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Swiss Cooperation Programme for **Central Asia** 2022–25



Content

| | |
|---|-----------|
| Foreword | 5 |
| 1. Context analysis | 6 |
| 2. Swiss foreign policy objectives and the donor landscape in Central Asia | 9 |
| 3. Swiss results from 2017 to 2021 and lessons learned | 10 |
| 3.1 Water, infrastructure and climate change (WICC) | 10 |
| 3.2 Governance | 12 |
| 3.3 Economic development | 13 |
| 3.4 Health | 14 |
| 4. Implications for the Cooperation Programme 2022–25 | 17 |
| 5. Objectives 2022–25 | 18 |
| 5.1. Water, infrastructure and climate change (Sub-objectives 3, 4, 6, and 7) | 19 |
| 5.2. Governance, human rights and service delivery (Sub-objectives 7, 9, and 10) | 19 |
| 5.3. Inclusive and sustainable economic development (Sub-objectives 1, 2, and 7) | 20 |
| 6. Programme management and implementation | 22 |
| 7. Strategic steering | 24 |
| Annex 1: Acronyms and abbreviations | 26 |
| Annex 2: Results Framework Synopsis | 27 |
| Annex 3: Monitoring System | 29 |
| Annex 4: Financial Planning | 30 |
| Annex 5: Contribution of the Swiss portfolio to the sub-objectives of Switzerland’s International Cooperation Strategy 2021–24. | 31 |
| Annex 6: Key indicators and Swiss proximity with Central Asia | 32 |
| Table 1: Key indicators for Central Asia countries | 32 |
| Table 2: International organisations and proximity with Switzerland in Central Asia | 33 |
| Annex 7: Map | 34 |



Managing the scarce water resources is key for livestock and food security, Uzbekistan, Photo: UNDP

Foreword

Peace, social cohesion and prosperity in Central Asia constitute an essential aim of Swiss foreign policy. Switzerland's engagement in the region began in the 1990s after four Central Asian States joined the Swiss-led voting groups at the World Bank Group, the IMF, and the EBRD, and it has expanded ever since.

The Swiss Cooperation Programme 2022–25 for Central Asia reaffirms Switzerland's continued commitment. Building on past achievements, Switzerland intends to make an effective contribution to the region's development pathways by focusing on three thematic areas: 1) Water, Infrastructure, and Climate Change, 2) Governance, Human Rights, and Service Delivery, and 3) Inclusive and sustainable Economic Development. The programme operates in a region that may become increasingly volatile, mainly due to the accentuated crisis in Afghanistan. Furthermore, the COVID-19 pandemic has exacerbated deeply rooted socio-economic challenges and poverty. Therefore, the programme aims at strengthening the resilience of women and men whilst building back better and leaving no one behind. All this is to be done with the necessary flexibility as regards portfolio and programme management.

The regional approach is flexible and encompasses regional action for regional problems, and regional exchanges and

knowledge management. This regional approach complements the focus on the three priority countries Kyrgyzstan, Tajikistan and Uzbekistan. Pursuing it allows Switzerland – as a trustworthy partner – to promote and contribute to a culture of dialogue and exchange of experiences. This is key for tackling global challenges, and promoting trade, resources management, and economic development in the challenging regional context. In addition, it allows for flexible reactions to opportunities and absorption capacities in the region and with involved countries and partners.

This programme will be implemented jointly by the Swiss Agency for Development and Cooperation (SDC) and the Swiss State Secretariat for Economic Affairs (SECO) through Switzerland's representations in Bishkek, Tashkent and Dushanbe. It has been carefully designed to address the priorities and needs of our partner countries, in line with the principles defined in Switzerland's International Cooperation Strategy 2021–24 and the 2030 Agenda for Sustainable Development.

We are convinced that the goals and priorities set out in this programme will effectively contribute to peace and socio-economic cohesion, responsive and strengthened institutions, and sustainable development, thus improving the resilience of the people in Central Asia, including the most vulnerable ones.

Bern, December 2021

Swiss Agency for Development and Cooperation (SDC)



Patricia Danzi
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1. Context analysis

Central Asia consists of five countries – Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan – which gained independence when the Soviet Union dissolved in 1991. The development trajectories of these countries have diverged considerably, creating in each one a different set of economic, political, institutional and security conditions. However, geographic proximity and a shared past also pose common development challenges for these countries, including limited public participation in decision-making, the weak accountability of public institutions, major obstacles to the development of diversified economies, low-quality basic services for the population, and high pressure on natural resources.

Geopolitically, the region is characterised by a delicate balance between Russia and China. Russia exerts political influence through the Eurasian Economic Union (EEU)¹, as well as military influence through the Collective Security Treaty Organisation (CSTO)² and a number of military bases. China has greatly expanded its influence through the Belt and Road Initiative (BRI) and has become a major holder of Kyrgyz and Tajik foreign debt. These two countries face serious challenges of over-indebtedness. The geopolitical influence of the US is decreasing; the EU and Turkey remain relevant trading partners, with the latter having close religious, cultural and linguistic links to Uzbekistan. Uzbekistan and Kazakhstan both have potential for regional leadership.

A shared **security** concern for all countries in the region is the great instability in Afghanistan after the withdrawal of international troops and the Taliban's return to power in August 2021. It affects the security of border areas with Tajikistan and Uzbekistan, and might increase migration. This greater instability makes the region an even more significant transit route for drug trafficking from Afghanistan to Russia and Europe as well as for smuggling from China into the EEU. It will be important to understand how the neighbouring countries will liaise with the Taliban regime. All governments are concerned about religious radicalisation and have implemented policies to contain it. Border disputes, such as in the Fergana valley, persist. Minor skirmishes over water, land or smuggling at the borders are not uncommon and can escalate into an international armed conflict, like in April 2021 between Kyrgyzstan and Tajikistan. Tajikistan experienced a civil war from 1992 to 1997, and Kyrgyzstan saw major ethnic clashes in 1990 and 2010, the consequences of which are still present today.

Politically, Kyrgyzstan, Tajikistan and Uzbekistan are presidential republics with centralised state institutions and weak rule of law. Kyrgyzstan's parliamentary system was abolished in 2021. Civil society and democratic institutions are under increasing pressure. Uzbekistan's government has been conducting modernising reforms since 2016, ending the country's international isolation, stabilising relations with neighbouring countries, and leading to some economic progress. However, the reforms have not changed the distribution of political and economic power, which largely remains in the same hands. In all three countries, political structures are highly centralised, and local governance and citizen participation are limited, as is public trust in state institutions because of persistent corruption and a lack of accountability and transparency. Co-operation at a regional level remains limited, and all three countries continue to prefer dealing with regional issues bilaterally with their neighbours on a case-by-case basis rather than through regional institutions and jointly agreed frameworks.

Social development: COVID-19 has exacerbated poverty, inequality and social exclusion, and put considerable pressure on already weak systems of social protection. Inequalities persist between different population segments and between urban and rural areas as well as via social and economic exclusion of disadvantaged groups, including women, young people and ethnic minorities. Societies in all three countries are becoming more conservative – expressed through prevailing patriarchal structures, ethnic nationalism and religious conservatism – and less tolerant of diversity, increasing the risk of excluding to a greater extent women and minorities from political, economic and societal development. Each country's youth population's growth is outpacing employment opportunities. The result is large-scale labour **migration**, primarily to Russia. Mobility between Central Asia and the Russian Federation represents one of the world's largest labour migration corridors, with an estimated 4 to 8 million workers from the region working in the Russian Federation. The families left behind depend on remittances, which constitute up to 30% of GDP (see also Annex 6).

The **economies** of all three countries are dominated by agriculture and the export of raw materials. Uzbekistan is the furthest along in developing domestic industries. Micro, small and medium-sized enterprises (MSMEs) could serve as key drivers of growth, but their growth in all three countries is hindered by weak enforcement of the legal framework, e.g. of property rights and contracts, as well as by widespread corruption. This is one of the reasons why foreign direct investment remains limited. Uzbekistan's reforms have stimulated its economy by harnessing the country's considerable potential for agricultural and industrial exports. Nevertheless, large

¹ Members include Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia; Uzbekistan has observer status.

² Members include Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan.

segments of the economy are still in the hands of state-owned enterprises. Kyrgyzstan, on the other hand, has not succeeded in capitalising on its EEU membership, and the slow pace of strategic reforms by consecutive governments has discouraged investment. Tajikistan has stabilised its financial system, but economic growth remains hampered by unfavourable framework conditions created by the state's strong formal and informal influence. COVID-19 has had a major impact on all three countries' economies, which are projected to return to 2019 levels only within the next 4-5 years. Strengthening the resilience of these economies against such external shocks is key. In this regard, all three countries also have yet to implement systematically the strategies and programmes to develop their economies in greener, more sustainable ways, including foreign investments, and to increase women's economic participation (see also Annex 6).

The Central Asia region's main **environmental** issues concern water management, climate change, and air pollution. Water is an essential factor for socio-economic development (including food and energy production) and stability. Water is considered a free public good by many and the control of and access to water are often politicised. As demography and agricultural growth put increasing pressure on water resources, the associated infrastructure remains outdated in all three countries due to inadequate investment, maintenance and management. Improved management approaches, such as integrated water resource management (IWRM), are still in their initial stages and often face opposition from water authorities. Regional institutions, such as the International Fund for Saving the Aral Sea (IFAS) and the Interstate Commission for Water Coordination (ICWC) have stagnated, as countries have emphasised national over regional interests and resolved water issues with neighbours bilaterally. Even though all countries of the region recognise the importance of regional bodies in principle, none prioritises working through such bodies. Air pollution, which negatively impacts human health and the environment, has increased in the major cities in Central Asia.

