

SWITZERLAND'S INTERNATIONAL COOPERATION ANNUAL REPORT 2005

DEZA DIREKTION FÜR ENTWICKLUNG UND ZUSAMMENARBEIT
DDC DIRECTION DU DÉVELOPPEMENT ET DE LA COOPÉRATION
DSC DIREZIONE DELLO SVILUPPO E DELLA COOPERAZIONE
SDC SWISS AGENCY FOR DEVELOPMENT AND COOPERATION
COSUDE AGENCIA SUÍZA PARA EL DESARROLLO Y LA COOPERACIÓN



Staatssekretariat für Wirtschaft
S e c c o
S e c c o
Segretariato di Stato dell'economia
State Secretariat for Economic Affairs

The Swiss Agency for Development and Cooperation (SDC)

The SDC is a Swiss agency mandated to carry out international cooperation activities. As part of the Swiss Ministry of Foreign Affairs, the SDC has its own programs, supports those of multilateral organizations, and shares in financing the work of Swiss and international development organizations. Its main areas of operation are

- bilateral and multilateral development cooperation,
- humanitarian aid, notably with the Swiss Humanitarian Aid Unit (SHA),
- cooperation with Eastern Europe.

In addition, the SDC ensures overall coordination of development cooperation and humanitarian aid with other responsible federal offices. Employing a total staff of about 1,700 in Switzerland and abroad, its budget for 2006 is CHF 1.306 billion. The Director-General of the SDC is Ambassador Walter Fust.

State Secretariat for Economic Affairs (seco)

Seco is the competence center for Swiss economic policy. Within seco, the Economic Development Cooperation Division implements Switzerland's economic and trade policy measures on behalf of developing and transition countries with one primary objective: to reduce poverty. To achieve this goal, seco encourages better integration of these countries into the global economy, while promoting the market economy and contributing to greater mobilization of private resources. Together with the SDC, seco shares responsibility for multilateral financial assistance.

Seco is part of the Swiss Federal Department for Economic Affairs and is directed by State Secretary Jean-Daniel Gerber. The Economic Development Cooperation Division has 54 employees. Its budget in 2006 is CHF 238.4 million. Division head is Ambassador Oscar Knapp, seco Federal Council Delegate for Trade Agreements.

4

THE MANDATE

5

ACTIVITIES IN 2005

Multilateral cooperation

6

ACTIVITIES IN 2005

Bilateral development cooperation

8

ACTIVITIES IN 2005

Cooperation with Eastern Europe and the CIS

9

ACTIVITIES IN 2005

Economic cooperation

10

ACTIVITIES IN 2005

Humanitarian aid

12

STATISTICS 2005

23

ANNUAL CONFERENCES



Walter Fust



Jean-Daniel Gerber

Editorial

Within the space of 10 months, South Asia suffered two disasters of unprecedented dimensions. Following the tsunami that ravaged coastlines on the Indian Ocean a murderous earthquake devastated northern Pakistan leaving more than three million people homeless and without any means of existence. The magnitude of the needs created by such tragedies called for an exceptional commitment on the part of humanitarian agencies.

In 2005, international development policies focused on accelerating progress towards achieving the Millennium Development Goals (MDGs), the reform of the United Nations and implementing «equitable globalization». The Millennium+5 Summit reinforced the common frame of reference which constitutes the MDGs. Switzerland has already made an important contribution to realizing these goals and will continue its efforts. The quality of Swiss aid is recognized and appreciated on the international level. After having reviewed it, the OECD underlined that Swiss cooperation is strong and earns the respect of its peers.

As to the agenda for 2006, several projects are deemed crucial for development. Switzerland will participate in implementing the G8 Debt Reduction Initiative, designed to allow beneficiary countries to channel more resources into reducing poverty and realizing the decisions of the Millennium+5 Summit. Moreover, a significant breakthrough should be made towards establishing equitable and open world trade. The member states of the World Trade Organization are committed to concluding the Doha round of negotiations by the end of 2006. In Switzerland, Parliament will turn its attention towards cooperation with Eastern Europe and the contribution to reduce disparities within the European Union.

Walter Fust,
Ambassador,
SDC Director-General

Jean-Daniel Gerber,
State Secretary,
seco Director

Switzerland's international cooperation

Since 2000, Switzerland has allocated an average of CHF 1.7 billion a year to fight poverty in developing and transition countries. The Swiss government has mandated two federal offices to coordinate international development cooperation: the Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (seco).

The main objective of all development cooperation activities is to improve the living conditions of the most deprived people on our planet. The SDC concentrates its efforts primarily on resolving conflicts, fostering social development and good governance, encouraging the establishment of economic structures and protecting natural resources. To achieve this, it always seeks to strengthen personal initiative in partner countries. The SDC and seco support the countries of Eastern Europe and the Commonwealth of Independent States (CIS) in their transition to democracy and a free market in the form of know-how transfer and financial contributions. Another task entrusted to the SDC is federal humanitarian aid. Through the Swiss Humanitarian Aid Unit (SHA) it can provide direct assistance to victims of natural disasters and armed conflicts.

For its part, seco formulates and implements economic and trade policy measures which fall under international cooperation. Its approach is based on the following principles: the promotion of a free market encourages sustainable and long-term growth in partner countries; the support of reforms reinforces their integration

into the world economy; and the increased mobilization of private resources helps the process of development and transition. Seco is the main player in Switzerland's debt reduction strategy.

While humanitarian aid is furnished wherever it is urgently needed, SDC bilateral development cooperation focuses on 17 priority countries or regions and carries out seven special programs, always coupled with the objective of achieving sustainable results. In Eastern Europe, efforts are focused on nine priority countries and two regional programs. On a multilateral level, the SDC collaborates with UN agencies, the World Bank and regional development banks.

The SDC organizes its activities in the field through the services of 50 Cooperation Offices. In 2005 it was running about 1,000 projects with 545 people working in Switzerland and abroad, and about 1,100 local-hired staff. The Swiss Humanitarian Aid Unit depends on 700 people who are ready to be deployed at short notice. Thanks to this expert pool, Switzerland was able to carry out 389 missions abroad in 2005.

Seco's Economic Development Cooperation Division has 54 staffers who are responsible for distributing the funds at their disposal. Close cooperation between the SDC and seco ensures efficiency, synergy and a positive impact of Swiss efforts in development cooperation.

Example: working towards an information society available to all

The second phase of the World Summit on the Information Society took place in November 2005 in Tunis. There, the SDC worked together with the Global Knowledge Partnership and helped to launch an initiative to strengthen the capacity of community telecenters. As concerns the platform dedicated to using information technologies for development, Switzerland presented a variety of projects that contribute to reducing the digital divide between the North and the South. In line with this, seco supports both electronic waste recycling and the distribution of software that helps small enterprises in developing countries to sell their products via the Internet.

In 2005, Swiss official development assistance (ODA) amounted to CHF 2.2 billion, or 0.44% of gross national income, an increase from 0.41% in 2004. In May 2005, the Federal Council decided to modify the accounting method to align it with that of a majority of donor countries: since 2004, the ODA includes costs tied to asylum applicants from developing countries during the first year of their stay in Switzerland.

The OECD Development Aid Committee, which analyzed Swiss cooperation, is looking for an increased financial commitment. Its report, published in June 2005, underlines the professionalism of Swiss activities but recommends more concentration on a certain number of countries and themes. Meeting in Paris at the end of February, donor countries and developing countries set specific objectives to improve the efficiency of aid. Their commitment primarily concerns the harmonization of procedures and the alignment of national strategies. The SDC and seco fully subscribe to this «Declaration of Paris» and have adopted a plan for its implementation.

During the International Year of Microcredit, Switzerland organized several events, including a symposium and academic exchanges which made its engagement in this area more widely known. It especially encouraged the involvement of the private sector. The International Year of Sport was marked by various activities which culminated in December with the Second International Conference on Sport and Development in Macolin.

Multilateral cooperation

In view of their increasing complexity, the current serious development problems call for a concerted response by the international community. Switzerland sets great store by multilateral cooperation, and is actively engaged in UN funds and programs, International Financial Institutions (IFIs) and other organs such as the Global Fund to Fight Aids, Tuberculosis and Malaria. Multilateral cooperation represents about one-quarter of Swiss ODA. All efforts on the part of these organizations focus on achieving the Millennium Development Goals (MDGs) by 2015 which also guide Swiss development policy. In 2005 several major events were organized to mark the 10 years left before expiry of this deadline.

