal services are limited. Population growth is also putting increased pressure on arable land, coastal areas and marine resources, and, above all, on forest resources. Logging by large timber companies and extensive illegal logging activities are making it increasingly difficult for poor people to gain access to forest products. Deforestation has led to soil erosion and land degradation, both of which have a detrimental impact on agricultural and hydroelectric power production, contribute to contamination of water resources and threaten biological diversity.

Despite the existence of a relatively efficient central government authority for environmental affairs, supported by strengthened, though still under-funded, regional environmental protection agencies, extensive measures are needed. Examples include improved coordination between the relevant authorities and government ministries, reform and enforcement of environmental legislation, and efforts to strengthen technological capacity at regional level. Efforts should be made to encourage greater public and private sector investment in environmental programmes and projects as well as cost-effective solutions aimed at improving both the environment and central government finances.

Development cooperation to date

The overall aim of cooperation in 2000–2004 was to support reform processes and programmes for institutional development which promoted democracy, respect for human rights and environmentally sustainable development. The strategy also made provision for forms of cooperation that could transitionally mitigate the impact of the economic crisis on the poorer sections of the population.

Disbursements per year and sector (SEK million).

Sector:	1999	2000	2001	2002	2003	Total
Human rights and democracy	14	4	28	0	27	73
The social sector	0	2	8	10	7	28
Infrastructure, trade and urban development	0	3	1	3	4	12
Natural resources management	10	27	1	0	0	39
Other	0	0	0	2	9	12
Total	24	37	39	15	48	163
Of which via NGOs	1	2	4	3	3	13
Of which humanitarian support	0	3	10	9	22	44

As development cooperation was limited in volume, it is difficult to arrive at an overall assessment of its effect. Cooperation efforts during the period were focused mainly on improving human rights and democratic governance. A small number of bilateral initiatives, mainly CFTC projects, were supplemented by Swedish support for programmes co-funded by many other donors. The latter accounted for the bulk of cooperation in volume terms for the period.

Support for human rights projects yielded positive results in terms of greater knowledge, human rights dialogue and increased awareness of the state's responsibility *vis à vis* the individual citizen. Initiatives involved people in prominent positions in the Indonesian public administration and judiciary. Wide-ranging initiatives implemented with the support of other donors in the aftermath of the financial crisis with a view to promoting democratic governance and poverty reduction were also deemed effective. Swedish support for the implementation – and observation – of the 1999 and 2004 general elections helped to ensure that these were conducted in a satisfactory manner. The support also helped strengthen the country's capacity to hold elections in the future.

The few projects pursued in other areas were mainly local in effect. The exception was a major civil aviation initiative in which economic development and environmental protection plans drawn up as part of a CFTC will now be undertaken with funding from the ADB.

Developing CFTC projects, particularly in the environmental and natural resource conservation sphere, has been difficult. This is mainly due to stricter application of existing procurement rules and the limited presence of Swedish stakeholders to stimulate demand.

During the strategy period, the Indonesian government periodically failed to meet Swedish lending conditions and no credits were applied for or granted.

Extensive external humanitarian assistance was needed to deal with the large refugee flows, destruction and human suffering caused by conflicts and natural disasters during the strategy period. The presence of the International Committee of the Red Cross (ICRC), its protection of and support for marginalised, vulnerable groups in the country was considered vital and continues to be important.

Strategic considerations

Because of its size, economic importance and conflict pattern Indonesia is of strategic significance to the development and stability of the region as a whole. Although the country is not among the poorest in the region, poverty is extensive in some areas. Indonesia is now undergoing a process of democratisation which will be decisive for the country's future. Sweden is anxious to contribute to this development at this strategic juncture.

Though of little significance in monetary terms, development cooperation has made an important contribution to the reform process and poverty reduction efforts. Like Indonesia's Poverty Reduction Strategy, due to be completed in the first half of 2005, the country's development strategy for the coming five-year period (2005–2009) is based on a rights perspective. The strategy has three overarching objectives: security and freedom, democracy and justice for all, and increased welfare. It is based on the assumption that a higher growth rate than that of recent years will be necessary if significant poverty reduction is to be achieved. Moreover, growth must be more pro-poor than in the past and, above all, generate investment and new jobs. Furthermore, if the fundamental right to basic social services is to be upheld, targeted measures will be needed in addition to an expanded budget for the social sectors, primarily health (including reproductive health) and education. Efforts must be made to encourage broader popular participation, *inter alia* through civil society, in economic and political life. Emphasis should be placed on institutional development and reform, primarily within the public administration and the judiciary, while environmental and natural resource-related issues will play a less prominent role.

The scale of Swedish development cooperation will remain small in comparison with that of many other donors, even after a sizable boost in support volumes. Efforts should therefore be focused on a small number of areas where reform processes need supporting. Interventions must be highly catalytic. Support should mainly be channelled via mechanisms/organisations with a presence in and knowledge and experience of Indonesia, and with which Sida has previously cooperated successfully.

Together with other donors, Sweden can help move the process of decentralisation forward, primarily through support for locally based initiatives, and thereby contribute to a fairer, more effective distribution of existing resources. Awareness of corruption and its effect on society must be mainstreamed in all support initiatives, irrespective of sector, and direct measures to combat it will be considered. The role of civil society as a watchdog over all public sector activities and respect for human rights cannot be sufficiently emphasised. The actions of the military as relief efforts were being mounted after the 'tsunami' disaster in Aceh has shown that civil society needs to be strengthened.

The disturbing lack of awareness at ministerial and local government level of the magnitude of the country's environmental problems suggests that the environment is not a high-priority concern. With the decentralisation of political control, a large share of the responsibility for environment-related development cooperation has been devolved to local and provincial authorities. As a result, the question of whether conditions are suitable for support must be carefully weighed case by case. Support should be extended to bilateral projects that link up to existing regional initiatives to tackle transboundary environmental problems.

In view of the risk of renewed conflict and escalation of hostilities, contingency plans for the provision of humanitarian support must be drawn up in cooperation with the rest of the donor community. Although special conflict management initiatives are not envisaged for the present, a conflict perspective must be part of the decision-making process.

Swedish presence in the field will remain limited, which means that scope for active participation in coordination work and dialogue will be restricted. Dialogue will mainly be conducted via contacts with like-minded organisations in the international community which are better represented on the ground.

Aims and objectives

On the basis of Sweden's overall development cooperation objective and having regard to the strategic considerations outlined above, the objectives of development cooperation with Indonesia for the period 2005–2009 are defined as follows:

Objective: to promote the development of democratic governance and increased respect for human rights.

Swedish support for democratic governance should continue to focus on ongoing reforms of the public administration and judiciary, and on human rights issues. Support for the Indonesian government's reform efforts should be combined with and supplemented by support to civil society. Access to justice for all, including the poor and women, should continue to be a priority issue.

Support should preferably be channelled through existing programmes and organisations, primarily the UN system, the World Bank and/or the ADB. Exceptions to this basic principle will be considered in cases where the Swedish resource base offers comparative advantages and Swedish know-how and expertise are sought after by cooperation partners.

