

Strategy for selective cooperation with

India

January 2009 – December 2013



REGERINGSKANSLIET

Government Offices
of Sweden



Strategy for selective cooperation with India for the period 2009–2013

Summary

This strategy will govern Sweden's selective cooperation with India during the period 2009–2013. The point of departure for cooperation will be Sweden's Policy for Global Development, the objective of Sweden's development cooperation, India's five-year plans, experience of previous development cooperation and Sweden's comparative advantages.

The overall objective of Sweden's selective cooperation with India is to achieve socially, economically and environmentally sustainable development. The most important form of cooperation during the period will be partner driven cooperation in order to attain self-supporting relationships between Swedish and Indian actors.

Selective cooperation will primarily focus on the environment and climate sector with the aim of increasing the country's capacity to protect the environment and prevent and manage the effects of climate change. Selective cooperation will also include targeted contributions in this area. Other areas where Swedish and Indian actors have mutual interests may be identified in the course of the strategy period. There is potential for partner driven cooperation in the health sector.

Development cooperation over a long period has contributed to building respect for Sweden as a partner in India. During the period 2005–2009, Sweden began to phase out development cooperation with India through the transition to selective cooperation. Historically, considerable and relevant results have been achieved in cooperation. In the future too, there are good chances of developing and intensifying relations between Sweden and India through the transition to selective cooperation.

In its Budget Bill for 2008, the Government presented its decision to focus Sweden's bilateral development cooperation. Regarding cooperation with India this means a focus on selective cooperation. Most of this selective cooperation is expected to be carried on through partner driven cooperation.

The volume of selective cooperation with India will be about SEK 60 million a year. A mid-term review of cooperation will be carried out in 2011 in order to assess results and give recommendations for cooperation during the remainder of the strategy period.

SECTION 1. DIRECTION OF COOPERATION

1. Overall objectives, process objectives and dialogue issues

The objective of Sweden's Policy for Global Development is to contribute to equitable and sustainable global development. The overall objective of all Swedish development cooperation is to help create conditions that will enable poor people to improve their lives.

The two perspectives of the Policy for Global Development are the starting-point for cooperation: the perspective of poor people on development and the rights perspective with its four principles of participation, non-discrimination, transparency and accountability. Of the Swedish Government's three thematic priorities for development cooperation, it is chiefly environment and climate that are to inform this cooperation.

The overall objective of Sweden's selective cooperation with India is to achieve socially, economically and environmentally sustainable development. The objective of partner driven cooperation is to stimulate and strengthen the growth of self-supporting relationships of mutual interest between Swedish actors and actors in India in order to contribute to realising the objective of international development cooperation.

The overall process objective is that, at the end of the period, most of the cooperation will consist of partner driven cooperation. Strategic dialogue issues are the environment and climate.

2. Direction and scope

2.1 Areas of cooperation

2.1.1 Environment and climate

This selective cooperation will focus on the environment and climate sector and have the following goal:

- Increased awareness of and capacity to protect the environment and prevent and manage climate change.

To realise this goal, Sida will proactively work for partner driven cooperation in the environment and climate sector. There are several different instruments and programmes for financing cooperation between Swedish and Indian actors in the environmental area. One example is the financing mechanism, the Environmental Facility, which has been developed to stimulate and support exchanges of knowledge and experience between Swedish and Indian actors.

Possible areas for cooperation include:

- Renewable energy and energy efficiency;
- Sustainable urban development and urban environment;
- Environmental governance in the areas of environmental legislation, regulation, planning, monitoring and implementation;
- Integrated waste disposal;
- Prevention and control of environmental pollution (air, ground, water);
- Prevention of, and adaptation to, climate change.

These areas are in line with the priorities emphasised in the ongoing work on a bilateral memorandum of understanding on environmental cooperation between Sweden and India.