An intermediate assessment

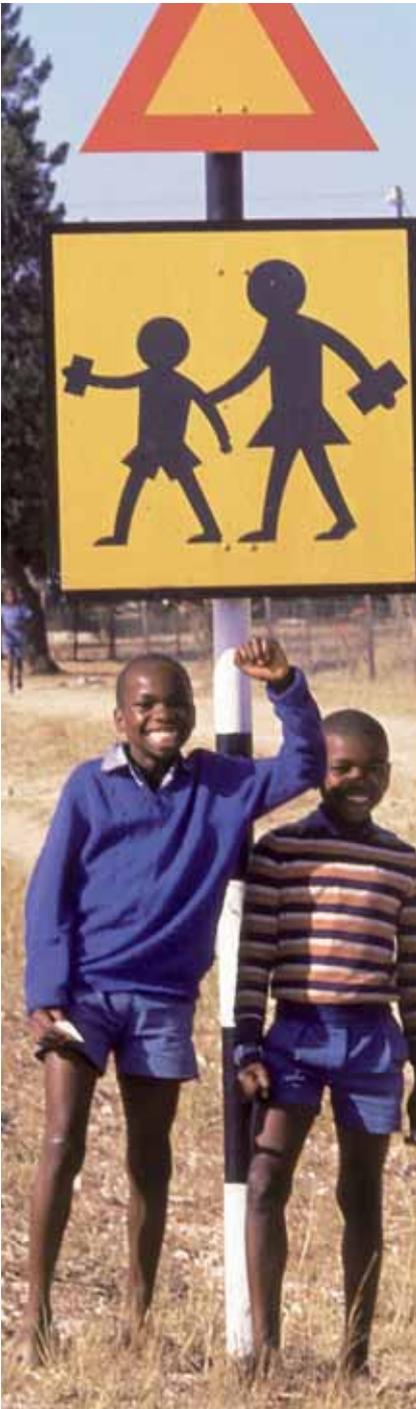
In January, an international group of experts headed by Jeffrey Sachs published a plan of action conceived to accelerate progress in achieving the MDGs. According to the group's calculations, rich countries will have to at least double the volume of their ODA to reach the MDGs. The Secretary-General of the United Nations Kofi Annan integrated these proposals into his own report which was published in March. In it he invites the rich countries who have not yet done so to establish a timetable for increasing their aid to 0.7% of gross national

income by 2015. He also calls on poor countries to draw up development strategies.

This report served as a basis for the work of the World Summit in New York in September 2005 called to measure the progress made since the establishment of the MDGs in 2000. Switzerland actively participated in drawing up the final document which underlines the interdependence between development, security and human rights, and it shares the opinion that these three domains must be approached as a whole and not separately. The Millennium+5 Summit also reaffirmed the MDGs and the decisions taken in 2002 in Monterrey (Mexico) on the financing of development.

Along with other countries, Switzerland presented a first report in New York on its contribution towards realizing the MDGs in which it summarizes the cooperation activities to help reduce poverty. It also reviews the measures undertaken to realize the objectives for which industrialized nations have responsibility. In this connection, the report mentions the efforts aimed at improving coherence of national policies. Furthermore, it underlines that in 2004 Swiss ODA reached 0.4%, in line with the commitment made in Monterrey. Addressing the Summit, the Swiss President Samuel Schmid said that Switzerland plans to increase the percentage dedicated to ODA after 2008.





Debt relief

The MDGs were also a central theme in the work of the G8. During their July summit in Gleneagles (Scotland), G8 leaders agreed not only to double their help to Africa but also to cancel a significant part of the multilateral debts of the least-developed countries. Switzerland welcomed this initiative, as did other donor countries who are not members of the G8, and at the annual meeting of the Bretton Woods Institutions it expressed its readiness to join in this effort. Switzerland's involvement will be formally defined as soon as the modalities and the financial consequences are specified. In the meantime, it has actively joined in the search for solutions to implement this initiative. In this regard, it stresses the importance of ensuring that the resources liberated in the budgets of developing countries are allocated to programs aimed at poverty reduction. In addition, it is important that debt write-offs do not endanger the IFIs' financial capacity. New bilateral contributions will have to compensate for the shortfall in assets in the accounts of the International Development Association (IDA) and the African Development Fund (AfDF) due to debt write-offs.

Renewal of funds

The IDA and the AfDF, which grant low-interest loans and donations to the poorest countries, were recapitalized in 2005 for a period of three years. Financial backers increased their budgets by 30% and 45%, respectively. For budgetary reasons, Switzerland could not follow suit with the ambitious framework determined at the international level and as a result its quotas were reduced in the two institutions. Nevertheless, with its contribution of CHF 567 million for IDA and CHF 153 million for the AfDF, Swiss participation remains important.

Liberalization of trade

Against the setting of the negotiations within the World Trade Organization (WTO), Switzerland is doing everything possible to ensure that the liberalization of trade benefits developing countries. In December 2005 at the WTO's Ministerial Conference in Hong Kong, it organized several events aimed at promoting the trade activities of least developed countries. It played an active role by proposing that rich countries open their markets to 99% of their tariff lines. The ministers opted for a limit of 97%. Switzerland also supported the decision to abolish subsidies on agricultural exports until 2013.

Bilateral development cooperation

In 2005, the SDC concentrated its bilateral aid on 17 priority countries and regions and on seven countries benefiting from a special program. In September, the Foreign Affairs Committee of the Council of States put forward a postulate inviting the Federal Council to examine the possibility of reducing the number of countries and priority themes. While waiting for the government's report, the SDC began reflecting on this question itself. In 2005, it also adopted two new strategies. One is aimed at integrating human rights more systematically into cooperation programs, and the other defines a method of action most likely to prevent corruption.

In the field, Switzerland supports measures leading to the harmonization of aid. In certain countries, such as Tanzania, it assumes the role of an intermediary between the donors on the one hand, and between the donors and the government on the other. Harmonization is especially important when state structures are unstable, as the Senior Level Forum on Development Effectiveness in Fragile States recalled in London on January 13-14, 2005. The SDC's contribution to this forum was based in particular on its experiences in Afghanistan and Nepal.

Asia

In spite of a deteriorating political situation in Nepal, Switzerland decided to continue its programs there while observing how they contribute towards alleviating the conflict. The SDC has been active for a long time in this country, one of its main projects being the financing of the construction of more than 2,000 suspension bridges which favored the development of previously isolated mountain regions.

On the Indian subcontinent, Switzerland is especially engaged in protecting the rights of vulnerable populations. A new program helps the Pakistani government to determine to what extent budgetary expenditures contribute to reducing the disparities between men and women. In India, the SDC fights discrimination rooted in the caste system. And in still another activity in 2005, it began supporting a network which enables Indian micro-enterprises to adopt more ecological and more efficient technologies in the energy sector.

Sub-Saharan Africa

In Africa, activities are centered on rural development, the local economy, health and education. A retrospective study on Swiss literacy projects in Cape Verde and Burkina Faso showed that long-term support can lead to structural changes. In Niger, the SDC anticipated the food crisis of 2005 thanks to its knowledge of the local environment. Its humanitarian intervention was able to rely on existing development programs.

Meanwhile, the special cooperation program with Rwanda has been prolonged for a four-year period and notably includes SDC support for the supervision of the *gacaca*, which are the customary courts hearing and passing sentence in cases linked to the genocide. In Southern

Africa, some local initiatives have been successfully adopted by the regional program established in early 2005, including a project initially launched in South Africa and directed at supporting orphans and vulnerable children in schools.

Latin America

An economic growth rate of 4.3% in 2005, barely made a dent in poverty in Latin America where the distribution of wealth remains the most inequitable in the world. Switzerland continues to foster the process of decentralization and the creation of value chains, actively participating in harmonization efforts which gained dynamic in several countries. Bolivia, Nicaragua and the Honduras have adopted Poverty Reduction Strategy Papers according to which donors align their programs. One of the major challenges is to increasingly motivate civil society and the private sector to join in implementing these documents.

Middle East and North Africa

Conflict transformation continues to be a vital priority of cooperation in the Middle East. Using an already existing project in Lebanon as a model, the SDC began to endorse justice reforms for minors in Jordan. In the Palestinian territories, it continues to back different local institutions which look after victims of torture, offer psychological support to war-traumatized children or who encourage the reintegration of former prisoners. A project launched in 2005 provides temporary employment to young unemployed people living in the Gaza Strip. The SDC also supported activities aimed at sensitizing the general public prior to the Palestinian elections in January 2006.



Example: reforming the Tanzanian health sector

In Tanzania several harmonization mechanisms have improved the efficiency of aid in the health sector. Under Switzerland's presidency, 25 financial donors coordinate their efforts in order to finance the extensive public health reform program launched by the government in 1999. Eight members of the group, including Switzerland, even go one step further by allocating sectorial budget aid to the Health Ministry, which is responsible for using the funds and ensuring transparent management. Over the past six years, the sectorial approach has achieved significant results. For example, infant mortality has decreased by 30%, and the proportion of properly treated malaria cases rose from 11 to 27%.