All countries in the region are exposed to high-level risks of natural disasters, including earthquakes, and are already suffering greatly from the impact of climate change. Glacier melting, permafrost thawing, and changing precipitation patterns are increasing the risk of large landslides, avalanches, and glacier lake outburst floods. In terms of water availability, a significant decline is expected in the second half of this century. Decreasing precipitation is already weakening food security and energy production in Central Asia. In addition, climate change is threatening the resilience of ecosystems that are already under increasing pressure from agri-



Citizens discuss the local budget in their rural municipality, Kyrgyzstan.
Photo: Swiss Embassy Kyrgyzstan

culture and animal husbandry. In response, some countries have begun developing strategies and programmes for climate change adaptation. However, these have not yet been implemented broadly, and they mostly address the problem sector by sector rather than as a transformational challenge for economies and governance systems as a whole.

The most likely future scenario is that of a **stagnating or degrading development** context coupled with the potential of political instability that might affect the economic development and increase socio-economic fragility. Movement to a more positive scenario could occur with improved governance and with more stable institutions and more inclusive processes.

Habitat assessments in Khorog, Tajikistan, Photo: Aga Khan Agency for Habitat



2. Swiss foreign policy objectives and the donor landscape in Central Asia

Switzerland's cooperation with the region builds on its longstanding commitment and presence with a pragmatic and constructive approach and its thematic expertise.

In accordance with Switzerland's Foreign Policy Strategy 2020–23 and International Cooperation Strategy 2021–24, the Swiss commitment to Central Asia focuses on supporting economic, social and democratic development, promoting an integrated and regional approach in the complex field of transboundary water management, strengthening economic ties, and promoting good governance. Switzerland has ties with the region through the joint constituencies with Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan and Kazakhstan³ at the Bretton Woods institutions, the Global Environment Facility, and, partially, at the European Bank for Reconstruction and Development (EBRD, Annex 6, Table 2) as well. As such, Switzerland can play a stabilising role in the region by engaging in dialogue with key actors. It also supports the functioning of the OSCE and has seconded Swiss staff to OSCE representations. The transparent and successful restitution of a considerable amount of illegally acquired assets to Uzbekistan will benefit the population there, and is therefore in Switzerland's interest.

Switzerland's most important partners among international financial institutions (IFIs) are the World Bank Group (WB) and the European Bank for Reconstruction and Development (EBRD). Other relevant IFIs and international facilities are the International Monetary Fund (IMF), the Green Climate Fund (GCF), the Asian Development Bank (ADB), and the Asia Infrastructure and Investment Bank (AIIB). They assist states on macroeconomic issues, climate change, private sector development and infrastructure projects. Switzerland is actively engaged in co-financing selected projects. Triangular cooperation with IFIs (WB, EBRD, IMF) and with national institutions has become an established practice. Such co-alignment multiplies the leverage of Swiss interventions.

The **United Nations (UN)** is present through Resident Coordinators and through its agencies (UNDP, UN Women, UNESCO, UNEP, WHO, FAO, IOM), implementing a broad range of interventions in education, health, governance, migration, agriculture, climate change, water and disaster risk reduction, in addition to the UNRCCA based in Ashgabat. As an important donor and board member of several UN agencies, Switzerland has an interest in close collaboration both with Resident Coordinators and through interventions in the field, as well as with UN head offices in order to work towards achieving the 2030 Agenda, and to help implement the reforms to the UN system.

Bilateral cooperation: There are many bilateral donors active in Central Asia, including Germany, the United States, the United Kingdom, Russia, China, Japan, Korea, Turkey, and the EU. Some of them (e.g. Germany) have begun to phase out their engagement in parts of Central Asia. Switzerland is among the largest traditional bilateral donors, but financial assistance by non-traditional donors, such as China, Russia, the Gulf States and Turkey has become significant.

³ Azerbaijan, Poland and Serbia are also in the same voting group (see Annex 6, Table 2).

3. Swiss results from 2017 to 2021 and lessons learned

The Swiss Cooperation Programme contributed to peace and social cohesion as well as responsive and inclusive institutions together with sustainable development in Central Asia. It has provided significant support for countries in the region. Yet bringing about development results has proved challenging and complex. Whilst some reforms in priority sectors of Swiss development cooperation have succeeded, others require continued international support.

3.1 Water, infrastructure and climate change (WICC)

The Swiss engagement in WICC encouraged decision-makers to address national and regional challenges, to build trust in transboundary policy dialogue and to improve national water governance systems, with an emphasis on generating reliable data and making such data more readily available. Swiss cooperation also sought to empower youth, who are tomorrow's decision-makers. Switzerland helped strengthen the Central Asia Youth for Water network, which aims not only to give youth a voice but to strengthen their capacities and interventions in the water sector. Kazakhstan and Turkmenistan also joined regional efforts in certain water-related areas.

Switzerland fostered regular interaction on transboundary water management and exchanges through the **Blue Peace Initiative** in Central Asia. Among other forums, the high-level Blue Peace Central Asia Conference in 2017 in Astana/Nur-Sultan and the high-level panels at the Astana Economic Forum in 2018 and 2019 (where an economic narrative for water was introduced) were the major diplomatic contributions of the Blue Peace Initiative, in which governments of the region were strongly involved. Simultaneously, the Blue Peace Initiative financed the development of several knowledge products feeding the policy dialogue, such as the Rethinking Water in Central Asia report, also known as the Cost of Inaction report, highlighting the huge cost of non-cooperation; the establishment of the Blue Peace Index for the Amu Darya and Syr Darya River basins by the Economist Intelligence Unit assessing the degree of cooperation on those basins; and a water footprint analysis of the region illustrating the 'hidden' water traded in the region beyond the river flows.

In **Kyrgyzstan**, Switzerland supported the Kyrgyz authorities in their efforts to implement their own Water Code that is based on aspects of Integrated Water Resource Management (IWRM) and introduced an improved system for monitoring water flow in transboundary Chu and Talas river basins. This support also resulted in the establishment of the State Water Agency, pilot basin administrations, councils and draft basin plans. The Swiss-funded efforts have enhanced irrigation efficiency by strengthening the capacity of over 80% of all the water user associations as well as by rehabilitating water supply and sanitation infrastructure and strengthening the drinking water service providers in targeted cities, benefiting 1.5 million people in urban settings.

In **Tajikistan**, Switzerland contributed to the development of the Law on Water Users Associations, the Water Code's new law on drinking water and wastewater, and the sub-laws of the Water Code. At the basin level, Switzerland supported the development of the Syr Darya Basin Management Plan and aided institutions in developing feasibility studies for priority irrigation projects. At the local level, Swiss funding permitted the development of the Aksu and Isfana watershed management plans and improved the access to and use of affordable and sustainable water supply and sanitation services for 840,000 women and men.

In **Uzbekistan**, Swiss cooperation supported the water sector reform focusing on the adoption of two key water policies: the Water Sector Development Concept for 2020–30, along with a road map for its 2020–22 implementation; and the Water Resources Management and Irrigation Sector Development Strategy 2021–23, aimed at developing an efficient and sustainable water sector, based on IWRM principles, to achieve food and water security through the protection and rational use of water. For better data management, the Information Analytical Resource Centre was established within the Ministry of Water Resources. More than 300,000 people in rural and urban areas of the Fergana Valley and Syr Darya region gained access to safe drinking water through SDC- and SECO-funded interventions.



The Kirov reservoir, the water dam in west of Talas province, Kyrgyzstan. Photo: François Perraudin

A **key lesson learned** at regional level is that there is a need for better understanding of the regional political economy in the water sector with its underlying power and interest mechanisms, including the divergence between formal and the actual governance. Values governing the water agreements at various levels have not been sufficiently investigated.

At national level, both reforms at central level and also more decentralised and community-based approaches should be promoted in the expectation that they will provide more realistic and

pragmatic means to tackle basin development. Important aspects of this are access to services, community resilience, water security and disaster risk reduction, and climate change. This basin approach has been successful at local and national levels and has potential for regional upscaling. Switzerland cannot effectively promote regional upscaling on its own; it must continue to work with development partners – IFIs such as the World Bank and the ADB are also playing a key role here – and a community of practice aimed at addressing challenges beyond the water sector.



People are voting in parliamentary elections, Kyrgyzstan. Photo: Swiss Embassy Kyrgyzstan

3.2 Governance

In **Kyrgyzstan**, Swiss support for citizens' participation in local decision-making processes resulted in participatory budgeting being enshrined in the law. Switzerland supported municipalities in improving the provision of selected services by maintaining social inclusion and gender sensitivity and introducing quality monitoring and feedback instruments. Both have led to significant improvements in local service provision and infrastructure (e.g. access to drinking water, solid waste management, pre-school and school education). Over 100,000 citizens have already participated in these processes directly. In addition, support for electoral processes and automated voting systems has led to greater trust in the electoral system. Switzerland helped to empower women to become members of the local councils and to ensure effective implementation of the new election law that introduced quotas for women.

In **Tajikistan**, Swiss support for establishing the free legal aid system has culminated in the adoption of the legal framework for state-provided free legal aid. Thirty-four legal aid centres are operational across the country and are providing legal aid to the population. The digitisation of the civil registry has progressed to the stage where all civil registry offices in Tajikistan have access to an electronic system for providing services to citizens. Support for combatting domestic violence has led to the adoption of a law against family violence. Swiss cooperation is supporting this law's implementation.

