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Swiss Agency for Development
and Cooperation SDC

State Secretariat for
Economic Affairs SECO

ANNUAL REPORT

SWITZERLAND'S
INTERNATIONAL
COOPERATION

2009



Swiss Agency for Development and Cooperation (SDC)

The SDC is part of the Federal Department of Foreign Affairs (FDFA). It is Switzerland's international cooperation agency. Its most important operational units include:

- **Regional Cooperation** supports the efforts of people, organizations and companies to solve poverty and development problems in priority countries as well as selected conflict countries and regions.
- **Global Cooperation** helps to finance UN organizations and international development banks and is involved in their management bodies. Global Cooperation helps to tackle global challenges (climate change, migration, food security, and water shortages).
- **Humanitarian Aid** and the Swiss Humanitarian Aid Unit (SHA) save lives and alleviate suffering in the wake of natural disasters and in conflict areas through emergency relief and preventive measures. It is involved in reconstruction projects and acts as advocate for the victims of crises and conflicts.
- **Cooperation with Eastern Europe** supports reform processes in the Western Balkans and the countries of the Commonwealth of Independent States (CIS), and implements the enlargement contribution to the new EU member states.

The SDC employs approximately 1500 people – including its local employees – in Switzerland and abroad. Expenditure amounted to CHF 1.45 billion in 2009. Ambassador Martin Dahinden is the Director-General of the SDC.

State Secretariat for Economic Affairs (SECO)

SECO is part of the Federal Department of Economic Affairs (FDEA). The Economic Cooperation and Development division at SECO is responsible for the implementation of economic and trade policy measures pertaining to the developing and transition countries.

The main objectives of SECO include the integration of the partner countries into the global economy and the promotion of sustainable economic growth in an effort to reduce poverty. It is responsible for coordinating Switzerland's relations with the World Bank Group and the regional development banks. SECO intervenes principally to promote stable economic framework conditions, to strengthen competitiveness and to support trade diversification, to mobilize Swiss and foreign investment and to improve the basic infrastructure. Particular attention is paid to economic governance and to energy, environmental and climate issues.

SECO is headed by State Secretary Jean-Daniel Gerber. The Economic Cooperation and Development division employs 70 people and invested CHF 273 million in 2009. This division is managed by Ambassador Beatrice Maser Mallor.

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Martin Dahinden



Jean-Daniel Gerber

Did you know that ...

- with the help of Switzerland, 370 000 persons have gained access to clean drinking water over the last five years?
- the infant mortality rate in the priority country of Tanzania has been reduced by 40% in the last ten years?
- in Laos, thanks to Swiss assistance, various enterprises reduced their greenhouse gas emissions by up to 80%?

Numerous examples can be cited to illustrate how Swiss development cooperation, cooperation with Eastern Europe, and Swiss humanitarian aid concretely unfold. A selection of tangible results is provided in this Annual Report 2009. Structured along geographical regions of activity, the Report reveals where and how Switzerland makes its contribution to the tackling of local, regional, and global challenges.

Our development cooperation enjoys broad support. Despite the economic slump, the solidarity of the Swiss population with the peoples in the South and East remains intact. In a representative survey conducted in 2009, 53% of those questioned voiced their approval of continuing Swiss development cooperation at its current level, with some 30% going even so far as to favour an increase. This represents a gain of 8% when compared to the survey conducted in 2004.

Development cooperation is also an investment in the future. The global crises can only be resolved by means of an enhanced cooperation between industrialized and developing countries. All of the countries across the globe – Switzerland included – are called upon to shoulder their responsibilities, for global problems and imbalances can rapidly become a threat to all of us. As an economically strong and technologically innovative country, it is within our power to contribute to bringing about concrete improvements in the life prospects of the peoples in the South and the East, and thereby to mitigate global risks.

Our efforts are internationally recognized. The Development Assistance Committee (DAC) of the OECD, which in 2009 undertook a review of Switzerland's engagement, praised for instance the constructive multilateral cooperation and the grass-roots-oriented bilateral programmes. Enhanced efforts, however, were called for in the domain of political coherency and in the volume of Official Development Assistance (ODA). With 0.47% of its Gross National Income (GNI) budgeted for development in 2009, Switzerland ranks in the middle of the OECD Member States. As opposed to the Scandinavian countries or the Netherlands – countries with a comparable level of prosperity – Switzerland fails to meet the goal of 0.7% of GNI urged by the UN.

The documented results of Swiss development cooperation contained in this Report illustrate that Switzerland, with the SDC and SECO, can pride itself on strong institutions that professionally manage the development budget and obtain effective results with the funds invested – to the benefit of our partner countries and to the benefit of Switzerland.

Martin Dahinden

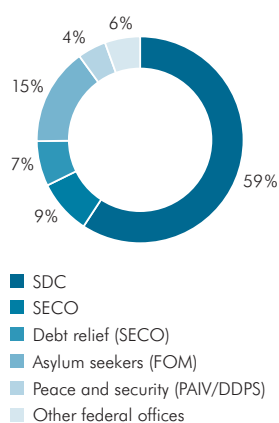
Ambassador,
SDC Director-General

Jean-Daniel Gerber

State Secretary,
SECO Director-General

THE WORLD HAS SHRUNK, and mutual dependence between North and South has grown. Climate change, population growth, poverty, migration and resource conflict are closely linked and require stronger cooperation among the industrialized, emerging and developing countries.

Swiss official development assistance (ODA) 2009



The year 2009 was overshadowed by three global challenges that affected the prospects and opportunities of the developing and emerging countries and intensified some humanitarian crises:

■ Financial and economic crisis

Although the first signs of a recovery have appeared, many developing countries and Eastern European transition countries suffered severely from the crisis in 2009, which resulted in falling commodities prices, less money transferred by migrant workers, a lack of private investment and growing debt burdens. Some poor countries cut the funds available for basic social services. In many places, it is not sure that the Millennium Development Goals (MDGs) will be reached by 2015.

■ Food Security

As a result of the economic crisis and persistently high prices for basic foodstuffs, the number of starving people rose by around 200 million in the past two years to more than one billion people. Crises and conflicts led to humanitarian difficulties. Stagnating agricultural productivity and fast population growth are exacerbating the situation. A sustainable improvement in the food situation requires the day-to-day safety of the people in the production regions, fair trade regulations, investment in agricultural production and research, and the expansion of local markets.

■ Climate change

Climate change has become the most important driver of global environmental change. Climate change strongly affects regions that are already hard hit by poverty and hunger, such as Sub-Saharan Africa, Southern and South-Eastern Asia, parts of the Caribbean, and the Andes region. Fast adjustment measures are needed and are being drawn up by organizations and people involved in development cooperation and humanitarian aid. Poorer countries are also challenged to find low CO₂ paths to growth. As a result, education, innovation, technology and knowledge partnerships are gaining in importance in the field of development cooperation.

In the past few years, global crises have hampered or partly neutralized development progress and have also forced humanitarian aid organizations to remain focused on the same regions for many years due to

Developing countries are also challenged to find low CO₂ paths to growth. Education, technology and innovation are gaining in importance in the field of development cooperation.

a lack of any real improvement. The interim balance sheet for the Millennium Development Goals agreed in 2000 therefore shows a mixed result. In Asia, the number of poor dropped, while the real progress made in many African countries was not enough to reduce poverty on this continent. Today, 30% of the world's poorest live south of the Sahara, compared to just 19% in 1990. From our current perspective, the goal of halving global poverty by 2015 is almost impossible to achieve.



"The Human Face of Climate Change" is a photographic project by Mathias Braschler and Monika Fischer portraying more than 80 individuals in 16 countries to show how climate change affects the lives of people throughout the world.

"Climate change and development" was the central theme of Switzerland's development cooperation activities in 2009. At the annual conference in Zurich, which was attended by 2500 people, speakers from Africa, Asia, Latin America and Switzerland pointed to the responsibilities that the countries of the North share with countries of the South to finance measures to counter the adverse effects of climate change.

Yang Gengbao (69) and his wife Huang Lianfeng (68)
Flood Victims / Shop Owners
Hongse, Guangxi, China

Yang Gengbao and Huang Lianfeng have lost their house and their shop in a flood in July 2009. The southern province of Guangxi experiences each year floods in the summer. But they start to get more severe. Local authorities called this year's flood "the third-biggest in history".

The SDC and SECO have geared their programmes to the attainment of the eight Millennium Development Goals and consistently fostered conditions that favour the fight against poverty (good country and corporate governance, strengthening of institutions, gender equality). This strategy has proved its strength, even during the financial and economic crisis. In addition to the alleviation of need, the reduction of poverty remains the most important task of development policy.

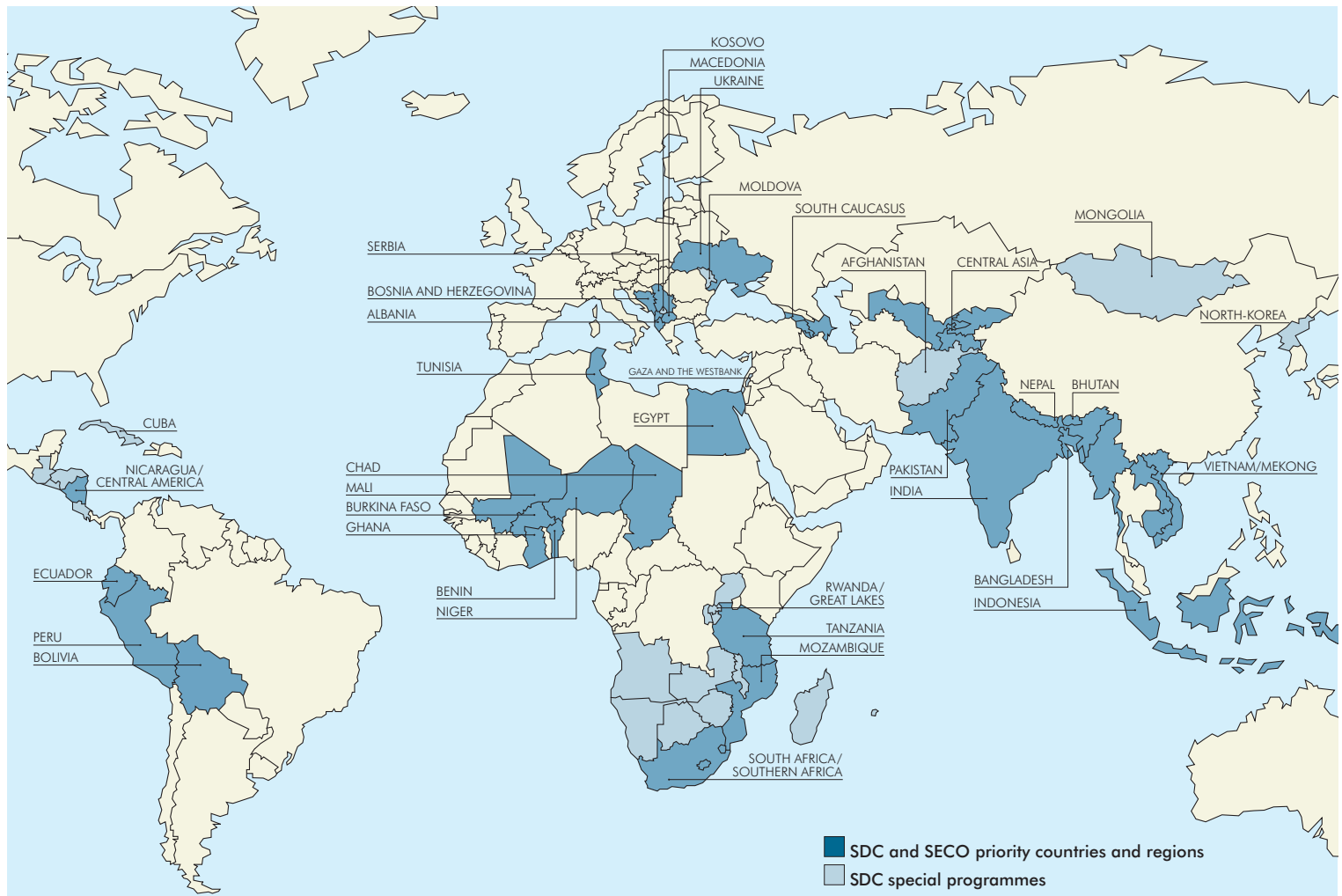
At the end of 2008, Parliament requested a Message from the Federal Council on how Switzerland can increase its official development assistance (ODA) to 0.5% of its gross national income (GNI) by 2015. The Federal Council published a report on the challenges faced by development policy and the opportunities and restrictions under the budget policy. The political debate on the share of GNI dedicated to development assistance will continue in 2010.

