



# SWITZERLAND'S INTERNATIONAL COOPERATION ANNUAL REPORT 2002



DIREKTION FÜR ENTWICKLUNG UND ZUSAMMENARBEIT DIRECTION DU DÉVELOPPEMENT ET DE LA COOPÉRATION DIREZIONE DELLO SVILUPPO E DELLA COOPERAZIONE SWISS AGENCY FOR DEVELOPMENT AND COOPERAZIO AGENCIA SUIZA PARA EL DESARROLLO Y LA COOPERAZIÓ



Staatssekretariat für Wirtschaft Secrétariat d'Etat à l'économie Segretariato di Stato dell'economia State Secretariat for Economic Affairs

# Swiss Agency for Development and Cooperation, SDC

The SDC is part of the Swiss Ministry of Foreign Affairs.

The SDC manages its own development projects and programs, contributes to programs of multilateral organizations and takes part in funding action programs of Swiss and international aid organizations. The main fields of action are

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

The SDC also ensures overall coordination of development cooperation and humanitarian aid with other responsible federal offices.

About 1,200 employees work in Switzerland and abroad to carry out these tasks. The annual budget is SFr. 1,244 million (2003).

The SDC Director-General is Ambassador Walter Fust.

# State Secretariat for Economic Affairs, seco

The seco Department of Development and Transition is responsible for Switzerland's economic and trade policy measures on behalf of developing countries in the South as well as states in Eastern Europe and the CIS. It aims to reduce poverty by promoting a market economy and sustainable growth, by better integration within the world economy and by greater mobilization of private resources. Seco shares responsibility with the SDC for the federal government's multilateral development cooperation.

Seco is part of the Swiss Federal Department for Economic Affairs, DEA. The seco Department for Development and Transition consists of 50 positions and has an annual budget of about SFr. 250 million.

State Secretary David Syz is director of seco. The head of the Directorate for Development and Transition is Ambassador Oscar Knapp, the Federal Council's delegate for trade agreements.



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Walter Fust

David Syz

# **Editorial**

Traditionally, the most important goal of Switzerland's development coorperation is the improvement of the living conditions of the world's poverty-stricken populations. As this report shows, Switzerland is involved around the world in a great variety of programs and projects. The Swiss Agency for Development and Cooperation, or SDC, and the State Secretariat for Economic Affairs, seco, are responsible for coordinating the projects.

In 2002, Switzerland further strengthened its international commitment. Thanks to its admission to the UN, cooperation with the international community has become more effective. A priority in the 2002 reporting year was Switzerland's participation in the world summit in Johannesburg. The «Sustainable Switzerland» information platform, which documented Swiss activity in the sustainability sector, gained broad recognition. Furthermore, the UN Year of Mountains offered Switzerland a unique opportunity to commit itself as an alpine country to various action programs for improving living conditions and sustainable development in mountain regions.

This report summarizes SDC/seco activities in 2002 and provides information about how resources were used in development cooperation and in cooperation with Eastern Europe. It also reports on SDC humanitarian aid activities. In the interest of a better overview, the annual report which has appeared in three parts in the past - is now published as a single issue. At the same time the range of SDC/seco information on the Internet has been widened, making it easier and faster to access specific facts.

Walter Fust, Ambassador, SDC Director-General David Syz, State Secretary, seco Director



# Switzerland's international cooperation

Switzerland invests about SFr. 1.5 billion a year in combating poverty and promoting economic development in countries of the third world and Eastern Europe. Two federal offices coordinate international development cooperation on behalf of the Confederation: the Swiss Agency for Development and Cooperation, SDC, and the State Secretariat for Economic Affairs, seco.

All official development cooperation activities aim to improve living conditions for the world's most disadvantaged people. The SDC focuses primarily on conflict transformation, social development, good governance, promoting economic structures and safeguarding natural resources. The SDC also strives to strengthen the abilities of its partner countries to take their own initiatives. The SDC and seco support Eastern European countries and the Commonwealth of Independent States, the CIS, along the road to a market economy through know-how transfers and credit assistance. The SDC's Department of Humanitarian Aid and Humanitarian Aid Unit, SHA, goes into action at times of natural catastrophes, crises and armed conflicts.

Seco decides on and carries out economic and trade policy measures related to official development cooperation. Its tools include investment promotion, infrastructure and project funding, trade promotion measures, balance-of-payments assistance and mixed credits. Seco is also the major player in planning a debt relief strategy for the world's most heavily-indebted countries.

While emergency aid focuses on areas of greatest need, SDC bilateral development cooperation concentrates on 21 priority countries and regions as well as on special programs. Sustainable impact always takes center stage here. Work in Eastern Europe focuses on 11 countries. The SDC works multilaterally with UN specialized agencies, the World Bank and regional development banks.

The SDC manages its on-site activities through 32 Cooperation Offices. In 2002 it was active worldwide with about 1,000 projects. Roughly 500 people in Switzerland and abroad work for the SDC along with 600 employed locally in SDC project countries. The SHA has 700 mission-ready members. About 100 specialists are on standby at any one time.

The Department for Development and Transition at seco has about 50 specialists working in close cooperation with the SDC to ensure a responsible and coordinated implementation of the economic measures of official development cooperation and the use of resources.

### **Example: African Development Fund**

In December 2002 the Federal Council approved a contribution of SFr. 153.47 million to replenish resources of the African Development Fund, AfDF, in the context of multilateral financial cooperation. The fund supports projects in the following priority areas: agricultural and rural development, education and health care, good governance and the strengthening of the public sector. The support primarily takes the form of loans granted at favorable terms. Switzerland's development policy contributes to a reduction in poverty in the world and to a slowing down in the ever-widening gap between levels of prosperity. Swiss policy is aimed in particular at the poorest countries, supporting their efforts to improve the living conditions of their people in a sustainable manner and to use their own initiative and strengths as much as possible to further their development. In 2002, the SDC and seco, the two federal agencies bearing most of the responsibility for development policy, also participated in numerous development projects and humanitarian operations while supporting multilateral efforts. Official development assistance, ODA, in 2002 came to SFr. 1.46 billion or 0.32% of gross national income.