Indonesian interest in long-term institutional cooperation with Swedish authorities has been noted in the course of strategy development process. Principal areas of interest include tax administration, the establishment of public registers of various kinds and auditing of publicly funded services and activities. Consideration should be given to extending support in one or more of these sectors during the strategy period. Sweden need not focus exclusively on support for specific institutions; processes involving more than one authority or a combination of authorities and civil society should also be eligible for support.

The Partnership for Governance Reform, one of the most far-reaching initiatives so far undertaken in this field, extends support for reform at central, regional and local level within the public administration, the judiciary, the electoral system including electoral legislation, and the security and police forces. Its central concerns are corruption and decentralisation. Sweden has supported the programme since 2001 and continued funding to this or a similar programme during the strategy period should be considered. Gender equality should be a priority dialogue issue in this connection.

Consideration should also be given to support for institutions and organisations dedicated to promoting respect for human rights and raising the status of women in society. The human rights education programme currently being implemented by the Raoul Wallenberg Institute will continue until 2006. Funding for this project – or a similar undertaking – should be continued, and possibly extended if recommended in an evaluation. In certain special cases, support for networks of organisations in civil society may also be considered.

Objective: to promote the sustainable use of natural resources and environmental protection from a poverty perspective.

The bulk of funding for natural resource preservation and environmental protection should be channelled through one of the development banks: the World Bank, the ADB or other organisations active in the region. Support through the banks should be adapted to programme needs in priority areas. Consideration should mainly be given to funding needs relating to technical assistance. This could yield returns in the form of credits for environmental programmes and projects. Bilateral poverty-related environmental initiatives may also be supported, especially where Swedish know-how and expertise and/or established partner institutions are available. In addition, consideration will be given to support for a limited number of initiatives aimed at raising environmental awareness, provided these are based in civil society and clearly aimed at poverty reduction.

The urban environment – in particular water and sanitation – is the top priority area for Swedish environmental cooperation. Umbrella agreements on technical assistance and other forms of cooperation, preferably with the World Bank or the ADB, should be developed. Support via the World Bank Water and Sanitation Programme or other existing water programmes may be considered.

Support for one or a few projects dealing with transboundary environmental problems may be considered. It may be possible to link regional initiatives supported by Sida to local projects aimed at combating air pollution, e.g. the Clean Air Initiative, and/or protecting coastal and marine environments, the latter in cooperation with the World Bank or the ADB. Cooperation on the use of chemicals in agriculture and on efforts in connection with the Convention on Persistent Organic Pollutants may also be considered.

Dialogue and forms of cooperation

Issues relating to development cooperation objectives should be subject of continued dialogue. HIV/AIDS should be brought in as a supplementary issue where appropriate.

Cooperation will mainly take the form of multi-bilateral cooperation, a developed, more flexible form of CFTC institutional cooperation, or other types of twinning arrangements. Credits and credit guarantees may be considered if the demand arises.

The Philippines

Country analysis

The social indicators for the Philippines are relatively high and the country performs fairly well in a regional Human Development Index-based comparison. In economic terms, the level of prosperity is lower than in countries like Indonesia and Thailand, but considerably higher than levels in the Mekong countries. However, just over a third of the population live under the poverty line. Although poverty is mainly concentrated in rural areas, migration to urban slum districts is on the rise. More than half the country's inhabitants now live in cities and the attendant problems are exacerbated by high population growth.

Resource distribution is strikingly uneven; some 65 per cent of the country's assets are owned by just over 10 per cent of the population. 'The hundred wealthy families' is a term used to refer to the power elite that controls business and politics in the country. Economic growth has been weak, particularly in comparison with many of the countries in the region. The economy also suffers from structural problems. One example is the financial sector, where distribution of investment capital discriminates against groups with fewer resources, which in turn is thought to hinder the development of small-scale enterprise.

Development cooperation is and will remain vital to the continued development of the Philippines, although the country is not as dependent on assistance as some other countries in the region. The Philippines has developed close cooperation with Japan, the ADB and the World Bank, which together account for the bulk of its development aid. In addition, the country receives support from numerous other bi- and multilateral donors. The EU is also involved. This interest stems from the fact that the Philippines – a democracy with a well developed civil society – is in urgent need of help to carry out the structural reforms needed to combat poverty, corruption and environmental problems.

Though the island of Mindanao is the poorest and economically most backward region in the country, it has considerable agricultural potential and valuable mineral deposits. The majority of the country's Muslims, who are concentrated here, have for decades been engaged in an armed struggle for independence. A peace agreement between the government and the Muslim separatist organisation, the Moro National Liberation Front, was reached in 1996. However, peace talks are still continuing with the break-away Moro Islamic Liberation Front. The armed wing of the Communist Party of the Philippines, the New People's Army, is also active in Mindanao and elsewhere in the country. Its operations often include acts of violence. The World Bank and the UN are involved in various support programmes, also supported by Sweden, aimed at bringing peace to the area. The country's economic development is contingent on a peaceful solution to the conflicts in Mindanao. To date, these conflicts and the acts of terrorism associated with them have deterred investment in the country.

The Philippines' development policy is set out in the Medium-Term Philippine Development Plan 2004–2010, announced at the end of 2004. The plan is an ambitious one, predicated on a high rate of economic growth, which is expected to

lead to poverty reduction with the help of targeted measures, primarily in the social sectors.

Its implementation could be threatened by political developments and lack of progress at the Mindanao peace talks currently under way. Peace and stability are essential to poverty reduction. Energy supply is also regarded as a critical factor in pro-poor growth. The energy supply may not be sufficient to meet demand in the short term. Finally, higher priority should be given to the issue of environmental degradation.

Development cooperation to date

CFTC was the predominant form of official cooperation during the 2000–2004 strategy period. Support for environmental initiatives and democratic development was also extended through Swedish NGOs. However, the relatively low support volumes involved precluded effective overall impact assessment, even at sectoral level. Results at project level were generally satisfactory. On the whole, the programme was found to be relevant to the provisions and recommendations set out in the country strategy.

Disbursements per year and sector (SEK million).

Sector:	1999	2000	2001	2002	2003	Total
Human rights and democracy	17	11	18	4	9	59
The social sector	1	4	2	6	3	16
Infrastructure, trade and urban development	6	1	1	0	0	8
Natural resources management	8	5	3	5	5	26
Other	1	4	2	5	0	12
Total	33	25	26	21	17	121
Of which credits	0	0	8	0	0	8
Of which via NGOs	5	9	8	7	8	37
Of which humanitarian support	0	2	0	0	0	2

The table shows an overall decline in annual disbursements, particularly in the sphere of technical cooperation. On the whole, levels of support and the number of new project agreements are considerably lower than for the previous strategy period.

One of the main goals of the strategy was the strengthening of democratic governance and civil society. Initiatives undertaken by Swedish NGOs included actions to strengthen trade union and human rights organisations. Advisory assistance was also extended as part of a project to strengthen the country's central statistical authority and in connection with land reform. A national office for statistical services and publications was set up. Substantial funding for land reform implementation has been provided over an extended period. It is estimated that the country is half way to achieving its land reform objectives 10 years after these were announced. Implementation is being impeded by powerful economic interests on the one hand and difficulties in defining and establishing and ownership and disputed land titles on the other.