Cooperation with Eastern Europe and the CIS

In 2004 the Baltic republics and five central European countries reached the end of the political, economic and social transition process which helped paved their way into the European Union (EU) in May of that year. Since this extension of boundaries reinforces security and prosperity on the entire continent, Switzerland wants to show its solidarity with the EU, helping it to solve the challenges posed by this decisive step. It has promised a contribution of CHF one billion to help reduce economic and social disparities in the heart of the enlarged EU. On the other hand, the countries of the Balkans and the Commonwealth of Independent States (CIS) are still far from having achieved the necessary reforms and consequently will continue to depend on Switzerland's technical and financial cooperation in the years to come.

An identical legal basis

In 2005 the Federal Council and the EU negotiated a memorandum of understanding on the details of the Swiss contribution. This document primarily defines the geographical distribution and the areas of financial commitment. Aid will be allocated directly to the 10 new member states and in 2005, Switzerland carried out some fact-finding missions in these countries.

The Swiss Parliament was called upon to renew the legal basis of this classical aid to the transition process and began to examine the future Federal Law on cooperation with Eastern Europe (FL East) that must replace the 1995 federal decree whose validity was limited to 10 years. The Federal Council proposed that the FL East should also serve as a legal foundation for

Swiss contributions to the enlarged EU and will subsequently submit two separate program credits to Parliament. In December, the Council of States accepted the FL East unanimously. The National Council also adopted it in spring 2006.

Commitment in Moldova

Each year Swiss aid to transition countries is about CHF 200 million, an amount shared by the SDC which provides technical cooperation and seco which is responsible for financial assistance. The two offices are active in 10 priority countries and operate two regional programs in Southern Caucasus and Central Asia. They devote about 70% of their resources to Southeast Europe and 30% to CIS countries.

In 2005, humanitarian activities in the Republic of Moldova were supplemented by a technical cooperation program. This support for the transition process is channeled into microcredits, professional training and the improvement of health care. In 2000 Switzerland's intervention brought relief to the victims of a catastrophic drought. Today its humanitarian aid focuses on the construction of drinking water networks in rural areas.

Ten years after Dayton

Switzerland plans a long-term commitment in Southeast Europe. In October 2005, the Federal Council adopted a new strategy for the Western Balkans, a region which has particular importance for Swiss foreign policy. The resources committed must strengthen institutions, improve the living conditions of the people and promote stability. Several countries of the Western Balkans came a step closer to membership of the Euro-

Example: a closely watched dam in Tajikistan

Lake Sarez in Eastern Tajikistan was formed in 1911 following a gigantic landslide that blocked off the Bartang valley. Now the people fear that this natural dam could rupture or that the lake could overflow because of possible seismic activity. Seco-financed analyses in 2000 showed that fortunately the probability of such a disaster is not as high as believed. Seco supported the implementation of an alarm and surveillance system which has been in operation since 2005. This system enables the detection of any changes in the dam's stability and the rapid warning of the population should there be a danger of flooding.

pean Union in 2005, with Macedonia receiving the official status of a candidate country.

Special attention was given to Bosnia-Herzegovina and Kosovo. In October 2005, an international conference supported by the SDC was held in Geneva to mark the 10th anniversary of the signing of the Dayton peace accords. It examined the changes undertaken by Bosnia since 1995 and suggested some future avenues. Today, Switzerland is the fourth largest donor in Bosnia, with a program focused on social assistance, refugee return, strengthening the economic fabric, good governance and restoration of infrastructures.

In 2005, it supported a series of roundtables on the overhauling of state structures and the future constitution. A new project was launched to slow down emigration. Called «Re-connect», it

offers young Bosnians the opportunity to take professional vocational training courses in local institutions.

The United Nations decided to open negotiations on the future status of Kosovo, a province which it has administered since the end of the war in 1999. The SDC will refocus its cooperation program with a view to transferring expertise to Kosovar institutions. By increasing its support for local governance programs and the process of decentralization, the SDC hopes to encourage the implementation of norms set by the international community, especially those concerning the protection of minorities. Meanwhile, seco supports the Environment Ministry in river basin management.

Economic Cooperation

Seco's Economic Development Cooperation Division is responsible for implementing economic and trade policy measures which make up about 15% of Switzerland's official development assistance (ODA). Fighting poverty is the heart of its mandate. Seco supports sustainable growth in developing and transition countries, encouraging their integration into the world economy. In 2005, its bilateral activities focused on 26 priority countries and included four domains of intervention linked with specific instruments.

Creation of SIFEM

Over the past 10 years, seco has invested almost CHF 230 million in financial mechanisms which support the development of small and medium-sized enterprises (SMEs), principally through private equity funds (venture capital). Considering the rapid development of this sector, seco decided to establish a company specialized in venture capital and to entrust it with the management of its portfolio. A private enterprise called the Swiss Investment Fund for Emerging Markets (SIFEM) was thus formed with headquarters in Berne. In operation since June 1, 2005, SIFEM manages all of seco's investment activities in developing and transition countries. It offers long-term financing to com-

mercially viable SMEs, while respecting social and environmental norms, and its very precise guidelines guarantee a sustainable impact on local development.

Doha program

In the area of cooperation linked to trade, 2005 saw a continuation of work on the Doha Development Program. The WTO Commerce and Development *task force* watched to see that the interests of developing countries were taken into account in the position advocated by Switzerland at the WTO Conference in Hong Kong. Switzerland continued to support the cotton initiative of countries in Western Africa. It assisted several partner countries in developing offers in the framework of negotiations on WTO services. At the same time, seco continued its efforts to facilitate market access for products from partner countries. In 2005, it focused on strengthening value chains and promoting equitable trade. Thanks to its help, a *fair trade fair* was held in Berne on August 31. Furthermore, seco began to prepare a revision of the Swiss tariff preference system.

Swiss presidency

In the area of macroeconomic support, seco relies mainly on general budgetary aid, an





instrument which involves close dialogue between donors and partner countries. It is granted to poor countries which undertake important structural reforms. Budgetary support currently represents three percent of ODA, but this should increase. In spite of its relatively modest volume, the Swiss contribution has a high profile in the field. In 2005 Switzerland assumed the presidency or co-presidency of donor groups in Mozambique, Tanzania and Nicaragua and took advantage of its position to concretize the Declaration of Paris on the efficiency of aid and to strengthen the evaluation process. Complementary to budgetary aid, Switzerland also furnishes technical assistance, notably in the area of budgetary and fiscal reforms.

Under a seco mandate, experts analyzed the efficiency of the Performance Assessment Framework (PAF) which serves to measure the development of reforms. The study was carried out in five countries and showed that these matrices favor the realization of objectives supported by budgetary aid.

Infrastructure projects

Seco also finances capital equipment or the goods and services needed for modernization or the creation of infrastructures. Non-repayable financial aid and mixed financing constitute the instruments of this financial cooperation. In 2005 three important projects marked seco's activities in this area. One of these involves Macedonia's electricity network. The work undertaken there is aimed at limiting energy losses, improving performance and solving a pollution problem. In Tajikistan, Swiss financing has enabled the city of Khoudjand to improve its water supply system. Finally, a new project dealing with the renovation and expansion of the water supply system was initiated in the Tanzanian cities of Dodoma and Tabora. A public-private partnership will be formed to ensure the management and maintenance of the facilities based on a leasing contract.

Humanitarian Aid

Wherever a crisis or disaster strikes, Swiss Humanitarian Aid intervenes on an impartial basis to save lives and relieve suffering. Deploying teams all over the world, this SDC domain is active in providing emergency aid, in prevention, reconstruction and in victim advocacy. Two-thirds of its budget is devoted to multilateral cooperation, principally with the International Committee of the Red Cross and UN agencies. The remaining third finances the operations of the Swiss Human-

itarian Aid Unit (SHA) and contributes financially to Swiss development cooperation organizations. In 2005, the SHA was active in 58 countries.

Post-tsunami reconstruction

The dreadful tsunami in December 2004, which killed almost 300,000 people, led to an international mobilization of unprecedented scope. The Confederation allocated a budget totaling CHF 35 million for all of its humanitarian operations,

Example: improving the business climate in Burkina Faso

Excessive regulation of business activities hinders the expansion of small and medium-sized enterprises (SMEs) in Burkina Faso. With the cooperation of the national authorities, seco launched a program in 2005 designed to create a more auspicious business climate. It entrusted its implementation to a Private Enterprise Partnership in Africa, established in 2005 by the International Finance Corporation (IFC). In addition to reforming the labor law, this program is dedicated to simplifying the steps in the registration and liquidation of companies. It also advises SMEs on the application of recourse or mediation procedures in case of breach of contract.

including a supplementary credit of CHF 25 million released by the Federal Council. As the disaster unfolded, the SHA rushed experts and material to the five most afflicted countries. Emergency aid was later replaced by reconstruction work. In Sri Lanka, the SDC set up an innovative project together with Swiss Solidarity and two other Swiss aid organizations which provided about 8,000 families with cash payments for the reconstruction of their homes. In Indonesia a similar cooperation project permitted the restoration of three drinking water purification stations and the training of local experts to replace the numerous colleagues who had lost their lives in the disaster. In Thailand, the SDC has supported the reconstruction of three fishing villages where local inhabitants have built new boats and hence regained their means of existence thanks to direct financial aid.