In **Uzbekistan**, there were no governance interventions under the previous cooperation programme.

In all three countries, Switzerland has made significant contributions to the diversity of **arts and culture**, primarily through independent arts and culture organisations, in order to provide the societies with alternative views of and approaches to cultural expression. Over 2,000 professionals improved their artistic skills, and 10,000 people had access to education on cultural matters, with a focus on the population of remote areas, youth, and women. The support allowed greater freedom of expression and helped to enlarge open spaces for intercultural dialogue and regional exchanges.

Key lessons learned are that weak leadership and limited capacities of the governments make it difficult to support reforms effectively. Even though many reforms made progress at the policy level, their implementation remains a major concern. Many legal changes suffer from implementation gaps and insufficient financing, and have no trickle-down effect to most of the society's excluded and vulnerable groups. COVID-19 has shown the need to focus on these groups as they have limited access to state social services and are living in extreme poverty. There needs to be a focus on inclusive service delivery. To find ways for women and men to participate in political processes, there should be an even greater emphasis on civic engagement (e.g. social accountability and civic education to develop critical thinking skills). Supporting civil society in complementing and improving the work of public institutions will be important.



Women sewing textiles in their sewing factory. Photo: European Bank for Reconstruction and Development (EBRD)

3.3 Economic development

In **Kyrgyzstan**, Switzerland contributed to policy changes promoting economic development by supporting a credit information sharing system that facilitated financing amounting to USD 1.07 billion for more than 2 million individuals running micro, small and medium enterprises (MSMEs). The institutionalisation of risk-based banking supervision enhancing the resilience and macro-prudential stability of the whole sector is another example of successful policy change. Additional reforms helped to improve the business-enabling environment for local businesses. Swiss support led to more and decent jobs and enhanced the performance of SMEs; 60% of all supported enterprises created a total of 2,500 new jobs, whilst textile and clothing companies increased their export volume. Swiss support also fostered local economic development in the Jalal-Abad and Osh provinces, contributing to job creation and boosting the annual income of over 3,000 MSMEs, with a focus on women's empowerment.

In **Tajikistan**, Switzerland contributed to policy changes promoting economic development, which enabled targeted MSMEs to save up to USD 9.1 million in compliance costs, made possible by measures such as inspections reform, simplified registration of businesses and e-taxation. Swiss funding also enabled more than half of supported MSMEs to increase and retain employment, with 76% of the new posts filled by women. Support for reforms aimed at enhancing financial infrastructure, risk-sharing tools, local currency lending and technical assistance encouraged the investment of USD 318 million in less risky financial transactions under more attractive terms and conditions. The COVID-19 pandemic hit

the export sector hard, preventing the participation of Tajik companies in international trade fairs and thus leading to a gradual decline in export volumes. Nonetheless, an initiative in the textile sector helped achieve an export volume of over USD 22.6 million and the establishment of two training centres in collaboration with local universities. Also, a series of preparatory steps to simplify trade across borders in the future have been undertaken. Thanks to a specific initiative, 22,700 women have gained better access to finance, business advice and mentoring support. The EBRD's loan of USD 6 million to five Women-in-Business partner banks has resulted in loans of over USD 40 million going to women-led SMEs.

Despite the modest size of the Swiss portfolio in **Uzbekistan**, it registered some noteworthy achievements, including the development of an efficient and sustainable system for credit reporting and secure transactions, the strengthening of financial institutions' capacity, and improvements in the legal framework of the financial sector. These improvements resulted in better management and governance. Switzerland has supported vocational education and training (VET) over the past 16 years, contributing to a stronger synergy between education and labour market demand.

A **key lesson learned** was that contextual challenges in the region hinder the achievement of policy reforms and systemic changes, making it necessary to pursue policy work through grassroots activities at the sub-national level and to focus more on enhancing the resilience of SMEs (SECO) and people (SDC).



Local hospitals have received help in response to Covid-19, Sugd, Tajikistan, Photo: International Secretariat for Water

3.4 Health

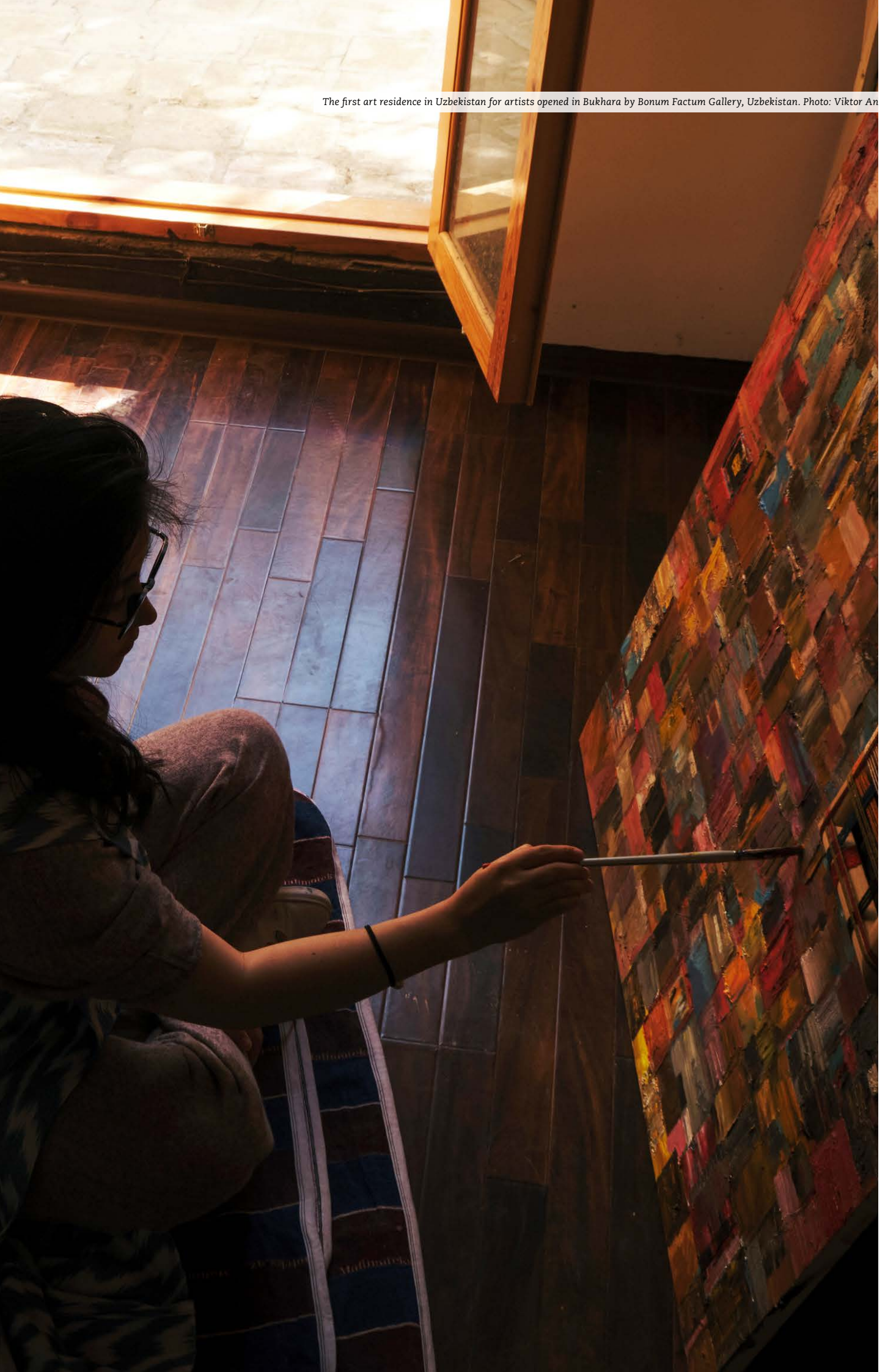
In **Tajikistan**, Swiss cooperation has been progressively phasing out its work in the healthcare sector after 20 years of engagement. The systemic focus adopted in the SDC's health portfolio constituted a key entry point for addressing fundamental and at times sensitive governance issues. In **Kyrgyzstan**, where the SDC's engagement in the health sector will be phased out until 2028 because of the need to streamline the Swiss portfolio, the sustained support provided to the sector's reform strategy has additionally contributed to increasing the state's budget for healthcare.

Major achievements in the healthcare sector across Central Asia include the provision of access to quality healthcare in remote (mainly rural) areas thanks to the development of family medicine, qualified nursing services, and the introduction of digital solutions for medical services and processes. These functions have been important for the government's COVID-19 response and containment strategy. Through the modernisation of the normative and regulatory environment, family doctors and specialised nurses are now recognised professionals and can pursue continuing education. A **key lesson learned** in this process is the importance of involving all stakeholders in designing and conducting activities to overcome resistance and trigger systemic change.

A young mother and her son peek over a wall in Sentyab village, Uzbekistan. Photo: Robert Wilson



The first art residence in Uzbekistan for artists opened in Bukhara by Bonum Factum Gallery, Uzbekistan. Photo: Viktor An



4. Implications for the Cooperation Programme 2022–25

The previous Cooperation Programme yielded promising results, which, with increased coherence and coordination among the Swiss-supported interventions, can make an even greater impact.