# **Multilateral Cooperation**

Greater multilateral coordination and cooperation is required to resolve problems in developing and transition countries. Switzerland's admission to the UN lets it participate in all important institutions and forums dealing with multilateral development cooperation and humanitarian aid. The SDC and seco have been actively involved in multilateral cooperation for years, jointly representing Switzerland in international financial institutions (the World Bank, regional development banks, and IFAD). Total multilateral ODA in 2002 came to SFr. 275 million.

# Switzerland becomes a UN member

Switzerland became the 190th full member of the UN on 10 September 2002. As such, Switzerland is fully entitled to participate in the work of the UN General Assembly searching for solutions and ways to manage global development problems and humanitarian crises. Switzerland takes part in decisions that are groundbreaking for the entire UN system and often for international development cooperation and humanitarian aid in general. Important UN General Assembly concerns for the SDC and seco in 2002 were

- implementation of the millennium development goals,
- follow-up to UN special conferences, particularly those in Monterrey and Johannesburg,
- cooperation between the UN and the World Bank,

- future funding of UN development programs, and
- coordination in the sphere of humanitarian operations.

# Switzerland at the world summit in Johannesburg

The Swiss delegation took an active role at the World Summit on Sustainable Development in Johannesburg. Although the delegation's expectations were not met on some points, Switzerland had a number of partial successes. Swiss concerns were largely reflected in the action plan, particularly in the six priority fields specified by the Federal Council: mountain development, water, environmental problems, poverty reduction, trade and the environment and good governance. The «Sustainable Switzerland» information platform - documenting Switzerland's commitment in the area of sustainability at the local, national, and international levels – gained considerable attention and recognition. Moreover, delegates from federal agencies, NGOs and the private and research sectors were able to report at numerous other events in Johannesburg on experiences, initiatives and projects in connection with sustainable development. A follow-up working meeting in November with all participating federal agencies and other institutions involved discussed and set priorities for Switzerland's future commitment to sustainable development.





### The International Year of Mountains

Switzerland used the UN International Year of Mountains to promote more understanding, solidarity, and support worldwide for sustainable development in mountain regions. The new UN partnership in favor of mountain regions gained special attention.

In concert with other federal agencies and institutions, the SDC also took part in numerous action programs and partnerships. Examples:

- Pamir Strategy Project: exemplary development strategy for the Pamir area (Tajikistan, Kyrgyzstan)
- World Meeting of Mountain People in Quito, Ecuador
- Tien-Shan-Switzerland Express: performances by 20 musicians from the Tien-Shan mountains of Central Asia, the Altai, Mongolia, and Switzerland
- Kyrgyz herdsmen and farmers from the Alpine club of the Upper Simmen Valley discovered their commonalities.

# **Ten Years of Bretton Woods**

In 2002, Switzerland looked back with satisfaction on 10 years of membership in the Bretton Woods Institutions – the World Bank Group and International Monetary Fund, IMF – and made an overwhelmingly positive assessment. The SDC and seco, which are jointly responsible for relations with the World Bank Group, can exert influence on World Bank activity by taking a position on the business of the Executive Board, by participating in negotiations on capital increases, and by cooperating with the Bank's individual departments.

Negotiations took place in London in June 2002 on the 13th replenishment of the International Development Agency, IDA, for the next three years. Switzerland's participation is about SFr. 530 million and corresponds to its expected «burden sharing» commitment of 2.43% of the total resources from donor nations. The IDA grants long-term loans to the poorest developing countries at favorable terms.

## **Conference in Monterrey**

At the International Conference on Financing for Development in Monterrey, Mexico, discussions regarding problems of funding development for the first time involved not only governments but also all other key players (the UN, World Bank, regional banks, the WTO, representatives of the private sector and civil society). The Swiss delegation again confirmed the Federal Council's desire to increase official development assistance to 0.4% of GNP by 2010. The delegation also participated in an event on «combating corruption», taking the opportunity to introduce the SDC brochure «Partners for development and against corruption».

# Example: Water supply in Uzbekistan, Central Asia

Seco participated in a framework credit of USD 9 million for 2002-2006 to improve the supply of drinking water in the cities of Bukhara and Samarkand. In addition to financing an investment fund for renovations, this credit will also finance a service agreement with a local private firm. This form of cooperation between the public and private sectors – so-called Public-Private Partnerships – promises to be a success in Uzbekistan and is also generally used as a guideline for sustainable development in other regions.

# Bilateral Development Cooperation

The SDC and seco concentrate their activities in bilateral development cooperation on selected geographical priorities. In contrast to multilateral development cooperation, the agencies define bilateral cooperation projects themselves. The commitment is limited in time and aligns itself with explicit development policy goals. The actions are planned and implemented with local partners within the framework of multi-year country programs. Besides traditional project work, bilateral development cooperation devotes itself increasingly to promotion of favorable framework conditions such as justice systems, good governance, and democracy.

In 2002, Swiss bilateral ODA came to SFr. 1,185 million.

# Development cooperation in the South

SDC development cooperation in the South concentrated on 17 priority countries and six special programs in Africa, Asia, and Latin America in 2002. About 800 projects are underway. The successful strategy of focusing on specific regions and topics was continued. In addition to partnerships with government and civil society organizations, partnerships with private enterprises (Public-Private Partnerships) also proved promising.

### 11 September

Following the events of 11 September 2001, the SDC analyzed the impact of terrorist attacks on Swiss development cooperation. It concluded that poverty reduction, good governance, and partnerships are vital building blocks for crisis prevention and sustainable development and thus a crucial prerequisite for reducing violence (including terrorist violence).

### **HIV/AIDS**

The SDC launched its new AIDS strategy in November 2002. The strategy focuses on an intensified commitment at the multilateral level and targeted preventive steps within bilateral programs to slow down the spread of the epidemic and reduce its negative effects. HIV/AIDS has become an SDC priority topic.

### Medium-term concept for the Middle East and North Africa

The SDC drafted a medium-term concept for 2002-2006 in the context of the Federal Council's «foreign policy strategy toward countries of the southern and eastern Mediterranean area». The concept defines the approach and thematic thrust of cooperation for the coming years with the focus on social equality, good governance and the environment.

# Medium-term strategy for Latin America

The SDC approved a new medium-term 2002-2010 strategy entitled «Support for poverty reduction in Latin America: Swiss development cooperation with Latin America». This new strategy puts the war on poverty more in the forefront and focuses on support for the poor in

- expanding options for economic development
- providing better security against economic, social, and environmental risks, and
- improving access to resources and know-how as well as involvement in political processes and decision-making.





