

Country strategy for Swedish development
cooperation with

Ukraine

January 2005 – December 2008



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2005-05-19

Country strategy for Swedish development cooperation with Ukraine: 2005-2008

Introduction

The Government has decided to establish a country strategy for development cooperation with Ukraine, as with other priority countries in Eastern Europe. The country strategy will determine the scale and scope of Swedish development cooperation with Ukraine during the period 2005-2008. The strategy is based on proposals from the Swedish International Development Cooperation Agency (Sida), supplemented by the Ministry for Foreign Affairs' own considerations, the views of other ministries engaged in development cooperation with Ukraine, and both Ukrainian priorities presented in the course of ongoing cooperation with Swedish counterparts and priorities identified during Sweden's discussions with Ukrainian partners.

1. Summary

The outcome of the 2004 presidential elections in Ukraine has created a new political situation and thereby opportunities for increased support to reforms. Expectations among the population are high. President Yushenko and his new government are expected to implement political, economic and social reforms that strengthen democracy, boost welfare, turn Ukraine into a law-based state, reduce corruption and bring the country closer to the EU and the Euro-Atlantic community. Meanwhile, however, many of the old obstacles persist, such as unreformed administrative structures, lingering Soviet attitudes, and environmental problems.

A quarter of the Ukrainian population are poor. Living standards must be raised and poverty must not be allowed to develop into a barrier between the country and the EU. If Ukraine is to establish closer ties with the EU, further extensive institutional reforms will be required based on fundamental European values. This process will take time. Public endorsement of closer integration with the EU must extend not only to western parts of the country, where communication across the EU border is already well established, but also to regions in southern and eastern Ukraine where integration is perceived as a threat.

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Swedish development cooperation with Ukraine in 2002-2004 totalled SEK 154 million. This programme was affected by political conditions in the country, which were often troublesome, and some projects had to be replaced or altered prior to implementation. The most extensive area of cooperation was economic transition, followed by deepening democracy.

The largest bilateral donor in Ukraine is the US and the largest multilateral donor the European Development Bank. Sweden is one of the major donors to Ukraine.

The goal of Swedish development cooperation in the country is to reduce poverty in all its various dimensions. A further goal is to help the country move closer to the EU. Deeper relations between Sweden and Ukraine are to be sought as part of the anticipated transition to normal cooperation between neighbouring countries. A gender equality perspective is to inform all development cooperation activities. In order to achieve this goal, a doubling of Swedish development assistance is anticipated over the next few years. Swedish development cooperation should total SEK 100-120 million per annum, rising to SEK 150 million per annum towards the end of the period.

Development cooperation with Ukraine is to encompass the following main target areas: deepening democracy, economic transition, social security, environment matters, education and research, and common security. How the various areas are to be weighted, and what the scale and scope of Swedish assistance in each area is to be, are matters that will be determined to no little extent by the wishes and priorities of the Ukrainian government.

2. Prospects for cooperation

The outcome of the 2004 presidential election placed Ukraine in a new situation. The actions of civil society, meanwhile, paved the way for the strengthening of democracy in the country.

Today, the Ukrainian people expect much of their new government. Power has changed hands, but the old economic and administrative structures are still in place. The agreement reached in parliament in December 2004 provided for a reduction of the considerable powers conferred on the president and a better balance between president, government and parliament. Further constitutional reform is needed in order to introduce local autonomy and accelerate regional development. Openness, better protection for private ownership and further reform of the administrative structure and the

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economic structures that are still beset by the legacy of the Soviet system are all essential to the further development of the market economy in Ukraine, to the successful alleviation of poverty and to closer integration with the EU. Both threats levelled at journalists and concentrations of media ownership are problems that must be dealt with if freedom of speech is to be established as a genuine cornerstone of democracy.

The judicial system in Ukraine is weak and lacks public confidence. Some areas function properly, however, such as the ombudsman system, which has an important role to play in defence of human rights. Corruption has become an integral part of community life. The blending of private business interests with politics has enabled a small number of people to become extremely rich. For poor people, corruption in the bureaucracy has been instrumental in limiting access to housing, health services and education of a reasonable quality. Also, the spectre of distorted competition and inadequate rule of law has kept foreign investment at a low level.