The Swiss Cooperation Programme Central Asia 2022–25 is set up in a way to encompass regional efforts to address water and climate change, along with two full-fledged national portfolios in Kyrgyzstan and Tajikistan, and a third portfolio under development in Uzbekistan. Switzerland seeks to strike the right balance in achieving results that are ambitious but realistic.

Water, Infrastructure and Climate Change: Given increasing pressure on natural resources and the conflict dynamics related to water, the programme will continue to rely on a hydro-diplomacy approach in the region, viewing water as an instrument for peace and encouraging actors to see the socio-economic benefits of water cooperation. Switzerland will advocate for transboundary cooperation in water management, taking into consideration the adverse impacts of climate change. Switzerland will build on previous regional efforts whilst taking into account the regional partners' capacities. Ways to engage and establish closer programmatic ties with Kazakhstan (including policy dialogue), and if possible with Turkmenistan and Afghanistan, will be sought when it comes to common development needs and cross-border opportunities for the efficient and effective use and management of water resources.

In parallel to this regional approach, the Swiss programme will also support national water reforms and improved access to reliable public infrastructure services in Kyrgyzstan, Tajikistan and Uzbekistan, leveraging its efforts and investments concerning selected river basins with decentralised, community-based and context-sensitive approaches. In these basins, Switzerland will work with others – donors, the public sector, and civil society – to demonstrate the benefits of IWRM. The Swiss programme will ensure that the implementation of water reforms and tariff policies is informed by political economy analysis and by Conflict-Sensitive Programme Management.

Climate-smart, integrated and inclusive approaches for infrastructure development and planning will be promoted to increase the resilience of cities and communities in response to the impact of climate change.

Governance: The Swiss programme will support reform processes aimed at enhancing the resilience of the population and institutions, social cohesion and civic engagement. The programme will address reform-implementation gaps by continuing to work to improve access to basic public services. It will support initiatives that increase the efficient and effective use of scarce public funds, strengthen the transparency and performance of state institutions, strengthen checks and balances, and combat corruption. An active civil society, together with stronger, more responsive public institutions, will form the cornerstone of Switzerland's efforts to promote better governance. The culture programme's regional dimension will be strengthened to foster cultures of pluralistic expression and exchange.

Economic development: Switzerland will focus on fostering inclusive economic growth within a more conducive and environmentally friendly business environment, whilst also crosscutting the issues of climate change. The many challenges posed by the COVID-19 pandemic in the region require urgent action and underline in particular the need to 1) strengthen MSMEs and market linkages; 2) restore trust along supply chains, and 3) improve the access of vulnerable groups to information as well as to economic resources improved by new information technologies. By focusing specifically on climate-resilient economic development, the Swiss programme will strengthen the long-term viability of sectoral investments.

Switzerland will strengthen its systematic approach to **pov-erty reduction**, and a **gender equality** perspective will continue to guide its efforts. Swiss interventions will target some of the groups that are underrepresented or left behind, such as women, youth, (internal) migrants, and ethnic and religious minorities, devising solid strategies to reach them through flexible interventions depending on the given thematic and geographical focus.

5. Objectives 2022–25

The long-term vision for Swiss development cooperation is a peaceful and prosperous Central Asia, whose population lives in resilient communities that enjoy sustainable, dignified livelihoods. This vision sees the people of Central Asia having the opportunity to exercise their human rights, to access justice, and to participate in the decision-making processes of institutions that deliver quality public services. The Central Asian states will maintain mutual relations built on partnerships that they shape based on a shared pragmatic understanding of the benefits of cooperation and integration in the region. Shared and transboundary resources, such as water, will be managed in a transparent, comprehensive and climate-resilient as well as climate-friendly manner. The sustainable management of natural resources will provide the foundation for human well-being and inclusive and sustainable socio-economic development.

The **overall goal** of the Swiss Cooperation Programme Central Asia 2022–25 is to *contribute to peace and social cohesion as well as to responsive and strengthened institutions and sustainable development in order to improve the resilience of the population in Central Asia*. The Swiss programme will strongly emphasise regional coherence and synergies. It will continue to focus on a limited number of development themes with one Swiss portfolio outcome at regional level, and three Swiss portfolio outcomes at national level (see synopsis in Annex 2). These contribute to the eight sub-objectives of Switzerland's International Cooperation Strategy 2021–24 and the 2030 Agenda for Sustainable Development (see Annex 5).

The combination of a regional approach and bilateral interventions will offer an opportunity for the required flexibility in a dynamic and changing environment and underscores the requirement to 'think regionally, act locally'. The regional approach consists of four sub-approaches: 1) Regional action to solve regional problems; this currently refers mainly to the Blue Peace Initiative; 2) Cross-border programmatic activities; where Switzerland is ready to support such interventions if requested by the countries; 3) Multi-country programming, i.e. working on the same topic in different countries; this is already being done in a number of areas, e.g. in supporting country-level interventions for integrated water resource management and for the provision of quality public infrastructure services as well as in helping MSMEs provide access to jobs and income opportunities; and 4) Regional exchanges and knowledge management; whereas this sub-approach is already developed in the water, infrastructure and climate change (WICC) portfolio and culture programme, its application to other areas of interventions will be promoted and tested, and Swiss government entities engaged in Central Asia together with involved partners will coordinate their regional efforts more closely to increase impact and learn from each other.



Ship wrecks in the dried up Aral Sea, Uzbekistan, Photo: SDC/Andreas Gerrits

5.1. Water, infrastructure and climate change (Sub-objectives 3, 4, 6, and 7)

Regional Swiss Portfolio Outcome: Central Asian states collaborate, use evidence and take concrete steps to manage their water resources with a basin approach in a climate-resilient, sustainable and inclusive way.

National Swiss Portfolio Outcome: People live and work – reasonably protected from natural hazards – in resilient settings and use quality public infrastructure services, and water resources are managed with a basin approach in a climate-resilient, sustainable and inclusive way.

The Swiss programme will build on past interventions in the region to support sustainable and equitable management of (sub-)river basins at regional and transboundary levels. With realistic ambitions, the programme (including the Blue Peace Initiative) will work coherently at local, national and regional levels through multi-track diplomacy (including engagement with Central Asian youth) to encourage decision-makers to pursue necessary reforms. Improvement of water governance at the sub-basin level will provide the building blocks to achieve more robust IWRM in each country and across borders and to improve access to safely managed drinking water. Finally, the programme will aim to increase the resilience of rural and urban communities, to enhance their ability to manage the impact of climate change, and to improve access to affordable and reliable public infrastructure services.

More specific aims for these regional and national outcomes are to:

- › Support the development of national legal and policy frameworks for the implementation of IWRM.
- › Improve data collection and sharing to support the use of evidence to inform water management, adaptation to climate change, and policy dialogue.
- › Improve the capacity of water management institutions at national and regional levels.
- › Support the implementation of basin plans in selected basins.
- › Promote climate-resilient urban planning in selected secondary cities.
- › Facilitate collaboration and dialogue towards more climate-resilient water management by building up a community of practice through policy dialogue, scientific evidence and targeted communication/dialogue.

5.2. Governance, human rights and service delivery (Sub-objectives 7, 9, and 10)

Swiss Portfolio Outcome: Accountable and responsive public institutions in dialogue with civil society and the private sector deliver high-quality basic public services, and people, including vulnerable groups, participate in decision-making.

Switzerland's strategic objective is to foster inclusive and accountable governance, the rule of law, and respect for human rights for the benefit of all. Given the differing national contexts, the portfolio outcome is pursued at differing levels of ambitions in Kyrgyzstan, Tajikistan and Uzbekistan. Nonetheless, across all three countries, Switzerland will implement a coherent programme that aims to empower people, ensuring that they are aware of their rights and able to voice their needs. The programme will also assist local authorities in becoming more effective, transparent and accountable. In addition, the programme will facilitate democratic spaces that allow public institutions, women and men and civil society to engage in dialogue and together seek solutions to the challenges they face. Finally, Switzerland will support government institutions, strengthening their knowledge and expertise in terms of making informed decisions on debt management and public finances.

In addition to the objectives described above for this portfolio outcome, there are also the following more specific aims:

- › Support the establishment of a transparent, accountable and efficient public finance management system.
- › Support national state bodies in developing a relevant and comprehensive legal and policy framework that is effectively enforced.
- › Improve the delivery of public services for all, including vulnerable groups.

5.3. Inclusive and sustainable economic development (Sub-objectives 1, 2, and 7)

Swiss Portfolio Outcome: Competitive and environmentally friendly MSMEs, as well as other public and private employers, provide access to decent jobs and income opportunities for all.

The Central Asia region faces major challenges in managing its post-COVID-19 recovery and in overcoming structural constraints. In response, the Swiss cooperation programme will foster economic recovery, resilience, and reform, whilst stimulating the creation of sound macroeconomic conditions; a conducive business environment; improved access to less risky, more affordable, value-adding finance and markets; strengthened value chains; and a skilled workforce. The programme will also assist MSMEs and employers to create employment, enabling MSMEs to further grow and enhance their business. To help achieve the continuous development of a conducive business environment that fosters innovation, the programme will work with the financial sector to become more responsible, inclusive and transparent. Switzerland will continue assisting state institutions in delivering business- and trade-related services in an efficient, transparent and accountable way. Finally, Switzerland will continue supporting the development of market-relevant skills tailored to the needs of selected sectors. Its support will also focus on improving access to decent jobs, including for vulnerable groups such as women and youth.

