Inclusive and sustainable economic development

Developing the agricultural sector in the region is a priority in order to sustain an income for the rural population. In practice, this involves integrating small-scale subsistence farms in the agricultural value chains, which allows farmers and small and medium-sized enterprises to sell their products on national and regional markets. It also enables them to access financial services to take out a loan, attend professional training courses to update their knowledge and get customised support.

Effective democratic institutions, human safety and security

Inclusive and sustainable economic development requires functioning democratic institutions, respect for human rights and a secure environment. That is why Switzerland aims to improve the efficiency of governmental institutions. It focuses in particular on building capacities at the local administrative level so that they can provide good-quality services, and at the national level in terms of better management of public finances. Switzerland also engages in conflict resolution by promoting dialogue between the parties in question. In addition, it is involved in natural disaster risk reduction along with adaptation to climate change with a focus on the sustainable development of rural and mountain regions.

Moreover, with its engagement for arts and culture, Switzerland supports the creation of opportunities for artists from the three countries to exchange and to contribute to the discussion on the future of the region.

Background

The South Caucasus continues to face various unresolved territorial conflicts such as Abkhazia and South Ossetia in Georgia, and between Armenia and Azerbaijan in the region of Nagorno-Karabakh. While the region is of strategic geopolitical significance due to its importance for energy transports to Europe, persistent conflicts affect people’s safety and are an obstacle to the economic and social development of the countries in question.

Thanks to its long-standing experience in the South Caucasus, Switzerland is seen as a trustworthy partner to support these former Soviet countries in their political transition. It fosters greater cooperation between them on common interests that are not politically sensitive such as trading in agricultural products and climate change adaptation.
Results of the South Caucasus Strategy 2013-2016

109’520 people could increase their incomes due to economic development projects during this period in all three countries.

Average income increase in the South Caucasus region for the period 2013-2016:

<table>
<thead>
<tr>
<th>Beneficiaries</th>
<th>Non-beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>38%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Revenue increases by country:

<table>
<thead>
<tr>
<th>Country</th>
<th>Beneficiaries</th>
<th>Non-beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>50%</td>
<td>10%</td>
</tr>
<tr>
<td>Georgia</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Organisation and partners

Switzerland’s involvement in the South Caucasus dates back to the relief aid it provided during the devastating earthquake in northern Armenia in 1988.

In 1999, the Swiss Agency for Development and Cooperation (SDC) and State Secretariat for Economic Affairs (SECO) opened a regional cooperation office in the Georgian capital Tbilisi.

While Swiss Humanitarian Aid ended its activities in 2016, Swiss efforts focusing on cooperation and peacebuilding activities in the region will continue.

The 2017-2020 cooperation strategy is implemented jointly by the Swiss Agency for Development and Cooperation (SDC), the FDFA’s Human Security Division (HSD) and the State Secretariat for Economic Affairs (SECO).

Switzerland’s key partners in the South Caucasus:

- Development partners (GIZ, ADA)
- Local and international NGOs
- Multilateral organisations e.g. UNDP, European Investment Bank, Bretton Woods institutions
- Civil society organisations
- Private sector

Budget for 2017-2020 by theme and source of funding (mio. CHF)

| Effective democratic institutions, human safety and security: | SDC: 14.9 | SECO: 3 | HSD: 4 |
| Inclusive and sustainable economic development: | SDC: 31.5 | SECO: 12 | HSD: 0 |
| Others: | 1.8 | SDC: 1.8 | SECO: 0 | HSD: 0 |

Total: 67.2

Imprint

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