Earthquakes and hurricanes

Swiss humanitarian aid was also mobilized following the cataclysmic earthquake which hit Pakistan on October 8, killing more than 80,000 people and injuring another 70,000. More than 300 tonnes of material were distributed and 45 experts from the SHA remained involved in relief work until the end of 2005. The humanitarian crisis was accentuated by the arrival of winter, initiating a race against time to route aid into the disaster area before access roads became impassable.

Meanwhile, 14 hurricanes developed over the Atlantic during the exceptionally long and destructive 2005 hurricane season. One of the most devastating was Katrina which ravaged the southern coast of the United States. Although the SDC kept its teams and emergency aid ready for deployment during the two first weeks of September, the responsible American officials finally refused this aid. However, in another case in early October, the SDC was able to bring emergency

relief to the victims of hurricane Stan which swept over Central America. There, its aid concentrated on the most affected countries, i.e. Guatemala, Mexico and El Salvador.

Prevention of catastrophes

Swiss humanitarian aid reserves 10% of its resources for «prevention and preparedness» programs with the aim of reducing the vulnerability of deprived populations, those usually hit the hardest by natural catastrophes. In January, Switzerland was an active participant in the World Conference on Disaster Reduction held in Kobe (Japan), which included discussions on reducing the underlying risk factors linked to natural disasters. Switzerland not only delegated a representative to act as conference coordinator, it also presided over the committee assigned to draw up the two final documents. Conference participants adopted a 10-year plan of action designed to limit the risks and reinforce prevention mechanisms in developing countries, and also promised their support in the creation of a rapid alert system in the countries bordering the Indian Ocean.

In November the SDC organized a conference in Managua (Nicaragua) on disaster prevention in Central America. One hundred and fifty participants – representing local communities, state-controlled institutions and specialized organizations – attended this conference where they exchanged experiences on the integrated management of disaster risks on the municipal level.

Based on the terms of a bilateral agreement signed on November 1, 2005, Angola agreed to allocate the 21 million dollars to be released to them by Geneva courts to humanitarian projects. Having been frozen for some time in Swiss accounts during a criminal investigation, these funds will finance projects in the areas of reconstruction, hospital infrastructure, professional training and water supply systems.



Example: preparatory course for health emergencies

The World Health Organization (WHO) focuses on preparing relief workers to improve health-related activities during a crisis. With Switzerland's help, it organized a course in November 2005 in Geneva which was aimed at health professionals working for humanitarian agencies. Various modules focused on such aspects as the rapid evaluation of needs, coordination, operational procedures, communications and security. A score of participants, including six members from the Swiss Humanitarian Aid Unit, will constitute the basis of an international network of specialists made available to the WHO and who can deploy to the scene of a disaster within 24 hours.

Statistics 2005

Introduction

Official development assistance (ODA) is defined as the total of all financial flows (i) from the official sector to developing countries and territories and to multilateral agencies active in development (ii) with the primary aim of facilitating economic development and welfare as the main objective (iii) at concessional financial terms (grants and low-interest loans).

The list of recipient countries which was established in 1969 by the Development Assistance Committee (DAC) of the OECD has been periodically revised by the DAC to adjust to economic and political changes. In 1993, the list was divided into two parts. Part I was made up of «traditional» developing countries receiving ODA. Part II consisted of developing countries and countries of Eastern Europe «in transition» and receiving official assistance (OA). In 2005, the DAC decided to reintroduce a single list of ODA recipients covering all the low- and middle-income countries, at present numbering 152, with the exception of members of the G8 and the European Union. Data concerning the countries listed in the old Part II are no longer collected.

To ensure the comparability and transparency of ODA contributions the DAC has compiled a full set of **statistical directives** regulating the reporting procedures of member countries. Periodically, the directives have been adapted consensually to ensure that ODA is better suited to changes in the instruments used in international cooperation.

Last year, Switzerland decided to adapt the way it calculated its ODA to align its reporting to that of a majority of DAC donor countries. From 2003, Swiss ODA has included the cancellation of bilateral debts, at their nominal value, owed by developing countries in the framework of the Club of Paris. ODA statistics also included Switzerland's activities involving civilian conflict resolution and peace keeping both of which had previously been excluded. In May 2005, the Federal Council decided to include in its ODA calculations, from 2004 onwards, the costs related to asylum seekers from developing countries during their first year in Switzerland. The ODA figures for 2005 also include military material made available to the SDC for humanitarian purposes.

On the **institutional level**, Swiss ODA contributions come mainly from the budgets of the SDC and seco. The expenditures of these two offices on behalf of transition countries (formerly OA) no longer appear in the statistics as OA data are no longer collected at the international level.

SDC/seco expenditures for international cooperation in 2005 (mil. CHF)

	SDC		seco (without debt cancellation)	
	ODA	Non ODA	ODA	Non ODA
Humanitarian aid	296.8	6.9		
Development cooperation	927.4	1.3	148.3	5.6
Cooperation with Eastern Europe/CIS	82.8	21.4	61.5	23.0
Total expenditures SDC/seco	1'307.0	29.6	209.8	28.6

Observation: The total amount of SDC's expenditures (1'336.6 mil. CHF) is higher than the amount actually spent (1'313.0 mil. CHF). This difference of 23.6 million is due to the accounting of «notes» (sight drafts) at the moment of the deposit and not at the moment of their payment.

Symbols:

- p = provisional
- 0.0 = amount less than one unit
- = nil
- .. = not available

More detailed information is available in the annual SDC publication «Aide au développement de la Suisse» and at www.sdc.admin.ch.

Table 1
Swiss official development assistance (ODA) in 2005 (mil. CHF)

	2005			2004		
	Bilateral ODA	Multi-lateral ODA	Total ODA	Bilateral ODA	Multi-lateral ODA	Total ODA
Confederation	1'704.7	456.7	2'161.5	1'441.8	445.6	1'887.3
Swiss Agency for Development and Cooperation (SDC)	915.7	391.3	1'307.0	872.6	378.8	1'251.3
Humanitarian Aid	271.2	25.6	296.8	239.0	30.8	269.9
Development cooperation	561.7	365.7	927.4	560.3	347.9	908.2
Cooperation with Eastern Europe and CIS	82.8	–	82.8	73.2	–	73.2
State Secretariat for Economic Affairs (seco)	481.9	6.4	488.3	221.0	10.0	231.0
Development cooperation	141.8	6.4	148.3	146.2	10.0	156.2
Cooperation with Eastern Europe and CIS	61.5	–	61.5	64.5	–	64.5
Debt cancellation (Club of Paris)	278.6	–	278.6	10.2	–	10.2
Federal Office for Migration	178.7	–	178.7	256.1	–	256.1
Return assistance	17.6	–	17.6	21.1	–	21.1
Assistance for asylum seekers in Switzerland	161.1	–	161.1	235.1	–	235.1
Political Affairs Division IV and Directorate of International Law (DFAE)	43.5	–	43.5	31.4	–	31.4
Civilian conflict management and human rights	43.5	–	43.5	31.4	–	31.4
Federal Department of Defence, Civil Protection and Sports (DDPS)	62.7	4.0	66.7	38.6	–	38.6
Actions for promotion of peace and security	40.0	4.0	44.0	38.6	–	38.6
Supplies for humanitarian purposes	22.7	–	22.7	–	–	–
Other federal offices	22.2	55.0	77.1	22.1	56.9	79.0
Cantons and municipalities	39.3^P	–	39.3^P	33.7	–	33.7
Total	1'744.1	456.7	2'200.8	1'475.5	445.6	1'921.1
ODA in % of GNI			0.44 %			0.40 %

In 2005, Swiss official development assistance (ODA) continued its upward trend reaching 0.44% of gross national income (GNI), compared with 0.40% in 2004 and 0.37% in 2003. In nominal terms total ODA rose by 14.6% over 2004 to CHF 2.2 billion. This growth is due solely to the debt cancellation for Iraq and Nigeria during this period (CHF 279 million). Without this statistical adjustment, ODA would come to 0.39% of GNI. The breakdown of aid categories changed significantly in 2005. Debt rescheduling and the costs for asylum seekers represent a total of 20% of ODA, with the amount for traditional SDC and seco activities falling to 69% of ODA compared with 77% in 2004. See explanations on page 12.