More specific aims here are to:

- › Introduce measures needed to achieve public financial stability, financial oversight and financial market development.
- › Increase the financial literacy of young adults, women, migrants and their families in order to strengthen consumer/borrower protection and to promote better savings and investments capacities.
- › Develop and institutionalise electronic and digital financial services, and promote digitalisation of service delivery in the private and public sector.
- › Deepen investment in vocational education and professional skills development.
- › Increase access to business advice and innovative technologies, and compliance with environmental and social standards.
- › Support women's entrepreneurship and address specific challenges that women encounter in business.
- › Promote the competitiveness and sustainability of specific value chains and create favourable framework conditions for their internationalisation.
- › Develop coordination mechanisms together with information and marketing forums for actors in economic value chains to help overcome the structural challenges that MSMEs face.

5.4. Arts and culture: Independent arts and culture organisations as “actors of change” play a key role in maintaining and enhancing open spaces of free expressions and diversity of views and opinions. Consequently, the Swiss cooperation programme will leverage its investment through the culture programme. This will create a favourable environment for regional exchanges, promote the artistic vision of social issues, and, ultimately, tolerance and peace.

5.5. Migration and development: A better management of labour migration, fostering fair and ethical recruitment, skills matching and recognition between countries of origin and destination, as well as decent working conditions on the Central Asian–Russian Federation corridor, will be supported. This will be done in close coordination with the interventions conducted under the economic pillar in the target countries (private sector development, remittance facilitation, VET). The consequences of migration in all three sectors will be systematically analysed, with portfolio interventions to be adapted if needed.

5.6. Transversal themes: Gender and Governance will be treated as transversal themes. Gender and social inclusion will be systematically integrated into analyses, and, if possible and appropriate, into the design, implementation and monitoring of all Swiss interventions. The principle of participation and ‘leave no one behind’ (LNOB) is of particular relevance in the context of Central Asia, given the traditional top-down decision-making and -implementation processes and culturally anchored inequalities. Governance will be mainstreamed as a rule in all Swiss portfolio outcomes, emphasising the key principles of participation, transparency and accountability. A specific focus is the strengthening of sub-national implementation capacities of national policies, working in and through the different thematic areas. The programme will encourage and support the efforts of all partners to improve their own good governance policies and actions, including anti-corruption measures.

Conflict-Sensitive Programme Management (CSPM) will become crucial and will be strengthened to be constantly applied in the volatile context, which includes the potential for conflicts within and between the countries of Central Asia. As part of the portfolio management, CSPM will continue to be combined with the political analysis of the Swiss representations in the region; political economy analysis is an important tool to understand power structures and to plan and adapt the portfolio.

In addition, the Swiss programme will, whenever possible, consider how its interventions influence or are influenced by digitalisation, seek to enhance its private-sector engagement, and use country systems. The extent to which this can be done depends on the opportunities, availability of (flexible) funds, and principle of a focused approach.

A worker carrying flour for sale. Photo: European Bank for Reconstruction and Development (EBRD)



6. Programme management and implementation

The cooperation programme will be implemented in a synergetic and complementary manner by the SDC and SECO, including the nexus with humanitarian aid. The international cooperation teams in the three priority countries for Switzerland's international cooperation (Kyrgyzstan, Tajikistan and Uzbekistan) will guide and supervise the development portfolio.

The WICC portfolio will also encompass interventions in Kazakhstan, Turkmenistan, and if possible Afghanistan. The SDC and SECO will coordinate closely with the FDFA State Secretariat's Eurasia Division, the SIF and the FOEN.

The Tashkent representation bears responsibility, in close collaboration with the SDC's Global Institutions Division and geographical division and the FDFA's Directorate for International Law, for the operational management and oversight of the asset restitution process in Uzbekistan. A multi-partner trust fund with defined sectors is being set up – an innovative modality for the restitution of a large sum of assets that will benefit the population of Uzbekistan.

The programme will be managed in an adaptive way to respond to opportunities and unexpected developments in a flexible manner and adapt the programming and financial allocation according to the emerging needs and absorption capacity of the regional as well as the national portfolios of Kyrgyzstan, Tajikistan and Uzbekistan.

Switzerland will promote exchanges and joint learning within and across the involved Swiss institutions and at regional level between governments, civil society and implementing partners. It will also promote regional or bilateral cooperation between countries in the region within the framework of its priority themes and share smart practices.

Policy dialogue: At regional level, Switzerland will use the diplomatic channels of the Blue Peace Initiative to conduct a dialogue on regional water and climate-change issues with concerned governments. At national level, the Swiss representations in Kyrgyzstan, Tajikistan and Uzbekistan will maintain active engagement in national policy dialogue related to the cooperation programme's themes.

Donor coordination: Switzerland is among the biggest bilateral donors in Kyrgyzstan and Tajikistan. It is very active in the donor

communities at regional and national level and often takes a leading role in donor coordination regarding water, economic and democratic governance topics in order to increase leverage and to achieve a common understanding of development challenges among the international community. In Kyrgyzstan and Tajikistan, its importance is even increasing as other bilateral donors are withdrawing or redirecting their programmes to Uzbekistan. At regional level, Switzerland actively networks with bi- and multilateral donors and regional institutions based in Almaty (Kazakhstan) for harmonised donor support as regards regional water and climate-change challenges.

Partnerships and aid modalities: At regional level, Switzerland will work with the Central Asia Regional Environmental Centre (CAREC) and potentially with the International Fund for Saving the Aral Sea (IFAS). Both institutions require substantial strengthening to play their regional role. Switzerland will also continue to work with the OSCE Academy in Bishkek, which pursues a regional approach.

At national level, Switzerland will continue to work at all levels (macro, meso, and micro) with a mix of different modus operandi (using development as well as diplomatic instruments) and partners (contributions to multilateral agencies, bilateral projects with Swiss, international and local NGOs, support for civil society and the private sector). Switzerland will pay particular attention to the complementarity of its activities with like-minded development partners as well as with multilateral organisations. Switzerland will continue to strengthen the ties between Swiss representations in the region, the relevant units at head office and the executive director's offices of the Swiss constituencies (World Bank/IMF, EBRD, and GEF) in order to align multilateral and bilateral activities whenever possible. Dialogue with UN agencies on the importance of their normative role and on policy advice will be pursued and integrated in project cooperation.

Furthermore, Switzerland will collaborate with national, regional and local authorities. The use of country systems to promote institutional sustainability and effectiveness is to be further strengthened, but the extent of this will depend on political will, related risks and the potential for genuine reforms. The 2030 Agenda provides an important framework for furthering development as it promotes a common and aligned understanding of global and regional challenges.

Human resources: The implementation of the programme is planned with the resources currently available, but considering the broad portfolio, strengthening the resources of the Swiss representations over the coming years should be seriously considered. It will also be important for the Swiss representations to concentrate efforts on priorities and a focused portfolio. To mainstream climate change and DRR and take informed decisions in these areas, staff must master the relevant analytical tools (CEDRIG). Digitalisation and digital skills need to be further strengthened, in projects but also within the Swiss representations. This includes the sharing and transparent management of data.

Programme disbursements foreseen within the Swiss Cooperation Programme Central Asia 2022–25 amount to approximately CHF 233 million. Overall, the SDC’s contribution will amount to CHF 138 million, of which CHF 117.3 million will go to EURAD, CHF 6 million to HA, and CHF 14.6 million to Global Cooperation. SECO’s commitments are to be at least CHF 95 million (see Annex 4).



“Tomorrow” performance at Ilkhom Theatre, Uzbekistan. Photo: Anatoliy Kim

7. Strategic steering

In the Central Asia region, given the changing context, adaptive management and a flexible programme approach are crucial for effective steering. One priority will therefore be sound context analysis, and frank dialogue with all stakeholders to jointly identify and manage risks. Risk mitigation will be conducted via regular risk and context analysis and the flexible and adaptive use of development and humanitarian instruments. Systematic monitoring will serve the purposes of steering, reporting and learning.

Steps for strengthened Swiss thematic leadership in the region include a regional thematic hub on water/climate in the Swiss embassy in Tashkent and on DRR and Rapid Response in Dushanbe.

To ensure a Swiss whole-of-government-approach, the regional programme will be steered by the representations in the region together with the relevant SDC and SECO units at head office. The responsibility for steering the portfolios in Kyrgyzstan, Tajikistan and Uzbekistan as well as the control of human and financial resources lies with the respective Swiss representations based on the division of labour applied by the SDC and SECO respectively.

The **monitoring system** is comprised of three dimensions (Annex 3):

The **first dimension** is the regional and country context – which is monitored through an annual MERV process and linked to the uncertainties identified in the context analysis and additional fields of observation for the development space. The **second dimension** – programme portfolio results – assesses progress towards expected outcomes defined in the result frameworks for the regional and three national portfolios (see the synopsis of these result frameworks in Annex 2) as well as the contributions towards regional and country-level development outcomes, including transversal themes (gender and governance). Innovative approaches to monitoring the programme's progress will be explored, especially for regional outcomes. Annual reports jointly developed by all partners involved are the main instrument for communication, accountability and learning, as well as for the monitoring of financial disbursements. Learning is promoted through exchanges, as well as specific events, including regional meetings (facilitated by regional advisors), field visits, and peer reviews. The **third dimension** – management – will be monitored by each representation's internal control system, the office management report, and the financial reporting system.