The environmental project portfolio featured CFTC on waste management in urban environments, including industrial waste disposal, environmental and natural resource management, and the development of methods and expertise for identifying air pollution. The Philippine Department of Environment and Natural Resources was a key partner here, and the development of environmental management skills and expertise was an important feature of cooperation in this area. Meanwhile, direct cooperation with individual cities on waste management established valuable points of contact at local level.

The period saw the implementation of the second phase of a programme aimed at controlling and reducing air pollution in Metro (Greater) Manila. Relevant legislation is now in place. Staff have been trained to make practical use of data generated from measurements of air quality, to inventory emission sources, including vehicle exhaust emissions, and to handle different emission scenarios.

Credits were seldom taken up although an exemption to the requirement that they be tied to Swedish supplies was granted in every case. Moreover, the granting of a credit does not always entail delivery; many transactions are delayed or simply frozen. Despite the relatively favourable level of concessionality, the credit terms were unattractive in the local environment. Of a total of SEK 143.5 million in conceded credits, only SEK 18.3 million – of which SEK 8.3 million was disbursed in a single payment in support of the land reform programme – was actually delivered between 1999 and 2003.

Strategic considerations

Despite its limited role as a donor country, Sweden is the object of considerable interest in the Philippines. However, though Sweden's contribution is marginal in terms of resources transferred, it is not necessarily insignificant in terms of know-how and expertise in specific areas vital to the country's development.

The country analysis identifies three principal obstacles to the country's development: a good governance 'deficit', unsustainable use of natural resources and the conflict in Mindanao.

Cooperation should be centred on areas in which the Swedish resource base enjoys comparative advantages. Experience shows that such advantages exist in two main areas: the sustainable use of natural resources and democratic governance.

If the peace process in Mindanao shows signs of genuine progress, renewed consideration should be given to the question of whether Sweden can help strengthen the prospects for a transition to peace and development on the island. When assessing support options, Sweden should await the decisions of other bilateral donors with a stronger presence in the region and a better understanding of the conflict. If an internationally coordinated effort is undertaken, Sweden should support it.

Aims and objectives

On the basis of Sweden's overall development cooperation objective and having regard to the strategic considerations outlined above, the objectives of development cooperation with the Philippines are:

Objective: to promote the sustainable use of natural resources and environmental protection from a poverty perspective.

Cooperation is to be focused on environment- and natural resource-related areas prioritised by the Philippine government and which match Sweden's competence profile. Priority should be given to interventions selected from among the following areas: air pollution, water pollution, natural resource utilisation, loss of biological diversity and waste management. An essential selection criterion should be conformity with the Local Agenda 21 action plan. It should be possible to link regional initiatives supported by Sida to projects at local level in areas such as air pollution. Cooperation with the ADB, the World Bank and other recognised international organisations should be established wherever possible. One, or possibly a few major projects involving a multilateral organisation should be considered. Synergies should be sought from regional cooperation and from cooperation with Indonesia in the areas concerned.

Objective: to promote the development of democratic governance and increased respect for human rights.

Strengthening of one or a few institutions at central or local level through twinning or similar arrangements may be considered. Clear priority should be given to strategic cooperation partners. There are no plans to extend general direct support for democratic development activities.

Swedish NGOs and their Philippine cooperation partners have given greater priority to efforts to uphold human rights and safeguard the democratic system. This is regarded as a positive development. Swedish NGOs should be able to continue playing a useful role in strengthening Philippine civil society.

Dialogue and forms of cooperation

Where possible, issues relating to development cooperation objectives should be the subject of regular dialogue. However, aspirations in this area are limited. HIV/AIDS should be brought in as a supplementary issue where appropriate.

Cooperation will mainly take the form of multi-bilateral cooperation, a developed, more flexible form of CFTC institutional cooperation or other type of twinning arrangement. Credits and credit guarantees may be considered if the demand for them arises.

Timor-Leste

Country analysis

When Indonesia pulled out of Timor-Leste in 1999 after 25 years of occupation, the UN took over the administration of the country, which then became independent in 2002. The country had to be rebuilt from scratch with outside assistance. Following an initial period of turbulence, the country has entered a calmer phase, which holds out hope for a brighter future.

Although revenues from oil and gas, which have risen steeply in recent years, contribute to its development, Timor-Leste is still dependent on support from the outside world to rebuild essential public services. There is still a severe shortage of trained administrative staff. The major donors since 1999 have been Portugal, Australia, Japan and the USA. Sweden is among the 10 biggest donors. The EU operates a relatively extensive programme. With the humanitarian crisis now over, however, a number of donors have cut back support or signalled their intention to do so despite continuing widespread need. UN involvement is scheduled to end in May 2005. The world's youngest country will remain one of the planet's poorest for some time to come.

According to recent estimates, some 20 per cent of the population live on less than USD 1 per day, while 40 per cent live below the national poverty threshold of approximately USD 1.5 per day. The social indicators are consistently worse than for any other country in the region. HIV/AIDS has not yet made a significant impact, however. Most of the country's slightly less than a million inhabitants, and the vast majority of its poor, live in the countryside.

The principal source of economic wealth apart from revenues from oil and gas extraction is small-scale agriculture. Its main export commodity is coffee. There is little scope in the short term for expansion or diversification of its export trade. Manufacturing is virtually non-existent. The country is a net importer of food, and poor infrastructure makes access to markets difficult for farmers. Relatively high pay levels are a deterrent to competitive local production. The prevailing high prices are attributed to the oil revenues and the presence of foreign experts.

Growth is very weak by the standards of the region. Significantly higher growth will be needed to lift the population out of poverty. The birth rate is the highest in the world, according to recent estimates, and population growth is extremely high. Although improved agricultural production is vital, the sector cannot be expected to contribute to sustainable development, or to absorb the 20,000 new jobseekers entering the labour market each year. Investment in agriculture is discouraged by difficulties in defining and establishing land ownership and by disputed land titles. The fishery and tourism sectors show potential. However, they are dependent on the development of far-sighted environmental and natural resource management policies.

In 1999, large numbers of business people left the country. Subsequent efforts to attract them back have met with some success. Weak institutions, inadequate regulatory frameworks and poor implementation of existing legislation continue to hamper development in the private sector. Timor-Leste has observer status in ASEAN. With regard to its relationship with the World Trade Organisation (WTO) it has decided to postpone entry until it is able to benefit significantly from membership. It is feared that private sector development will be delayed as a result of its extensive oil and gas revenues.

The regime is generally thought to possess the political will to implement human rights standards and a democratic system of government. The constitution makes extensive provision for the protection of civil, economic and social rights. The death penalty is prohibited. The country has acceded to all the core human rights conventions. The UN has approved an arrangement allowing Timor-Leste to use a

simplified reporting procedure for an initial period. However, there are reports of diminishing tolerance within the government for dissenting opinion. The parliament is weak in relation to the executive, partly due to members' comparative lack of experience and the insufficient capacity of its secretariats. Civil society is gradually becoming more active and diverse. The Catholic church is still the greatest single influence.