Graph 1
Swiss ODA by aid category 1995–2005 (mil. CHF)

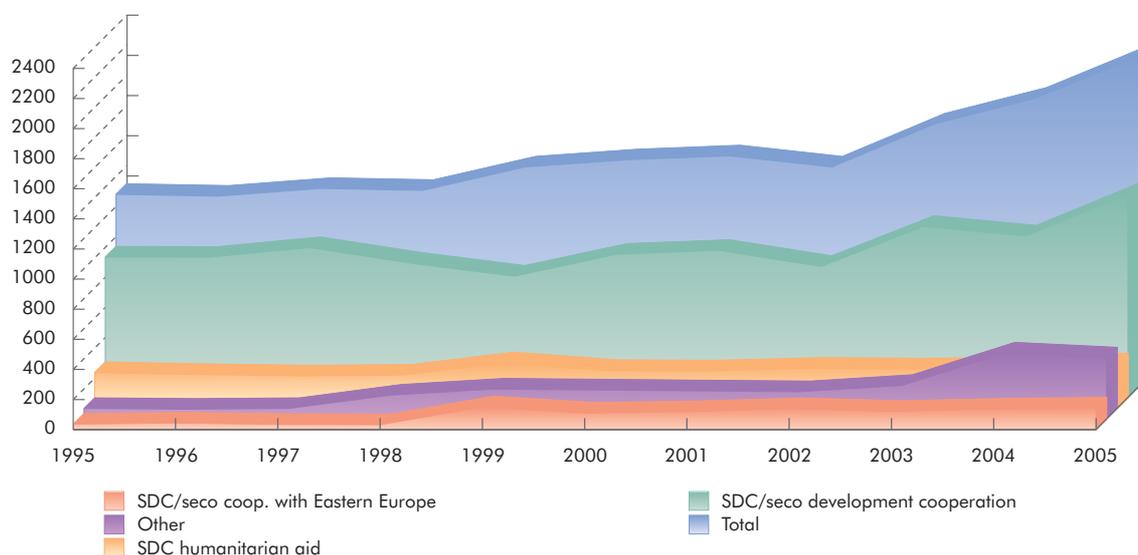


Table 2
Development of Swiss ODA and NGO donations 1960–2005 (mil. CHF)

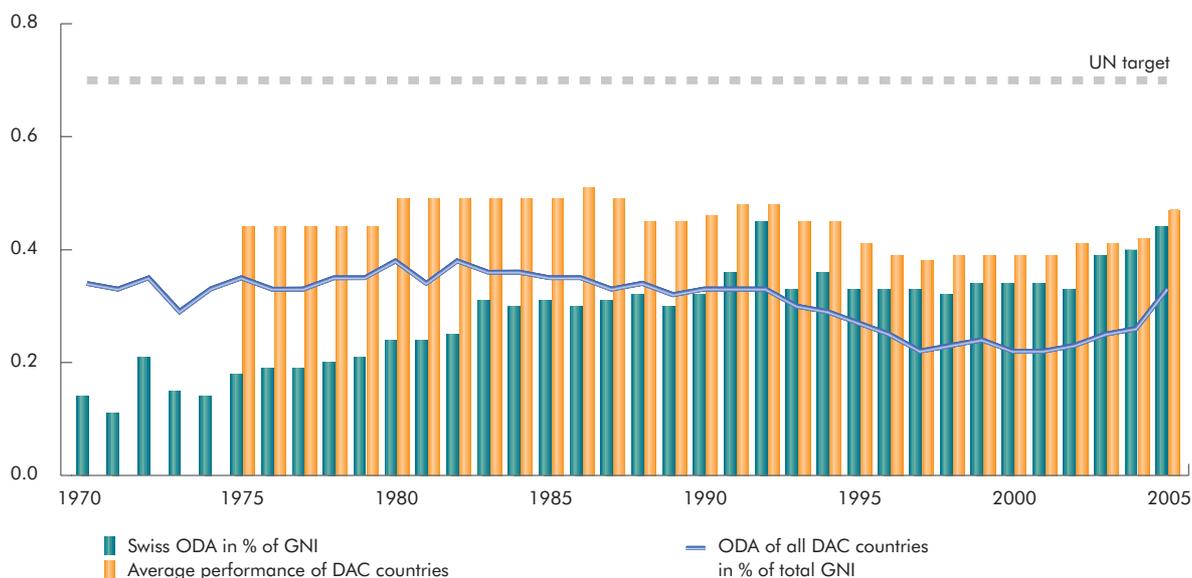
	1960	1970	1980	1990	2000	2001	2002	2003	2004	2005
ODA	15.1	130.0	423.1	1'041.4	1'510.9	1'537.0	1'462.4	1'748.0	1'921.1	2'200.8
GNI ^{a)}	37'066	92'570	177'270	326'102	450'327	446'044	445'721	468'908	483'152	497'365
ODA in % of GNI	0.04 %	0.14 %	0.24 %	0.32 %	0.34 %	0.34 %	0.33 %	0.37 %	0.40 %	0.44 %
ODA in % of expenditures by the Confederation	0.58 %	1.67 %	2.43 %	3.46 %	3.21 %	3.06 %	2.88 %	3.50 %	3.82 %	4.28 %
ODA in % of public spending	..	0.64 %	0.89 %	1.20 %	1.22 %	1.18 %	1.09 %	1.29 %	1.38 %	1.57 %
Private NGO donations	..	50.8	106.6	148.6	272.0	319.3	298.2	339.8	321.9	..
Private NGO donations in % of GNI	..	0.05 %	0.06 %	0.05 %	0.06 %	0.07 %	0.07 %	0.07 %	0.07 %	..

^{a)} GNI from 1995, GNP for preceding years. Definitive figures up to 2002, provisional for 2003 and 2004 (Swiss Federal Statistical Office). For 2005, estimate of Federal Finance Administration (February 2006)

Measured in percentage of gross national income (GNI), Swiss official development assistance (ODA) grew steadily until 1990 and has stabilized at around 0.34% over the past 10 years. In the past three years, ODA has grown sharply mainly because of the statistical adjustments. In 2005 it reached 0.44%.

Private Swiss aid to developing countries provided by NGOs and other non-profit organizations has increased since 2000 and now stands at 0.07% of GNI. The net private donations of NGOs, not including public sector contributions to the activities of these organizations, represented an average of CHF 45 per head of population in 2004.

Graph 2
ODA in % of Swiss GNI and DAC countries 1970–2005



The official development assistance (ODA) of the member countries of the Development Assistance Committee (DAC) reached a record USD 106 billion in 2005, of which USD 23 billion was in the form of debt reduction (preliminary figures). This total represents 0.33% of the total gross national income (GNI) of DAC countries compared with 0.26% in 2004. The average performance of DAC countries (the average of individual ODA/GNI percentages) increased to 0.47% or 0.05% more than in 2004. With 0.44%, Switzerland is in 11th position of the 22 DAC countries in terms of ODA/GNI percentage and in 14th place in absolute figures.

The target of 0.7% set by the United Nations has so far been reached by only five DAC countries while five others are above the average of 0.47%.

Table 3
Swiss multilateral ODA in 2005, general contributions (mil. CHF)

	2005	2004
United Nations organizations (UN)	138.4	142.8
UN Development Programme (UNDP)	52.0	52.0
UN Children's Fund (UNICEF)	18.0	17.8
UN Population Fund (UNFPA)	12.5	12.4
Office of the UN High Commissioner for Refugees (UNHCR)	11.0	13.5
UN Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA)	10.5	12.7
Special programs of the World Health Organization (WHO)	5.0	4.9
Joint UN Programme on HIV/AIDS (UNAIDS)	4.2	4.2
UN Environment Programme (UNEP)	3.6	3.6
UN Industrial Development Organization (UNIDO)	2.0	1.9
UN Office for the Coordination of Humanitarian Affairs (UNOCHA)	1.8	2.2
World Food Programme (WFP)	1.5	1.5
UN Development Fund for Women (UNIFEM)	1.0	0.9
UN Volunteers programme (UNV)	0.6	0.6
Contributions to UN organizations partly included in ODA figures ^{a)}	12.8	13.0
Other UN organizations	2.0	1.6
International development financing institutions	259.8	255.6
International Development Association (IDA)	176.9	176.9
African Development Bank (AfDB)	1.7	1.7
African Development Fund (AfDF)	51.2	35.8
Asian Development Fund (ADF)	13.3	13.9
Inter-American Investment Corporation (IIC)	1.2	1.1
International Fund for Agricultural Development (IFAD)	7.1	7.1
Trust Fund of the International Monetary Fund (IMF)	6.0	5.9
Subsidy account for emergency aid (IMF)	2.5	–
IMF Poverty Reduction and Growth Facility (PRGF)	–	8.2
Heavily Indebted Poor Countries Initiative (HIPC)	–	5.0
Other institutions	58.6	47.2
Global Environment Facility (GEF)	16.8	17.1
Consultative Group on International Agricultural Research (CGIAR)	12.0	11.5
Geneva International Centre for Humanitarian Demining (GICHD)	8.0	–
Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM)	5.0	3.0
International Organization for Francophony (OIF)	4.7	4.5
International Tropical Timber Organization (ITTO)	3.8	0.0
Montreal Protocol on Substances that Deplete the Ozone Layer	3.5	3.9
World Conservation Union (IUCN)	1.5	1.3
International Center for Diarrhoeal Disease Research (ICDDR)	1.2	1.4
International Institute for Democracy and Electoral Assistance (IDEA)	1.0	1.0
Other institutions	1.1	3.5
Total multilateral ODA	456.7	445.6

^{a)} Percentages applied according to DAC directives

Multilateral official development assistance (ODA) includes general contributions paid to international (intergovernmental) development institutions as defined by the DAC and which are on the list of ODA-eligible organizations. The ICRC is considered by the DAC to be an international non-governmental organization which means that contributions to this institution may be included in bilateral ODA. The GICHD has been added to the list of multilateral organizations of the DAC and as of 2005 was included in multilateral ODA.