Recreation services improved in rural municipality, Kyrgyzstan. Photo: Swiss Embassy Kyrgyzstan

Members of Water Users Association at water distribution point, Kyrgyzstan. Photo: Swiss Embassy Kyrgyzstan



Annex 1: Acronyms and abbreviations

| | |
|----------|---|
| ADB | Asian Development Bank |
| AIIB | Asia Infrastructure and Investment Bank |
| BRI | Belt and Road Initiative |
| CAREC | Central Asia Regional Environmental Centre |
| CEDRIG | Climate, Environment and Disaster Risk Reduction Integration Guidance |
| COVID-19 | Corona virus disease 19 |
| CSO | Civil society organisation |
| CSPM | Conflict-Sensitive Programme Management |
| CSTO | Collective Security Treaty Organisation |
| DRR | Disaster risk reduction |
| EBRD | European Bank for Reconstruction and Development |
| EEU | Eurasian Economic Union |
| EURAD | Eurasia Division |
| FOEN | Federal Office for the Environment |
| GCF | Green Climate Fund |
| GDP | Gross domestic product |
| GEF | Global Environment Facility |
| HA | Humanitarian Aid |
| ICWC | Interstate Commission for Water Coordination |
| IFAS | International Fund for Saving the Aral Sea |
| IMF | International Monetary Fund |
| IWRM | Integrated Water Resource Management |
| LNOB | Leave no one behind |
| MERV | Monitoring System for Development-Relevant Changes |
| MSMEs | Micro, small and medium-sized enterprises |
| NGO | Non-governmental organisation |
| OSCE | Organization for Security and Co-operation in Europe |
| SDC | Swiss Agency for Development and Cooperation |
| SDG | Sustainable Development Goals |
| SECO | Swiss State Secretariat for Economic Affairs |
| SIF | State Secretariat for International Finance |
| SMEs | Small and medium-sized enterprises |
| SPO | Swiss portfolio outcome |
| UNRCCA | UN Regional Centre for Preventive Diplomacy for Central Asia |
| SO | Sub-objective |
| VET | Vocational education and training |
| WASH | Water, sanitation and hygiene |
| WB | World Bank |
| WICC | Water, infrastructure and climate change |

Annex 2: Results Framework Synopsis

Overall Goal: Switzerland contributes to peace and social cohesion as well as to responsive and strengthened institutions and sustainable development in order to improve the resilience of the population in Central Asia.

Water, Infrastructure and Climate Change (Sub-objectives 4 3, 4, 6, 7)

Regional Swiss Portfolio Outcome: Central Asian states collaborate, use evidence and take concrete steps to manage their water resources with a basin approach in a climate-resilient, sustainable and inclusive way.

Regional Swiss Portfolio Outcome Statements: Selected basin authorities, communities and utilities in transboundary areas use evidence to inform national and regional water policy dialogue and provide sustainable and comprehensive water services in an effective manner. CA states make informed decisions and together reduce their growing risks related to the impact of climate change.

Regional Theory of Change: IF Central Asian states exchange, collaborate and use evidence to inform the concrete steps they can take to manage jointly their water resources in a climate-resilient way **THEN** the threat of reduced water availability in the region will be reduced **BECAUSE** Central Asian states realise the common challenges they face and have the capacities to address them.

National Swiss Portfolio Outcome: People live and work – reasonably protected from natural hazards – in resilient settings and use quality public infrastructure services, and water resources are managed with a basin approach in a climate-resilient, sustainable and inclusive way.

| National Swiss Portfolio Outcome Statements | Kyrgyzstan | Tajikistan | Uzbekistan |
|---|--|--|---|
| | Selected basin management institutions and water utilities are effective and efficient and pilot basin plans are financed. | National state bodies develop and implement a relevant and comprehensive legal framework. | The legal framework for the implementation of IWRM is approved and implemented at national level. |
| | Cities apply integrated, climate-smart urban planning and development. | People access quality, sustainable and affordable public services. | People access quality, sustainable and affordable public services. |
| | Rural communities are better prepared to manage the impact of climate change. | Cities adapt to the consequences of climate change and manage their resources sustainably. | Rural communities are better prepared to manage the effects of climate change. |

National Theory of Change: IF resources at sub-basin level are managed in a sustainable and inclusive manner and public infrastructure services are planned, financed and managed sustainably **THEN** people can have improved access to water as well as reliable public services and the damage to the population and economy caused by natural disasters and climate change can be reduced **BECAUSE** cities and rural communities manage resources in a sustainable and resilient manner, through competent support by national authorities and service providers.

4 Sub-objectives refer to the sub-objectives of the Swiss International Cooperation Strategy 2021–24 (see Annex 5).

Governance, Human Rights and Service Delivery (Sub-objectives 7, 9, 10)

Swiss Portfolio Outcome – Accountable and responsive public institutions in dialogue with civil society and the private sector deliver high-quality basic public services, and people, including vulnerable groups, participate in decision-making.

| Kyrgyzstan | Tajikistan | Uzbekistan |
|--|--|---|
| People, especially vulnerable groups, and civil society actors influence decision-making and take action. | Civil society and citizens are aware of and demand the respect of their rights and influence decision-making processes. | People have access to information, know their rights and are able to freely express their views and opinions. |
| Public institutions deliver effective and efficient public services for all, including vulnerable groups. | National state bodies develop a relevant and comprehensive legal and policy framework and effectively implement and enforce it. | The capacity of authorities' governance systems at all levels is enhanced in regard to transparency and accountability. |
| A transparent, accountable and efficient public finance management system, including effective domestic revenue mobilisation, ensures fiscal sustainability as well as growth-promoting economic policies and public services at central and local levels. | Citizens and the private sector benefit from efficient and effective legal and financial services provided by accountable authorities. | |

Theory of Change: **IF** people know their rights and voice their needs and priorities, and **IF** local authorities are more effective, transparent and accountable and closely work with citizens and civil society, and relevant government institutions have knowledge and expertise to analyse and take informed decisions on debt management and budget preparation and its execution, **THEN** people will engage in the decision-making process at state and municipal level, the system of public and municipal administration will be optimised and public finance reform will be implemented, **BECAUSE** people demand to be engaged into governance processes and stand up for their rights, while targeted authorities are committed to responding to these demands.

Inclusive and Sustainable Economic Development (Sub-objectives 1, 2, 7)

Swiss Portfolio Outcome: Competitive and environmentally friendly MSMEs, as well as other public and private employers, provide access to decent jobs and income opportunities for all.

| Kyrgyzstan | Tajikistan | Uzbekistan |
|---|---|---|
| MSMEs operate in a market-oriented and business-enabling environment, have greater access to capital/investments, business services, innovative technologies and a skilled workforce. | Public and private institutions deliver business administration and trade-related services to the population and to MSMEs in a more transparent, efficient and accountable way. | The employers (MSMEs, government and others) have better access to a higher-skilled workforce that meets their requirements. |
| The financial and private sector benefit from improved framework conditions that increases their resiliency to external and internal shocks. | MSMEs create more jobs due to better access to markets, business services, a skilled workforce and innovative technologies. | |
| | | MSMEs and the population have affordable access to and effectively use responsible financial services in a stable and inclusive financial sector. |

Theory of Change: **IF** MSMEs and other employers find qualified staff, apply social standards, have the right incentives to be innovative and environmentally friendly and have access to foreign markets, capital, and business advice, and **IF** effective policies for financial stability, business, and trade promotion are in place, **THEN** MSMEs can be more competitive and willing to respond to the challenges related to their business environment and to climate change and can create decent employment for all and poverty in the region can be reduced **BECAUSE** authorities have an interest in increased budget revenue and job creation to stabilise the general socio-economic situation in the region.

Annex 3: Monitoring System

The Swiss Cooperation Programme Central Asia 2022–25 is subject to systematic monitoring, which serves the following main purposes:

- › Steering based on evidence and adapting in order to keep the effectiveness and relevance of the Swiss programme portfolio on track.
- › Accountability for and reporting on results to different target groups, including the Swiss public and decision-makers as well as the public, beneficiaries and governments in Central Asia, and other interested parties.
- › Learning by capitalising on lessons learnt within the programme and with external partners.

The monitoring system observes three dimensions: the country context, the Swiss results framework, and programme management. Different monitoring instruments are used and adapted as needed to monitor the three dimensions:

| | Dimension | Monitoring Area | Instrument | Periodicity |
|----|-------------------------|--|---|-----------------------------------|
| 1. | Central Asia context | Political, social, economic and environmental development in the region and how it affects the Swiss portfolio | Regional MERV National Scenario Monitoring | Annually: October |
| 2. | Swiss results framework | Progress in achieving expected Swiss outcomes, including the transversal themes, based on the results framework | Annual report | Annually: October |
| | | Portfolio risk assessment based on analysis of project risks | Risk assessment tool | Bi-annually: March and October |
| | | To assess the achievement of intended outcomes and outputs and identify short-term adaptations of the annual programme | Mid-year review | Annually: May–June |
| 3. | Programme management | Efficiency and effectiveness of the Swiss cooperation offices in Central Asia, compliance with management and aid principles | Operational planning (National and regional) | Annually: January |
| | | | Internal control system (National and regional) | Annually: September |

Progress in the implementation of the regional programme will be assessed at its internal mid-term review by all Swiss representations involved and adaptations of the results framework will be adopted if necessary.