In 2009, Switzerland allocated 0.47% of its GNI to official development assistance and humanitarian aid (2008: 0.44%). The increase was mainly driven by higher costs for asylum-seekers from developing countries in the first year of residence as well as debt relief measures. In 2009, the UN's benchmark of 0.7% was confirmed as the international benchmark at the G8 and G20 summits.

SOLIDARITY IN SPITE OF THE CRISIS The economic downturn did not affect solidarity with the people living in poorer regions. This was confirmed by a representative survey of the population carried out in 2009 by the public opinion research company gfs.bern on behalf of the SDC and the Swiss Alliance of Development Organizations (Alliance Sud). 53% of respondents were in favour of continuing development assistance at its current level, while 30% even urged an increase. This is 8% more than in 2004. Most of the respondents estimated the expenses to be much higher than they actually are. On the other hand, the survey revealed that interest in the topic of development assistance and awareness of the issue are on the wane: the Swiss public today is less informed about North-South topics than at the time of the last survey five years ago. Development policy is also increasingly placed within the context of domestic politics. The economic benefits for Switzerland and the links between development policy and asylum policy are no longer taboo topics.

GOOD, BUT NOT ENOUGH Switzerland is a reliable and innovative development partner. This is the conclusion of the OECD's Development Assistance Committee (DAC) after its evaluation of Switzerland's cooperation as part of the periodic peer review conducted in 2009. Switzerland's contribution is judged to be good. Humanitarian aid earned praise, both for its activities as an independent and innovative unit and for its constructive multilateral cooperation. The bilateral programmes' focus on the grass roots and their continuity were lauded as strengths, while the aid volume of 0.44% of GNI in 2008 and 0.47% in 2009 was felt to be insufficient as it is less than the 0.7% recommended by the UN and also less than the percentages spent by comparable countries.

The DAC recommends that a special effort be made to improve development coherence. Political areas such as migration, trade and agriculture should be more systematically aligned to development policy objectives. Switzerland should further concentrate its geographical and thematic priorities in order to improve its effectiveness. The SDC and SECO should provide the public with more information on the results of their international cooperation programmes. Detailed report: www.oecd.org/dac/peerreviews/switzerland



Map

SDC and SECO priority countries and regions 2009 (m CHF)

SDC priority countries and regions South 2009

Africa	Tanzania	18.8
	Mozambique	14.4
	Chad	12.6
	Burkina Faso	11.9
	Mali	11.2
	Benin	10.6
	Niger	9.4
Latin America	Nicaragua/Central America	19.2
	Bolivia	17.5
	Peru	12.0
	Ecuador	4.2
Asia	Vietnam/Mekong	27.3
	Nepal	22.9
	Bangladesh	21.5
	Pakistan	13.2
	India	10.3
	Bhutan	4.3

SDC special programmes South 2009

Africa	Rwanda/Great Lakes	13.1
	South Africa/Southern Africa	11.0
Latin America	Cuba	3.6
Asia	Afghanistan	17.1
	Mongolia	11.1
	Gaza and the West Bank	10.8
	North Korea	3.3

SECO priority countries and programmes South 2009

Africa	Ghana	12.4
	Egypt	8.3
	South Africa	1.9
Latin America	Colombia	10.2
	Peru	7.0
Asia	Vietnam	11.8
	Indonesia	5.2

SDC priority countries and regions East 2009

Central Asia	20.8
Bosnia and Herzegovina	10.3
South Caucasus	8.8
Albania	8.4
Serbia	8.3
Macedonia	6.9
Ukraine	6.8

SDC special programmes East 2009

Kosovo	10.9
Moldova	6.9

SECO priority countries and programmes East 2009

Central Asia	21.1
Macedonia	4.6
Albania	4.5
Azerbaijan	3.6
Bosnia and Herzegovina	2.1
Ukraine	1.9
Serbia	1.8
Kosovo	1.0

SUCCESS HAS BEEN ACHIEVED IN THE FIGHT AGAINST POVERTY:

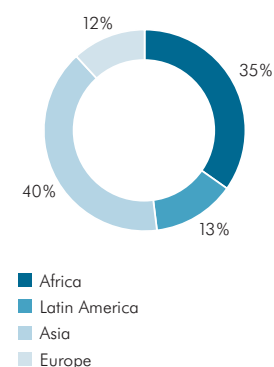
IN THE PAST 25 YEARS real income in the developing countries has almost been doubled.

TODAY, TWO-THIRDS OF ALL COUNTRIES are electoral democracies. Child mortality has been halved, the number of people without basic schooling has been drastically reduced, and life expectancy has increased in all developing countries. International cooperation made a substantial contribution to these positive results. It consistently promoted the transfer of specialist expertise, technology and financial resources, strengthened civil societies and institutions in partner countries, and speeded up the processes of economic and social growth.

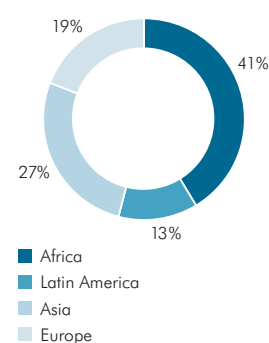
SWITZERLAND'S BILATERAL COOPERATION AND HUMANITARIAN AID activities are shaped by the development priorities and humanitarian needs of the partner countries. It helps people, organizations and societies to improve their living conditions by their own efforts. The principle of helping people to help themselves remains valid. The Swiss programmes often focus on strengthening human and institutional capabilities at a local level. The SDC and SECO also work together with centralized government organizations and decentralized institutions and support economic, health, education, agricultural and water management reform processes, as well as reform processes in other key areas.

WHAT CONCRETE SUCCESSES did the Swiss development cooperation efforts reap in 2009 in Africa, Asia, Latin America and Eastern Europe? A selection of important results in international cooperation is presented on the following pages.

SDC bilateral by continents 2009¹



SECO bilateral by continents 2009¹



¹ Excl. contribution to EU enlargement



Mama Saranyro (59)
Member of the nomadic Bozo tribe
Fisherman
Salamandaga, Lac Korientzé, Mali

Life is getting harder for the nomadic fishermen of the Bozo tribe. There is less water and less fish in the interior delta of the Niger than there used to be. Their present camp is in an area that until a few years ago was all year round submerged by Lake Korientzé.

TODAY, MORE AFRICANS THAN EVER BEFORE have access to basic education and health services, but the economic crisis, smaller budgets and the population explosion jeopardize the sustainability of this progress. Living conditions remain precarious, particularly in the rural areas, and the targeted goal of halving poverty by 2015 is not likely to be reached across the board.

AFRICA

The SDC's development cooperation activities focus on basic education, health and rural development in seven priority countries. The Swiss programmes are shaped by the subsidiarity principle: local and regional solutions are promoted and the capacity of villages and communities to help themselves is strengthened. This consistent focus on the key areas of social development makes positive change possible at both the micro- and macrolevels. The book "Switzerland-Mozambique: 30 years of bilateral cooperation" published in 2009 also testifies to this success and provides an insight into an intriguing chapter of Switzerland's commitment to Africa.

SECO focuses its economic development cooperation efforts on three more advanced countries, i.e. Egypt, Ghana and South Africa. In 2009, SECO also supported important programmes in former priority countries such as Burkina Faso, Mozambique and Tanzania.

The following is a summary of selected activities and results in the central focus areas of Switzerland's development cooperation programmes in Africa.

Basic education

The SDC aims to improve the educational offering and educational opportunities for disadvantaged population groups (girls, rural communities, members of nomadic tribes, etc.). To achieve this goal, the educational systems and participatory administrative systems that are promoted by development cooperation are to become more decentralized. In Burkina Faso, Mali, Chad and South Africa the Swiss approach to rural education serves as a model: local languages are upgraded to serve as teaching languages, teaching materials are aligned to the needs

of the local population, and the courses that are offered are agreed in dialogue with the population. In 2009, 20 nomadic schools were set up in Mali and 700 children of the Poel, Bozo and Tamashek nomadic tribes attended these schools. In the Burgou region in Benin, the literacy programme supported by Switzerland improved the job prospects and earning opportunities of approximately 14 000 adults. The SDC is also involved in the political dialogue,

The Swiss approach to rural education serves as a model. The local language is used for teaching, the teaching materials are aligned to the needs of the local population, and the courses that are offered are agreed in dialogue with the population.

and has been leading the group of the 16 largest donor agencies in the education sector since 2009. A new programme aims to counter the practices of quitting school at an early age and not sending children to school in rural areas.

In Niger, Switzerland is involved in a literacy campaign targeting around 10 000 young people and adults, of whom 60% are women. In the region benefiting from the SDC's programmes, the rate of school quitters dropped by more than half. In the rural areas of Burkina Faso, Switzerland is supporting education for young people and adults. Basic education is combined with practical training, which improves the people's earning prospects and strengthens the handicraft tradition.



BUDGET SUPPORT STRENGTHENS PARTNER COUNTRIES In 2009, Switzerland together with other donors provided budget support to seven countries: Burkina Faso, Benin, Ghana, Tanzania, Mozambique, Nicaragua and Vietnam. With contributions to the government budget or to certain sector budgets (health, education), the government service providers were strengthened, transaction costs reduced and the establishment of parallel systems avoided. The Development Assistance Committee (DAC) of the OECD recently evaluated the effects of budget support and concluded that the results are positive in most countries.