# **Afghanistan and Nepal**

The SDC Cooperation Office in Islamabad, Pakistan managed SDC programs in Afghanistan until 2001. In view of growing humanitarian needs, the SDC opened an office in Kabul in 2002. In the medium term, it is to supplement the humanitarian aid commitment with a limited program of bilateral development cooperation. Due to the conflict situation in Nepal, the SDC Nepal program was adapted in April 2002, adding the subjects of good governance and peace-building. Greater attention is to be given to reducing poverty.

### Cooperation with Eastern Europe and the CIS

Since the mid-1990s the Balkans have posed the greatest challenge for Swiss cooperation with Eastern Europe and the CIS. Switzerland first responded to the war in the countries of the former Yugoslavia with humanitarian aid. Today it is committed to reconstruction aid in support of peace processes and consolidating the situation. Parliament agreed in the first half of 2002 to raise the current framework credit by SFr. 500 million. This credit is intended to fund technical and economic measures of the Eastern Europe and the CIS cooperation program until at least the end of 2004.

The SDC and seco fund about half the Swiss cooperation activities in Eastern Europe and the CIS. Besides Swiss embassies, about 13 Cooperation Offices support the two agencies and the implementation of their projects.

### South-East Europe

Solution of the refugee problem is of crucial importance for the region as well as for Western Europe. There is still no definitive solution today for the slightly more than one million people. In close cooperation with the Federal Office for Refugees, the SDC conducts programs that enable the return and integration of refugees and internally-displaced people.

The Roma minority in Albania of around 70,000 people barely benefits from social services and state education. In three cities, the SDC sup-

ports the social reintegration of young people between 12 and 18, thus reducing the risk of delinquency and child or youth prostitution.

Medical emergency services in Romania have been reorganized nationwide with Swiss support. Successful cooperation in the health care sector also includes setting up Spitex (out-patient) services and training opportunities for various groups in the medical profession. Improved care for newborns is getting special attention.

The Center for Nuclear Security, CENS, in Bratislava began operations in September 2002. In the coming years monitoring officials from Eastern European and CIS countries will receive continued training here, and safety analyses of the operation of the aging atomic reactors will be carried out.

### **Central Asia**

The newly-independent states of Central Asia are a cooperation priority for the SDC and seco – not least because of their presence in the Swiss voting group in the World Bank, IMF, and European Bank for Reconstruction and Development, EBRD. In the reporting year, resources were approved for the Central Asian common regional program for 2002-2006 ranging in amounts from SFr. 18 - 21 million for the SDC and SFr. 30 - 33 million for seco annually.

An important area is the water sector for which a regional strategy 2002-2006 was approved. Swiss water projects were reviewed for their impact on peace (Peace and Conflict Impact Assessment). Activities in the Kyrgyz capital Bishkek related to the UN Year of Mountains were of regional importance – especially exhibits and events on sustainable management and the economic potential of Central Asia's mountain areas. Based on experiences of pilot activities, work began on implementing numerous new projects, e.g. in Tajikistan in the areas of good governance and health or the Regional Dialogue Development project.

Other examples of seco's commitment in Central Asia include the risk assessment of the Sarez natural dam in Tajikistan, reinforcement of the hydro-meteorological institute in Tashkent and introduction of a regional trade center.

# South Caucasus

In the South Caucasus, the transition from humanitarian aid to long-term reconstruction and integration of internally-displaced people linked with organizational and institutional development was intensified. The three priorities of cooperation in this region are good governance, the sustainable use of natural resources, and prevention or management of natural disasters. As a result of ongoing conflicts between Armenia and Azerbaijan over the Karabakh mountain area and between Georgia and its breakaway provinces Abkhazia and South Ossetia, the situation of internally-displaced persons became progressively more problematic. How these people (more than 1.5 million in the entire region) can be integrated within their new living area and be given economic prospects was a subject of detailed inquiry. After successful introduction of leasing laws in Central Asia, seco concentrated on the South Caucasus, specifically in supporting Azerbaijan in developing a leasing law. Establishing credit institutions in countries of the former Soviet Union is essential to economic development and the promotion of small and mediumsized businesses.

# Economic cooperation with developing and transition countries

Seco implements economic cooperation with developing and transition countries. This accounts for about 14% of Switzerland's official development assistance as well as 50% of its financial support for countries in Eastern Europe and the CIS.

To reduce poverty in the partner countries, economic cooperation is oriented towards the following crucial points:

- promoting the market economy as well as strong and sustainable growth;
- supporting reforms that bring about better integration of the partner countries in the world economy;
- promoting stronger implementation of the principle of good governance;

- increasing the mobilization of private resources in Switzerland and in the partner countries (multiplier effect by promoting private financing and Public-Private Partnerships, sharing investor risks and profits, etc.);
- intensifying the presence and position of Switzerland in multilateral development banks to better influence their policies and operations.

Economic cooperation concentrates on a limited number of developing and transition countries. This is done particularly to raise the coherence, effectiveness, and visibility of programs. Naturally Switzerland will also continue to support regional or multinational actions of special importance in



In cooperation with the Swiss Federal Laboratories for Materials Testing and Research, EMPA, universities, and specialized Swiss firms, seco has built so-called Cleaner Production Centers in various countries. These centers promote the introduction and propagation of eco-efficient production and processing methods in the industry and service sectors. One example is the Centro Nacional de Producción Más Limpia y Tecnologías Ambientales in Medellin, Colombia, which carried out a study in 2002 into more ecologically sound production processes in a large dairy. The study showed a marked potential for savings in the drinking water and energy sectors as well as in waste management. Thanks to the study's recommendations, more than 300 million Colombian pesos (about SFr. 185,000) can be saved each year.





promoting trade and investment. The principle of subsidiarity applies. Measures carried out by partner countries themselves as well as by the private sector are not superseded but complemented by targeted aid services.

# «2006 Strategy» for economic cooperation

Seco formulated the 2006 Strategy for its activities in the Department for Development and Transition in spring 2002. It analyzed and defined the frame of reference for the seco contribution in international development cooperation. The strategy confirmed the desire to reduce poverty through sustainable economic growth and to promote the integration of partner countries in world trade. Furthermore, special attention is devoted to political dialogue, formation of strategic partnerships and geographic concentration of aid. Strategy 2006 gives seco's Department for Development and Transition an up-to-date management tool enabling it to carry out its annual operational programs under optimal conditions. Moreover, it contributes to strengthening the effectiveness and efficiency of its activities.