Annex 4: Financial Planning

| Swiss Cooperation Programme Central Asia (Kyrgyzstan, Tajikistan, Uzbekistan and Regional) | | | | | | | | | |
|--|-----------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|----------------|
| Duration of Cooperation Programme: 01.01.2022 until 31.12.2025 | | | | | | | | | |
| CHF | | | | | SDC | | | | |
| Financial Year: | Country | 2022 | 2023 | 2024 | 2025 | SDC Total 2021-25 | SECO Total 2021-25 | Total 2022-25 | SDC share in % |
| Break down of budget allocation according to Domain of Intervention/Portfolio Outcomes: | | | | | | | | | |
| Domain of Intervention/Portfolio Outcome 1 | | | | | | | | | |
| Water infrastructure and climate change | Kyrgyzstan | 2'200'000 | 1'500'000 | 2'500'000 | 3'000'000 | 9'200'000 | 18'000'000 | 27'200'000 | |
| | Tajikistan | 6'450'000 | 5'990'000 | 5'600'000 | 5'850'000 | 23'890'000 | 26'000'000 | 49'890'000 | |
| | Uzbekistan | 1'900'000 | 2'500'000 | 2'600'000 | 2'800'000 | 9'800'000 | 10'000'000 | 19'800'000 | |
| | Regional CA/CEE | 1'100'000 | 1'100'000 | 1'100'000 | 1'300'000 | 4'600'000 | | 4'600'000 | |
| | Regional CA/HA | 1'500'000 | 1'500'000 | 1'500'000 | 1'500'000 | 6'000'000 | | 6'000'000 | |
| | Total | 13'150'000 | 12'590'000 | 13'300'000 | 14'450'000 | 53'490'000 | 54'000'000 | 107'490'000 | 49% |
| Domain of Intervention/Portfolio Outcome 2 | | | | | | | | | |
| Governance, human rights and service delivery | Kyrgyzstan | 6'500'000 | 7'400'000 | 6'800'000 | 6'000'000 | 26'700'000 | 8'000'000 | 34'700'000 | |
| | Tajikistan | 4'050'000 | 4'610'000 | 5'450'000 | 5'500'000 | 19'610'000 | | 19'610'000 | |
| | Uzbekistan | 900'000 | 1'000'000 | 1'200'000 | 1'200'000 | 4'300'000 | | 4'300'000 | |
| | Total | 11'450'000 | 13'010'000 | 13'450'000 | 12'700'000 | 50'610'000 | 8'000'000 | 58'610'000 | 27% |
| Domain of Intervention/Portfolio Outcome 3 | | | | | | | | | |
| Inclusive and sustainable economic development | Kyrgyzstan | 2'150'000 | 2'000'000 | 2'000'000 | 2'300'000 | 8'450'000 | 14'000'000 | 22'450'000 | |
| | Tajikistan | - | - | - | - | - | 14'000'000 | 14'000'000 | |
| | Uzbekistan | 900'000 | 900'000 | 900'000 | 1'000'000 | 3'700'000 | 5'000'000 | 8'700'000 | |
| | Total | 3'050'000 | 2'900'000 | 2'900'000 | 3'300'000 | 12'150'000 | 33'000'000 | 45'150'000 | 21% |
| Other outcomes | | | | | | | | | |
| Other interventions (Small Actions, Art & Culture) | Kyrgyzstan | 300'000 | 250'000 | 100'000 | 300'000 | 950'000 | - | 950'000 | |
| | Tajikistan | 550'000 | 550'000 | 450'000 | 250'000 | 1'800'000 | - | 1'800'000 | |
| | Uzbekistan | 200'000 | 200'000 | 200'000 | 200'000 | 800'000 | - | 800'000 | |
| | Regional CA | 800'000 | 900'000 | 900'000 | 900'000 | 3'500'000 | - | 3'500'000 | |
| | Total | 1'850'000 | 1'900'000 | 1'650'000 | 1'650'000 | 7'050'000 | - | 7'050'000 | 3% |
| Total budget allocation SDC/CEE | | 29'500'000 | 30'400'000 | 31'300'000 | 32'100'000 | 123'300'000 | - | 123'300'000 | 56% |
| Total budget allocation SECO | | - | - | - | - | - | 95'000'000 | 95'000'000 | 44% |
| Total budget allocation (to IC-Office(s)) | | | | | | 123'300'000 | 95'000'000 | 218'300'000 | 100% |
| Break down of the above budget allocation to respective country / country offices: | | | | | | | | | |
| KYRGYZSTAN | | 11'150'000 | 11'150'000 | 11'400'000 | 11'600'000 | 45'300'000 | 40'000'000 | 85'300'000 | 39% |
| TAJIKISTAN | | 11'050'000 | 11'150'000 | 11'500'000 | 11'600'000 | 45'300'000 | 40'000'000 | 85'300'000 | 39% |
| UZBEKISTAN | | 3'900'000 | 4'600'000 | 4'900'000 | 5'200'000 | 18'600'000 | 15'000'000 | 33'600'000 | 15% |
| REGIONAL CA | | 3'400'000 | 3'500'000 | 3'500'000 | 3'700'000 | 14'100'000 | - | 14'100'000 | 7% |
| Total budget allocation (to IC-Office(s)) | | 29'500'000 | 30'400'000 | 31'300'000 | 32'100'000 | 123'300'000 | 95'000'000 | 218'300'000 | 100% |

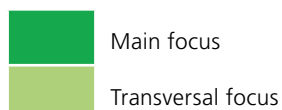
| General overview of indicative budget allocation by Swiss Federal Offices (for information purpose only): | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| Budget allocated to IC-Office(s) | 29'500'000 | 30'400'000 | 31'300'000 | 32'100'000 | 123'300'000 | 123'300'000 |
| thereof: | | | | | | |
| SDC-Eastern Cooperation | 28'000'000 | 28'900'000 | 29'800'000 | 30'600'000 | 117'300'000 | 117'300'000 |
| SDC-Humanitarian Aid | 1'500'000 | 1'500'000 | 1'500'000 | 1'500'000 | 6'000'000 | 6'000'000 |
| SDC-Institutional Partnerships | | | | | | |
| Outcome(s): - | - | - | - | - | - | - |
| SDC-Global Cooperation | 2'430'000 | 4'100'000 | 4'090'000 | 3'940'000 | 14'560'000 | 14'560'000 |
| Outcome(s): 1 Climate Change | 600'000 | 800'000 | 790'000 | 640'000 | 2'830'000 | |
| Outcome(s): 2 Migration and Development | 1'500'000 | 1'800'000 | 1'800'000 | 1'800'000 | 6'900'000 | |
| Outcome(s): 1 Water | 330'000 | 1'500'000 | 1'500'000 | 1'500'000 | 4'830'000 | |
| SECO-Economic Cooperation | | | | | 95'000'000 | 95'000'000 |
| Outcome(s): 1, 2, 3 | | | | | | |
| Total budget allocation by federal offices | 31'930'000 | 34'500'000 | 35'390'000 | 36'040'000 | 137'860'000 | 232'860'000 |

The final allocation of funds will depend on the identification of suitable interventions, the absorption capacity as well as the efficiency and effectiveness of the cooperation with the relevant partners in each partner country. Accordingly, the information on planned budget for the four-year period is indicative. This information serves merely as a basis for the forward spending plans that are reviewed each year by the Swiss Parliament.

Annex 5: Contribution of the Swiss portfolio to the sub-objectives of Switzerland’s International Cooperation Strategy 2021–24

The Swiss International Cooperation Strategy 2021–24 of the SDC defines 10 sub-objectives to reach the four overall objectives: 1) *Contributing to sustainable economic growth, market development and the creation of decent jobs* (economic development); 2) *Addressing climate change and its effects and managing natural resources sustainably* (environment); 3) *Saving lives, ensuring quality basic services, especially in relation to education and healthcare, and reducing the causes of forced displacement and irregular migration* (human development); and 4) *Promoting peace, the rule of law and gender equality* (peacebuilding and governance). The Cooperation Programme Central Asia 2022–25 will contribute to 8 of the 10 sub-objectives (with a differentiated main or transversal focus per country).

| Sub-objective of Swiss IC Strategy 2021–24 | Regional | Kyrgyzstan | Tajikistan | Uzbekistan |
|--|-------------------|-------------------|-------------------|-------------------|
| SO 1 Strengthening framework conditions for market access and creating economic opportunities (SECO) | Transversal focus | Main focus | Main focus | |
| SO 2 Promoting innovative private-sector initiatives to facilitate the creation of decent jobs (SDC, SECO) | | Main focus | Main focus | Main focus |
| SO 3 Addressing climate change and its effects (SDC, SECO) | Main focus | Transversal focus | Transversal focus | Transversal focus |
| SO 4 Ensuring the sustainable management of natural resources (SDC, SECO) | Main focus | Main focus | Main focus | Main focus |
| SO 6 Preventing disasters and ensuring reconstruction and rehabilitation (SDC, SECO) | Transversal focus | Transversal focus | Main focus | Transversal focus |
| SO 7 Strengthening equitable access to quality basic services (SECO, SDC) | | Main focus | Main focus | Transversal focus |
| SO 9 Strengthening and promoting human rights and gender equality (SDC) | Transversal focus | Transversal focus | Transversal focus | Transversal focus |
| SO 10 Promoting good governance and the rule of law and strengthening civil society (SDC, SECO) | Transversal focus | Main focus | Main focus | Main focus |