- *Special attaché for environment, climate and energy issues at the Embassy in New Delhi*

The special attaché for environment, climate and energy issues appointed at the Embassy in New Delhi will, among other things, contribute to work on aid-financed partner driven cooperation in the environment and climate area. The special attaché will be appointed in the form of a two-year pilot project in accordance with a Government decision of 9 July 2009 (UF2009/46331/ASO). In cooperation with other sections of the Embassy, including representatives of Sida, the Swedish Agency for Growth Policy Analysis, and the Swedish Trade Council in India, the special attaché will establish a platform for environment, climate and energy related issues within the framework of a joint environment, climate and energy office at the Embassy. This initiative is

intended to facilitate and further develop activities carried on by Sweden in India, including partner driven cooperation, in the environment, climate and energy area.

- *Targeted contributions*

Besides this, it should also be possible to make targeted contributions in the environment and climate area where Swedish support can have added value and contribute to achieving the goal for this area of cooperation, but where preconditions for partner driven cooperation do not exist.

2.1.2 Other areas of cooperation

Support for partner driven cooperation may also occur in other areas where Sweden and India have mutual interests in strengthening and stimulating lasting relations. An area of special interest is health care where cooperation between Swedish and Indian actors has been ongoing for several years. A bilateral memorandum of understanding between Sweden and India on cooperation in the health care area was signed in February 2009.

2.2 Aid modalities

2.2.1 Partner driven cooperation

Partner driven cooperation is the form of cooperation given priority during the strategy period. The aim is that most of the cooperation should be in the form of partner driven cooperation by the end of the period.

Partner driven cooperation is a means of stimulating the growth of lasting mutual relations between actors in Sweden and India, with the aim of helping to create conditions that will enable poor people to improve their lives. In this way, partner driven cooperation will contribute to strengthening and intensifying Sweden's overall relations with India.

The following criteria will apply to partner driven cooperation:

- Swedish development financing should be catalytic and time limited.
- Contributions should be designed to stimulate self-supporting relationships with joint ownership and clear assignment of roles and responsibility, for example through cost sharing.

- Contributions should help to create relationships that can thrive without development financing.
- Contributions should be based on the interests, needs and experience of Indian and Swedish actors.

Partner driven cooperation should be implemented in cooperation between actors in India and primarily Swedish companies, authorities, universities and colleges, trade unions, municipalities and county councils, non-governmental organisations or institutions.

It is expected that potential actors will need support from Sida, both as regards finding the right partner for cooperation in India and Sweden respectively and in formulating appropriate forms and areas of cooperation. This applies above all to actors in the priority area of environment and climate where at present there are a limited number of Swedish and Indian actors.

2.2.2 Targeted contributions

As a complement to partner driven cooperation in the environment and climate sector, direct support to certain strategically important organisations in civil society and possibly other cooperation partners may be considered, in the first instance those that can contribute to the development of policy and reforms in the environment and climate area. Targeted development assistance should not be implemented in other sectors.

2.3 Dialogue issues

Within the framework of selective cooperation, Sweden will prioritise the dialogue with India concerning the following strategic issues:

- Increased knowledge and understanding of the possibilities of environmentally sustainable economic growth
- The consequences of climate change for livelihoods and health

The dialogue should start from our Policy for Global Development, the perspective of poor people on development, the rights perspective and the Government's three thematic priorities. A dialogue should be carried on about how Sweden and India can jointly contribute to stimulating partner driven cooperation.

Since most of the cooperation will be in the form of partner driven cooperation, the dialogue will be with both ministries and authorities and other actors in both countries. Thus, the dialogue should be carried on continuously

for example with the Indian Government and ministries at federal (central) and state levels, with NGOs and individuals, and also with other partners, for example in industry and within the EU. India's Ministry of Finance has a coordinating role for cooperation with the Government.

2.4 Phase-out

During 2009–2011, traditional development assistance will be phased out. With some exceptions the last payments will be disbursed during 2009 and some agreements run into 2010. Only one agreement extends up to and including 2011. Some projects initiated during the previous strategy period (2004–2008) may be classified as partner driven cooperation or contributions that promote partner driven cooperation. These will continue during the 2009–2013 strategy period (the Environmental Facility, national education programmes for air quality control, sexual and reproductive health and rights, as well as a project for sustainable urban planning in Pune).