## Framework credit VI for economic and trade-policy measures

In November 2002 the Federal Council submitted a request to Parliament to approve a framework credit of SFr. 970 million to carry on seco's economic and trade-policy measures for at least five more years.

The evaluation of projects and programs conducted in the past showed good results overall. Switzerland also received good grades for its economic and trade-policy measures in the international sphere – for instance, in connection with the OECD's country assessments in 2000. Seco can build largely on the 1996 framework defined by Parliament which enables optimization and consolidation as well as goal-oriented development of past measures to promote growth and to integrate partner countries within the world economy.

### Balance-of-payments assistance and debt relief measures

In close cooperation with international financial institutions, Switzerland supports partner countries and will continue to do so through a series of macroeconomic measures including in particular budgetary assistance, debt relief and support for the financial sector.

Recipient countries are those with low incomes but which have introduced economic and structural reforms. Because the continuation of the reform process plays a decisive role in the success of budgetary assistance, payment depends on progress in key reforms planned by the government.

## Infrastructure financing

Sufficient attention to infrastructure in the areas of water, energy, transport, telecommunications and the environment is indispensable to spur creation and development of businesses and ultimately to contribute to a lasting reduction of poverty. Therefore seco wants to improve the basic infrastructure in developing and transition partner countries with specific projects and measures. Due to the great needs, the state alone cannot assume financing for such plans without the risk of cutting back important social programs and/or incurring massive debts. It is also vital to ensure the effectiveness and durability of this infrastructure thus enabling the most disadvantaged population groups to have increased access to these services.

# **Humanitarian Aid**

The SDC «Message on the Continuation of Switzerland's International Humanitarian Aid» forms the basis of a four-year SFr. 1,500 million framework credit approved by Parliament. The Confederation's humanitarian aid activities pursue the goal of saving endangered human lives and easing suffering and at the same time express the Swiss people's solidarity and responsibility toward the victims.

Roughly one-third of the annual budget is spent on direct actions involving the Swiss Humanitarian Aid Unit, SHA, as well as on contributions to Swiss aid agencies. The remaining two-thirds are used for cooperation with international organizations (especially OCHA, UNHCR, and WFP) with about half going to UN programs, and the other half to the ICRC.

Worldwide crises and emergencies have, to some extent, pushed natural catastrophes into the background. Afghanistan, the Balkans, the Caucasus, the Middle East, Sierra Leone, Côte d'Ivoire, Angola, southern Africa, and south Sudan were the 2002 priorities for federal humanitarian aid. One exception was the severe flooding in Europe for which the Federal Council allocated an additional SFr. 50 million for emergency aid, reconstruction, and prevention. With the aim of improving services in the field and supporting the Rapid Response Capacity, RRC, of UN organizations, additional rapid response teams, RRTs, were created and brought to operational readiness through a new recruiting and training program. RRTs are used in all catastrophes and crises – especially natural, environmental, and, increasingly, technological catastrophes.

After Switzerland's admission to the UN, the launch of the latest UN Consolidated Appeals Process, CAP, in the National Council chamber in Berne was Switzerland's first major UN event. The humanitarian challenges and priorities for 2003 were outlined in the presence of the UN's Deputy Secretary-General, Louise Fréchette, Federal Councilor Joseph Deiss, Swiss members of Parliament, representatives of UN humanitarian organizations, Swiss aid agencies, and diplomats from missions in Geneva representing more than 70 countries.

The SHA carried out around 360 missions abroad in 2002, reflecting a leveling off from the high number of missions in the previous year.



# **Example: Reconstruction in Afghanistan**

Switzerland intensified its 20-year-long involvement in Afghanistan allocating SFr. 20 million in aid in 2002 for the country's reconstruction effort. Most of the money was used by partner organizations such as the ICRC, UNHCR, and WFP as well as various NGOs for emergency aid and support for returnees and displaced persons (food, shelter, water, and community hygiene) as well as development-oriented humanitarian aid. The partners also had the services of experts from the SHA. The SDC has had a Co-operation Office in Kabul since February 2002.

# **Statistics 2002**

#### Overview

#### Swiss official development assistance (ODA)

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#### Introduction

The federal law of 19 March 1976 on international development cooperation and humanitarian aid as well as the federal decree of 24 March 1995 concerning cooperation with the states of Eastern Europe are the legal foundation for development assistance of the Swiss Confederation. Two federal offices are responsible for the concept and implementation of the goals set down in the law. The **Swiss Agency for Development and Cooperation (SDC)** is in charge of projects and programs related to development cooperation, humanitarian aid and technical cooperation with Eastern Europe and the Commonwealth of Independent States (CIS). The **State Secretariat for Economic Affairs (seco)** is competent for economic and trade policy measures and financial cooperation with the countries of Eastern Europe and the CIS

### The OECD defines official development assistance (ODA)

as the total of financial flows which

- originate in the public sector (Confederation, cantons and communes);
- aim essentially at promoting the economic and social development of the recipient countries;
- are granted at concessional conditions in the form of grants and loans at low rates of interest;
- are intended for developing countries or territories (present figure 152) as well as the multilateral organizations on the list drawn up by the OECD.

#### Official assistance (OA)

follows the same four criteria, but the list of recipient countries is different. Swiss official assistance goes to countries in transition, that is 12 countries of Eastern Europe and the Commonwealth of Independent States (CIS) as well as 22 more advanced developing countries and territories.

#### **ODA and SDC/seco expenditures**

Swiss international cooperation is measured in ODA for purposes of international comparison. Swiss ODA includes mainly SDC and seco expenditures but also those made by other federal offices, the cantons and communes. To calculate ODA requires statistical adjustments to take into account OECD directives. This means that a part of SDC/seco expenditures not going to developing countries do not appear in the ODA calculation.

Symbols 0.0 = less than the unit shown - = nil

More detailed figures are available on the SDC Internet site.

Table 1

Swiss official assistance to developing countries (ODA) and countries in transition (OA) 2002 (mil. SFr.)