The volume of multilateral ODA remained relatively stable. The statistical adjustments described in Table 1 led to a reduction in its share in total ODA (21%). The contributions to international financial institutions (IFIs) continue to represent more than half of Switzerland's multilateral ODA. Contributions to IFIs are registered in ODA at the time of the deposit and not of the payment of the «notes» (sight drafts), which may result in large differences from one year to another.

SDC/SECO BILATERAL EXPENDITURES AND ODA

Table 4

Geographical breakdown of SDC/seco expenditures and bilateral ODA in 2005 (mil. CHF)

	SDC hum. aid	SDC dev. & East	seco dev. & East	Total SDC/seco	ODA
Africa	65.6	165.3	141.1	372.0	392.4
Nigeria ^{a)}	–	0.1	62.4	62.5	62.5
Mozambique	0.3	16.5	12.5	29.2	30.8
Tanzania	0.5	17.9	10.6	29.1	29.4
Burkina Faso	0.4	14.8	9.7	24.9	25.8
Chad	3.1	12.5	–	15.6	16.1
Ghana	0.2	0.3	14.6	15.2	15.2
Mali	0.4	14.2	0.3	14.9	15.8
Republic of the Congo ^{a)}	0.2	0.0	14.5	14.7	14.8
Sudan	13.1	0.6	–	13.8	16.1
Niger	1.4	12.1	–	13.5	14.3
Egypt	–	0.7	10.9	11.6	11.8
Benin	0.2	10.1	–	10.3	10.8
South Africa	0.4	5.0	4.1	9.5	9.8
Madagascar	1.1	6.6	–	7.6	8.3
Congo (D.R.)	5.7	1.7	–	7.3	8.9
Rwanda	1.2	5.8	–	7.0	7.3
Burundi	4.6	0.8	–	5.4	5.8
Angola	5.3	0.1	–	5.3	6.4
Liberia	3.8	0.0	–	3.8	3.9
Uganda	3.7	0.1	–	3.7	4.0
Senegal	0.1	3.3	–	3.4	3.7
Côte d'Ivoire	2.0	1.4	–	3.3	3.6
Other countries	15.3	10.1	0.0	25.4	29.9
Regions and unclassified	2.6	30.7	1.7	35.0	37.4
Latin America	22.0	81.8	28.6	132.5	143.0
Bolivia	0.3	17.2	4.0	21.4	22.1
Nicaragua	0.4	7.2	10.4	17.9	18.4
Peru	2.6	12.6	2.4	17.6	18.3
Ecuador	0.1	10.2	–	10.3	11.0
Colombia	5.2	2.5	1.6	9.4	11.6
Cuba	4.8	2.1	0.8	7.6	8.0
Haiti	3.2	2.7	–	5.9	6.2
Guatemala	1.8	1.5	1.7	5.0	6.4
Brazil	1.6	1.9	0.9	4.4	5.4
El Salvador	0.4	3.0	0.7	4.1	4.3
Costa Rica	–	2.7	0.7	3.3	3.3
Other countries	0.9	5.1	–	5.9	7.8
Regions and unclassified	0.8	13.1	5.5	19.5	20.0
Asia	73.8	175.8	250.0	499.5	522.2
Iraq ^{a)}	1.4	0.2	202.0	203.7	203.7
India	0.2	28.0	1.1	29.3	30.7
Pakistan	7.9	15.3	–	23.2	24.2
Vietnam	0.4	14.4	7.8	22.6	23.1
Afghanistan	11.5	9.2	–	20.6	22.1
Indonesia	12.3	2.7	4.2	19.2	24.8
Nepal	0.8	17.9	–	18.6	19.9
Palestine	7.0	10.2	–	17.2	18.6
Bangladesh	0.1	12.7	–	12.8	13.3
Tajikistan	0.4	5.0	6.7	12.1	12.4
Kyrgyzstan	–	5.7	5.3	11.0	11.6
Sri Lanka	8.8	2.1	–	10.9	14.0
China	0.0	3.8	6.2	10.0	6.9
Azerbaijan	1.9	0.6	5.6	8.1	7.0
Uzbekistan	0.0	2.5	5.5	8.0	8.2
Georgia	5.2	0.8	0.5	6.5	7.3
Bhutan	–	6.3	–	6.3	6.4
North Korea	0.7	4.5	–	5.2	5.3
Laos	–	4.4	–	4.4	4.5
Thailand	4.2	0.1	–	4.4	4.5
Cambodia	–	3.8	0.5	4.3	4.6
Mongolia	0.7	2.6	–	3.3	3.3
Other countries	6.2	6.2	2.3	14.7	15.5
Regions and unclassified	4.2	16.4	2.3	23.0	30.3

- 8 priority countries and regions for SDC humanitarian aid
- 12 priority countries and regions for SDC cooperation with Eastern Europe and the CIS
- 17 priority countries and 7 special programs for development cooperation
- /// seco's 26 priority countries (14 developing countries and 12 transition countries)



	SDC hum. aid	SDC dev. & East	seco dev. & East	Total SDC/seco	ODA
Europe	17.4	75.6	44.3	137.3	151.3
Serbia-Montenegro	1.5	13.2	8.5	23.3	59.9
Ukraine	0.6	6.1	9.8	16.6	16.8
Russia	5.8	5.2	4.2	15.2	
Albania	0.0	5.8	5.8	11.7	11.9
Macedonia	–	6.1	4.4	10.4	11.5
Bosnia-Herzegovina	0.6	8.8	1.0	10.4	20.7
Bulgaria	0.4	7.0	2.7	10.1	
Romania	0.4	7.3	0.9	8.6	
Moldova	3.1	2.5	0.8	6.4	6.6
Other countries	4.8	2.0	–	6.8	4.3
Regions and unclassified	0.3	11.4	6.1	17.8	19.5
Unclassified by continent	99.2	168.8	47.6	315.6	535.2
Total 2005	278.0	667.3	511.6	1456.9	1744.1
Total 2004	250.0	668.5	265.5	1184.0	1475.5

^{a)} includes bilateral debt cancellations



Table 5
Bilateral ODA according to income category 2001–2005 (mil. CHF)

	2001	2002	2003	2004	2005
Least-developed countries (LDCs)	275.9	295.7	341.4	320.5	304.4
Low-income countries	140.6	187.9	176.4	196.1	246.4
Middle-income countries	273.4	264.4	300.8	269.6	550.8
Regional projects and unclassified	406.9	444.1	452.0	689.3	642.4
Total bilateral ODA	1096.9	1192.1	1270.6	1475.5	1744.1

Important **debt** cancellations have affected the geographical breakdown and breakdown by income categories in 2005. **Bilateral SDC/seco expenditures** involve the total of gross payments to receiving countries whether they are classified as ODA or not and without taking into account repayment of old seco loans. Included in **bilateral ODA** are net amounts going to international cooperation from federal offices and from municipalities. The **unclassified** amounts include contributions to programs and to the budgets of organizations, accompanying measures and logistics in Switzerland.

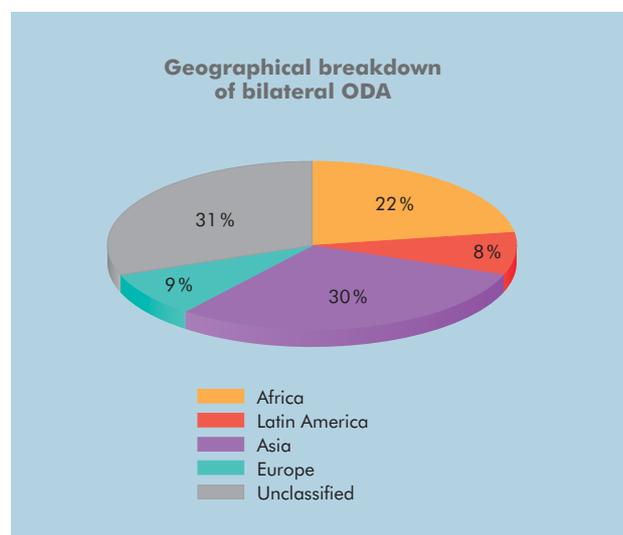


Table 6
SDC humanitarian aid 2005 (mil. CHF)

	General contributions	Specific contributions	Food aid	Total
International organizations	25.6	68.0	19.3	113.0
World Food Programme (WFP)	1.5	24.1	17.7	43.4
Office of the UN High Commissioner for Refugees (UNHCR)	11.0	16.8	–	27.8
UN Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA)	10.5	0.8	–	11.3
UN Office for the Coordination of Humanitarian Affairs (UNOCHA)	1.8	5.9	–	7.6
UN Children's Fund (UNICEF)	–	4.3	–	4.3
Other international organizations	0.9	16.1	1.6	18.6
Organizations of the International Red Cross	71.0	23.5	–	94.5
International Committee of the Red Cross (ICRC)	70.0	22.9	–	92.9
International Federation of Red Cross and Red Crescent Societies (IFRCRCS)	1.0	0.6	–	1.6
Swiss NGOs	–	14.3	10.8	25.1
Direct action by the Swiss Humanitarian Aid Unit (SHA), incl. administrative costs	–	56.7	0.5	57.2
Other humanitarian aid action	–	11.5	2.4	13.9
Total humanitarian aid 2005	96.6	174.0	33.0^{a)}	303.7
Total humanitarian aid 2004	101.3	146.3	33.2	280.9

^{a)} This figure includes CHF 19 million in Swiss dairy products and CHF 14 million in grain

Total Swiss humanitarian aid in 2005 includes a supplementary credit of CHF 25 million from the Federal Council for emergency aid following the tsunami disaster of 26 December 2004 to people mainly in Southeast Asia and support for initial reconstruction efforts.