Annex 6: Key indicators and Swiss proximity with Central Asia

Table 1: Key indicators for Central Asia countries

| | Kyrgyzstan | Tajikistan | Uzbekistan | Kazakhstan | Russia | Turkmenistan | Afghanistan |
|---|-------------|--------------|-------------|-------------|---------------------|----------------|--------------|
| Land area km ² | 199,900 | 143,100 | 447,400 | 2,724,900 | 17,125,191 | 488,100 | 652,230 |
| Population total (2019) ⁵ | 6.456m | 9.321m | 33.58m | 18.51m | 144.37m | 5.942m | 38.04m |
| Urban (2019) ⁷ | 36.5% | 27.3% | 50.4% | 57.5% | 74.5% | 52% | 25.7% |
| Population growth rate (2019) ⁶ | 2% | 2.4% | 1.8% | 1.2% | -0.07% | 1.5% | 2.3% |
| Life expectancy at birth ⁷ | 71.4 | 70.8 | 71.5 | 73.1 | 72.6 | 68 | 64.4 |
| GDP per capita (in USD) for 2019 ⁸ | 1,309.4 | 870.8 | 1,724.8 | 9,731.1 | 11,585.0 | 6,966.6 (2018) | 502.1 |
| GDP growth (2019) ¹ | 4.5% | 7.0% | 5.6% | 4.5% | 1.3% | 6.2% (2018) | 2.9% |
| Poverty rate (2018) ⁹ | 22.4% | 27.4% | 11.4% | 4.2% | 12.9% ¹⁰ | | 54.5% (2016) |
| Ease of Doing Business Ranking ¹¹ | 80 | 106 | 69 | 25 | 28 | | 167 |
| HDI 2019 (ranking) ¹² | 0.674 (122) | 0.656 (125) | 0.710 (108) | 0.817 (50) | 0.824 (49) | 0.710 (108) | 0.496 (170) |
| Gender Inequality Index (GII) for 2018 ¹³ | 0.381 (87) | 0.377 (84) | 0.303 (64) | 0.203 (46) | 0.255 (54) | | 0.575 (143) |
| Net migration rate (per 1,000 population) for 2015–20 ¹⁴ | -0.641 | -2.223 | -0.275 | -0.99 | 1.254 | -0.862 | -1.716 |
| Corruption Perception Index 2019 (ranking) ¹⁵ | 30 (126) | 25 (153) | 25 (153) | 34 (113) | 28 (137) | 19 (165) | 16 (173) |
| World Press Freedom Index (ranking) 2020 ¹⁶ | 30.19 (82) | 55.34 (161) | 53.07 (156) | 54.11 (157) | 48.92 (149) | 85.44 (179) | 37.70 (122) |
| Remittances received (USD) as % of GDP (2020) ¹⁷ | 25.1 | 26.2 | 5.6 | 0.3 | 0.6 | 0.0 | 4.1 |
| Net inflows of foreign investment 2019 (% of GDP) ¹⁸ | 1.7 (2018) | 2.6 | 3.9 | 2.0 | 1.9 | | 0.1 |
| GINI Index ¹⁹ | 27.7 (2018) | 34 (2015) | 35.3 (2003) | 27.5 (2017) | 37.5 (2018) | 40.8 (1998) | 27.8 (2007) |
| Public external debt (% of GDP) in 2018 ²⁰ | 56.03 | 50.39 (2017) | 20.65 | 21.01 | 14.61 | 28.82 (2017) | 6.89 |
| National Water Stress Rankings (2019) ²¹ | 38 | 51 | 25 | 60 | 94 | 15 | 27 |

5 World Bank database: <https://databank.worldbank.org/source/world-development-indicators>

6 Idem.

7 Idem.

8 Idem.

9 Asian Development Bank: <https://www.adb.org/>

10 World Bank database: <https://data.worldbank.org>

11 <https://www.doingbusiness.org/en/rankings#>

12 Human Development Index: <http://hdr.undp.org/en/content/2019-human-development-index-ranking>

13 Gender Inequality Index: <http://hdr.undp.org/en/composite/GII>

14 <https://data.un.org/Default.aspx>

15 The Corruption Perceptions Index ranks 180 countries and territories according to their perceived level of corruption in the public sector, according to experts and business people, and uses a scale from 0 to 100, where 0 is high and 100 is very low: <https://www.transparency.org/cpi2019>

16 <https://rsf.org/en/ranking#>

17 <https://www.knomad.org/publication/migration-and-development-brief-33>

18 World Bank database: <https://databank.worldbank.org>

19 World Bank database: <https://data.worldbank.org/>

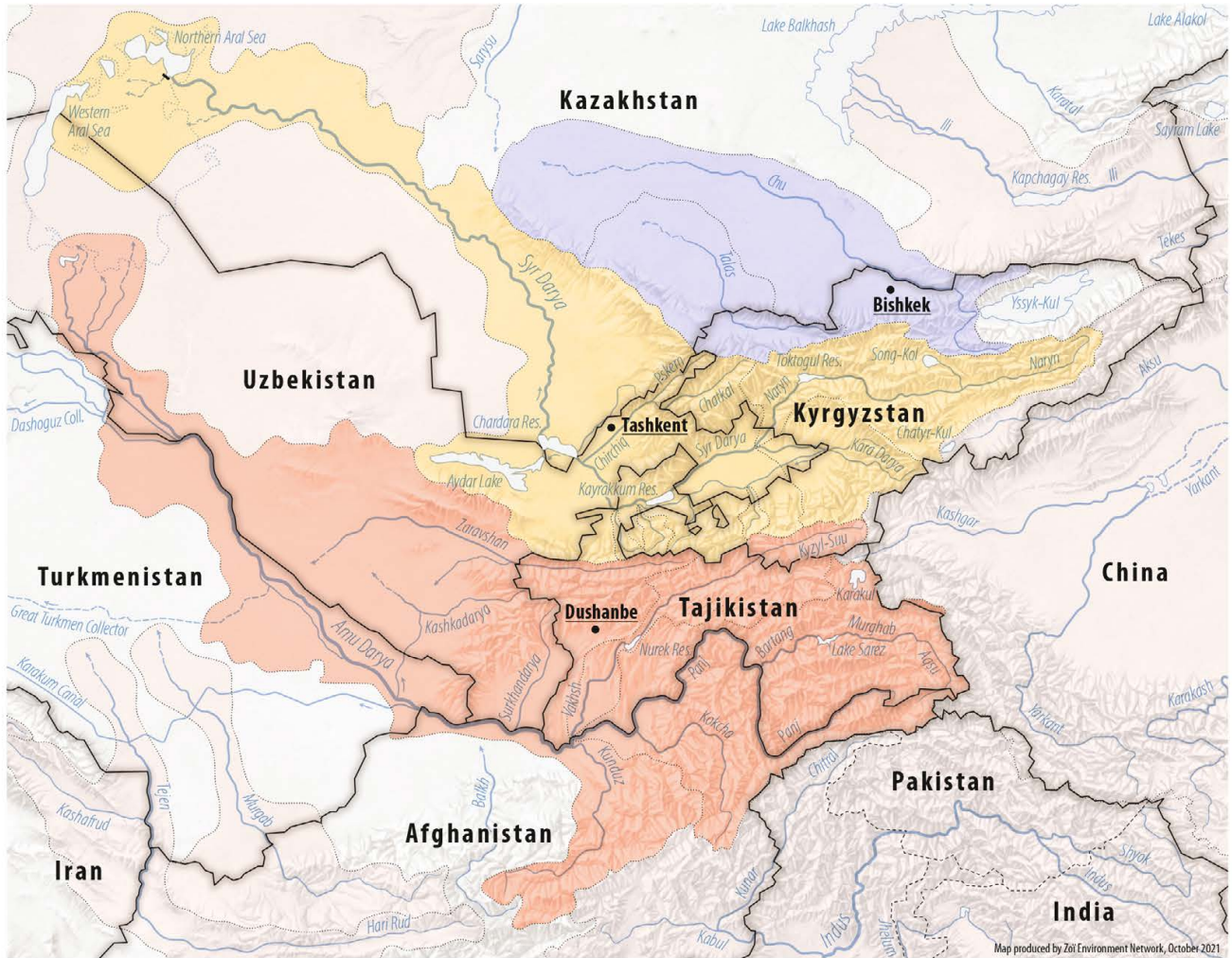
20 <https://countryeconomy.com/>

21 The higher the ranking, the higher the water stress (from “extremely high baseline water stress” to “low baseline water stress”): <https://www.wri.org/blog/2019/08/17-countries-home-one-quarter-world-population-face-extremely-high-water-stress>

Table 2: International organisations and proximity with Switzerland in Central Asia

| | Afghanistan | Kazakhstan | Kyrgyzstan | Russia | Tajikistan | Turkmenistan | Uzbekistan |
|----|--------------------------|------------|-------------|------------|----------------------|----------------------|----------------------|
| EU | | Since 1999 | Since 1999 | Since 1997 | Since 2010 | Pending ratification | Since 1999 |
| | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | | ✓ | ✓ | ✓ | Free trade agreement | | Free trade agreement |
| | | ✓ | ✓ | ✓ | ✓ | | |
| | Partner for co-operation | ✓ | ✓ | ✓ | ✓ | | ✓ |
| | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | | | | | | | |
| | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| | 16,738 | 1,006 | 228 | 15,773 | 102 | 73 | 478 |
| | 2 | 472 | 14.7 (2018) | 452 | 174 | 1 | 2'593 |
| | 4 | 198 | 9 | 3,119 | 7 | 11 | 111 |

Annex 7: Map



Transboundary Watersheds and selected sub-basins

- Amu Darya
- Syr Darya
- Chu-Talas

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A private entrepreneur in Tajikistan produces snacks. Thanks to the project he could increase turnover, create new jobs and purchase new modern equipment. Photo: European Bank for Reconstruction and Development (EBRD)

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