		20	02		20	01
	Bilateral ODA	Multi- lateral ODA	Total ODA	Total OA	Total ODA	Total OA
Confederation	1′161.2	275.2	1′436.3	100.0	1′510.8	104.3
Swiss Agency for Development and						
Cooperation (SDC)	843.5	205.8	1′049.3	66.3	1′175.4	45.8
Humanitarian Aid	237.6	30.0	267.5	32.8	250.4	9.4
Development Cooperation	539.4	175.8	715.2	1.6	860.1	1.7
Cooperation with Eastern Europe and CIS	66.6	-	66.6	31.9	64.9	34.7
State Secretariat for Economic						
Affairs (seco)	216.3	14.7	231.0	28.2	175.0	53.0
Development Cooperation	146.3	14.7	161.0	0.2	119.5	0.0
Cooperation with Eastern Europe and CIS	70.0	-	70.0	28.0	55.5	53.0
Other federal offices	101.3	54.7	156.0	5.6	160.3	5.4
Cantons and communes	23.7	-	23.7	2.9	22.5	1.8
Total	1′184.9	275.2	1′460.0	102.9	1′533.2	106.1

Gross National Income (formerly GNP)	462′320	450′597
ODA in % of GNI	0.32 %	0.34 %

In the interests of assuring continuity in the statistics published in previous annual reports, this table includes all ODA and OA contributions according to the source of financing and major aid categories. Swiss ODA came to SFr. 1.46 billion in 2002, a drop from 2001. This decline took place mainly in the multilateral financial cooperation because of the delay in finalizing the 13th replenishment of funds of the International Development Association (IDA). The first Swiss contribution to IDA-13 initially planned for 2002 will therefore take place in 2003.





Graph 1 shows the development of ODA by major aid category and the relatively stable position occupied respectively by humanitarian aid (a little less than 20%), development cooperation (around 60%) and, since 1995, cooperation with the developing countries of Eastern Europe and the CIS (around 8%). Other contributions come from different federal offices, cantons and communes (on average 12%). Table 2 Trends of Swiss ODA 1960-2002

	1960	1970	1980	1990	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
ODA (mil. SFr.)	15	130	423	1′041	1′172	1′343	1′281	1′269	1′320	1′307	1′462	1′503	1′533	1′460
ODA in % of GNI/GNP	0.04	0.14	0.24	0.32	0.33	0.36	0.34	0.34	0.33	0.32	0.35	0.34	0.34	0.32
ODA in % of expenditures by the Confederation	0.58	1.66	2.41	3.29	2.95	3.15	3.13	2.87	2.82	2.77	3.10	3.19	3.05	2.87

Measured in percentage of gross national income (GNI, previously GNP), Swiss ODA increased sharply until 1990. It varyied between 0.33% and 0.35% during the next decade showing an exceptional increase in 1992 (0.45%) when Switzerland joined the Bretton Woods Institutions. For the reasons mentioned in Table 1, the decline in ODA in 2002 to 0.32% is a temporary slow-down along the road towards the Federal Council goal of 0.40% ODA in 2010.



Contrary to the long-term development in the case of Switzerland, ODA in percentage of GNI of the member countries of the Development Aid Committee (DAC) of the OECD has experienced an overall decline over the past 40 years. For several years, the rate has been stalled at between 0.22% and 0.24%. The average performance of the DAC (average of ODA/GNI percentages of different countries) has stabilized at 0.40%. Switzerland was 10th of 22 DAC countries in 2002.

Table 3		2002	2001
Swiss multilateral ODA 2002	United Nations Organisations (UN)	145.7	141.1
(mil. SFr.)	UN Development Programme (UNDP)	52.0	52.0
	UN Children's Fund (UNICEF)	18.0	17.0
	UN High Commissioner for Refugees (UNHCR)	13.5	13.0
	UN Population Fund (UNFPA)	12.5	12.0
	UN Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA)	11.8	11.1
	Special programmes of the World Health Organisation (WHO)	5.0	4.8
	Joint UN Programme on HIV/AIDS (UNAIDS)	4.0	4.0
	UN Office for the Coordination of Humanitarian Affairs (OCHA)	2.0	1.9
	UN Industrial Development Organization (UNIDO)	1.9	1.8
	World Food Programme (WFP)	1.5	1.5
	UN Development Fund for Women (UNIFEM)	0.8	0.8
	UN Volunteers Programme (UNV)	0.6	0.6
	UN Convention to Combat Desertification (UNCCD)	0.6	0.5
	Other UN organizations	21.5	20.1
	Financial development institutions	89.2	267.4
	African Development Bank (AfDB)	1.8	1.9
	African Development Fund (AfDF)	46.0	46.0
	Asian Development Bank (ADB)	-	0.6
	Asian Development Fund (ADF)	13.9	13.9
	Inter-American Development Bank (IDB)	1.5	1.6
	International Development Association (IDA)	-	140.0
	Heavily Indebted Poor Countries Fund (HIPC)	7.6	23.5
	IMF Poverty Reduction and Growth Facility (PRGF)	9.5	8.5
	Trust Fund of the International Monetary Fund (IMF)	6.5	7.2
	Multilateral Investment Guarantee Agency (MIGA)	-	3.1
	International Fund for Agricultural Development Fund (IFAD)	-	17.7
	Other financial development institutions	2.4	3.4
	Other multilateral institutions	40.2	36.5
	Global Environment Facility (GEF)	11.2	10.6
	Consultative Group for International Agricultural Research (CGIAR)	10.9	11.0
	International Tropical Timber Organisation (ITTO)	4.4	-
	Intergovernmental Agency of la Francophonie (AIF)	4.4	4.3
	Global Fund to fight Aids, Tuberculosis and Malaria (GFATM)	3.5	5.0
	Montreal Protocol on Substances that deplete the Ozone Layer	3.0	3.1
	World Conservation Union (IUCN)	1.8	1.2
	International Center for Diarrhoeal Disease Research (ICDDR)	0.9	0.8
	Other multilateral institutions	0.2	0.4
	Total multilateral ODA	275.2	445.0

Multilateral ODA is the total of obligatory and general contributions to multilateral bodies on the OECD list. Switzerland pays around one-quarter of its multilateral ODA to United Nations agencies and funds specialized in development. In 2002, with the deferred first payment to IDA-13, more than 50% of multilateral ODA was allocated to U.N. institutions. Multilateral financial cooperation (World Bank, regional development banks and their funds) is a joint task of the SDC and seco, but the corresponding funds are included in the SDC budget. The figures shown in this table reflect the amount of the notes payable on demand to these financial institutions at the time of their deposit.