Deficiencies and abuses in the legal system and police force are among the most serious problems. After the Timor-Leste police force took over responsibility for public order and security from the UN in 2004, the number of complaints of police brutality and unlawful arrest has risen. Very few East Timorese are legally trained or have legal qualifications. The feasibility of incorporating the traditional legal system into the formal judiciary structure is currently under discussion. A large proportion of the cases tried in the traditional manner involve violence against women. Despite legislation against it, gender-based discrimination is common and violence in the home is a major threat for many women.

Another problem is the absence of a viable, generally recognised language. The parliament has declared Tetum – essentially a spoken language – and Portuguese the country's official languages. Portuguese is spoken by a small educated elite – an estimated 5 per cent of the population – whose members occupy leading positions in the community. Although most people speak and write Indonesian (Bahasa Indonesia) the language is not accepted in official contexts. The resulting language confusion not only hinders and increases the cost of development, it also creates serious problems, particularly in the legal system.

The government has made clear that it takes a serious view of corruption, which is generally regarded as a legacy from the period of Indonesian occupation. In collaboration with the donors, it has organised a series of seminars for ministries and other authorities on the subject of responsibility and transparency, and anti-corruption plans have been drawn up for a number of institutions.

Environmental and natural resource concerns were neglected during the many years of Indonesian rule. Access to data on the environmental situation is lacking, as is a clear understanding of the connection between environmental factors and poverty.

Although no regular poverty strategy exists, a comprehensive national development plan, which extends to 2020, was adopted on independence. The plan provides for the establishment in an initial five-year phase of comprehensive regulatory frameworks and competent institutions as well as tangible progress in the spheres of infrastructure, education and health. This will serve as the foundation on which to build longer-term economic growth and poverty reduction. Democratic government and gender equality are top priority concerns.

Development cooperation to date

Sweden has extended support to Timor-Leste since 1997, initially in the form of humanitarian assistance and support for administrative reconstruction through the various UN missions. Since July 2002, cooperation with Timor-Leste has been governed by a country strategy based on the principle of supporting the country's own efforts to fight poverty by securing peace and stability, strengthening democracy and respect for human rights and promoting economic development.

Disbursements per year and sector (SEK million).

Sector:	1999	2000	2001	2002	2003	Total
Human rights and democracy	3	5	6	2	28	43
The social sector	2	10	1	5	9	27
Infrastructure, trade and urban development	0	0	0	1	1	2
Natural resources management	0	3	0	0	1	3
Other	3	12	16	28	1	59
Total	9	29	23	36	39	135
Of which via NGOs	0	1	0	2	3	7
Of which humanitarian support	5	19	5	6	3	38

Support from the international community for Timor-Leste has played a crucial part in the country's peaceful development since independence. Humanitarian relief has *inter alia* made it possible for many exiled Timorese to return. The task of re-assembling a qualified, skilled workforce still remains, however. Sida has extended humanitarian assistance for urgent rehabilitation of health and water/sanitation services and schools. Swedish funding has been channelled via the UN and Uppsala University to formal and informal processes aimed at promoting peace and reconciliation. These efforts are deemed to have had a conflict-inhibiting effect. The process of phasing out humanitarian assistance was begun in 2003. Ensuring flexibility in the transition from crisis management to long-term development work has been a key concern. For example, the introduction of support for education via UNICEF was timed to overlap with the phasing out of humanitarian assistance through the same organisation.

Swedish development cooperation with Timor-Leste has largely been multi-bilateral in form. This approach is considered to have been effective. Budget support for a 2003 administrative development initiative within the World Bank Transition Support Programme has yielded favourable results.

In collaboration with other donors, Sweden has contributed to substantial projects in the spheres of administration and education – with mixed results. A major administrative development project via UNDP failed to fully meet possibly unrealistic expectations of rapid capacity building in the public administration. An evaluation showed that although substantial progress was made in terms of systems and process development and, to a more limited extent, capacity development, the programme was more concerned with crisis management. The Timorese Ministry of Education is manifestly weak and it has not so far been possible to implement the UNICEF-run education programme as rapidly and extensively as originally envisaged.

A trade policy study conducted during the period pointed to the urgent need of trade-related assistance. However, although the report was well received by the authorities, their appeals for continued trade-related support could not be granted owing to lack of resources. Cooperation with NGOs has been limited; only one Swedish organisation is active on the ground in the country. Support has been

targeted at the education sector, including the only existing domestic teacher training programme.

Strategic considerations

Ongoing Swedish support for democratic governance and education mainly through multilateral channels will continue to be highly relevant. The prospects of effective cooperation in the education sector are thought to have improved following intensive efforts to develop a national education policy. Renewed budget support has been considered but is no longer felt to be relevant as income from oil and gas extraction is higher than expected and the government is having difficulty absorbing current revenue flows. The latter factor underlines the need for capacity development in the public sector.

The rural poor have seen little of this development since independence. There are signs of a growing gap between the people and those in power. Failure to address this problem could lead to social unrest. Ongoing long-term funding in the primary education sector is one example of visible support for development at local level.

The humanitarian crisis in Timor-Leste is no longer regarded as acute. There is no imminent risk of a resumption of armed conflict and no special conflict management measures are envisaged.

There are no plans for a Swedish presence on the ground during the forthcoming strategy period. Scope for active participation in coordination work and dialogue in the development field will accordingly remain limited. The fact that many donors channel support largely through the UN and other organisations with representatives on the ground is seen as a guarantee that initiatives will be adequately coordinated. To a large extent, dialogue will be conducted through players represented on the ground.

Aims and objectives

On the basis of Sweden's overall development cooperation objective and having regard to the strategic considerations outlined above, the objectives of development cooperation with Timor-Leste for the period 2005–2009 are defined as follows:

Objective: to promote the development of democratic governance and increased respect for human rights.

Swedish support should be aimed primarily at strengthening the efficiency, effectiveness, transparency and accountability of the public administration. Support should preferably be channelled through existing programmes and organisations, primarily the UN system and the World Bank in collaboration with other donors. Exceptions to this basic principle may be considered in a limited number of cases where the Swedish resource base offers comparative advantages and Swedish know-how and expertise are sought by cooperation partners.

Timor-Leste has expressed interest in long-term institutional cooperation with Swedish authorities. Relevant areas include tax administration and population registration. Support of this kind in selected sectors may be considered during the strategy period. Support should not be concentrated exclusively on specific

institutions; processes involving more than one authority should also be eligible. Where bilateral cooperation is contemplated, the recipient's absorption capacity and communication capability must be carefully considered.

The small bilateral cooperation project involving the Swedish and Timorese parliaments is expected to continue throughout the strategy period and preferably be incorporated into a more extensive support programme co-financed by a number of donors and coordinated by UNDP.