Potentially, there is financial scope for reforms, but first the management of the public budget and fiscal administration must be improved. Macroeconomic instability and rising inflation during election year have added to the problems in areas of the Ukrainian economy. The country's prospects are, however, good in the medium term. Ukraine has experienced substantial economic growth in recent times, with growth figures of up to 13 per cent in 2004.

Expectations of a higher living standard and less poverty are a key part of the political agenda. Areas in which the government is expected to initiate structural reforms, or to complete reforms already launched, include central government administration, the municipal service sector, the health sector and education.

About a quarter of the Ukrainian population live in poverty. The high rate of growth over the past two years has reduced the number of poor, but at the same time poverty appears to be affecting certain groups more deeply than others and leaving them with ever fewer means of breaking out of the poverty trap. The poor are mainly to be found in small urban centres and in rural parts. The most vulnerable groups are unemployed women and their children, families with several young children, and single pensioners without the means to grow food or to find some additional source of income. Minority groups such as Roma and returning Crimea Tartars are particularly at risk.

The causes of poverty are unemployment, the excessively slow privatisation of agricultural land, low wages and delayed wage payments. Poverty is also

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closely linked to HIV/Aids, TB and alcoholism and drug abuse. Both have developed into epidemics that have spread to more than one per cent of the population, which in the case of HIV is the fastest increase in the region. Deprivation due to poverty has made Ukraine a source country for human trafficking – several million Ukrainians seek work abroad. Since 1991, the population has declined by almost 5 per cent to 47 million, and the demographic trend remains negative.

The environment situation has exacerbated the deterioration in Ukrainians' quality of life. The consequences of the accident at Chernobyl will be felt far into the future. A growing problem is the management of water and waste water in urban areas, which has deteriorated substantially due to a lack of maintenance and investment. This has resulted in a lack of access to clean drinking water with the attendant health risks, and to the pollution of surface and ground water. Soil and air in densely populated areas and heavily industrialised regions are both heavily polluted. The reduction in pollution that occurred in the 1990s was due to the economic downturn in Ukraine, not to better environmental policies or newer technology. There is a risk that today's economic growth will result in higher emission levels unless greater weight is attached to environment issues in the future.

The resolute actions of the Ukrainian people during the presidential elections showed that a majority share European values such as freedom, democracy, the rule of law and respect for human rights. If Ukraine is to establish closer ties with the EU, these fundamental values must become a basis for far-reaching institutional reforms in the future as well. This process will take time, and public endorsement of closer integration with the EU must extend not only to western parts of the country, where communication across the EU border is already well established, but also to regions in southern and eastern Ukraine where integration is perceived as a threat. The latter must also have a say in how integration is to be approached. During election year, people's differing historical experiences had a polarising effect that will need to be countered by confidence-building measures if the rift is not to become permanent.

Relations between the EU and Ukraine are based both on the Partnership and Cooperation Agreement and on the Action Plan for Ukraine adopted as part of the European Neighbourhood Policy (ENP). As of 2005, this will be supplemented by the new European Neighbourhood and Partnership Instrument (ENPI), an aid programme that will replace TACIS and other activities. The ENPI has two main aims: to promote economic integration and deeper political cooperation with the EU's neighbouring states and to promote development in regions bordering on the enlarged Union's eastern

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and southern frontiers. Regarding the first aim, the ENPI will focus chiefly on supporting the implementation of the action plans for individual partner countries that have been adopted as part of the ENP. The second aim relates to support for regional integration along the outer borders of the EU. The intention is to ensure that a permanent economic and social divide does not develop along the new borders.

The Action Plan for Ukraine lists a number of reform areas where practical progress is described as essential, including the market economy and attendant legislation and regulations, which need to be brought closer into line with the EU's, particularly as regards the investment climate. Another priority is enhanced cooperation in the social sphere, specified in the Action Plan as measures to bring Ukraine's employment and social policies closer to those of the EU, and measures to reduce poverty.