### Table 4

Geographical breakdown of

SDC/seco expendi-	(				
tures in 2002 (mil. SFr.)	SDC hum. aid	SDC dev. & East	seco dev. & East	Total SDC/ seco	ODA 2002
Africa	59.1	153.7	62.2	275.0	291.0
Mozambique	0.6	20.2	10.5	31.2	33.6
Tanzania	2.5	18.5	8.1	29.0	30.0
Burkina Faso	0.8	16.7	6.3	23.7	24.8
Niger Chad	0.0 0.3	13.8 11.7	-	13.8 12.0	13.9 12.1
Mali	0.3	11.7	1.2	12.0	12.1
Ghana	0.1	0.7	10.7	11.7	11.6
South Africa	0.4	8.3	0.7	9.4	9.5
Madagascar	1.2	7.5	-	8.8	9.2
Angola	8.2	0.1	-	8.2	9.2
Benin	0.4	7.7 1.7	- 4.7	8.1 6.4	8.2 6.7
Egypt Congo (D.R.)	5.6	0.5	4./	6.1	6.8
Sudan	5.7	0.4	0.0	6.1	8.0
Rwanda	2.3	3.7	-	6.0	6.1
Senegal	0.1	5.4	-	5.5	6.1
Côte d'Ivoire	1.7	0.5	2.5	4.7	5.0
Sierra Leone	4.5 0.1	- 3.7	- 0.0	4.5 3.9	4.6 4.6
Cameroon Burundi	3.7	3./ 0.0	0.0	3.9	4.0 3.8
Eritrea	2.7	0.0	_	2.7	3.4
Ethiopia	1.6	1.1	-	2.7	3.3
Liberia	2.6	-	-	2.6	2.6
Other countries	9.0	8.5	2.3	19.8	21.5
Regions and unclassified	4.8	12.4	15.3	32.5	34.1
Latin America	14.0	82.1	22.1	118.2	125.9
Bolivia	0.5	14.8	5.0	20.3	20.8
Peru Colombia	3.2 4.3	12.0 3.4	0.6 3.3	15.8 10.9	16.9 12.6
Ecuador	0.1	9.1		9.2	9.8
Nicaragua	0.8	8.3	-	9.0	9.6
El Salvador	1.5	4.6	-	6.1	6.3
Haiti	0.1	3.5	-	3.6	4.1
Brazil Honduras	1.7 0.0	1.4 2.7	0.3	3.4 2.7	4.3 2.7
Guatemala	0.0	2.7	0.3	2.7	2.7
Other countries	1.5	5.8	1.3	8.6	9.6
Regions and unclassified	0.5	14.4	11.3	26.2	26.4
Asia	49.3	176.1	65.1	290.4	293.3
India	1.6	32.2	7.0	40.8	36.7
Nepal	1.9	20.4	-	22.3	22.4
Kyrgyzstan	0.0	9.0	12.3	21.3	21.5
Bangladesh	0.9 16.9	19.9 2.9	0.0	20.7 19.9	21.0 20.6
Afghanistan Vietnam	0.4	13.1	5.5	19.9	19.3
China	2.0	2.5	11.9	16.4	16.6
Pakistan	0.2	15.1	-	15.4	15.4
Palestine	2.1	8.7	-	10.8	12.8
Indonesia	2.1	4.0	3.5	9.6	9.8
Azerbaijan Tajikistan	0.2 1.5	0.3 5.4	8.0 1.1	8.6 8.0	8.8 8.1
Bhutan	1.5	5.4 6.9	- 1.1	6.9	7.0
Georgia	3.8	2.5	0.0	6.2	7.0
Korea (North)	1.4	3.9	-	5.3	5.3
Cambodia	0.4	4.4	-	4.8	5.0
Uzbekistan	0.3	0.7	3.8	4.8	5.3
Sri Lanka	3.2	1.1	-	4.3	4.8
Iraq Armenia	3.8 1.0	- 2.5	-	3.8 3.5	3.8 3.6
Other countries	5.4	7.6	2.1	15.2	15.2
Regions and unclassified	_	12.9	9.9	22.8	23.0



	SDC hum. aid	SDC dev. & East	seco dev. & East	Total SDC/ seco	ODA 2002
Europe	64.2	64.2	39.0	167.4	127.1
Russia	14.4	5.0	6.3	25.7	
Bosnia and Herzegovina	0.5	10.9	7.0	18.3	24.6
Albania	0.3	5.8	7.4	13.5	14.4
Czech Republic	9.9	-	0.0	9.9	
Macedonia	0.9	4.2	4.1	9.2	9.7
Bulgaria	0.3	7.9	-	8.2	
Romania	0.1	6.6	-	6.8	
Ukraine	0.8	3.9	1.5	6.2	
Slovakia	4.0	0.0	0.1	4.1	
Other countries	22.1	5.2	-	27.3	15.4
Regions and unclassified	10.8	14.8	12.6	38.3	63.0
Unclassifed by continent	99.6	163.5	53.6	316.7	347.6
Total 2002	286.2	639.5	242.0	1167.7	1184.9
Total 2001	231.3	623.7	205.0	1060.0	1088.2





SDC's 16 humanitarian aid priorities

SDC's 17 priority countries and four special development cooperation programs

seco's 28 priority countries (16 developing countries and 12 transition countries)



#### Table 5 SDC humanitarian aid 2002 (mil. SFr.)

	General contributions	Specific contributions	Food aid	Total
International organizations	30.0	44.2	19.7	93.8
World Food Programme (WFP)	1.5	14.4	18.9	34.8
UN High Commissioner for Refugees (UNHCR) UN Relief and Works Agency for Palestinian	13.5	14.8	-	28.3
Refugees in the Near East (UNRWA) UN Office for the Coordination of	11.8	0.6	-	12.5
Humanitarian Affairs (OCHA)	2.0	3.7	-	5.7
UN Children's Fund (UNICEF)	_	2.3	-	2.3
Other international organizations	1.1	8.3	0.8	10.2
Organizations of the International Red Cross and Red Crescent	68.8	23.2	-	92.0
International Committee of the Red Cross (ICRC) International Federation of Red Cross	68.8	19.6	-	88.4
and Red Crescent Societies (IFRCS)	-	3.6	-	3.6
Swiss NGOs	-	75.4	12.0	87.4
Direct actions by the Swiss Humanitarian Aid Unit (SHA)	-	42.6	0.3	42.9
Total humanitarian aid 2002	98.8	185.4	<b>32.0</b> °)	316.2
Total humanitarian aid 2001	96.5	132.3	31.0	259.9

Т

a) This figure includes 18 million SFr. of Swiss dairy products and 14 million SFr. of grains.