In addition to continued support for broad-based capacity-building programmes coordinated by the UN or the World Bank, consideration will be given to funding for one or a limited number of initiatives aimed at developing the judiciary and legal system, and to institutions and organisations working to promote human rights. Conditions for women and access to justice are priority issues. A possible initiative involves support for the establishment of a human rights Ombudsman (*Provedor*). Any such support should also be channelled through existing programmes and coordinated with other donors.

Support for the development and rebuilding of the primary education system has been extended through UNICEF since 2003. Continued support to the education sector is anticipated when the present project comes to an end. Extending support beyond primary school to include secondary and upper secondary education could then be considered.

Limited support to help build capacity in public bodies with responsibility for policy and regulating enterprise will be considered during the strategy period. Such support could be provided for the development of national trade policies and legal frameworks, and for an examination of trade policy options and the prospects for integration.

Dialogue and forms of cooperation

Where possible, issues relating to development cooperation objectives should be the subject of regular dialogue. HIV/AIDS should be treated as a supplementary issue.

Cooperation will mainly be of a multi-bilateral character. Twinning arrangements and other bilateral forms of cooperation may be considered in a limited number of cases.

Thailand

Over the past few decades Thailand has experienced rapid economic development. There has been a sharp decline in material poverty and a marked improvement in social conditions. Resource distribution is still very uneven, however. Although democracy has been strengthened, authoritarian tendencies – e.g. in connection with the campaign against drugs and the handling of breakaway tendencies in the south of the country, and with threats to freedom of expression – recur from time to time. Efforts to combat the spread of HIV/AIDS have been effective. However, the threat remains. Environmental degradation is extensive and widespread; despite the introduction of measures to combat this, serious problems remain.

The Thai government is of the opinion that the country has now developed to the point where it can stand on its own feet. It repaid its International Monetary Fund (IMF) debts before these were due and further financial assistance has been declined.

Instead it is preparing to step up the support it already extends to its poorer neighbours. Swedish bilateral development cooperation with Thailand will accordingly be phased out during the forthcoming strategy period. Ongoing projects and initiatives that have already been prepared should be completed. During the phase-out, CFTC-based initiatives in connection with the 'tsunami' disaster may be considered. The same applies to development assistance projects forming part of the Thailand–Sweden action plan currently in preparation.

Sweden and Thailand are currently developing a framework for tripartite cooperation in support of the poorer countries in the region. A degree of cooperation already exists. Thai know-how and skills are being used in Sida-financed projects in the region. More formalised cooperation is expected mainly in connection with international training programmes (ITP), an area in which both parties have extensive experience.

Burma

Summary country analysis

Burma is one of the region's poorest countries – on a par with Cambodia and Laos. Needs are particularly acute among the minority populations living in the border regions. The country has been ruled by a succession of highly repressive military regimes since 1962.

Burma's economy is chiefly agricultural. Official export revenues are mainly derived from gas deposits. Trade is carried on mainly with other Asian countries. Their importance to trade and investment has grown since sanctions against the military junta were tightened, principally by the US and the EU. Economic growth is expected to continue at its present high rate in the major export markets in the region and the prospects for Burmese exports are therefore relatively favourable. Apart from the damage to trade and investment stemming from the regime's international status, growth is hampered by inconsistent economic policies and a shortage of energy and imported input goods.

The country ranks bottom in the region when it comes to political and civil freedoms and rights. The military junta, officially styled the State Peace and Development Council (SPDC) since 1997, rules the country by decree. A parliament was chosen in free elections in 1990. However, when the results showed that the opposition party, the National League for Democracy (NLD), had won a clear victory, the election was declared invalid by the regime. The leader of the NLD, Aung San Suu Kyi, has spent the greater part of her life since then under house arrest or in prison. There is no press freedom and several journalists are serving prison sentences. According to the International Labour Organisation (ILO), forced labour, although forbidden by law, is widespread. The junta has adopted a "roadmap to democracy". However, there is neither a timetable nor any sign of genuine progress in this direction. Instead, human rights violations are continually being committed in the provinces where ethnic minorities predominate. Reports from these areas tell of murder, violent physical abuse and rape by the Burmese army.

The Karen National Union (KNU) along with a handful of other ethnically defined rebel groups have carried on an armed campaign of resistance against the military for many years. In an attempt put down the rebellion, the junta forcibly relocated

more than 1.5 million people, who are now living as internally displaced refugees. The conflict between the rebel groups and the military has also led to large flows of refugees to Thailand and Bangladesh. Human Rights Watch reports refer to widespread use of child soldiers on both sides. Opium is widely cultivated in Burma and heroin is cheap. As a result, several hundred thousand Burmese have become dependent on drugs. Many of them are also HIV carriers as a result of sharing injection needles. Trafficking, mainly in women and girls from minority groups, who are sold as prostitutes in Thailand, has also contributed to the rise in HIV infection.

Development cooperation to date

Swedish development assistance includes support for Burmese refugees in Thailand, funding for measures to counter the spread of HIV/AIDS and limited support to exiled opposition organisations.

Disbursements per year and sector (SEK million).

Sector:	1999	2000	2001	2002	2003	Total
Human rights and democracy	1	3	2	7	4	18
The social sector	1	1	3	2	13	20
Infrastructure, trade and urban development	0	0	0	0	0	0
Natural resources management	0	0	0	0	0	0
Other	0	0	1	0	0	1
Total	2	5	6	9	18	39
Of which via NGOs	1	1	1	1	1	5
Of which humanitarian support	0	2	4	2	4	12

In addition to the humanitarian support itemised in the table above, Sida is involved in a major support programme via Diakonia, targeted at refugees in the Thai border regions.⁵ The organisation is one of the founders of the Thailand Burma Border Consortium (TBBC), an association of NGOs responsible for caring for the approximately 150,000 refugees living in camps in the region. TBBC supplies the refugees with basic necessities such as materials to build temporary dwellings and food. Schooling and health care are also provided. The support is organised with extensive participation from the refugees themselves. This humanitarian assistance has helped improve the living conditions of tens of thousands of refugees. For many years, Sida has also channelled funding through Diakonia for a drug prevention programme aimed at drug users in northern Thailand and bordering areas in Burma.

Sida has supported the ICRC, whose presence in Burma has been vital to the ability of the international community to assist and protect the civilian population and promote wider respect for humanitarian law.

In 2003, Sida pledged SEK 40 million as part of a three-year agreement with UNDP on support for the UN system's joint HIV/AIDS prevention programme.

Support for democracy and human rights activities has been extended to media organs, including the radio station operated by the Burmese government-in-exile in

⁵ A total of SEK 100 million was disbursed for programmes and projects in Thailand in 1999–2003.

Norway, and for other initiatives aimed at assisting the democratic opposition. Regional human rights organisations also receive a degree of support for information activities targeted *inter alia* at ASEAN countries.

Strategic considerations⁶

Background

Since 2001, Sida has been instructed through its appropriation directions 1) to increase its involvement in Burma by step up its humanitarian efforts and measures to combat HIV/AIDS, and 2) to be prepared to “rapidly intensify cooperation with Burma should the political situation improve.” In line with these instructions, Sida has made a number of visits to Burma to strengthen relations and improve its knowledge of the country. A memorandum drawn up in 2002⁷ proposed a number of measures, some of which have since been implemented.