Table 7
Missions by Swiss Humanitarian Aid Unit (SHA) 2005

Areas of specialization	Africa		Latin America		Asia		Europe		Total	
	Total missions	of which secondments ^{a)}	Total missions	of which secondments						
Logistics	36	19	9	2	89	5	14	5	148	29
Advocacy/protection	3	3	–	–	2	2	–	–	5	5
Construction	10	9	3	–	40	7	10	2	63	18
Medicine	6	4	2	2	25	–	3	3	36	6
Drinking water/sanitation	12	12	–	–	15	–	5	–	32	12
Prevention	1	1	7	1	16	–	26	1	50	3
Information	1	1	–	–	5	–	3	–	9	1
Environment/atomic, biological, chemical (ABC)	1	1	–	–	4	3	4	–	9	4
Rescue	–	–	–	–	5	–	3	–	8	–
Others ^{b)}	–	–	1	–	26	3	1	–	28	3
Total missions 2005	70	50	22	5	228	20	69	11	389	81
Total missions 2004	146	40	12	–	98	20	106	5	362	65

^{a)} Secondments: SHA members seconded to international organizations

^{b)} Others: operations by the Rapid Response Team and Swiss Rescue

Interventions by the Swiss Humanitarian Aid Unit (SHA) totalled 33,432 days in 2005.

Table 8
SDC bilateral development cooperation by sectors 2005 (mil. CHF)

	Health and population	Education	Water	Agriculture/Forestry	Governance	Social and Infrastructure	Economic development	Multisector/General	Total
Africa	22.9	17.1	7.2	20.0	20.8	10.2	0.4	66.8	165.3
South Africa/southern Africa	2.4	1.8	1.4	2.2	3.8	0.9	0.0	9.5	22.0
Tanzania	8.1	0.1	–	–	2.0	0.7	0.0	7.0	17.9
Mozambique	4.6	0.3	2.8	2.7	2.4	0.4	-1.2	4.4	16.5
Burkina Faso	0.1	3.9	–	0.9	0.6	1.6	0.2	7.4	14.8
Mali	0.9	1.9	0.4	2.1	1.9	2.4	0.3	4.3	14.2
Chad	0.7	4.6	–	1.1	–	0.7	–	5.4	12.5
Niger	0.1	0.6	0.1	1.8	1.1	1.9	0.0	6.4	12.1
Benin	4.0	0.7	–	0.1	0.4	0.7	0.6	3.7	10.1
Rwanda/Great Lakes	1.4	–	–	–	4.7	0.1	0.1	2.1	8.4
Madagascar	–	–	–	6.0	0.2	0.2	–	0.2	6.6
Latin America	1.7	2.3	5.1	11.5	10.6	3.5	8.0	39.1	81.8
Nicaragua/Central America	0.0	0.6	3.5	5.7	1.1	3.1	3.3	9.0	26.3
Bolivia	0.0	0.0	–	2.1	4.6	0.1	2.2	8.2	17.2
Peru	1.6	0.9	0.5	0.7	2.5	–	1.3	5.1	12.6
Ecuador	–	0.4	0.0	1.4	2.0	–	1.0	5.4	10.2
Cuba	–	–	–	0.1	–	0.2	–	1.8	2.1
Asia	5.9	9.5	8.2	20.3	33.4	13.0	8.0	52.9	151.2
India	–	0.1	5.4	3.1	5.5	2.9	2.1	8.8	28.0
Vietnam/Mekong	3.2	0.4	0.8	5.4	7.0	–	0.0	5.8	22.7
Nepal	0.9	1.7	–	3.3	1.7	6.4	0.1	3.8	17.9
Pakistan	0.0	0.0	0.5	0.8	4.7	–	3.0	6.3	15.3
Bangladesh	–	2.6	0.6	-1.2	0.3	1.7	1.5	7.2	12.7
Palestine	1.3	0.2	–	0.0	1.9	0.9	–	5.9	10.2
Bhutan	0.3	2.2	–	2.0	0.2	0.6	0.0	1.0	6.3
North Korea	–	–	–	1.7	0.9	0.3	1.1	0.5	4.5
Mongolia	–	0.0	–	1.2	–	0.0	0.0	1.4	2.6
Europe	0.3	1.2	–	0.0	0.1	0.0	0.0	0.7	2.3
Unclassified by continent	5.1	8.6	2.7	10.1	12.3	4.7	4.7	114.1	162.3
SDC bilateral development cooperation 2005	35.8	38.8	23.3	61.9	77.2	31.5	21.0	273.7	563.0

This table illustrates the SDC policy of concentrating its bilateral development cooperation geographically on 17 priority countries and regions and on seven special programs. In most of these countries the SDC has long experience in cooperation with governments, civil society organizations and the private sector. Cooperation strategies lasting several years provide a frame of reference for the sectoral orientations. In March 2005, Switzerland signed the Declaration of Paris which aims to increase aid efficiency. As for bilateral cooperation the SDC is striving mainly to improve coordination between donors and to harmonize their efforts in the field. In 2005, Switzerland worked to steer and coordinate aid to Mozambique, Tanzania, Nicaragua and Ecuador. In spite of difficult situations, development programs in several partner countries were for the most part realized as planned in 2005. Conditions were particularly difficult in Nepal where it was decided to develop a new cooperation strategy which combined the different instruments of Swiss foreign policy and to adopt a more limited program which was geared increasingly to the resolution of conflicts and the protection of human rights.

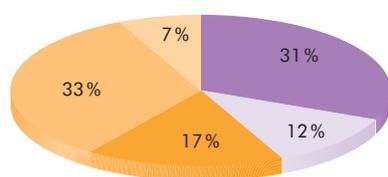
Table 9
Seco bilateral cooperation with developing countries by instruments and continents 2005 (mil. CHF, actual expenditures)

Instruments	Africa	Latin America	Asia	Not specified	Total
Macroeconomic aid	36.2	6.6	0.5	3.6	47.0
Financing of infrastructures	10.7	1.7	4.6	0.5	17.4
Trade promotion	5.3	5.5	5.1	14.1	30.0
Investment promotion	11.9	14.7	12.4	10.7	49.7
Debt cancellation ^{a)}	76.5	–	202.0	0.3	278.9
Studies and others	0.5	0.1	0.1	5.0	5.7
Total 2005	141.1	28.6	224.7	34.3	428.7
Total 2004	67.9	33.5	35.2	32.5	169.1

^{a)} In 2005, Switzerland cancelled CHF 278.6 million in bilateral debts owed by developing countries. These debt relief measures are counted as ODA, but have no influence on the development cooperation budget

Beyond the debt reduction operations which have no influence on the cooperation budget, the continent which has the priority for seco's economic cooperation and trade activities is Africa, followed by Latin America and Asia. In recent years and particularly since the introduction of Strategy 2006 the accent has been on geographical concentration. From 2006, seco will focus 80% of its financial resources on 12 priority countries of the south. At the same time, regional projects, which frequently have more impact than specific projects in individual countries, will continue, notably in the field of trade and investment promotion.