Specifically, the government institutions were strengthened considerably and the countries' own funds were used to better purpose. Budget support is an effective tool if the framework conditions and accompanying measures are good. With rules on the use of the funds and accountability, training courses for managerial staff and an improved tax system, budget support sustainably pushes development. Generally speaking, budget support is the optimum supplement to project aid.

INFRASTRUCTURE AND JOBS A solid basic infrastructure is central to development. This is also true in Africa. In sub-Saharan Africa, however, it is difficult to mobilize the required resources. SECO and other donors are trying to compensate for this lack.

The Emerging Africa Infrastructure Fund (EAIF) provides long-term loans for private investment in infrastructure. Since its establishment in 2002, the EAIF has granted loans of more than USD 500 million (SECO's share: USD 10 million). This partnership between the public and private sectors makes it possible to launch projects that contribute to the development of a country while operating on a self-sustaining footing. Fifteen projects in 13 countries have generated more than USD 5 million in additional private investment and resulted in infrastructure improvements benefiting millions of people and new jobs for tens of thousands.

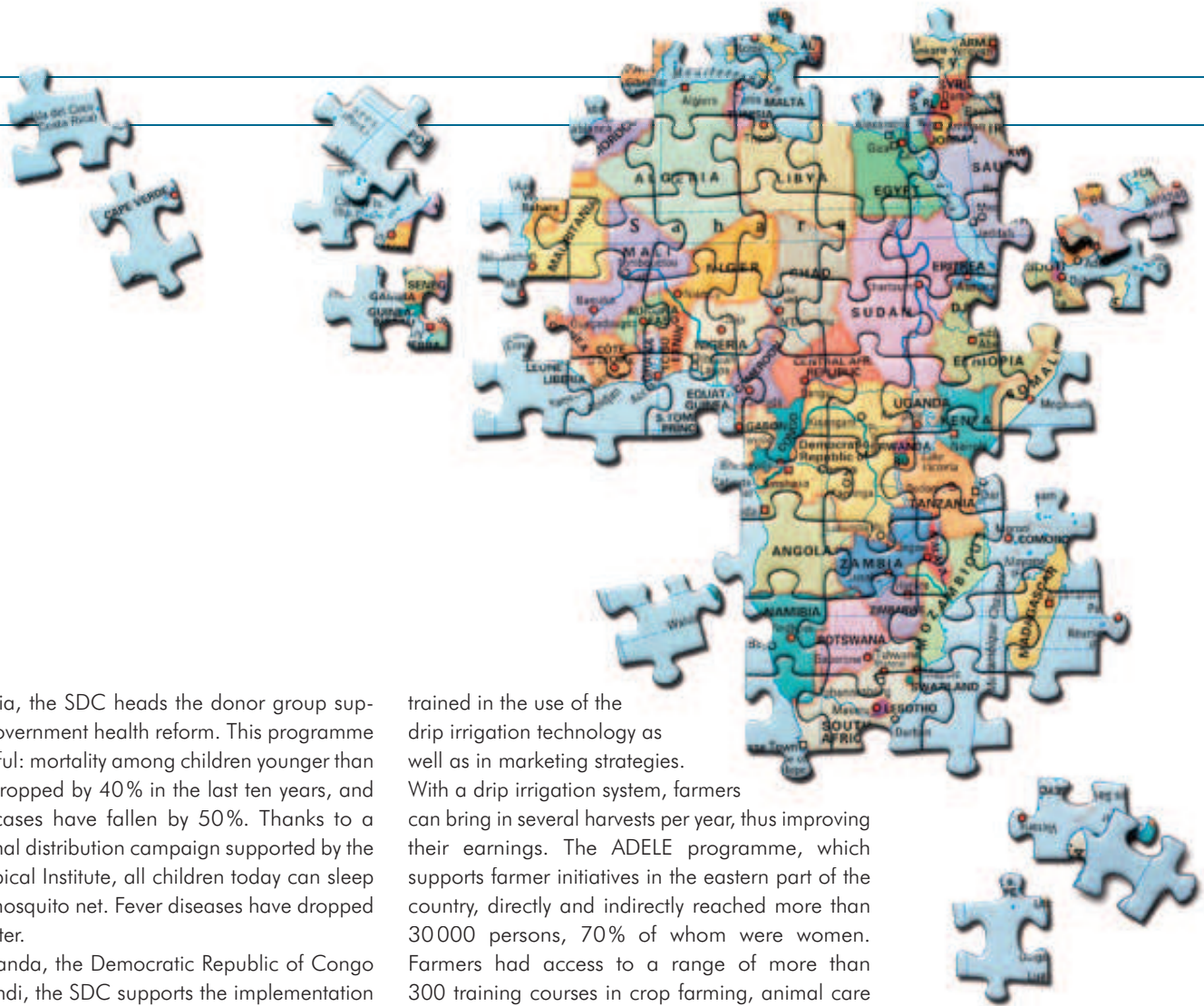
Switzerland successfully asserted a positive influence on Burkina Faso's education policies, and government funding for non-formal training was increased.

At a regional level, the SDC supported the "Association pour le Développement de l'Éducation en Afrique" (ADEA), of which all African education departments are members. The ADEA entered into a partnership with the African Union to implement the second educational decade. A total of seven priority focus areas were identified, including the integration of African languages in the educational system – a field where the SDC boasts many years of experience and comparative advantages. Today, more young Africans than ever before have access to basic and secondary schooling. In order not to jeopardize this progress, the education sector must receive sufficient funding in spite of the economic crisis. With this in mind, the SDC confirmed its commitment to various regional and multilateral education initiatives in Africa and also designed new bilateral programmes.

Health

The SDC is committed to the strengthening of decentralized health systems, the fight against contagious diseases, and the advancement of the right to sexual and reproductive health.

In the north of Mozambique, since 2009 community health services have been using bicycle ambulances to take sick people and pregnant women to the closest health centre. The programme also runs malaria, diarrhoea and HIV/Aids information and prevention campaigns. Fortified and independent health services at the district level serve as examples for other parts of the country. These health sector activities supplement the long-standing well-drilling programme run by Helvetas on behalf of the SDC in the northern province Cabo Delgado. In 2009, 25 new drinking fountains were built. In the past ten years, the ratio of the population with access to drinking water has risen from 36% to 48.5%.



In Tanzania, the SDC heads the donor group supporting government health reform. This programme is successful: mortality among children younger than five has dropped by 40% in the last ten years, and malaria cases have fallen by 50%. Thanks to a professional distribution campaign supported by the Swiss Tropical Institute, all children today can sleep under a mosquito net. Fever diseases have dropped by a quarter.

In Rwanda, the Democratic Republic of Congo and Burundi, the SDC supports the implementation of national health policies. The long-standing cooperation with Rwanda translated into 41 health centres in two districts catering to more than 600 000 people. Admissions and consultations between the population and the health centres have doubled since 2005.

In Tanzania Switzerland campaigns for health reform – with success: mortality among children younger than five has dropped by 40% in the last ten years, and malaria cases have fallen by 50%.

Assisted births rose by one-quarter to 68%. More than 2000 communal health promoters, half of whom are women, have been trained. At country level, 86% of the population already belonged to the health cooperatives sponsored by the public sector in 2009, which was twice as many as in 2006.

Rural development

In West Africa, the SDC promotes agricultural family operations. In addition to measures to increase agricultural productivity, the SDC also invests in education as well as in the political dialogue in a bid to improve development conditions for the rural population.

In Burkina Faso, the SDC supported the introduction of drip irrigation systems in 2009. More than 150 persons, around half of them women, were

trained in the use of the drip irrigation technology as well as in marketing strategies. With a drip irrigation system, farmers can bring in several harvests per year, thus improving their earnings. The ADELE programme, which supports farmer initiatives in the eastern part of the country, directly and indirectly reached more than 30 000 persons, 70% of whom were women. Farmers had access to a range of more than 300 training courses in crop farming, animal care and the processing and marketing of agricultural products.

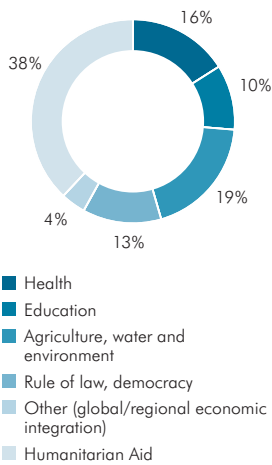
In the Sikasso region of Mali, Switzerland supported spatial planning projects that help to prevent local conflicts over land use. Under local agreements, 500 000 head of cattle were resettled. By expanding their vegetable and mango production and marketing activities, 6000 families successfully improved their earnings by approximately 15%. Support for applied agricultural research returned gratifying results. By introducing improved sheep breeds and more resistant rice strains (improving the yield from 1200 kg/ha to 3500 kg/ha), the earnings of the rural population, in particular the women, was increased significantly.

Humanitarian aid

In 2009, the SDC was involved in providing humanitarian aid to ten African countries. The most widespread of these programmes ran in Sudan and in Chad to relieve the hardship caused by the Darfur conflict, where five million people need help to survive. Apart from financial contributions, Switzerland provided one specialist each to the World Food Programme and the UN organization OCHA, as well as two water specialists to UNICEF.



Africa: SDC by themes 2009



In Southern Sudan, the SDC has been providing reconstruction help since 2005, thereby contributing to the integration of displaced persons into everyday life.

In Southern Africa the HIV/Aids epidemic remains one of the biggest obstacles to development, with almost a third of the population infected by this disease. Switzerland focuses on providing support to Aids orphans and young women. In Zimbabwe, the Confederation's Humanitarian aid programme focused on the establishment of health services and helped 6000 patients to receive treatment in 2009. In response to the food crisis, Switzerland provided specialists and funding to the World Food Programme in a bid to stimulate local food production.

Approximately 35 000 farmers were able to buy seed and fertilizer and were again able to deliver food to local markets again.

In Liberia, the SDC's Humanitarian aid programme helped to rebuild a regional hospital that was destroyed in the civil war. This hospital now provides basic medical care and surgical services to a population of 280 000 people. Since the finalization of the reconstruction process in May 2008, almost 20 000 people have received medical treatment and more than 1 300 operations have been carried out. The mortality rate in the hospital's outreach area is 4.5% below the national average.

Economic development cooperation

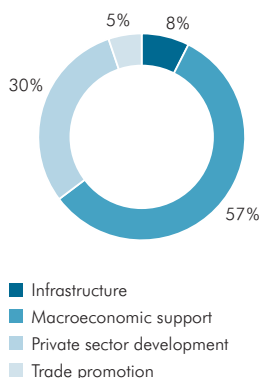
To mitigate the effects of the financial crisis on the partner countries, SECO was involved in a number of bilateral and internationally coordinated initiatives in 2009. At the beginning of the year, the Federal Council approved additional budget support to Ghana in an effort to help the country tackle the

crisis. As part of the Financial Sector Reform and Strengthening Initiative (FIRST), a programme was launched to support the partner countries with preventive measures and crisis management services.