3. Cooperation in 2002-2004: Conclusions

Sweden's bilateral assistance to the Ukraine in 2002-2004 totalled SEK 154 million. The development cooperation programme was adversely affected by the difficult reform situation in the country. Interventions had to be adjusted, replaced or in some cases reintroduced. At the project level, flexibility ensured that Swedish support worked well, but the strategic importance of the 30-odd interventions was reduced when they ended up in an environment other than the one intended. These difficulties have, however, yielded valuable lessons for the future.

Under the present country strategy, Swedish initiatives should have a catalytic impact on the Ukrainian reform effort and help to promote development at the national and regional level. Of the six main target areas in the Swedish development cooperation programme, the largest is economic transition, where there is a blend of long-term reform initiatives, short-term training programmes and corporate subsidies. Support to agriculture has enhanced local business prospects but has also provided a catalytic link to the national level. In the land surveying field, Swedish efforts resulted in a large-scale privatisation programme with the aid of a loan from the World Bank. Another World Bank loan will make it possible for Ukraine to continue building capacity in the statistical field once Swedish assistance is discontinued. The administrative reform viewed by the Ukrainians as a matter of key importance for their development came to a halt, but Sweden has continued to take holding action. There has been considerable demand for participation by Swedish public authorities and private enterprise.

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In the second largest target area, deepening democracy, capacity-building has proved difficult in an environment in which reforms have proceeded slowly or come to a complete halt. There have been major problems over pilot initiatives focusing on local autonomy and the media. Swedish efforts and the efforts of others may have contributed to the displays of moral courage seen in the country during the Orange Revolution. Much remains to be done, however, in the media field. Although developments in the judicial field have also caused concern, the fight against human trafficking has yielded encouraging results, and by regional comparison Ukraine has come far in this area. The government's initial drive to improve the penal system is part of the Council of Europe's action programme aimed at raising the standard of penal care in Ukraine to an internationally acceptable level.

Support for combating HIV/Aids has met its targets, despite turbulence at the national level. Ukrainian forces are in a position to take over the information campaign activities, and valuable experience from the regional drive in southern Ukraine is being put to use as the project expands geographically. The training of leaders for social microprojects has begun, and Swedish approaches to child rehabilitation have the potential to accelerate systemic change in this area. The donor community has worked well as regards socially oriented interventions aimed at strengthening the integration of the Crimea Tartars.

The principal initiatives in the environment field have been joint efforts with the World Bank and have concerned water and sanitation, and more efficient use of energy. Hitherto, government capacity in this field has been both limited in terms of resources and organisationally fragmented.

Development cooperation in the education and research field has increased and helped to establish both closer ties and a closer familiarity with the way Swedish society works. Ongoing development projects administered by the Swedish Institute in other Eastern European countries have been expanded to include Ukraine. Exchanges in this field have mainly concerned universities as Swedish folk high schools lack obvious partners.

The main target area of common security encompasses support to migration and the non-proliferation of nuclear materials. The Söderköping process, a regional migration programme initiated *inter alia* by Sweden, has been given an EU-sponsored secretariat in Kiev to coordinate interventions and make them more sustainable. Bilateral support to refugee reception via the Swedish Migration Board has helped Ukraine to begin building up capacity of its own. The long-standing programme for the non-proliferation of nuclear materials has built capacity for nuclear materials control – subsequently targeting

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exports as well – and has also helped Ukraine to fulfil its international obligations in this respect.

Support for efforts in the gender equality field has been evaluated and found to be both relevant and innovative. The climate surrounding this extensive programme has developed favourably, but progress is slow. As a result, the gender mainstreaming requirement, whereby all development projects are to be informed by a gender perspective, has yielded mixed results. Both the attention given to male roles and the development of male networks have proved strategically important in that they have enhanced sustainability in this field.