Following the floods in Germany, Austria, the Czech Republic, Slovakia and Russia and in Southeast Asia in the summer of 2002, a supplementary credit of SFr. 50 million was granted for humanitarian aid activities. More than half of this amount was used for direct actions with the civil authorities in the involved countries.

#### Table 6

#### Missions of Swiss Humanitarian Aid Unit (SHA) 2002

	Afr	<b>ica</b>	La Ame	tin erica	As	ia	Eur	ope	Unclas	sified	То	tal
Areas of specialization		of which second- ments <sup>b)</sup>		of which second- ments		of which second- ments		of which second- ments		of which second- ments		of which second- ments
Logistics	26	15	3	_	16	2	42	4	19	-	106	21
Construction	20	10	4	-	17	10	39	5	8	-	88	25
Medicine	26	2	-	-	1	1	15	-	7	-	49	3
Drinking water/sanitation	6	5	-	-	4	4	10	-	2	-	22	9
Ecology	1	1	-	-	-	-	-	-	2	-	3	1
Communications	1	-	6	-	3	-	7	-	4	-	21	-
Prevention/Preparedness	4	-	-	-	1	-	1	-	24	-	30	-
Information	-	-	-	-	1	-	6	-	1	-	8	-
Environment/Atomic,												
biological, chemical (ABC)		-	-	-	2	-	11	-	3	-	16	-
Rescue	-	-	-	-	6	-	9	-	19	-	34	-
Total missions	84	33	13	-	51	17	140	9	89	-	377	59
Total days of intervention	9′716	5′182	1′588	-	3′779	1′499	9′992	558	3′297	-	28′372	7′239

a) Unclassified: contracts for work in Switzerland connected with projects abroad.

b) Secondments: SHA members seconded to international organizations.

# SDC BILATERAL DEVELOPMENT COOPERATION

Table 7SDC bilateral<br/>development<br/>cooperation by<br/>sectors 2002<br/>(mil. SFr.)

	Agriculture	Water, infrastructure, transport	Environment	Health, population	Education, arts, culture	Private sector, financial sector	Public sector management	Multi-sectoral	Total
Africa	21.9	22.5	5.7	24.4	18.9	6.9	12.0	41.5	153.7
Mozambique	1.2	6.2	1.0	2.3	0.4	0.1	2.8	6.3	20.2
Tanzania	1.3	5.7	0.0	8.5	0.1	0.1	0.4	2.4	18.5
Burkina Faso	0.3	3.1	0.0	0.2	2.9	1.9	1.2	7.0	16.7
Niger	3.3	2.7	0.0	0.2	0.7	0.1	0.9	5.9	13.8
Chad	1.4	2.8	-	1.6	0.0	0.1	0.0	5.7	11.7
Mali	2.5	0.7	0.4	1.6	0.2	1.9	1.8	1.5	10.6
South Africa	-1.2	0.9	0.0	0.5	3.6	-0.2	2.5	2.1	8.3
Benin	0.2	-0.4	0.0	1.5	3.5	0.9	-0.1	2.1	7.7
Madagascar	7.2	-0.1	0.0	0.0	0.1	0.1	-	0.3	7.5
Rwanda	0.1	0.1	0.0	1.5	0.3	0.0	0.8	0.9	3.7
Latin America	18.8	7.2	10.4	4.2	8.8	13.7	4.8	14.2	82.1
Nicaragua/Central America	6.3	2.0	1.1	0.0	0.8	2.3	1.1	3.2	16.9
Bolivia	2.6	0.0	1.2	0.7	1.4	4.7	1.4	2.8	14.8
Peru	2.4	1.7	0.9	0.8	2.4	2.4	-0.2	1.6	12.0
Ecuador	2.1	0.0	1.4	0.4	0.1	2.1	0.4	2.5	9.1
Asia	35.9	22.2	19.8	6.4	22.2	12.0	10.5	23.0	152.0
India	11.9	0.1	5.6	0.4	1.7	6.4	0.7	5.3	32.2
Nepal	3.3	8.6	2.1	1.1	1.4	1.0	0.9	2.0	20.4
Bangladesh	4.5	5.1	0.2	0.8	5.6	1.8	-	1.9	19.9
Pakistan	3.2	1.5	2.9	0.0	3.1	0.3	1.7	2.3	15.1
Vietnam	1.1	3.8	3.1	0.2	1.6	0.6	2.3	0.4	13.1
Palestine	-	0.0	0.8	0.3	3.9	-	-	3.7	8.7
Bhutan	2.9	0.6	0.0	0.0	2.6	-	0.4	0.3	6.9
Europe	1.6	-	0.1	-	1.3	0.0	-	1.0	4.0
Unclassifed by continent	4.8	3.7	15.7	10.6	10.0	5.1	4.2	95.1	149.2
SDC bilateral development cooperation 2002	82.9	55.6	51.7	45.7	61.1	37.7	31.5	174.7	540.9
SDC bilateral development cooperation 2001	76.8	62.2	49.4	54.3	54.1	46.4	28.9	152.1	524.1

This table shows the distribution of funds for development cooperation programs and projects in the 17 priority countries and regions and the four special SDC programs. SDC priority countries are long-time partners with whom collaborative programs have developed over many years. They are a frame of reference for the sectoral orientation of activities.

Besides the sectors in this table, the SDC focusses its activities on five key topics: prevention and resolution of conflicts, good governance, income generation, social justice and the sustainable use of natural resources. It is planned to publish later on quantitative follow-up indicators of the SDC's thematic goals which are now being prepared.