SECO, via the Enhanced Integrated Framework (EIF), improved trading capacities in the poorest developing countries. This initiative aims to promote trade as a strategy to combat poverty and to improve

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Africa: SECO by themes 2009



the coordination of the trade support provided by the industrialized nations. The Swiss-financed country programme for Mozambique was launched.

Switzerland also joined the Extractive Industries Transparency Initiative (EITI), which promotes transparency as regards the funds earned from mining operations in developing countries as well as good corporate governance in the commodities sector, e.g. minerals, oil, precious stones, etc. To date, more than twenty developing countries rich in commodities are participating in the EITI, including the oil-producing countries Nigeria and Ghana.

In the field of environmental technology, SECO has launched a large-scale waste-water disposal project in three regions in Egypt. The water companies are supported in establishing and managing efficient waste-water disposal systems in outlying areas.



Fatama Djapraul Mousa (25) and her children Ruca (7 months), Koundoum (7) and Omer (3) Karala, Chad

With declining rainfall, water availability has become a major problem in Chad. People drink the little remaining water that they have, which is often of very poor quality. The reason why Fatama Djapraul Mousa lost three children, was bad drinking water.



Rinchen Wangail (38), his wife Phuntsok Amgmo (37)
and their son Tsewang Tobjor (1)
Farmers
Victims of flash flood
Rongjuk, Ladakh, India

Flash floods are a new phenomenon in Ladakh. The total amount of annual rainfall has not changed but the area started to experience unusual intense downpours in the last couple of years. The house that Rinchen Wangail's family has been living in for generations got destroyed by a flash flood.

ASIA HAS TWO FACES: the first is dynamic, on a fast growth track and very urbanized, and benefits from Asia's integration in the global economy, while the second is turned to agriculture and the domestic economy, poor, exposed to conflict and isolated. This divergence is constantly growing.

ASIA

Almost half of the world's poor live in South Asia and India. In 2008, this region lagged behind Africa as regards the nutrition of small children, access to sanitary facilities and per capita income. South-East Asia, however, managed to reduce extreme poverty by 10% to 39% of the population between 1990 and 2005, while East Asia and China were able to reduce poverty from 29% to 19%, with official statistics already meeting the relevant Millennium Development Goals.

Since 2009, the SDC has been active mostly in rural development, improved governance and humanitarian aid, on a level that is just as important as in Africa. SECO has increased its coordination with the more advanced developing countries of Vietnam and Indonesia, and implemented projects aimed at promoting trade and the private sector.

Rural development

In Nepal, the SDC has been supporting the establishment of small farmer seed production cooperatives since the 1980s. Meanwhile, this operation has grown to include approximately 160 cooperatives. Between 1975 and 2009, production has grown from 9 to 900 tons. Both the area under cultivation and the productivity have doubled, thus providing the families involved in the operation with an additional annual income of around CHF 110.

In North Korea, the SDC, in cooperation with the European Union, has established a biological pest control programme by government and university teams within a short span of years. Even without an intensification of production, the programme

generated an additional yield of 20%. In 2009 the agricultural land under treatment was increased, and today, the yield has been optimised with 200 000 hectares of corn treated with biological pesticides.

In Mongolia, Switzerland supports a pilot project involving the establishment of shepherd cooperatives. Meanwhile, around 10 000 families have joined such a cooperative. A group of people can run larger projects to conserve pasturage. A contribution by the

With the help of Switzerland, one-quarter of all farmers in Mongolia were able to plant better strains, thus improving their earnings by 30%.

SDC was used to set up 40 funds for the processing of agricultural products, and 2 240 shepherd's families generated additional income by processing their own products. This successful project is now being expanded to other provinces. The SDC also supports the establishment of a national potato seed system. Improved strains were tested for productivity in the harsh Mongolian climate, and the best strains are reproduced locally and sold to the farmers. In 2009, 12 000 farmers – around one-quarter of all Mongolian farmers – planted improved strains, thus increasing their income by 30%.

In Laos, the government actively supports the concentration of donor programmes. The SDC and its international partners have been supporting a



CLEAN AIR FOR LAOS The Cleaner Production (CP) concept concerns the reduction of the negative effects of industry on the environment and the improvement of the safety of employees. It also improves industrial productivity and competitiveness.

SECO supports a wide-ranging CP project in Laos which is being implemented by the UN. Some 230 types of CP measures were introduced by 15 companies in the food and clothing sectors. In the majority of cases, these measures involved simple changes representing only a small financial outlay. These had a positive impact on the environment, e.g. pollution was reduced by 10% to 60%, and greenhouse gas emissions were lowered by 6% to 80%. These measures also reduced production costs by CHF 450 000 per year and improved the competitive strength of the companies participating in the programme.

BETTER SCHOOLS FOR BHUTAN Nowadays, scholars in Bhutan are better educated and have much better job prospects than their parents. For the past 20 years, the SDC and its international partners have helped to set up the basic education system in Bhutan. An independent assessment carried out in 2009 confirmed that these efforts will help Bhutan to mostly achieve Millennium Development Goals 2 (primary schooling for everybody) and 3 (gender equality in the education system) by 2015. A standardized school infrastructure, modern teaching materials, and a training and further education programme for teaching staff have contributed significantly to this success.

rural development programme in three provinces since 2009. Food-for-work programmes were introduced to support 11 low-income villages, and in five provinces, the status of the data on food security was improved by means of a survey. Switzerland

Swiss Rescue provided emergency aid to Sumatra after the earthquake with the help of 115 experts and 18 dogs.

supports the development of a decentralized agricultural advisory service that reaches approximately 70% of all farmers. A Web-based documentation centre providing information on rural development and the use of natural resources enjoys lively utilization. Government departments and donors refer to the Web portal as a source of user-friendly agricultural information.

Governance

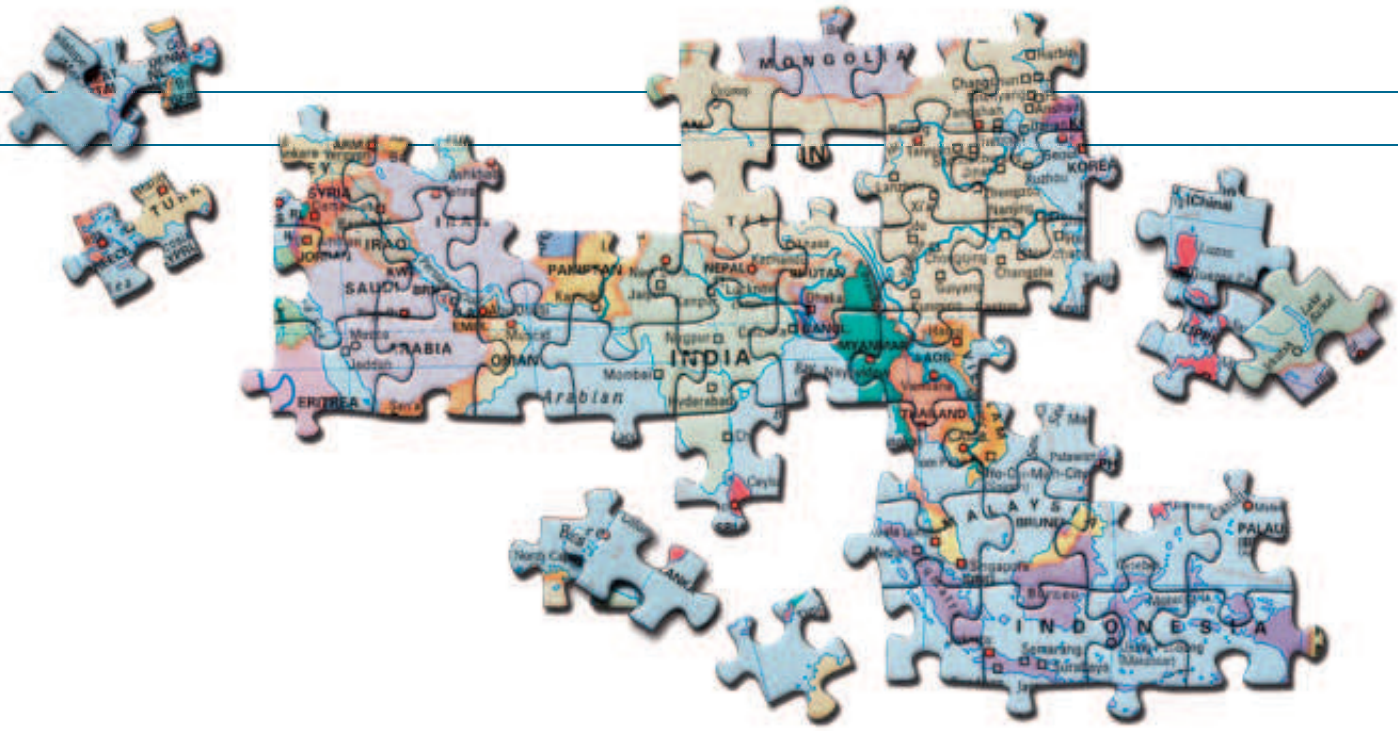
Good governance lays the foundation for sustainable development. The SDC and SECO have been running programmes to promote reliable government activity, functioning state institutions and participation of the population in decision-making processes at all levels for the past two decades.

In Afghanistan, the SDC has been supporting the Civil Society Forum, which already has more than 400 members and partners, since 2002. The Forum disseminates objective information on political events and elections, runs education programmes and promotes the participation of the people in public issues. A recent external assessment confirmed the Forum's impact on domestic politics and its successes. In 2009, Switzerland contributed CHF 2 million to the democratic presidential and provincial council election campaign, one-quarter of which was used to finance the Forum's activities.

In Bangladesh, Switzerland is helping the authorities of 2 500 rural communities to use public funds in a transparent manner. The management capacities of the local authorities were improved through training and further education measures, with visible results: municipal spending in favour of the poorest members of the community increased from less than 1% of total expenditure in 2006, to 15% of total expenditure. Some 84 000 poor people benefited from

social aid and better services provided by the local authorities.

In Vietnam, Switzerland is helping to strengthen the rule of law with initiatives at central government level as well as in the local communities. It is helping to modernise the administration through its involvement in setting up a new legal basis for the central government's public activities. In two mountain regions that are home to ethnic minority groups, Switzerland is promoting the establishment of a



populist local administration. Together with Sweden, Switzerland is supporting a programme to give approximately 100 000 poor people easier access to legal advice.

Humanitarian aid

Measures to prevent natural disasters are gaining urgency in view of the advent of climate change. The Confederation's Humanitarian aid projects focusing on the establishment of structures to prevent and alleviate humanitarian crises in third-party countries, have gained an international reputation.

In China, by 2009, a national team and 26 provincial teams had been trained in preventive measures and emergency aid. The involvement of Switzerland harks back to a request received from the People's Republic in 2002. The Chinese team received the UN quality certificate and was also recently deployed in Haiti.