4. Other donors

Since independence, Ukraine has received a comparatively large amount of international aid. The volume has declined somewhat, but the outcome of the presidential elections of 2004 may reverse this trend. The US is still by far the largest bilateral donor. Due to political discontent, the US withdrew its cooperation with the national level in 2002 and has confined its efforts up to now to the regional level and the private sector. American interventions to promote democracy have been extensive, as has support to agriculture and energy. Canada has focused increasingly on civil society and has also made gender equality a priority. The presence of a large Ukrainian diaspora in Canada has ensured that the volume of development assistance remains stable. The UK expects Ukraine to become a middle-income country in the near future and is therefore winding down its assistance, which will now be channelled primarily via the European Commission and the World Bank. Over the past year, Germany has concentrated its support primarily on investments in the energy sector, but may choose to resume broad-based activities. Of the other active bilateral donors, Sweden, the Netherlands and Switzerland have operated programmes of a roughly similar size. The Netherlands has focused on civil society and Switzerland on support for the rule of law, sustainable development and investments. Among Ukraine's neighbours, countries like Poland, Hungary and Lithuania have shown an interest in sharing their experiences of transition with Ukraine.

The largest multilateral donor is the European Development Bank. The bank is engaged in developing the private sector and promoting a better investment climate, and also administers the Chernobyl Shelter Fund, set up to help Ukraine establish a safe environment around the wrecked reactor. Closer coordination is also under way with the EU's TACIS programme, which is the largest programme in the knowledge transfer field. The aim is to strengthen democracy and the rule of law and to support the transition to a

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market economy. Nuclear safety is a priority matter. Nowadays, the EC delegation in Kiev is responsible for the programme, which since 1991 has allocated SEK 1.1 billion euros via national action programmes, macroeconomic assistance and humanitarian aid. The substantial volume of donor support is a valuable source of funding now that Ukraine is seeking to realise its modernisation ambitions.

The international financing institutions have played an important part in the reform dialogue, despite the fact that the growth in Ukraine's own resources means it can choose to be less responsive to the advice offered. The current World Bank strategy supports Ukraine's efforts to develop closer ties with the EU. The strategy is based on a series of adjustment loans aimed at driving through reforms and encouraging institution-building and popular participation in public life. The active portfolio also includes support for fiscal administration, the financial sector, pensions reform, the fight against TB and Aids, more effective energy utilisation, environment matters, agricultural reform and public statistics. Reforms in the health, education and social sectors are currently being assessed. The International Monetary Fund has furnished Ukraine with loans for economic reforms and with technological assistance. Departures from the economic programme agreed by the two sides caused cooperation to be broken off in 2004. The new government has expressed a desire to negotiate a new set of credits with the IMF, based on a strong reform programme. UN cooperation with Ukraine is based on the commitments that the country has made for the achievement of the Millennium Development Goals. These are also included in the reform programme that the UNDP has drawn up for the new government.

Donor coordination has fallen off to some extent, but donors are interested in improving the situation and new opportunities have now opened up. The new government's reform agenda will serve as a foundation for donors to build on. Public expectations of rapid, concrete results also mean that donors will need to provide efficient, flexible assistance. Potentially, the World Bank's planned series of systematic poverty studies can provide Ukraine with a timely and geographically comprehensive picture of the dimensions of poverty, which it can then use when shaping policies and reforms. The delegation of responsibility for the EU's development programme to the local office is a welcome move. Another favourable development is that for the first time the UN group is drawing up a country strategy that will apply throughout the UN community.

5. The goals of development cooperation with Ukraine

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The overall objective of Sweden's policy for global development, as laid down in Government Bill 2002/3:122, is fair and sustainable global development. The goal of Swedish development cooperation with Ukraine is to help create the kinds of conditions that enable poor people to improve their lives. A further goal is to help the country integrate more fully with the EU. Deeper relations between Sweden and Ukraine are to be sought as part of the anticipated transition to normal cooperation between neighbouring countries.

When choosing interventions, Sida should give priority to areas in which Sweden has a competitive advantage and valuable, sought-after experience to offer, or where Swedish input supplements the input of another donor. It is important to make the best possible use of the Swedish resource base and to encourage the establishment of business and public-sector contacts. The lessons learned by the EU's new member states should be turned to account in tripartite cooperation insofar as this benefits development in Ukraine. When coordinating with other donors, Sweden should actively seek close, systematic and long-term cooperation, where greater consensus in the preparation and implementation of interventions yields greater efficiency. Donor coordination leads to greater concentration in the programme. New and ongoing interventions of an individual nature are to be considered in terms of how they might contribute to development in a particular sector in the longer term. Concentration should be sought in various areas of activity. Sweden should consider assuming principal responsibility on the donor side in one or two sectors.