The cooperation projects that have been in progress for some time between Swedish and Indian actors, chiefly in the health care area, cannot at present be regarded as partner driven cooperation since Sweden has financed the costs for both the Swedish and Indian side. Some of these projects, among others a training project for midwives, have the potential to develop into partner driven cooperation as the Indian Government has shown interest in assuming the costs to the Indian side. It is envisaged that Sida can finance Swedish actors, *inter alia*, in the public sector and the universities during the strategy period. The preconditions for a transition to partner driven cooperation will be more closely examined during the first years of the strategy period in connection with the expiry of the current agreement.

Targeted contributions will consist of continued direct support to two Indian environmental organisations that have shown good results in previous cooperation, the Center for Science and Environment and Toxics Link, and which are estimated to play an important role in contributing to the development of policies for sustainable development in India. In addition, we should be open to more targeted contributions identified during the strategy period.

At the end of the strategy period most of the cooperation should be partner driven cooperation. Direct support to Indian organisations in civil society will be phased out in pace with the cessation of the applicable agreements during 2009 and 2010. Ongoing support via multilateral organisations will be terminated during 2009 and 2010.

2.5 Scope (indicative volume)

Year	2009	2010	2011	2012	2013
Volume phase-out	29	5	1	0	0
Volume partner driven cooperation	27	47	51	53	56
Volume targeted contributions	4	8	8	7	4
Total selective cooperation	31	55	59	60	60
Total phase-out and selective cooperation	approx. 60	approx. 60	approx. 60	approx. 60	approx. 60

The volume of cooperation with India will amount to about SEK 60 million a year for the period 2009 up to and including 2013.

Since partner driven cooperation is demand-driven, the estimate of the annual volume of cooperation is tentative. A mid-term review will be carried out during 2011 as a basis for recommendations for the volume in continuation. Prior to any changes in the amount there should be consultations between the Government Offices/Ministry for Foreign Affairs and Sida.

In dialogue with the Indian authorities, the possibility of loans and guarantees in the environment and climate areas may be examined in connection with an assessment of possible project proposals.

3. Implementation and follow-up

Partner driven cooperation and targeted contributions directed, for example, to organisations in civil society are the forms of cooperation that are to contribute to attainment of the overall objective. Sida will work through, and carry on a continual dialogue with, facilitators and actors in order to promote and facilitate collaboration between Swedish and Indian actors, arrange meeting places for potential actors in both countries and organise study visits in both directions.

Sida's annual report and operational plan will be the main follow-up and planning mechanisms for this strategy.

It is expected that the goal that cooperation as a whole be made up of Partner driven cooperation will not be realised until the end of the strategy period since this form of assistance is new and it will take time to develop new relations between Swedish and Indian partners. Special efforts to counteract corruption, for example educational efforts and external audits, will be continually carried out during the period. The mid-term review in 2011 will evaluate how development cooperation has worked, with a special emphasis on Partner driven cooperation, and also give recommendations for its future direction.

3.1 Formal/political framework, including dialogue for follow-up

An agreement on technical cooperation between Sweden and India was signed in October 2007 and applies for the period 2007–2009. There are plans to extend the agreement up to 2013. Negotiations are in progress between Sweden and India for a bilateral memorandum of understanding in the environmental area. A bilateral memorandum of understanding in the health care area was signed in February 2009.

Section 2. BACKGROUND

1. Summary country analysis

India is a parliamentary democracy with an independent judiciary and a well developed legal system. India's economy has grown by about six per cent a year since the early 1990s and by over nine per cent in the last three years. Today, the country has one of the fastest growing economies in the world. In spite of the global economic crisis, growth in 2009 is expected to land at about five per cent. India is in the lower-middle-income country category with a GDP per capita of about USD 950. Poverty has decreased over the last decade although a third of the population still live on less than USD 1/day and 80 per cent on less than USD 2/day. The agricultural sector employs 60–70 per cent of the population and this sector has been only marginally affected by recent years' strong economic growth.