Swiss Rescue – an association of eight partner organizations – provided emergency relief in the aftermath of the earthquake in Sumatra/Indonesia and deployed 115 experts, 18 dogs, 16 tons of material and 8 tons of relief supplies. The Indonesian government also asked Switzerland for crisis-management support and advice on earthquake-proof construction methods.

Humanitarian aid reacted to the war in Gaza by sending a Rapid Response Team to the war zone. Relief supplies valued at more than CHF 1 million were sent to Gaza and distributed to the needy in cooperation with local partner organizations. Switzerland also made a crisis relief contribution of CHF 3 million to the UNRWA. After the end of the fighting, during which 1 400 people were killed and 20 000 houses destroyed, the SDC participated in the reconstruction of the war zone.

With respect to long-term reconstruction support, the SDC furthered projects in Gaza and the West Bank to improve the marketing of indigenous products and revive the local markets. Some 600 Palestinian businesswomen received expert

advice on how to set up their own companies. Switzerland also supports the Palestinian refugees through its financial contributions to the UNRWA. It helps Iraqi refugees through programmes in Syria and Jordan and with contributions to the refugee agency UNHCR, as well as with a bilateral school renovation project in Syria.

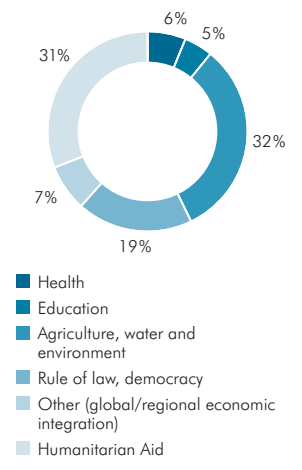
Economic development cooperation

Together with the International Labour Organization (ILO) in Geneva, SECO launched two programmes at a corporate level, one of which focuses on improving cooperation between exporters and international buyers in the textile industry, and one that specialises in SMEs and supplier enterprises. These two programmes have been activated in Indonesia, Vietnam, India and China. They work on the principle that better employee protection contributes to the optimization of processes and improved organization of work. The consistent application of this concept protects employees and improves the SME's competitive position in the international arena.

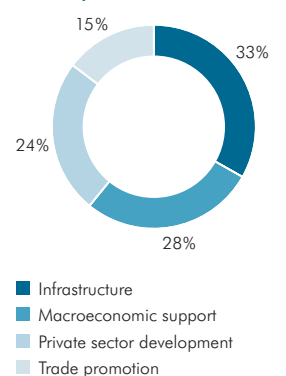
In Indonesia, SECO supported a reform process aimed at strengthening public finances. In order to promote investment, programmes to simplify the registration of SMEs and improve corporate governance in the private sector were launched.

In Vietnam, SECO participates in the budget-support programme coordinated by the World Bank, as well as in a multidonor initiative to support reforms in the public finance sector. In the field of infrastructure, a project for the promotion of renewable energies co-financed with the World Bank has been launched with the objective of preparing the required statutory, regulatory and financial framework for the generation of electricity from renewable energy sources.

Asia:
SDC by themes 2009



Asia:
SECO by themes 2009





Yusnovil Sosa Martínez (33), his wife Antonia González Contino (41) and her son Yosdany Miranda González (10)
Sanguily, Pinar del Río, Cuba

Due to higher atmospheric temperatures, the intensity of hurricanes has increased. The small village of Sanguily in the province of Pinar del Río got hit by two hurricanes within 8 days in 2008. Hurricane "Gustav" was a category 5 storm that destroyed thousands of houses, "Ike" was a category 3 hurricane, that brought a lot of rain. Yusnovil Sosa Martínez' house got destroyed by the storms. One year later they still live in a small provisional shack.

THE WORLD BANK ESTIMATES that approximately 60 million Latin Americans have managed to pull themselves out of poverty in the past decade. Unfortunately, one out every ten of these same persons is likely to be poor again following the economic crisis. The decline in remittances sent home by Latin Americans working in the US and Europe translates into deprivation for the middle and lower income classes in Central and South America.

LATIN AMERICA

The Confederation’s development cooperation and Humanitarian aid focus on the Andean and Central American countries that have still not caught up, for example in the spheres of health care, infrastructure, education and good governance. Following a review of the SDC’s geographic and thematic portfolio, the SDC ended its almost 40-year cooperation with Ecuador in 2009. To achieve a greater impact, the available funds will be focused on fewer priority countries. SECO is concentrating its economic development cooperation activities on Peru and Colombia.

Rural development

In the Andean countries, the Swiss development cooperation efforts of many years to promote indigenous potato strains are paying dividends. Peruvian producers, for example, have managed to triple their income from selling potatoes since 2001. Demand for local strains has grown, which stimulated production. Several private-sector companies make chips and snacks from potatoes for the national and international markets.

In Central America, more than 500 000 metal silos for the storage of corn and beans were built in 900 small workshops and sold in 2009. Product processing is easier thanks to the specialized storing of harvests, which has given farmers the opportunity to sell their products out of season and at better prices. This successful programme created a large number of jobs and improved the earnings of an estimated 2.5 million people. The programme made a very effective contribution to food security with a relatively small investment. The SDC is now looking at the possibility of introducing the metal silo in countries in Africa.

Rural development projects take care to involve both genders in their activities. In the agricultural community of Licto in Ecuador, men and women have equal rights in the management of the irrigation system. Thanks to a 16 km supply channel built with Swiss support, agricultural production has been diversified and microenterprises have been established to process and sell the products. Women were actively involved in all areas. An impact analysis pre-

In Nicaragua and Honduras, the SDC improved the position of 37 local communities, helping them to increase their 2009 tax revenue by 12.5% on average.

pared in 2009 confirms that 1300 families were able to successively improve their annual income by more than CHF 2000 between 1989 and 2006.

Microfinancing

Microfinancing has been booming in developing countries since the late 1990s. The SDC has promoted access to credit and financial services, in particular in the rural areas of Latin America where there are hardly any providers. After a building-up process lasting several years, by 2009 the SDC was supporting a total of 127 microfinance institutions serving almost two million customers.

	Bolivia	Ecuador	Central America
Supported microfinance institutions (MFIs)	19	38	70
Number of customers of supported MFIs	415 000	1 000 000	500 000
Annual income growth in % per end customer	35–125	20	35–100



BIODIVERSITY HARBOURS OPPORTUNITIES Latin America boasts a great wealth in biodiversity. The sustainable exploitation of this biodiversity harbours opportunities for local economic development that have not as yet been fully utilized. The SDC is helping Bolivia to systematically exploit these opportunities, for example in the forestry sector, the cultivation of Andean cereals, and the production of top-quality seed.

In 2009, several thousand seed producers earned an important share of their income in this way. A programme supporting agro-ecological production in five communities in the Bolivian province Chuquisaca has led to an increase in earnings of approximately 40% for 562 families; and in Cochabamba, 121 families in two communities improved their income by 35%. Targeted contributions by the SDC have resulted in effective environmental legislation.

CLEAN HAVANA SECO globally promotes modern waste management practices which reduce health risks and protect the environment. The experience gained in Swiss cities is also exploited. The city council of Havana is supported in the collection, recycling and disposal of waste. The separation of waste – a waste separation campaign helped to reduce waste in the Playa community by 38% – and the processing of biowaste, also have financial advantages: the biogas facilities can process 4500 cubic metres of biowaste every year, thus generating around 60 kilowatt-hours of energy. This project serves as a model for other communities, and neighbouring towns are now independently establishing similar systems.

DEPARTURE FROM ECUADOR Switzerland ended its cooperation programme in Ecuador at the end of 2009 after 40 years of bilateral cooperation. Today, this Andean country is one of the countries with mid-level income. In Ecuador, Switzerland mainly invested in rural development. In the area covered by the SDC programmes, rural income rose between 21% and 50% in the past two decades, and in Nabón in Azuay province, rural income has even improved by more than 100% in the past decade.

Better education programmes, new infrastructure (e.g. irrigation systems), access to financial services and the improved marketing of agricultural products have contributed to this growth in income and halted the flight to the cities. With an additional 15000 hectares under irrigation, 16000 farmer families have managed to improve their income from agriculture by around 70%.

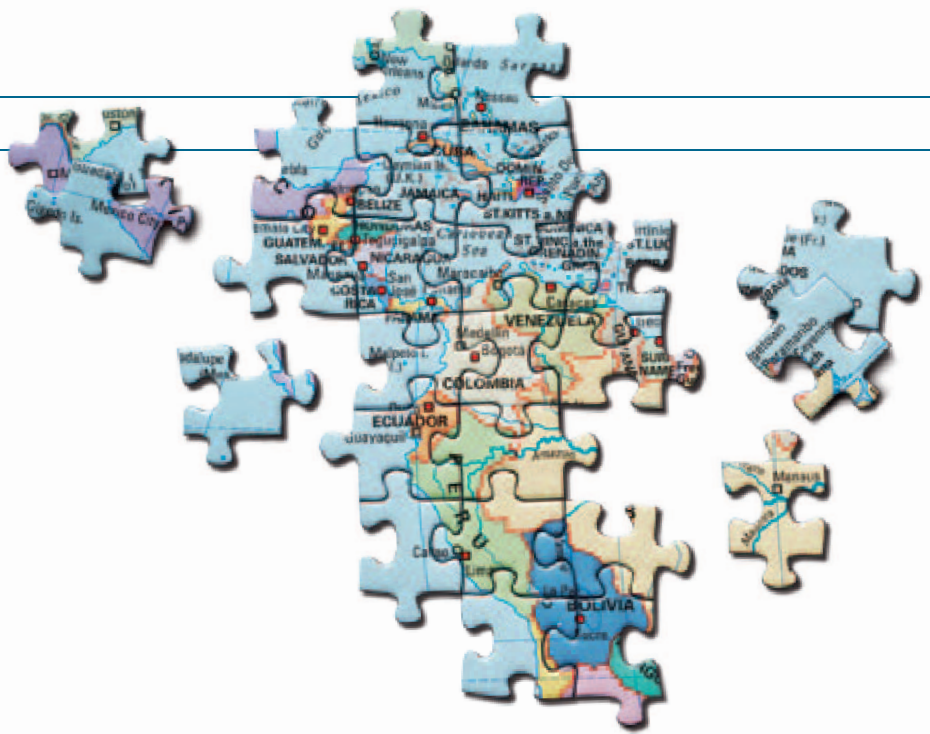
Thanks to its professional expertise and ongoing support, the Swiss Agency for Development and Cooperation is an appreciated partner of the micro-finance institutions. However, a recent assessment by the global centre of expertise for microfinancing, the CGAP, has nevertheless identified some deficiencies in the measurement of the effectiveness of the Swiss programmes.

Strengthening of local administration

In Central America, the local administrative authorities used to be weak and dependent on the higher authorities, but this situation has improved. In Nicaragua and Honduras, the SDC improved the institutional capacity of 37 local communities, who managed to broaden their tax base and increase their 2009 tax revenue by 12.5% on average. The community development plans were drawn up in cooperation with the local population. Among other things, modern cadastre systems using GPS technology were established and 245 km of access roads were financed. According to information received from the farmers, the costs for transporting agricultural products to the markets were reduced by 30% on average.