#### Table 8

Cooperation of seco with developing countries by instruments and continents 2002 (mil. SFr., actual expenditure)

Instruments	Africa	Latin America	Asia	Europe	Not specified	Total
Debt reduction measures	0.1	-	_	-	0.7	0.7
Balance-of-payments assistance	24.7	0.1	-	-	0.1	24.8
Mixed financing	5.8	1.2	2.0	-	0.0	9.1
Trade promotion	4.5	6.2	5.9	-	13.3	29.9
Measures aimed at activating						
private sector resources	19.4	14.6	28.7	-	11.3	73.9
Basic products	7.5		0.9	-	0.7	9.1
Infrastructure, studies and others	0.1	-	-	4.0	0.2	4.4
Total 2002	62.1	22.1	37.5	4.0	26.3	152.0
Total 2001	40.0	6.2	19.1	0.0	42.7	108.0

Africa remains the priority continent for the economic and trade cooperation programs of seco, followed by Asia and Latin America. Over the past years, particularly since the introduction of Strategy 2002-2006, the accent has been put on geographical concentration. Up until 2006, seco will focus 80% of its resources on 16 priority countries in the South. At the same time, regional projects will continue to be implemented, notably in the areas of trade and investment promotion where they often have more impact than specific projects in individual countries.



Table 9

SDC/seco cooperation with Eastern Europe and the CIS by sectors and regions 2002 (mil. SFr.)

SDC technical cooperation	Central Europe	South-East Europe	CIS®	Not specified	Total
Politics and constitutional development	0.0	9.0	4.3	0.1	13.5
Economy/training	0.0	4.9	3.6	0.0	8.5
Science/culture	0.0	6.9	2.6	3.4	13.0
Agriculture	0.0	5.6	3.6	-	9.2
Health/social affairs	0.0	9.8	4.0	-	13.8
Energy/environment	0.0	6.0	7.6	0.4	14.0
Other sectors	0.1	14.6	8.0	3.9	26.6
Total SDC 2002	0.2	56.7	33.7	7.9	98.5

seco financial cooperation	Central Europe	South-East Europe	CIS <sup>a)</sup>	Not specified	Total
Energy	-	18.0	0.1	_	18.1
Environment	-	7.2	3.3	0.0	10.6
Infrastructure	-	6.9	10.8	1.0	18.7
Financial sector	0.0	1.5	11.6	1.1	14.2
Trade	0.1	0.2	3.6	5.6	9.4
Investment promotion	-	1.1	8.4	3.4	13.0
Other sectors	-	3.5	2.5	0.6	6.6
Total seco 2002	0.1	38.4	40.3	11.7	90.5
Total SDC/seco 2002	0.3	95.2	74.0	19.5	189.1
Total SDC/seco 2001	9.5	119.1	45.0	26.5	200.1

a) Commonwealth of Independent States

The SDC and seco work together to define technical and financial cooperation with the countries of Eastern Europe and the CIS. The funds committed take the form of joint framework credits.

The SDC applies its resources to carry out programs and projects with a view to easing the transition to democracy, the rule of law as well as a social market economy. Support for the development of state structures, decentralization, small and medium-sized businesses, reforms in the health sector and the sustainable management of natural resources are among its priorities.

seco aligns itself mainly towards such sectors as energy and infrastructures, the development of the private sector and the promotion of trade and investment.

Graph 4

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



Table 10 SDC/seco cooperation with Swiss NGOs 2002 (mil. SFr.)

NGOs	Programme contributions	Specific mandates			
		SDC humani- tarian aid	SDC dev. and East	seco	Total
Intercooperation	_	0.0	43.2	0.7	44.0
Helvetas	11.3	-	23.1	1.2	35.6
Swisscontact	5.7	-	17.5	0.7	23.9
Volunteers programme UNITE	11.2	-	2.9	-	14.0
Swiss Red Cross	3.2	6.5	2.2	0.3	12.2
Swissaid	6.0	-	1.0	0.3	7.3
Caritas Switzerland	3.3	1.3	2.5	-	7.1
Terre des Hommes	2.3	3.4	0.6	-	6.2
Swiss Interchurch Aid (EPER)	3.4	1.4	0.8	-	5.6
Swiss Labour Assistance (SLA)	2.3	0.2	1.9	-	4.4
Bread for All	1.5	-	2.7	-	4.2
Genevan Federation for Cooperation (FGC)	3.5	_	-	-	3.5
Catholic Lenten Fund	2.8	-	-	-	2.8
Education and Development Foundation	_	0.0	2.6	-	2.6
Kantha Bopha Foundation	_	_	2.4	-	2.4
Center for information, Advice and					
Training (CINFO)	_	0.0	2.1	-	2.1
Medair	_	1.9	0.0	-	1.9
Pro Natura	_	_	1.8	-	1.8
Cimera	_	_	1.7	-	1.7
World ORT	_	-	1.6	-	1.6
Pestalozzi Children's Village Foundation	1.2	_	0.3	-	1.5
Médecins sans Frontières (MSF)	-	1.1	0.3	-	1.4
Vétérinaires Sans Frontières Suisse		1.3	0.1	_	1.4
Swiss Peace Foundation			1.2	_	1.2
Fondation sociale suisse du Nord-Cameroun			1.1	_	1.1
Salvation Army		0.2	0.9	_	1.1
Fondation Hirondelle		0.8	0.2	_	1.0
Other NGOs	3.5	1.6	9.2	0.9	15.3
Total	61.2	19.8	123.8	4.0	208.9

This table provides an overview of how the SDC and seco work together with Swiss non-governmental organizations, whether it is in the form of contributions to NGO programs or of mandates for specific tasks such as project management, studies, research, etc.

In future, the statistics will also include collaboration with the many partners of the SDC and seco internationally, locally or Swiss in carrying out cooperation programs and projects or actions of a humanitarian nature.

Under the slogan «The faces of humanitarian aid», the annual meeting of the **Humanitarian Aid Department** in Montreux in March presented the various aspects of Swiss humanitarian efforts. The Montreux conference was also the occasion for the first public showing of a video about humanitarian aid entitled «Solidarity Live».

Peru was the focus of the annual conference of the **Development Cooperation** Department in Zurich in August. High-ranking conference guests from Peru and SDC/seco representatives discussed the potential of good development cooperation with the Andes nation.

The **7th Focus on Eastern Europe** – the annual conference on cooperation with Eastern Europe – took place in November 2002 in Biel. Federal Councilor Joseph Deiss spoke with the Serbian Minister for International Economic Relations, Goran Pitic, and the Romanian Minister for Health and Family Affairs, Daniela Bartos, about the rocky road to democracy and a market economy in South-East Europe.

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