India will probably fulfil several of the UN millennium goals (MDGs) by 2015, however implementation of the health-related goals lags behind, not least in respect of maternal and child mortality rates. According to the UN's Human Development Index, India is in 128th place out of 171 countries. India continues to be characterised by a strong connection between poverty, vulnerability and social identity and also an uneven development and major

gaps within and between different federal states and regions as well as urban and rural areas. Deeply rooted structural problems in Indian society marginalise the poor and in particular girls/women.

Increasing environmental pollution is fuelled by population growth, unsuitable technical and consumption choices, contaminating industries and unplanned urbanisation. India has modern legislation and a well constructed system of supervisory authorities in the environmental area. However, there are major deficiencies in implementation and monitoring.

With its large population and growing economy India is a key actor in the efforts to counteract global climate change. The country currently represents about a fifth of the world's emissions of greenhouse gases. If economic growth continues and energy production is extended in accordance with the present ambitious plans, India will be the world's third largest greenhouse-gas-emitting country. At the same time, India itself risks being seriously affected by climate change, not least due to its geographic location in the Himalayan drainage basin. The most serious risks relate to the country's water resources, including future consequences of floods and droughts. Environmental pollution and climate change are moving ever higher up the political agenda in India. In 2008, among other things, a National Council on Climate Change was appointed and a national action plan adopted.

The Indian Government has decided on ambitious development goals for the period 2007–2012. Amongst other things, the Government's plan includes measures to improve the business climate, vitalise agriculture, develop the infrastructure and improve education and health care. Attention is given to neglected states, regions and vulnerable groups, but the resources are still relatively small. There are national programmes to fight poverty. The challenge is to implement them effectively with increased decentralisation of political and economic power in order to enable greater participation and accountability in the decision-making processes. Civil society and NGOs play an important role both by supplying services *inter alia* in health care and education to poor people and by working for reforms and increased respect for human rights.

Corruption is a widespread problem. India is in 85th place out of 180 countries on Transparency International's 2008 list, which is highest of the South Asian countries. There is a strong connection between poverty and corruption. India has extensive legislation for protection of human rights but there are major deficiencies in legal security. Due to their weaker economic, political and social standing, the poor and vulnerable groups have limited opportunities to conduct their legal affairs in court.

2. Summary assessment of results

The cooperation strategy for the period 2005–2009 had a budget framework of SEK 420 million. A phase-out of traditional bilateral development cooperation was initiated during the period. The strategy has meant a successive increase in cooperation based on partnerships between Swedish and Indian actors. The level of disbursements was about SEK 60–80 million over the last four years. Support to Indian NGOs and support via multilateral institutions were the principal channels. The strategy objective is to create conditions for poor people to improve their lives and the three areas of cooperation are democracy and human rights, environmental protection and scientific cooperation.

An external evaluation of the strategy shows that support to the Indian organisations was strategic and that their activities contributed positively to policy development and reforms, and focused on poverty. All in all, it is assessed that the cooperation was relevant and in line with India's plans in the areas of health care and environment.

It has proved that the transformation from cooperation which at the beginning of the strategy period largely consisted of direct support to Indian organisations and support through international organs, to cooperation based on exchanges of knowledge and collaboration between actors in Sweden and India, takes time. An essential reason for this is that very few Swedish actors participated in cooperation at the beginning of the strategy period. Another contributory reason is that there were no bilateral cooperation agreements with India, which made cooperation more difficult in cases where an Indian public institution was the envisaged cooperating partner. The agreement on technical cooperation over the period 2007–2009, which was signed in October 2007, has considerably improved the preconditions for dialogue and extended cooperation.