6. The scale and scope of cooperation in 2005-2008

Supporting closer integration with the EU in accordance with Ukrainian priorities – and by extension supporting an ambitious programme of economic and administrative reform – would seem to be the most appropriate way for the Swedish development cooperation programme to help fight poverty in the country. The scale and scope of the various cooperation areas will depend on the priorities of the new government and how other donors react. An extensive programme of exchange with the various Swedish public actors should be a key feature of this cooperation.

Public endorsement of closer integration with the EU must extend not only to western parts of the country, where communication across the EU border is already well established, but also to regions in southern and eastern Ukraine where integration is perceived as a threat. The latter must also have a say in how integration is to be approached. In view of people's differing historical experiences and perspectives, confidence-building measures are a

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matter of some urgency. Here, development cooperation may have a role to play.

For Ukraine, the priorities of the new European Neighbourhood Policy (ENP) have been given concrete expression in a three-year Action Plan. As of 2007, this plan will be supplemented by the new neighbourhood instrument, ENPI. Swedish development cooperation should be coordinated with the Action Plan for Ukraine and be developed in close cooperation with the European Commission.

In the new political situation that has arisen, there may be a need for special short-term efforts to strengthen democracy and help bring Ukraine closer to the EU. It should be possible to introduce interventions of this kind without delay and to base them on present-day Ukrainian needs and wishes.

To ensure the provision of strong support to the Ukrainian reform effort, Sweden should double the volume of its assistance over the next few years. Swedish development cooperation should total SEK 100-120 million per annum, rising to SEK 150 million per annum towards the end of the period. The rate of increase will depend on the progress made in the reform work and on the availability of recipient capacity. This assumes that cooperation with multilateral organisations is integrated into the Swedish programme and becomes an increasing part of development assistance to Ukraine. This in turn would give Sweden a more powerful position in the donor community.

Deepening democracy and a stronger rule of law should be key target areas in Swedish-Ukrainian development cooperation. Substantial resources will be needed for reforms focusing on economic transition and social security. Preparations for this have already been made and Ukraine has expressed a desire for Swedish support in these areas. Interventions in respect of environment and energy matters are expected to increase compared with the previous period, although major commitments may not be possible until the latter part of the strategy period. A certain increase in Swedish support to common security and to education and research is also anticipated.

The stronger Swedish focus on combating poverty will necessitate new initiatives and a better analytical platform on the part of both the Ukrainian leadership and the donors. The aim of the work begun by the World Bank, and supported by Sweden, is to chart and analyse poverty in its various dimensions and provide the country with better supporting data for the formulation of its policies and reforms.

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Deepening democracy

The goal of Swedish support in the democracy field is to help strengthen the democratic culture in Ukraine. Interventions should aim to strengthen both the rule of law and fundamental European values based on freedom, democracy, justice and respect for human rights. Particular weight should be attached to efforts to stamp out corruption.

The choice of sub-areas is contingent on domestic Ukrainian programmes, but important fields are the fight against corruption, the enforcement of court sentences, and the protection of crime victims. Swedish efforts in respect of penal care should be allowed to continue so that the contribution they are making to the Council of Europe's action programme may be fully implemented. Another area in which Swedish support should be maintained is the fight against human trafficking. To further strengthen society's ability to help crime victims, additional training is needed to combat corruption and to enhance the capacity of judicial actors to treat crime victims and witnesses in an adequate way.

Local autonomy is crucial to the development of democracy and the economy in Ukraine, and to the chances of poor people gaining access to public services, taking part in decision-making and increasing their prosperity. The results of previous Swedish interventions may prove useful if the Ukrainian government prioritises further reforms in this area. Deeper twinning programmes that can help Ukraine develop are to be encouraged.

A further prerequisite for a democratic society is an efficient and reliable public administration, free from corruption. Swedish support in this field has yielded favourable results. If the political will for a continuation of the aborted administrative reform in Ukraine is present, and conditions are deemed stable enough, support to this endeavour should be given priority.