Sida has accordingly stepped up its financial commitment, mainly in the form of support to the UN HIV/AIDS programme mentioned above. A number of Junior Professional Officer (JPO) postings in Rangoon have also helped expand Sweden’s knowledge base.

The international donor context

The EU Common Position (CP) on Burma lays down a framework for permissible aid interventions. Although non-humanitarian initiatives are not permitted, the latest reformulation of the CP⁸ provides openings not previously available. Exceptions may now be made for human rights and democracy initiatives, conflict prevention measures, etc.

A clear-cut practical interpretation is no longer possible. Different donors have made more or less ‘liberal’ interpretations of what may be done within the CP framework. In the course of visits to country, Sida has determined that a UNDP-sponsored rural development programme would fall within the category of permissible interventions.

Several countries outside the EU, including Japan, China, Australia and Thailand, give aid to Burma. In recent years, EU countries such as the UK, and the Commission itself, have shown an increasing interest in assistance. In 2004, the UK Department for International Development drew up a country strategy for Burma⁹ and posted an official in Rangoon. The UK has decided to step up its efforts to reach Burma’s civil society. The EU also sees international and regional NGOs as potential channels for deeper and wider involvement in the country. However, it has no plans as yet to establish a presence there.

There is a pressing need for development programmes and projects in Burma, particularly in the areas inhabited by ethnic minority groups along the country’s

⁶ In conformity with Sida’s instructions, the following section is a “discussion of ways in which past experience can be turned to account and a state of preparedness maintained so that normal development assistance can be provided as soon as the political situation permits”. Thus, unlike the corresponding sections earlier in the strategy, it does not address specific issues.

⁷ Outlook for Increased Development Assistance in Burma (*Möjligheterna för utökat bistånd i Burma* – Sida 2002-05-30).

⁸ The Official Journal of the European Union: Council Common Position, 2004-10-25.

⁹ DFID: Country Plan for Burma, October 2004.

eastern borders. A recent report by the International Crisis Group¹⁰ puts the case for international aid, in the form of humanitarian support and long-term rural development initiatives, aimed particularly at the inhabitants of Shan State and other areas bordering on Thailand, i.e. the areas affected by armed conflict in the 1990s. The one to two million internally displaced refugees are largely members of minority groups in these areas.

Democratisation from below – support for an emerging civil society?

A study published in the autumn of 2002¹¹ draws attention to the emergence at grass-roots level of a civil society which has been growing since the mid-1990s independently of the military and opposition alike. In addition to the Buddhist *Sangha* (the community of monks) and the Christian churches, it is composed of domestic NGOs and, above all, village-based organisations. Although networks have been set up – in one case covering 400 Karen schools at village level – many are small and not organised to receive support from international organisations and donors. The emergence of these organisations is seen as an opportunity to build democracy from below. It is worth supporting as an alternative or complement to political efforts to influence the regime at central level.

This picture of a growing civil society accords fairly well with the admittedly superficial impression gained by Sida during its visit in February 2004. The analysis of the situation in Burma made from inside the country was considerably more balanced and nuanced than the assessments normally made from abroad. The UN works to a significant extent through a growing number of international NGOs, which in turn operate with and through local organisations mainly to deliver social services such as education and health care, and implement HIV/AIDS initiatives. A number of organisations that have been in the country for some time are also engaged within more or less formally organised networks in building up skills in areas such as conflict management, leadership, internal democracy, etc.

Scope for greater Swedish involvement

In the short term (2–3 years), Sweden's involvement in Burma is mainly likely to be in the form of continued support in the current main areas, i.e. refugees in Thailand and possibly internally displaced refugees, ICRC projects, the HIV/AIDS prevention programme, and one or two UN-sponsored programmes such as the UNDP rural development programme. Support for local NGOs and CBOs may also be considered provided suitable channels are available. Continued support for the democratic opposition in exile and the ethnic minorities' exiled organisations should be possible.

Participation in selected international courses organised by Sida, primarily those with a bearing on HIV/AIDS, may continue to be an option. It should also be possible to invite exiled Burmese belonging to organisations supported by or known to Sida to attend certain courses, e.g. in media and democratic/human rights-related subjects. Exiled Burmese and, in some cases, people from inside Burma, should also be able to take part in courses forming part of selected regional projects, such as seminars on journalism organised by the Indochina Media Memorial Foundation (IMMF).

¹⁰ ICG: Asia Report No. 82: Myanmar: Aid to the Border Areas, 2004-09-09.

¹¹ Ashley South: Political Transition in Myanmar: A New Model for Democratisation, in Contemporary Southeast Asia, August 2004 (ISEAS, Singapore).

Support for basic education for exiled students might possibly be an option, in which case funding should be extended as part of already existing programmes. Scholarship programmes tend to be resource consuming, however, and there is a significant risk that students who receive advanced education will go abroad, or that the selection process will be distorted. However, the possibility of helping organisations in Thai civil society or regional human rights organisation to provide education and training for Burmese citizens from similar backgrounds should be looked into. In recent years, Sida has tried to be better prepared to respond to the government's instructions by paying periodic visits to Burma and by drawing on the knowledge and experience of major actors in the country.

5. VOLUMES, FOLLOW-UP AND CAPACITY

Volumes¹²

Bilateral and regional disbursements, South-East Asia. By year and sector.

SEK million	2000	2001	2002	2003	2004	Total
Reg. coop.	61	88	83	87	131	450
Indonesia	34	25	3	22	42	126
Philippines	13	10	13	9	6	51
Thailand	14	9	4	29	2	58
Timor-Leste	8	18	28	33	37	124
BURMA	2	1	6	13	21	43
Total	132	151	137	193	239	852

Regional cooperation

Support for regional cooperation programmes, projects and initiatives for the past five-year period averaged approximately SEK 90 million per year. There has been a steadily rising trend.

Regional cooperation has come to play an increasingly important role in certain areas where the challenges are greatest. Increasing volumes are likely to be channelled through regional cooperation in the period 2005–2009. Regional cooperation with Asia, primarily South-East Asia, is expected to total just under SEK 180 million per year.

SEK m	2005	2006	2007	2008	2009	Total
Reg. coop.	130	175	180	200	200	885

Bilateral cooperation¹³

Volumes of support for bilateral cooperation with Indonesia, the Philippines, Thailand, Timor-Leste and Burma during the previous period are shown in the table above.

¹² Regional appropriations only.

¹³ Cooperation with Burma is limited to support for non-governmental activities and the political opposition. Cooperation with the regime is not on the agenda.

Cooperation with Indonesia will be stepped up. Funding for the strategy period is expected to total approximately SEK 440–680 million. The extent of Swedish cooperation with the Philippines will depend *inter alia* on the demand for a modified CFTC instrument, and developments in Mindanao. Total funding for the strategy period is expected to amount to SEK 120–170 million. Funding for cooperation with Timor-Leste is expected to total SEK 200–250 million. Bilateral cooperation with Thailand will be terminated in the coming strategy period.