Cooperation in the area of democracy and human rights focused on sexual and reproductive health and rights (SRHR), including HIV and AIDS. The objective was to reduce maternal and child mortality rates by means of support to capacity building and education. The successful contributions were in the areas of sex education and services to young people as well as maternity care where fruitful cooperation was initiated between Swedish and Indian actors that contributed to reforms and increased training capacity. There were also contributions where the partnerships were less successful due to unclear roles and remits for the cooperating parties.

In the area of local democracy, Swedish support was channelled through the World Bank for increased integration between municipalities and citizens.

Support also went to Indian NGOs and the Swedish Association of Local Authorities and Regions for projects aiming to build capacity at the municipal level in India. Results so far show that this is a highly relevant area for continued cooperation.

Direct support is ongoing to four national Indian non-governmental environmental organisations in the area of environment and natural resources. These organisations have a major influence on policy in environmental protection work in the country and on the management of natural resources. A financing mechanism – the Environmental Facility – was developed during the strategy period to stimulate and support exchanges of knowledge and experience between Swedish and Indian actors in the environment and energy areas. Experience so far indicates that the facility is a good tool for stimulating and supporting partnerships. However, to secure the instrument's effectiveness, a special evaluation of the Environmental Facility will be carried out during the 2009–2013 strategy period in order, *inter alia*, to review its functioning and governance. Awareness of and preparedness to deal with the enormous environmental problems in India is still limited. Sweden has the relevant knowledge, experience and technology in the areas of the environment and energy efficiency, however at the same time, potential Swedish actors' awareness of the preconditions in India is still limited and hence preparedness for initiating cooperation with Indian actors is low.

In the research area, the LINKS programme for Asia aims to increase cooperation between Swedish and Asian researchers. Considerable interest has been shown in cooperation with India and about a quarter of the appropriation went to Swedish–Indian projects during the period. Special efforts in cooperation with MISTRA for sustainable governance and administration of socio-ecological systems, and VINNOVA for promotion of innovation systems (biotechnology, IT and environment) contributed towards increasing the number of applications in these areas to 15 projects a year. Sida's Council for Development Research, to which Swedish researchers can apply for grants to carry on research in developing countries, granted 47 researchers at ten Swedish universities and colleges funds for projects that are being carried out in India in cooperation with Indian researchers in different disciplines. The total amount in the research area amounted to about SEK 70 million during the period. Opportunities for partner driven cooperation in this area in the future are estimated to be good.

The principle of cost sharing has been a major challenge. Many potential Swedish actors (municipalities, authorities, universities, NGOs, etc.) have no funds to contribute, and universities and companies expect to receive consultancy fees for their participation rather than recovering costs. On the Indian side, Swedish competence is not so well known that there is a

willingness to pay for services (which can be obtained free of charge from others). To give prominence to Swedish competence and promote partner driven cooperation in the medium term, the principle of cost sharing has been applied flexibly with the aim of exhibiting Swedish knowledge and thereby in the long term creating demand for Swedish system and technology know-how.

At the end of 2008 a large share of the portfolio of contributions consisted of cooperation in which a Swedish party participated. However, there has been a gradual shift towards the Indian side's covering project costs to a greater extent, for example in the health care area. Some projects that may be regarded as partner driven cooperation have been initiated within the framework of the Environmental Facility. Bearing in mind a growing interest on the part of the governments and Indian and Swedish actors, greater Indian willingness to finance its share of the partnership, and in pace with reports of successful results of ongoing contributions, there should be chances of a successive shift towards partner driven cooperation.

Cooperation with the multilateral actors in India has been relatively successful primarily thanks to their presence in the majority of federal states. In this way the spread of knowledge has reached a large target group. This cooperation has meant Sweden was able to carry on a strategic dialogue with Indian authorities and other actors in areas such as the environment, health care and decentralisation reforms.

Implementation of the Paris Declaration has had difficulty in making an impact in India. The major donors (the World Bank, ADB, EC, Japan, UK) have their own forms for consultation and dialogue. The smaller donors, including Sweden, have changed over to technical cooperation and as a rule there is no coordination apart from regular exchanges of information. It has therefore not been easy to work with partner driven cooperation in relation to the Paris Declaration. Many donors are involved in the environmental area but so far coordination has been limited. New coordination initiatives have been taken in the EU circle but concrete results cannot yet be reported. However, the principle of Indian ownership has permeated all cooperation.