Interventions on behalf of independent media are an important area for deepening democracy. The general regulatory framework needs to be reformed. A number of donors are involved in this area, but Swedish support is justified where there is a demand for Swedish experience and know-how and these can help the country develop.

Gender equality is to be mainstreamed into all areas of Swedish development cooperation with Ukraine. Individual projects targeting gender equality should also qualify for support, especially ones that boost female representation in the political arena. Targeted interventions that introduce a children's perspective and that focus on men's domestic roles should also be

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considered. Efforts to heighten awareness in the Ukrainian media on the importance of gender equality should continue.

Support for NGOs helps further the development of a flourishing, democratic civil society in Ukraine. Capacity building and organisational development should be included in this, along with support to organisations associated with political parties.

Economic transition

The twin goals of Swedish support to economic transition should be to assist in the anticipated rapid reformation of economic structures in Ukraine, and to help provide investments for sustainable economic growth and employment that benefit the poor. Support in this area can be extended to business development and administrative reform, both of which should be governed by the need to bring Ukraine closer into line with the EU's regulations and systems. As far as possible, interventions should be coordinated and developed in cooperation with other donors and with international financing bodies.

Reforms that promote a shift to a properly functioning market economy are important for ensuring a high and sustainable rate of growth that leads to greater prosperity in the population. With this in mind, a continuation of the fiscal reform programme already launched should be given high priority, and the Swedish presence there should be maintained. Support may also be provided to reforms that bring laws and regulations closer into line with those of the EU or with the requirements of the WTO or ILO. Areas such as entrepreneurship, investments and finance market development, as well as the development of parts of the public budget process, including auditing, may be given consideration. An exchange has begun between the parties to the labour market in Sweden and Ukraine. Swedish support for cooperation in the employment field may possibly be increased.

To achieve sustainable, poverty-oriented results, Sweden should promote growth-enhancing and employment-boosting interventions. These should be directed at rural areas, where most poor people in Ukraine live. Further efforts to promote a restructuring of the agricultural and forestry sectors, thereby promoting greater economic efficiency, are crucial to development in Ukraine, and also create jobs for women, who traditionally comprise a large proportion of rural labour. Proposals for initiatives that bring the Swedish business sector into the process of economic transition in Ukraine should be considered in a favourable light.

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Social security

The goal of Sweden's increasing support to the social sphere in Ukraine should be to facilitate a rapid build-up and streamlining of the country's health and social security systems so that they are better able to reach vulnerable groups in society. At the same time, this reform should aim to bring Ukraine closer into line with the EU.

Among the reforms that Swedish support should target are the development of sustainable health and social care systems and increased access to social services. As a rule, efforts to support reforms in this area are best pursued in cooperation with other donors. Here, Sweden should be able to play an important part, and Swedish experience and know-how should be able to help bring about systemic change. This includes experience of ongoing interventions focusing on methods for social work with vulnerable groups. Also, preventive measures should be considered in respect of alcoholism and drug abuse.

Swedish support for child rehabilitation has also yielded favourable results. Vulnerable children, children in institutions and children with disabilities should once again be a focus of attention. Alternatives to institutional care are needed, and to facilitate the development of new care forms, cooperation with other donors may be considered. Such cooperation should focus on training programmes for professional groups such as social welfare inspectors and occupational therapists – professions that have yet to be established in Ukraine. Measures should be taken based on the UN Convention on the Rights of the Child and on the UN's standard rules for assuring people with disabilities of both equality and community participation.

In addition, Swedish support may be provided to Millennium Development Goals aiming to reduce the spread of HIV/Aids. In cooperation with other donors, Sweden may contribute to the strengthening of government efforts to stop the spread of the disease, which risks assuming epidemic proportions. Further expansion of the efficient, broad-based Swedish programme of support in the southern parts of Ukraine may be given consideration.

Efforts to reduce and combat human trafficking are to continue. Special attention should be given to preventive measures.