SEK m.	2005	2006	2007	2008	2009	Total
Indonesia	60–100	80–130	100–150	100–150	100–150	440–680
Philippines	10–20	20–30	30–40	30–40	30–40	120–170
Timor-Leste	40–45	40–50	40–50	40–50	40–50	200–250
Thailand	5	5	0	0	0	10
Burma	40–50	40–50	50–60	50–60	50–60	250–280
Total	155–220	185–265	220–300	220–300	220–300	1,000–1,385

The above amounts are tentative and may be redistributed in accordance with developments, and the development of cooperation in each country.

Capacity

In order to implement the strategy, Sida will need to expand its case-handling capacity. During the strategy period an estimated 10 FTE¹⁴ positions are expected to be made available at Sida.

Experience shows that bilateral cooperation is usually more staff-intensive than multi-bilateral support when funding volumes are taken into account. The adoption of a more long-term, flexible form of bilateral cooperation of the CFTC type could yield resource savings over time. However, bilateral cooperation is only expected to account for a small proportion of total funding. The bulk of support will be extended to multi-bilateral cooperation programmes and projects. Capacity needs will vary during the strategy period.

Follow-up

The strategy will be followed up as part of the yearly activity cycle. Regional and country plans will provide the instruments for annual follow-up and strategy implementation. A more extensive review of problems encountered and results achieved should be conducted in the third year of the strategy period to determine whether changes of direction are needed. An evaluation of total support to Timor-Leste is expected at the end of the strategy period.

6. OTHER POLICY AREAS

The present strategy is exclusively concerned with Sweden's actions in the sphere of development cooperation. However, what Sweden does in other policy areas will have repercussions for development in the region and the countries within it.

Sweden's relations with the countries of South-East Asia vary considerably. In some cases, e.g. Vietnam, Cambodia, Laos and Timor-Leste, development cooperation is

¹⁴ Full-time equivalent.

the essence of the relationship. In Singapore, Thailand and Malaysia, on the other hand, the main emphasis is on economic aspects and concerns. With most countries, however, relations increasingly involve mutual exchange in the fields of trade, technology, science and culture. In the case of Burma, however, official contact remains strictly limited.

Sweden's relations with the region as a whole should be characterised by coherence between one cooperation area and another in order to avoid counterproductive outcomes that could have detrimental effects on development. The same applies to Sweden's actions as a member of the EU.

Sweden's commercial relations and trade policy issues

Foreign trade should be seen as an integral part of a wider development agenda, as a tool for strengthening developing countries' own ability to generate growth and improve the efficiency and stability of their economies.

Numerous Swedish companies have been active in the region for many years. However, trade with South-East Asia is relatively modest. Swedish exports to South-East Asia accounts for less than 2 per cent of total exports, while imports from the region only account for about 1 per cent of our total imports. There is considerable potential for commercial exchange on a larger scale, particularly in view of the high growth rates in the region. Initiatives aimed at strengthening trade with and investment in South-East Asia have been undertaken by the Ministry for Foreign Affairs, the Swedish Trade Council and the Invest in Sweden Agency.

The considerable know-how and experience acquired by Swedish enterprise both in regard to policy matters and practical implementation is a potential asset to Swedish development cooperation. Consultation and cooperation should take place between development cooperation players and government bodies involved in export and import promotion so that different skills, resources and experience may be put to good use and interact.

Sweden is also actively concerned to improve the trade policy climate in South-East Asia. Support for Vietnamese and Laotian efforts to gain admittance to the WTO is one example. In addition, Sweden is pressing for the adoption of WTO rules designed to help the countries in the region to benefit from expanding world trade. It is also wants the EU to open its markets to products where the poorer countries have a competitive advantage.

Conflict prevention, conflict management and security reforms

Development on the security front in Asia is marked by continued instability and insecurity. Regional tensions are rising as a result of growing competition for economic resources, transport routes and political influence. The region has long been the theatre of some of the world's potentially most dangerous conflicts.

The risk of armed conflict *between* countries in South-East Asia is not considered to be particularly high at present. However, serious conflicts are taking place *in* several of the countries in the region. Separatist movements are active in Aceh and Papua in Indonesia, and ethnic and/or religious conflicts are being played out in Kalimantan (Borneo), in the Molucca islands and on the island of Sulawesi. Muslim separatists and a communist guerrilla movement are conducting armed struggles in the

Philippines. The last year has seen clashes between Muslims and the majority population in Thailand's southern provinces. Burma has been ruled by a military regime for over four decades. Though usually ethnic or religious in character, the conflicts are often provoked by discrimination and unequal distribution of resources.

Conflict prevention measures must continue to target underlying structures that cause conflicts. These include social inequalities and lack of or insufficient respect for democracy and human rights. Conflict management measures should support governments in their desire to act more visibly and vigorously, but also more broadly and in a more coordinated way. Special attention should be focused on the need to reform the security sector in countries such as Indonesia and Burma.

Conflict management is resource consuming and requires firm, sustained commitment at every level including the political. The possibility of involving, supporting and funding outside players should also be considered.

Swedish action through the EU

The EU has long been actively involved in efforts to broaden and deepen relations with ASEAN. Cooperation between the EU and ASEAN is based on an agreement reached in 1980. In June 2003, the EU Commission presented its communication on a new partnership with South-East Asia. The proposal is aimed at establishing broad dialogue with ASEAN in a range of policy areas. In the autumn of 2004, the Commission was also given a mandate to enter into negotiations on bilateral framework agreements concerning partnerships and cooperation with the six most developed countries in ASEAN. Talks have begun with Singapore and Thailand.

The Commission's communication identifies six areas for deeper cooperation: the fight against terrorism; human rights; democracy and good governance; justice-related issues; trade and investment; and a group of other matters including measures to prevent the spread of weapons of mass destruction (WMD) and environmental issues. The priority given to measures against terrorism is reflected in the Euro 6 million set aside within the EU–ASEAN Indicative Programme 2005–2006 under the heading 'Fight against Terrorism'. The 'tsunami' disaster is also likely to contribute to the further intensification of cooperation between the EU and ASEAN.

Sweden has accorded special priority to a number of issues in the EU–ASEAN dialogue. These include non-proliferation, measures against terrorism, democracy and human rights, and trade and investment.

The political dialogue with Asia has developed and is now carried on in the ASEAN Regional Forum (ARF) as well as ASEAN itself. Another ASEAN incarnation is ASEAN plus 3 (ASEAN countries plus Japan, China and South Korea).

The principal aim of the Asia-Europe Meeting (ASEM – the EU and ASEAN plus 3) is to act as a forum for dialogue between Europe and Asia. Here issues vital to the development of both regions can be discussed and pursued further. Examples of initiatives emerging from ASEM include:

- a project on trafficking in human beings run by Sweden in cooperation with Thailand and the Philippines
- a follow-up in 2005 by Vietnam of a Swedish IT project begun in 2003, which included development-related issues

- a project, initiated by Sweden in cooperation with Vietnam and the Philippines aimed at intensifying dialogue and increasing knowledge about HIV/AIDS
- the participation of the Asia Europe Foundation (ASEF) in a dialogue on a range of issues including human rights, education and culture. Swedish support to ASEF, targeted especially at projects, seminars, etc. in the less developed countries should be stepped up during the strategy period.