3. Summary analysis of Sweden's role in India

3.1 Conclusions concerning Sweden's and the EU's political decisions and processes

A strategic partnership was established between the EU and India in 2004 and a common action plan covering many political areas, for example the environment and climate, was adopted the following year. The European

Commission is a major aid donor in India. The EU Code of Conduct on Complementarity and the Division of Labour has not been applied to any extent in India, chiefly because the donor picture is divided and complicated.

3.2 Coherence for development

Trade between Sweden and India is increasing. Over a hundred Swedish companies are represented in India in sectors such as IT and telecommunications, engineering products and medical technology. There is increased interest in the environmental technology area. And Swedish companies, for example in the health care sector, also show considerable interest in India. Swedish corporate investments and business activities can contribute to creating job opportunities with relatively good conditions, promote corporate social responsibility and build up capacity among Indian suppliers and business partners. Through selective cooperation, Swedish public and private actors are given an opportunity to work in India and in different ways give examples of Swedish skills and technical know-how. This can also affect other policy areas in a positive direction, e.g. trade.

3.3 Swedish actors and Swedish comparative advantages

Sweden's long commitment to India has built up good relations and a considerable capital of trust. Interest in India is increasing in Sweden among different actors such as trade and industry, universities and colleges, civil society organisations, authorities, institutions, municipalities and county councils.

Sweden has a good reputation in India in the environmental area, *inter alia* through the support given so far by NGOs and multilateral organs, and Sweden may be considered to have comparative advantages in areas such as environmentally sustainable production technology, energy efficiency, waste to energy processes and sustainable urban development.

Sweden is a world leader in SRHR and has good experience and knowledge as well as a long tradition of public health work. Sweden's rights-based approach to health reinforces a decentralised model through county councils and municipalities which are responsible for promoting and supplying health services of good quality to all people. India has shown increasing interest in Swedish knowledge in the health care area.

3.4 Conclusions about Sweden's role

Sweden is a small aid donor to India. However, development cooperation over a long period has contributed to making Sweden a respected development partner which has facilitated the dialogue in several areas, for example the environment and health care. The growing interest in Sweden in cooperation with India and India's interest in exchanges of knowledge and experience with Sweden are expressed, *inter alia*, in the two bilateral memorandums of understanding that have been negotiated within the environment and health care areas. There are therefore good opportunities to develop and intensify relations between the countries during the period in a limited number of areas where Sweden has comparative advantages and where there is a mutual interest.

4. Considerations concerning the objectives and direction of future cooperation

All in all, experience in the environment and climate area shows that Sweden has the relevant knowledge, experience and technology to be a partner in cooperation in this area. Aid to India is relatively limited in monetary terms. With the ambition to focus aid and thereby increase its efficiency, it is reasonable to direct cooperation with India primarily to one area. Bearing in mind the importance of the environmental dimension for India's development, cooperation in the coming strategy period should in the first instance be directed to the environment and climate area.

Up to now, relatively few Swedish actors have been active in the environment and climate area in India. An essential task will therefore be to further the coming into being of cooperation that has the potential to become more actor-driven in the long term. Swedish and Indian actors are interested in continued exchanges of knowledge and experience, *inter alia* in the health care area. Sweden has comparative advantages in this area. Selective cooperation can play an important role in this context to create contacts of mutual interest. An effective and purposeful way to utilise the positive foundation laid without a deep aid commitment may be the establishment of a health facility.

Other areas in which Sweden and India have a mutual interest in cooperation may be considered on condition that the general requirements of a development towards partner driven cooperation are fulfilled.



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Cover: Editorial Office, The Ministry for Foreign Affairs

Printed by XGS Grafisk service, 2009

Article no: UD 09.102