The environment

The goal of Swedish development cooperation in the environment field is to promote sustainable development by supporting reform-oriented environment projects. Swedish support should aim to help ensure that

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Ukraine can live up to international conventions and strategies, including the EECCA strategy.

Further investments in the field of environment technology, including water and waste water treatment, and the development and implementation of action programmes for reducing pollution from agricultural fertiliser are important, particularly if they help to reduce the environmental strain on the Baltic Sea. Swedish assistance should in particular promote cross-border cooperation, based on the EU's Water Framework Directive.

Support to the municipal service sector, primarily water and sanitation, but also district heating and waste disposal, is to be made available in the case of financially and environmentally sustainable projects that contribute to reform in this sector. Swedish assistance should normally be provided in cooperation with international financing bodies.

Hitherto, inter-agency exchange in the environment field has been limited, but is expected to increase. Ukraine's environment authorities need to build up both their skills and their capacity. The focus of Swedish efforts in this respect should be policy, legislation, water conservancy, environment protection, information and skill building, not least for the purpose of meeting obligations under the UN Framework Convention on Climate Change and the goals of the Kyoto Agreement. Interventions in the fields of nuclear safety and radiation protection may be considered. An environment study is planned that will seek to provide guidance and more detailed information about areas such as the above where Swedish input may be considered. Support to small and medium sized projects via the Nordic Environment Finance Corporation (NEFCO), which recently began cooperating with Ukraine, is expected to increase.

Education and research

The goal of Swedish support to education and research is to help develop greater research and education capacity in Ukraine. This support should be coordinated with TEMPUS, which is the EU's education programme. The Swedish Institute is responsible for cooperation in this area. During the strategy period, parts of this programme may be switched to the normal sphere of cooperation between neighbouring countries, outside the framework of development cooperation.

In the higher education field, cooperation has yielded favourable results, and increased exchange at the academic level is to be sought, with a greater geographical spread. The number of scholarships for individual applicants should also be increased. Training that leads to skills of relevance for

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Ukraine's drive to establish closer ties with the EU should be given support. In the adult education field, cooperation is affected by the considerable differences between the Swedish and Ukrainian education systems. Greater communication in the vocational training field and between municipal learning centres is important, and interest in exchanges with schools in Ukraine among Swedish upper secondary teachers and pupils should be encouraged.

To foster understanding of Swedish public and cultural life, support to the Swedish Institute's Swedish language tuition in Ukraine should continue. Scholarship openings should be offered, along with targeted support to domestic teachers of Swedish in the form of courses held in Sweden. Teaching aids and course literature should also be funded.

Common security

The aim of Swedish development cooperation is to promote common security in the region by helping Ukraine to develop capacity of its own and by contributing to the country's integration with European cooperation structures. Swedish support is to be provided for knowledge transfers and institution building. Potential areas of cooperation include migration and asylum policy skills, border surveillance and the strengthening of outer border controls, the non-proliferation of weapons of mass destruction (including export controls), preparedness for accidents and disasters, security policy skills, democratic total defence, peace-support operations, and the defence environment.

Ukraine's capacity for absorbing bilateral assistance in the field of asylum and migration policy has been strengthened, which means that a continuation of support to this area appears warranted. The aim of further Swedish support to regional border and migration cooperation should be to ensure the sustainability of the Söderköping process.

Further assistance should also be provided to help Ukraine fulfil its international obligations in respect of the non-proliferation of WMDs. This includes the control of radioactive materials and export controls. In addition, support may be provided for the endorsement and construction of a system for national coordination in this field. This assistance represents a Swedish contribution to the G8 Global Partnership against the proliferation of WMDs.

7. Follow-up

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Implementation of the country strategy is followed up in Sida's annual and semiannual reports, which provide a basis for the consultative meetings due to be held between the Ministry for Foreign Affairs and Sida.

10. Dialogue issues

The dialogue on development cooperation with Ukraine should focus particular attention on Swedish support to the country's extensive reform programme and the implementation of this programme. Other important issues are ownership, recipient capacity and donor coordination.



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Cover: Editorial Office, The Ministry for Foreign Affairs

Printed by XBS Grafisk service, 2006

Article no: UD 06.011