APPENDICES

Abbreviations:

ADB	Asian Development Bank
AIT	Asian Institute of Technology
ASEAN	Association of South East Asian Nations
CBO	Community based organisation
CFTC	Contract-financed technical cooperation
DAC	Development assistance committee
DfID	UK Government Department for International Development
EU	European Union
GDP	Gross domestic product
GMS	Greater Mekong Subregion
HR	Human rights
ICRC	International Committee of the Red Cross
ILO	International Labour Organisation
IMF	International Monetary Fund
IMMF	Indochina Media Memorial Fund
IUCN	World Conservation Union
JPO	Junior professional officer
MILF	Moro Islamic Liberation Front
MNLF	Moro National Liberation Front
MRC	Mekong River Commission
NATO	North Atlantic Treaty Organisation
NGO	Non-governmental organisation
OECD	Organisation for Economic Cooperation and Development
PGD	Policies for global development
POPs	Persistent organic pollutants
PRS	Poverty reduction strategy
SARS	Severe Acute Respiratory Syndrome
SENSA	Swedish Environmental Secretariat in Asia
SSR	Security sector reform
TBBC	Thailand Burma Border Consortium
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNMISSET	United Nations Mission of Support in East Timor
UNTAET	United Nations Transitional Administration in East Timor
WB	World Bank
WFP	World Food Programme
WTO	World Trade Organisation

Key figures		Philippines	Indonesia	Cambodia	Laos	Thailand	Vietnam	Timor-Leste	
General	1	Population in millions (2003)	81,503	214,471	13,404	5,660	62,014	81,314	0.810
	2	Population growth, % (2003)	1.93	1.29	1.58	2.32	0.65	1.10	3.52*
	3	Land area, km ²	298,170	1,811,570	176,520	230,800	510890	325490	14870
	4	Human Development Index (2002)	0.753	0.692	0.568	0.534	0.768	0.691	0.436
	5	Human Development Index, rank*	85	112	130	135	74	109	..
	6	Human Poverty Index	15.0	17.8	42.6	40.3	13.1	20.0	..
	7	Gender-related Development Index, rank (2002)	66	90	105	107	61	87	..
	8	Inequality, incl. distribution, GINI index	46.1	34.3	40.4	37.0	43.2	36.1	..
	9	Population living below the national poverty line, %*	36.8	27.1	36.1	38.6	13.1	50.9	..
Economy	10	DAC list (2003)	LMIC	LIC	LDC	LDC	LMIC	LIC	LDC
	11	GDP per capita, USD (2003)	989	971	321	360	2309	482	388
	12	GDP growth, % per år (2003)	4.52	4.12	7.64	5	6.74	7.24	-2
	13	Inflation, % per year (2003)	3.68	6.54	1.29	12.63	2.06	5.31	-10,37
	14	Savings, % av GDP (2003)	16.25	21.5	14.03*	..	29.44	28.08*	-47*
	15	Foreign direct investment, % of GDP (2002)	1.4	-0.9	1.3	1.5	0.7	4.0	..
	16	Development assistance per capita in US\$ (2002)	7	6	37	50	5	16	282
	17	Central govt debt servicing costs, % of export revenues (2002)	20.17	24.81	0.83	..	23.27	5.96	..
	18	Life expectancy, men (2002)	67.9	64.6	55.2	53.1	65.2	66.7	48.5
Social development	19	Life expectancy, women (2002)	71.9	68.6	59.5	55.6	73.4	71.4	50.2
	20	Maternal mortality per 100,000 births (2000)	200	230	450	650	44	130	660
	21	Infant mortality per 1,000 births (2002)	29	33	96	87	24	30	89
	22	Infant mortality for children under 5 per 1,000 births (2002)	38	45	138	100	28	39	126
	23	Literacy, men aged over 15 (2002)	92.5	92.5	80.8	77.4	94.9	93.9	..
	24	Literacy, women aged over 15 (2002)	92.7	83.4	59.3	55.5	90.5	86.9*	..
	25	Health expenditure per capita in US\$ (% of GDP) (2001)	169 (1.5)	77 (0.6)	184 (1.8)	51 (1.7)	254 (2.1)	134 (1.5)	.. (5.8)
	26	Expenditure on education, % av GDP (2001)*	3.2	1.3	2.0	3.2	5.0	..	..
	27	Military expenditure, % av GDP (2002)*	1.0	1.2	2.7	..	1.4	..	..
Democratic development	28	Political rights (2004)	2	3	6	7	2	7	3
	29	Civil rights (2004)	3	4	5	6	3	6	3
	30	Freedom status (2004)	Free	Part. Free	Not Free	Not Free	Free	Not Free	Part. Free
	31	Corruption perception index (2003)	2.5	1.9	..	..	3.3	2.4	..
	32	Corruption perception index, rank (2003)	92	122	..	..	70	100	..
	33	Percentage women in parliament (2000)	16.4 (.)	11.1	9.8 (13.1)	22.9	9.2 (10.5)	27.3	26.1
	34	Percentage of women ministers (2000)	..	5.9	7.1	10.2	5.7	..	..
	35	% without access to drinking water (2000)	14	22	70	63	16	23	..
	36	CO ₂ emissions, tonnes per capita (2000)	1.0	1.3	..	0.1	3.3	0.7	..
Environment	37	Energy efficiency in US\$ per unit of energy (2001)	6.8	3.7	..	..	4.8	4.0	..

Ratification of human rights conventions

Convention	Philippines	Indonesia	Thailand	Timor-Leste
Convention Against Torture and Other Cruel Inhuman or Degrading Treatment or Punishment	R	R , res 30		R
Optional Protocol to the Convention Against Torture and Cruel Inhuman or Degrading Treatment or Punishment				
International Covenant on Civil and Political Rights	R		R	R
Optional Protocol to the International Covenant on Civil and Political Rights	R			
Second Optional Protocol to the International Covenant on Civil and Political Rights				R
Convention on the Elimination of All Forms of Discrimination against Women	R	R , res 29	R , res 16,29	R
Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women	R		R , res 16,29	R
International Convention on the Elimination of All Forms of Racial Discrimination	R	R , res 22	R , res 0-25	R
International Covenant on Economic, Social and Cultural Rights	R		R	R
International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families	R			R
Convention on the Rights of the Child	R	R , res 0-54	R , res 7,22	R
Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict	R			R
Optional Protocol to the Convention on the Rights of the Child on the sale of children child prostitution and child pornography	R			R
Convention relating to the Status of Refugees and the 1967 Protocol	R			R

R= ratified, res= treaty articles subject to reservation.

Sources: United Nations High Commissioner for Human Rights (UNHCHR),
United Nations High Commissioner for Refugees (UNHCR)



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