Humanitarian aid

In Colombia, the Confederation provided humanitarian aid to civilian victims of the internal conflict. Together with UN organizations, the ICRC and the Colombian government, Switzerland mainly supported humanitarian efforts in the health sector and in the provision of accommodation. By June 2009, some 53 422 internal refugees had benefited from subsidized health services. In the field of disaster risk reduction, an early warning system for flooding was installed in Colima province in 2009, and 2 500 people were trained in risk management.



Economic development cooperation

In answer to the global economic crisis, SECO has intensified its efforts to promote the private sector. This includes its participation in two global

In a project initiated by SECO, a Swiss retail company is now offering gourmet potatoes grown from seed that comes from Bolivia. Part of the sales revenues is returned to the producers of the seeds.

sustainability funds: the Triodos Sustainable Trade Fund provides financing for the export of organic agricultural produce, and the responsAbility Development Investments Fund finances innovative SMEs trading e.g. in organic produce and renewable energies.

A Swiss retail company now sells gourmet potatoes grown from seed that comes from Bolivia. Through the efforts of SECO, the retailer signed an agreement with the Bolivian authorities under which part of the sales proceeds are routed back to the small farmers who grow the potatoes.

To promote investment, SECO launched a project to improve government inspection of companies in Colombia.

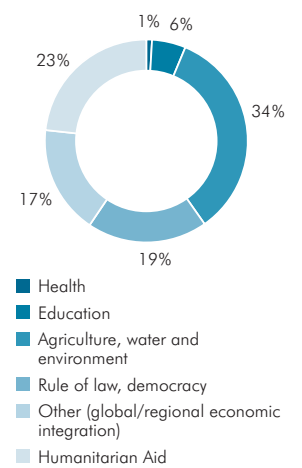
In Peru and Colombia, SECO supports the establishment of sustainable e-waste recycling systems. Following the successful implementation of this approach in China, India and South Africa, the know-how that was gained is now being transferred to Latin America. The products envisaged include a manual for the safe recycling of e-waste, business models for recycling companies, and modern channels for waste disposal.

In Peru, a water project was initiated with the support of the private sector and other donors. This project helps the Peruvian government with the sectoral allocation of its tasks (supply, regulation and planning) and aims to strengthen the operational capacity of the water supply companies.

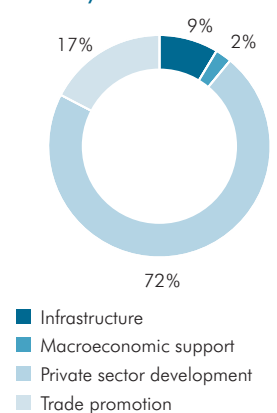
Budget support to Nicaragua was suspended. According to the international donor group, which includes Switzerland and other bilateral and multi-

lateral donors, this decision was triggered by the bad governance of the country. The democratic principles agreed with the donor agencies were not consistently applied.

Latin America: SDC by themes 2009



Latin America: SECO by themes 2009





Avetik Oganisovitch Nazaryan (50) and Ludmila Nikolaevna Nazaryan (37) and their daughter Liana Avetikovna Nazaryan (5)
Inhabitants of a sinking house
Yakutsk, Siberia, Russia

The permafrost in Siberia is melting. This causes infrastructure damage. Houses that have been built on formerly solid ground start to sink in. The 50 years old house of Avetik and Ludmila Nazaryan is experiencing this problem for the last 20 years. While the walls sink into the ground, they have to keep on raising the floors to stay dry.

WHILE THE COUNTRIES IN THE WESTERN BALKANS are promoting themselves as EU candidates, Central Asia and the South Caucasus remain unstable, and the pace of reform is slow. The previously booming countries of Central Europe and the Baltic States were hit particularly hard by the economic crisis.

EASTERN EUROPE/CIS

Switzerland's cooperation with Eastern Europe is based on two operational pillars: in the Western Balkans and the former Soviet Union, Switzerland supports the strengthening of democracy and the market economy (transition assistance), and in the new EU countries, Switzerland mainly focuses on regions with weak structures where it contributes to the reduction of the social and economic disparities (Swiss enlargement contribution).

WESTERN BALKANS / TRANSITION ASSISTANCE

Strengthening of local communities

Administrative reform, decentralization, and the strengthening of communities are key concerns of the SDC programmes. In Bosnia-Herzegovina, Switzerland supported the training of 4 000 police officers, one-sixth of whom were women. All of them are currently operational. The preparation of development plans was supported in 24 communities. A total of 28 water infrastructure projects for 9 communities benefiting 4 000 families each were co-financed by Switzerland. In 2009 in Macedonia, the SDC supported the drafting of a law on cooperation between communities that has since been adopted by the Macedonian parliament. On initiative of Switzerland, one-quarter of the communities set up participatory community forums which designed and independently implemented charitable projects. In the south-western regions of Serbia, a community development programme supported by the EU and the SDC has become a reference model for the central government.

Educational reform

In Kosovo, Switzerland contributed to the modernization of the vocational training system. In 2009, some 4 400 students benefited from these improvements. The promotion of gardening and vegetable growing benefited the markets, which have a better supply of local products, and created new earning opportunities for the population – 3 000 seasonal workers were employed in 2009. Farmer families improved their annual income by EUR 2 600 on average. In Albania, the SDC pushed ahead with the preparation of a regional training centre which will strengthen the decentralised vocational training system. The vocational courses are being redesigned.

Economic cooperation

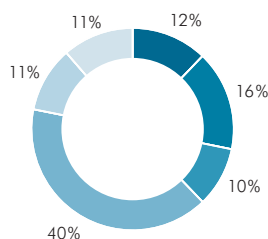
SECO is mainly involved in infrastructure financing. Important progress has been made with the energy and water programmes. In Albania, a new monitoring system was financed for the most important dam,

Switzerland has been supporting water management reform in Central Asia since 2001. Usage conflicts were reduced and water productivity was improved by 30%. This benefited 680 000 people.

which provides almost all the electricity consumed in the country. Albania is supported with Swiss technology and expertise in building up the monitoring network. This reduces the risk of a break in the dam wall. In Kosovo, supporting measures for the National Water Task Force have been implemented to prepare and execute a comprehensive reform programme for the water sector. Switzerland now



Eastern Europe/CIS: SDC by themes 2009



- Health
- Education
- Agriculture, water and environment
- Rule of law, democracy
- Other (global/regional economic integration)
- Humanitarian Aid

also provides budget support, accompanied by a political dialogue that focuses on fighting corruption and improving the country's governance. A programme which is helping to reduce the administrative hurdles to the establishment of a company in Bosnia Herzegovina and Serbia was expanded to other countries in South-Eastern Europe, thereby enhancing investment activity. SECO also participates heavily in a World Bank initiative which is developing the market for building insurance against damage caused by natural disasters. The reinsurance company leading the project is domiciled in Switzerland.

In Serbia, efforts to strengthen the liberal trade policy were continued. The country is being prepared for joining the World Trade Organization (WTO). The protection of intellectual property has been improved and a modern system for defining geographic designations of origin has been set up.

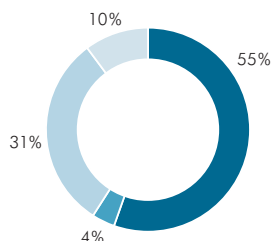
helped to improve the living conditions of the people in the greater Chernobyl area and substantially reduced the child mortality rate.

Water management

As a result of excessive use, an outmoded infrastructure, and climate change, water has become an increasingly scarce resource in Central Asia. Switzerland has been supporting water management reform since 2001, helping to reduce usage conflicts and improve water productivity by 30%. This has benefited 680 000 people.

At the end of 2009, some 82 consumer associations managed 1700 km² of land along three pilot channels in the Fergana Valley in accordance with internationally accepted standards of water use. Over the past few years, the SDC has installed decentralized drinking water and waste-water systems in the rural districts of the Republic of Moldova. This programme will be expanded to include the whole country in cooperation with the local government and other donors.

Eastern Europe/CIS: SECO by themes 2009



- Infrastructure
- Macroeconomic support
- Private sector development
- Trade promotion

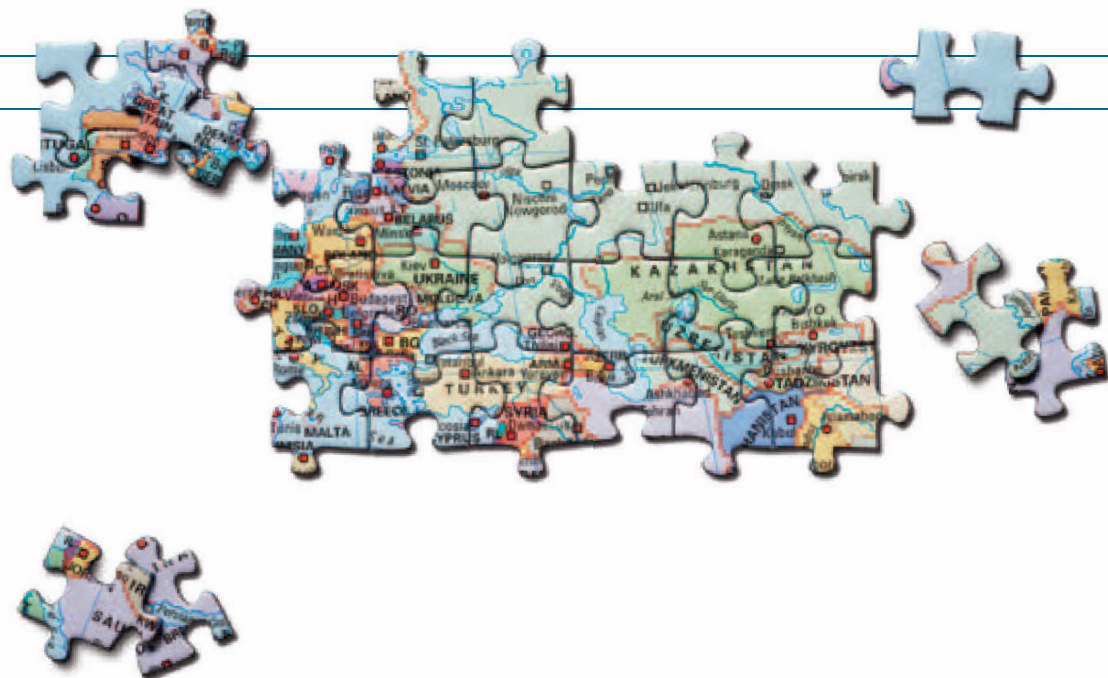
COMMONWEALTH OF INDEPENDENT STATES / TRANSITION ASSISTANCE

Health

In Kyrgyzstan, Switzerland is involved in a reform programme targeting the entire health sector and more than 1000 village health cooperatives. Of these, 220 were set up in 2009. In 44% of the villages, only the local health committees provide health services to the population. In Tajikistan, the SDC gave 1578 doctors and 1721 family nurses access to further education. A family medicine model was tested in a rural province, and a health insurance model was tested in six pilot districts. At the end of 2009, the government of Tajikistan adopted a new health policy based on the family medicine concept. In Ukraine, the SDC has been promoting the health of mothers and children since 1997. Today, four million Ukrainian women in 23 provinces have access to a complete birth assistance service package. The SDC's humanitarian involvement in Belarus ends in 2010. Various projects at community level have

Economic cooperation

In 2009, SECO launched a new project to improve the provision of drinking water and to strengthen the water company in Bishkek, the capital of Kyrgyzstan. Cooperation with the European Bank for Reconstruction and Development had a leverage effect in Bishkek, so that a funding grant could be combined with a commercial bank loan. A similar project is in the preparation stage in the north of Tajikistan, and projects to improve national finance control have been initiated in both Azerbaijan and Tajikistan. Two new projects to combat money laundering and terrorist financing have been set up in Uzbekistan and Kyrgyzstan. Together with the International Finance Corporation (IFC), SECO is helping Ukraine to cope with the economic crisis. The programmes for financial intermediaries and SMEs focus on ways to handle non-performing loans, the improvement of risk management procedures, and the reduction of costs.