Graph 3
Seco cooperation with developing countries in 2005 (without debt cancellation)



■ Macroeconomic aid
■ Financing of infrastructures
■ Trade promotion
■ Investment promotion
■ Studies and others

Table 10
SDC/seco bilateral cooperation with Eastern Europe and the CIS in 2005 (mil. CHF)

SDC technical cooperation by sectors	Southeast Europe	CIS ^{a)}	Not specified	Total
Governance	13.3	9.4	0.0	22.7
Health	9.7	6.5	0.0	16.2
Environment, water, infrastructure	5.7	4.8	–	10.5
Agriculture and rural development	3.9	11.0	0.1	14.9
Education and training	6.1	1.2	0.0	7.4
Economic development and employment	7.1	1.2	–	8.3
Culture and research	5.9	0.5	0.2	6.7
Other sectors	12.3	3.8	1.4	17.5
Total SDC 2005	64.0	38.4	1.8	104.2

seco economic cooperation by instruments	Southeast Europe	CIS ^{a)}	Not specified	Total
Financing of infrastructures ^{b)}	20.5	18.2	–	38.7
Trade promotion	3.6	5.5	3.8	12.9
Investment promotion	3.8	19.3	2.0	25.1
Macroeconomic aid	0.9	0.2	–	1.1
Others	0.4	0.2	4.5	5.1
Total seco 2005	29.2	43.4	10.3	82.9

Total SDC/seco 2005	93.2	81.8	12.1	187.1
Total SDC/seco 2004	98.3	80.5	24.7	203.6

a) Commonwealth of Independent States
b) of which notably projects in energy, water and environment sectors

The SDC and seco work together to define programs in the field of technical and economic cooperation with the countries of Eastern Europe and the CIS. The financial resources needed are requested in the form of joint program credits.

The SDC uses its resources to promote the transition to democracy and the process of economic and social reform. Among its priorities are the strengthening of public and private institutions, good management of public affairs, income promotion, reform of the health and education sectors and the sustainable use of natural resources.

Seco focuses on improvements in basic infrastructures which includes numerous projects in the field of energy and environment. It also stresses the promotion of investment and trade and the development of the financial sector.

Graph 4
SDC/seco cooperation with Eastern Europe and the CIS by instruments (mil. CHF)

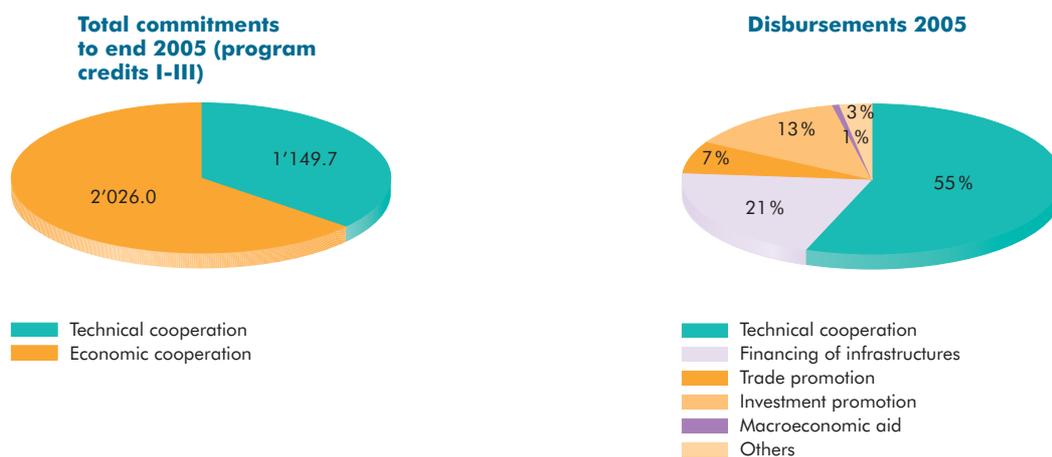


Table 11

SDC/seco partners in bilateral cooperation and humanitarian aid activities in 2005 (mil. CHF)

	SDC				seco
	hum. aid	dev. coop.	coop. East	Total	Total
Swiss NGOs	25.8	163.0	30.7	219.5	5.2
of which					
Intercooperation	–	35.6	4.8	40.4	1.1
Helvetas	0.1	31.1	2.2	33.4	1.5
Swisscontact	–	15.9	2.7	18.6	1.1
Caritas Switzerland	5.4	4.2	0.8	10.4	–
Swiss Red Cross	2.8	3.3	2.0	8.2	1.0
Terre des Hommes, Lausanne	3.9	2.5	0.1	6.6	–
Swissaid	–	6.1	–	6.1	0.2
Swiss Interchurch Aid (EPER)	0.7	3.9	0.9	5.5	–
Swiss Labour Assistance (SLA)	0.0	3.3	1.7	5.0	–
Bread for All	–	4.2	–	4.2	–
Pro Helvetia	–	0.3	3.5	3.8	–
Genevan Federation for Cooperation (FGC)	–	3.8	–	3.8	–
Catholic Lenten Fund	–	3.3	–	3.3	–
Swiss research and university institutions	0.9	34.6	9.5	45.1	2.5
Swiss private sector	4.9	29.2	10.7	44.8	7.3
Swiss public sector	5.9	8.1	2.8	16.8	–
United Nations organizations, multi-bilateral activities	78.4	32.3	3.0	113.6	11.5
of which					
World Food Programme (WFP)	41.9	0.3	–	42.1	–
UN Development Programme (UNDP)	1.3	14.8	2.0	18.1	–
Office of the UN High Commissioner for Refugees (UNHCR)	16.8	–	–	16.8	–
UN Children's Fund (UNICEF)	4.3	1.7	0.7	6.7	–
UN Office for the Coordination of Humanitarian Affairs (UNOCHA)	5.9	–	–	5.9	–
UN Industrial Development Organization (UNIDO)	–	–	–	–	5.1
Special programs of the World Health Organization (WHO)	3.2	1.0	0.2	4.5	–
Food and Agriculture Organization (FAO)	2.2	1.1	–	3.3	–
International financial institutions, multi-bilateral activities	–	8.8	0.4	9.2	23.2
Other international organizations, multi-bilateral activities	103.8	48.9	11.5	164.3	16.9
of which					
International Committee of the Red Cross (ICRC)	92.9	–	–	92.9	–
Consultative Group on International Agricultural Research (CGIAR)	–	6.8	1.4	8.2	–
World Conservation Union (IUCN)	–	3.5	–	3.5	–
Organizations of the South and East	6.0	130.1	14.5	150.6	1.3
Not a contractual partner	52.3	108.1	21.0	181.4	165.2
Total 2005	278.0	563.0	104.2	945.3	233.1

The SDC and seco have developed a broad network of partners to carry out the programs and projects they finance. Collaboration may take such forms as program contributions, specific mandates and co-financing. They work with a wide range of partners which vary according to the type of program or project being supported. Swiss non-governmental organizations (NGOs) continue to be privileged partners in the implementation of SDC cooperation projects and programs, while humanitarian aid contributions go mainly through international organizations. The table above provides a picture of the contractual partners of the SDC and seco on the basis of payments made in 2005.

Approximately 1,000 people gathered in Berne on April 1 to attend this year's annual **Humanitarian Aid** Day which addressed the subject of natural catastrophes. Four major themes were on the agenda: preparing people for earthquakes, preventing risks in Central America in the wake of hurricane Mitch, civilian-military cooperation in the regions devastated by the tsunami and programs designed to distribute ready cash.

Close to 1,600 people participated in the annual **Development Cooperation** Conference on August 26 in Fribourg. Swiss and foreign experts debated various aspects of microfinancing, an essential instrument in the struggle to eliminate poverty. Switzerland has been committed to the financial sector in the partner countries of the South and the East for more than 30 years.

The Ukraine was the center of attention at the 10th Focus on **Eastern Europe** which took place on November 11 in Lugano. Several cultural, economic and political experts gave their assessment of the Orange Revolution. Swiss cooperation has supported Ukrainian reforms since the mid-90s and will continue to help this country in its efforts to draw closer to European institutions.

Publishing details

Publisher

Swiss Agency for Development and Cooperation, SDC,
Ministry of Foreign Affairs, DFAE,
3003 Berne, Tel.: 031 322 44 12, Fax: 031 324 13 48
Internet: www.sdc.admin.ch, e-mail: info@deza.admin.ch

State Secretariat for Economic Affairs, seco,
Federal Department of Economic Affairs, DEA,
3003 Berne, Tel.: 031 322 56 56, Fax: 031 322 56 00
Internet: www.seco-cooperation.ch,
e-mail: info@seco-cooperation.ch

Editor/coordinator: Catherine Vuffray, SDC

Text: Jane-Lise Schneeberger, Pont-la-Ville

Statistics: Christiane Sollberger, SDC

Catherine Graf Lutz, SDC,

Miryam Rordorf Duvaux, SDC

Layout: etter grafik+co, Zurich

Photos: 1st and 4th cover pages: Nicolas Boll; 1st cover page: Patrick Hattori/Keystone; page 3: SDC, seco; page 4: Jaime Puebla/Keystone; page 5: Gillianne Tedder/Keystone; page 6: Claver Carroll/Keystone; page 7: Narendra Shrestha/Keystone; page 8: Fritz Berger/SDC; page 9: Robert Schmid/Keystone; page 10: Margrit Baumann/Keystone; page 11: Jean-Philippe Jutzi/SDC

The annual report is available in English, German, French and Italian. Copies may be ordered from info@deza.admin.ch or at 031 322 44 12.