CENTRAL EUROPE AND THE BALTIC STATES / SWISS ENLARGEMENT CONTRIBUTION

With its contribution to the EU enlargement, Switzerland is helping to reduce economic and social disparities in an enlarged EU. These efforts focus on the strengthening of structurally weak regions in Central Europe and the Baltic States. By the end of 2009, Switzerland had approved more than 100 projects representing a total contribution of CHF 505 million, which equals 53% of the enlargement contribution's project budget. Swiss organizations are involved in the implementation of more than a third of these projects.

The range of approved projects is wide and includes, among others, the promotion of renewable energies in Slovenia, the establishment of a national capital fund for SMEs in Poland, the improvement of school transport in Latvia, and the reorganization of children's homes in Estonia. Switzerland also pays particular attention to its institutional partnerships. It not only supports community partnerships, but also

More than a third of the enlargement contribution projects are being implemented with the help of Swiss organizations and companies.

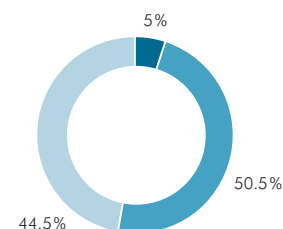
scholarship and research projects that promote educational exchange programmes.

In December 2009, Parliament decided to expand Switzerland's enlargement contribution to include Bulgaria and Romania, for which it approved a framework credit of CHF 257 million.

MORE JOBS In Poland, the National Capital Fund for the Promotion of the Private Sector project contributed CHF 53 million to simplify access to long-term financing for small and medium-sized enterprises. In this way, substantially more than 1500 new jobs were created in structurally weak regions. By providing risk capital – i.e. acquiring a stake in companies' equity – and advice, SMEs are encouraged to grow and modernize their management structures so that they can go public in the medium term or become interesting to strategic investors.

MORE INNOVATION The scientific exchange programme sciex-NMS^{ch} (www.sciex.ch) between Switzerland and eight partner countries fortifies scientific networks and fosters innovation. The Swiss contribution amounts to CHF 30 million. The programme targets the best young researchers in the new EU countries. The first competitions for candidates were launched in Poland, Estonia and the Czech Republic in 2009.

Financial absorption of the enlargement contribution, as at 2009



- Swiss administrative expenses 2008-2017
- Provisory and definitely approved projects
- Project budget to approve



Taibo Tabokai (15)
Teenager in a sinking village
Tebunginako, Abaiang Atoll, Kiribati

The sea level is rising in the South Pacific, tides are higher than before and stronger storms lead to intensified erosion. As a result of this, the village of Tebunginako is slowly eaten by the sea. Over 100 metres of land have been lost in the last two decades. The remains of the sea wall that was built ten years ago to protect the village, are standing in the sea today.

THE IMPORTANCE OF MULTILATERAL ORGANIZATIONS

has grown in the wake of the recent global crises. Switzerland has played an active role in the management and control of these organizations and favoured a globalization process that promotes development.

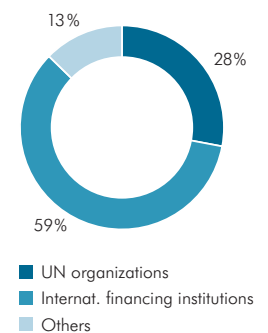
MULTILATERAL COOPERATION

A major share of global development assistance is routed through the international development banks and the UN agencies. Given their size and expertise, the multilateral development institutions are in a pos-

ition to attack global problems in a comprehensive manner, support partner governments in the implementation of suitable policies, and successfully execute large-scale pilot projects, for instance in the financial, health, and education sectors.

In the field of humanitarian aid, the UN agencies are often the most reliable partners in fragile and crisis-ridden countries. For many years, Switzerland has been cooperating intensively with the refugee agency UNHCR, the World Food Programme (WFP), the children's charity UNICEF, and the Office for the Coordination of Humanitarian Affairs (OCHA). The ICRC is also an important partner and is substantially supported by the SDC as the organization that guarantees humanitarian

Swiss multilateral ODA 2009



Switzerland is actively involved in the World Bank's governance reform project. It supports the idea of strengthening the voting power of the poorest countries on the board of directors and seeks to maintain the seat of the Swiss executive director.

rights for people in war-torn and conflict areas.

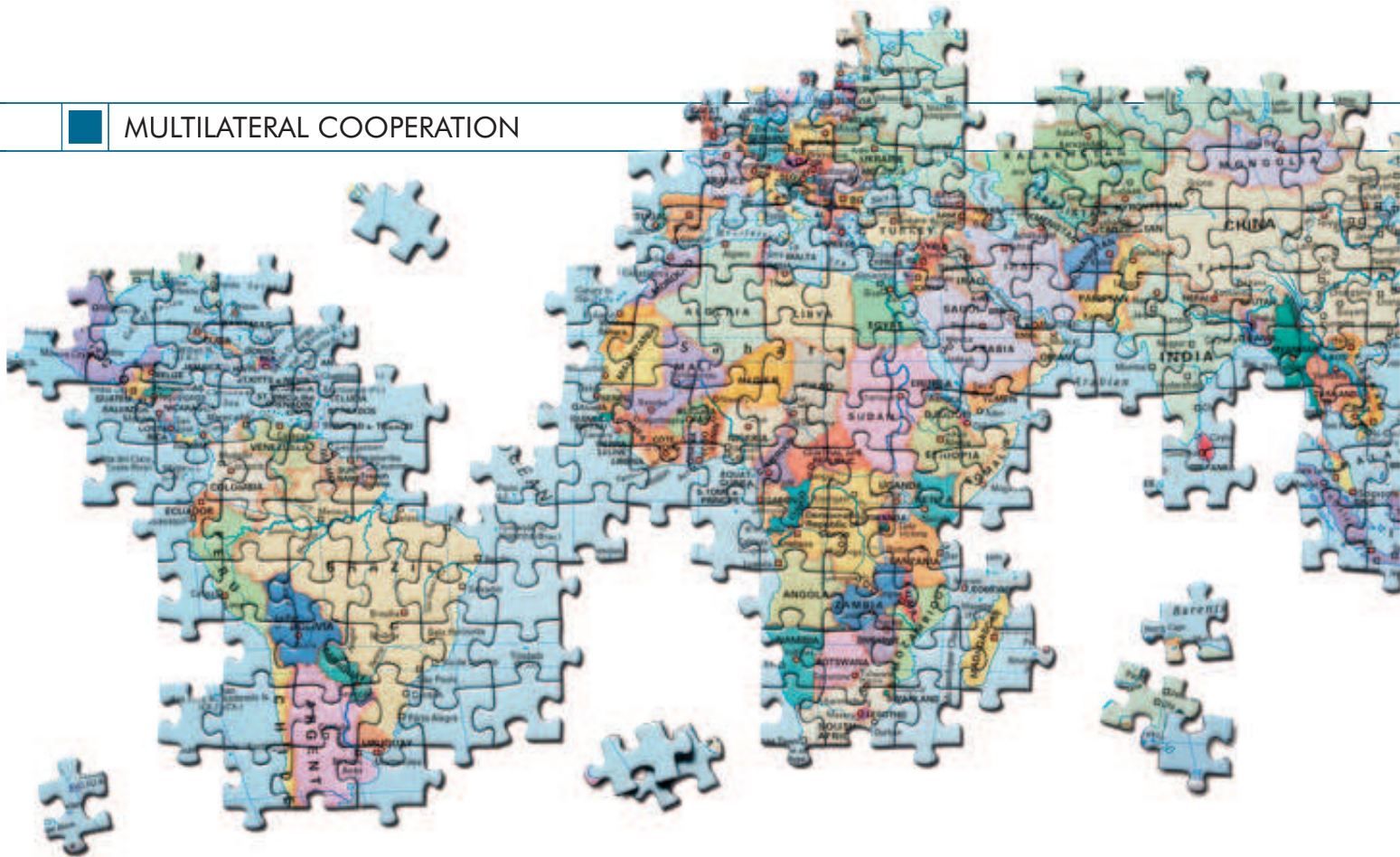
The World Bank continued its governance reform process in a bid to improve the representation of the developing, transition and emerging countries that are constantly gaining in importance. Switzerland was actively involved in these negotiations and supported the idea of strengthening the voting power of the poorest countries on the board of directors. It also seeks to maintain the seat of the Swiss executive director.

Focus on effectiveness

In the multilateral organizations, Switzerland has promoted an intensified focus on effectiveness. In 2009, the SDC and SECO developed a method to more systematically measure the results of multilateral aid in general, and the contribution of Switzerland in particular, in the management committees of these institutions. Introduced in 2010, this controlling method supplements the tools used in bilateral aid.

Leading role of the development banks

During the financial crisis, the multilateral development banks made a significant contribution to stabilizing the economy by providing large crisis-support loans to developing and emerging countries, thus helping to cushion the economic and social consequences of the crisis. The resources deployed



were sizable (see box). To cover the increase in the required funds, all multilateral development banks are planning to increase their share capital. Switzerland would like to participate in these share capital increases wherever the individual increases are justified in terms of content. A Message to this effect will be submitted to Parliament in 2010.

In addition to these extraordinary measures, the International Development Association (IDA) of the World Bank Group and the African Development Bank are involved in negotiations regarding the regular replenishment of their resources. Switzerland is involved in this process in order to safeguard its influence in the management bodies of these institutions. Attention must be paid to the overarching goals of Swiss foreign policy, as well as to Parliament's requirement that multilateral aid should be peak at 40% of the current framework credit.

WHITE KNIGHT TO THE RESCUE The financial crisis has underlined the importance of the international financing institutions for global economic stability. For many developing and emerging countries, the World Bank Group, IMF and regional development banks were white knights riding to their rescue.

This was only possible with the help of large amounts of money: the lending volume for regular loans more than doubled, and the availability of strongly discounted loans and grants to poor countries has been exhausted. The financial exposure of the development banks will remain high in the coming years. The World Bank intends to triple its lending volume to a total of USD 100 billion by 2011.

MORE MANGOES FROM MALI In 2005, the government of Mali launched a project to promote competitiveness and diversification in its agricultural sector with the financial support of the World Bank (IDA). This project boosted the export of fresh mangoes from Mali, and in 2008 an all-time high was reached when 11 995 tons were exported. Mali earned an estimated CHF 27 million on these exports and increased its international market share. Small farmers, traders and service providers also improved their earnings.

AID IN FRAGILE CONTEXTS Half of the world's poor live in fragile states. How can international aid structures be made more efficient in these conflict-ridden regions? This was the question asked by the SDC at its so-called 3C Conference in March 2009, which was attended by more than 40 countries and the most important international organizations. Under the motto "Coherent – Coordinated – Complementary", the donor organizations agreed on a joint approach and an improved division of labour in the fields of security, development cooperation, humanitarian aid, justice and police work.



THE GLOBAL CRISES can only be solved through multilateral cooperation and the fair balance of interests between the industrialized, emerging and developing countries. With innovative contributions, Switzerland is participating in the search for solutions with a sustainable future.

GLOBAL THEMES

The resources of Mother Earth are finite. If most of the world's growing population were to adopt a westernized lifestyle, the basis for human life on our planet would be weakened drastically or even destroyed. Air, water, forests, marine resources and intact soil are global public goods which, as the basis of all life, must be protected and maintained. This requires a joint and coordinated effort by the community of nations.

Since the end of 2008, the SDC has been intensifying its focus on four cross-border problems, which it is tackling with global programmes: climate change, food security, migration and water. These programmes are independent of the SDC's geographic priority countries and target areas where comparable effort will have the greatest impact. SECO is focusing on two crosscutting themes: climate change and economic governance. It also supports water and migration initiatives.

Climate change

Developing countries are particularly hard hit by the effects of climate change. The SDC and SECO share the climate change responsibilities at a bilateral as well as a multilateral level.

Climate-relevant projects in the SDC's partner countries (e.g. sustainable agriculture and forestry, local energy generation, new processes for the manufacture of bricks and glass) have been expanded. Particular importance is attached to the introduction of energy-efficient technologies, the promotion of knowledge exchange among the countries of the South, and the support of agricultural and forestry adjustment measures. Cooperation with China, India, South Africa and Peru – all of them emerging countries with rapidly growing CO₂ emissions – is in the development stage.

Swiss development cooperation is also involved in the formulation of international regulatory frameworks and standards. At a multilateral level, Switzerland's participation in the Kyoto Adaptation Fund and its involvement in the preparation of the Copenhagen Climate Conference took centre stage. Switzerland suggested a global CO₂ tax to finance the adaptation measures that will be needed after 2012.

The enhancement of energy efficiency in megacities was a central concern of SECO last year.

Thanks to Switzerland's efforts, 370 000 people were given access to drinking water and basic sanitary services in the past five years, and 30 000 people benefited from new irrigation systems.

Megacities are responsible for three-quarters of global energy consumption and greenhouse gas emissions, but they also have giant potential for using energy more efficiently, thus helping to alleviate global warming. SECO supports the World Bank's Carbon Finance Capacity Building (CFCB) programme, which advises city councils on the implementation of measures to protect the climate and enables access to technology, expertise and the international trade with emission certificates. The latter is an essential tool for securing the funds needed to finance climate protection measures. Switzerland helps its partner countries to apply the flexible mechanisms of the Kyoto Protocol, in particular the Clean Development Mechanism (CDM).



SECO, via the World Bank's Carbon Finance Assist facility, supports the establishment and strengthening of national CDM authorities, the implementation of national CDM strategies, and transparency in the new market for emission certificates. In 2009, SECO continued to promote measures to prevent the destruction of the rain forests (Forest Carbon Partnership Facility).

Food security

The number of starving people exceeded one billion in 2009. Development experts are demanding a review of the agricultural policies of poor countries and international donors, who have for a long time favoured export production and thus neglected the development of national markets and the improvement of small-farmer production methods.

In the field of development cooperation, the Confederation has been active in the agricultural

The SDC also promoted the introduction of international guidelines to limit land speculation by private and government investors in developing countries. Together with its international and Swiss partners, it laid the foundation for an international platform to strengthen the agricultural advisory systems in developing countries.

Migration

The global income gap, labour market convergence, and the population explosion in poorer countries are intensifying the migratory movements between developing countries as well as between developing and industrialized countries. Although migration leads to political tension, it also opens up opportunities for development policy. Development policy can contribute to the targeted utilization of migration's potential for development in the countries of origin, while at the same time reducing the negative consequences of migratory movements. The Global Programme Migration, which the SDC has been building up since 2009, focuses on this theme.

Closer cooperation between the countries of origin, the transit countries, and the target countries of migratory movements could, among other things, improve local earning prospects and the protection of migrants in the transit countries, as well as simplify the reintegration of returning migrants. In an effort to improve the coherence of its migration policies, the Federal Council has appointed a special representative who is working closely with all the federal departments involved in migration.

In 2009, SECO published an information brochure that provides migrants in Switzerland with information on the various money transfer options and the costs involved in such transfers. The brochure is meant to help integrate money transfers to families in the countries of origin into the financial cycle, so that these transfers can gain a greater development

Switzerland supports its partner countries in applying the flexible mechanisms of the Kyoto Protocol, in particular the Clean Development Mechanism, and makes an important contribution to the protection of the climate.

sector for many years. In 2009, Switzerland invested approximately CHF 91 million in 112 rural development projects and projects to improve food security. These primarily bilateral commitments are supported by an enhanced engagement unfolding by way of the SDC's Global Programme Food Security. Switzerland supports agricultural research, for example as part of the biotechnological cooperation project between India and Switzerland which successfully bred a strain of chick pea that is more resistant to drought.

Chai Erquan (65)
Farmer/shepherd
Hongsheng, Gansu, China

Minqin county in Gansu Province is seriously threatened by desertification. The annual number of sand storms is rising, while more and more farmland is being lost to the advancing desert.



impact. Money transfers to the countries of origin by migrants equal more than twice the amount of official global development assistance.

Water

Improved access to water brings many social and economic advantages: diseases can be curbed, income improved, agricultural production increased, and sanitation enhanced, and the environment can be protected more effectively. In the past five years, Swiss development cooperation has invested CHF 68 million on average per year in programmes to improve water management. An additional 370 000 people were given access to drinking water and basic sanitary services, and 30 000 people benefited from new irrigation systems.

In Central Asia, Peru and the Republic of Moldova, Switzerland developed successful models and methods which are now being implemented at a broader level by governments and multilateral institutions. In 2009, for example, a cooperation initiative was launched with Swiss companies in Colombia with the objective of reducing the water consumed by their production processes and providing support to projects in the neighbouring communities. In Nicaragua, Honduras, Ghana, Burkina Faso and Kyrgyzstan, Switzerland promoted the large-scale distribution of simple irrigation systems that can also be afforded by poorer families.

Economic governance

Economic governance is a focus area of SECO that is becoming ever more important in the context of globalization. Two objectives take centre stage: at the level of economic policy, the primary objective is to ensure good management of public finances, and at the private sector level, the aim is to improve the social responsibility of companies and to achieve good corporate governance. In 2009, SECO approved approximately 40 new projects for a total of almost CHF 160 million. SECO promotes bilateral projects in Vietnam, Indonesia, Egypt, Colombia and Azerbaijan, and participates in global programmes financed by several different organizations, such as the PEFA (Public Expenditure and Financial Accountability) programme which supports public finance reforms at country level.



Christian Kaufmann (48)
Shepherd
Grindelwald, Switzerland

Christian Kaufmann grew up in an alp hut that also was a restaurant. It was located right next to the mighty Lower Grindelwald Glacier. In the last 20 years the glacier has retreated at a very high rate. Three years ago the alp hut got destroyed as the alp on which it stood was on a moraine that got unstable. Permafrost was melting and there was no more support by the glacier.

PARTNERSHIPS WITH CIVIL SOCIETY, the private sector and the cantonal authorities are given great importance in Swiss development cooperation. The competition principle is strengthened by issuing tenders.

To fulfil their parliamentary mandate, the SDC and SECO rely on the expertise of Swiss non-governmental organizations (NGOs), university competence centres, public institutions, the cantons and the private sector. Although the OECD's Development Assistance Committee generally rates the cooperation as very positive, it recommends improving the definition of the strategic thrust and enhancing the exploitation of the available complementarities and synergies.

The Control Committee of the Council of States (GPK-S) audited the SDC's cooperation with the NGOs, and its overall assessment was positive. However, the GPK-S requires the competition principle to be applied more consistently when mandates are issued, as well as increased transparency when determining programme contributions. In its reply to the GPK-S, the Federal Council confirmed

the commitment to the competition principle when issuing mandates and promised to review the strategic framework and the criteria for NGO programme contributions.

New projects with the private sector were developed as part of the SDC's global and regional programmes. In Colombia, an innovative partnership with five Swiss companies aims to reduce the water consumption of companies within the value-added process. This benefits not only the companies, but also the population in the region.

Furthermore, the SDC actively contributed to strengthening education for sustainable development in Swiss schools. The Foundation for Education and Development is an important partner in this endeavour as it develops and provides teaching materials in the domain of global learning.

THE SECOND PHASE OF THE SDC REORGANIZATION is focused on decentralization. The Cooperation and Programme Offices will be given more decision-making powers and responsibility.

In 2008 when Parliament approved the framework credits for the SDC and SECO, it also adopted a uniform development policy strategy that takes account of the changes in the international environment. The implementation of the new guidelines required the reorganization of the SDC, among other things, in a bid to better integrate development cooperation activities into the country's foreign policy and to strengthen the SDC's on-site presence and the effectiveness of its activities.

The central organizational structure of the SDC changed with effect from 1 October 2008. The multi-lateral and bilateral activities have been tied together more closely, specialist expertise has been integrated into the operational units, and knowledge management has been optimized with thematic networks. The Media and Communication and Internal Audit departments were transferred to the FDFA's General Secretariat in order to implement a uniform information policy for the department and to achieve

greater independence for the SDC's audit unit. Other services such as IT, finances, translations and security were centralized with the Department of Foreign Affairs in order to enhance efficiency.

In the second phase of the reorganization, the new role of the offices abroad and their cooperation with the central office in Bern will be determined. The Cooperation and Programme Offices will be given more decision-making powers and responsibility. These measures will be introduced step by step from August 2010, and the new tools and processes are expected to fully be in place by the end of 2011.

SECO focused on the implementation of the new framework credit. In June 2009, the Federal Council approved the strategies for economic cooperation with the seven priority countries Egypt, Ghana, South Africa, Indonesia, Vietnam, Colombia and Peru, and SECO has since been expanding its activities and external offices in these countries.

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