

A map of Europe and the Mediterranean region. Countries in the Balkans, Turkey, and the Middle East are highlighted in a lighter shade of green. The rest of the map is a darker shade of green.

# Wider Europe Initiative

Finland's Development Policy Framework Programme  
Implementation Plan for 2011–2014

## CONTENTS:

<b>WIDER EUROPE INITIATIVE</b>	<b>3</b>
<b>KEY ACTIONS</b>	<b>4</b>
<b>FLAGSHIP PROJECTS</b>	<b>5</b>
<b>DEVELOPMENT PROSPECTS IN PARTNER COUNTRIES</b>	<b>7</b>
<b>WIDER EUROPE INITIATIVE: IMPLEMENTATION PLAN</b>	<b>12</b>

## WIDER EUROPE INITIATIVE

The Wider Europe Initiative (WEI) is a bilateral development cooperation programme in Eastern Europe, South Caucasus and Central Asia launched by Finland in 2008. The programme has been phased in gradually.

### The framework programme is carried out in the following 11 countries:

Eastern Europe	Belarus, Moldova, and Ukraine
South Caucasus	Armenia, Azerbaijan and Georgia
Central Asia	Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

Through the Wider Europe Initiative Finland seeks to promote stability, prosperity and wellbeing in the countries of the region. The initiative supports the development of the rule of law, democracy and of good governance. Focusing on regional cooperation is expected to build up confidence and cooperation between the countries and to prevent the emergence of new divides. The programme supports the strategic foreign policy goals of Finland and those of the European Union, the European Neighbourhood Policy (ENP) and the EU-Central Asia Strategy, adopted in 2007.

In the operating and financial plan of Finland's development cooperation, about EUR 50 million has been allocated for the Wider Europe Initiative for the years 2011–14. The initiative will be evaluated in 2012, after which the Ministry will decide about its continuation.



## KEY ACTIONS

In the Wider Europe Initiative, priority is given to strengthening stability and security through a regional and thematic approach. The framework programme sets out five themes, which will receive attention in accordance with the relevant circumstances and requirements of each region.

- The themes are:**
1. security
  2. trade and development
  3. information society development
  4. energy and the environment
  5. social sustainability.

The activities are conducted in the form of bilateral and multilateral cooperation, inter-institutional cooperation, and support for business partnerships, as well as cooperation with NGOs.

The Wider Europe Initiative supports development in the partner countries by means of ecologically, economically and socially sustainable development. The aim of the initiative is to defuse and prevent confrontation in the region and to promote cooperation and friendly neighbourly relations between the countries.

Problems occurring in the region include deficiencies in the development of the rule of law and democracy; weak public administration; human rights violations; widely spread corruption; as well as general social insta-

bility caused by under-developed civil societies and an uneven distribution of wealth.

The countries in the region suffer from serious environmental problems and crumbling infrastructure. Drugs originating in Afghanistan place pressures on the border control. The region is also a potential breeding ground for fundamentalist Islam. Political and geopolitical tensions are heightened because of disagreement related to the use of energy and natural resources as well as by protracted conflicts in the area.

The Wider Europe Initiative consists of cooperation programmes that cover the entire region and more concise programmes for all three sub-regions. In the national programmes, the regional impacts are taken into account. Programmes under the Wider Europe Initiative will give added value and visibility to Finland in the region. Finnish expertise will be used in the implementation of the projects.

Finland's contribution to the region's development is aligned with measures taken by the European Union. The Wider Europe Initiative complements the objectives of the European Neighbourhood Policy (ENP) and of its Eastern Partnership particularly in sectors in which Finland has special expertise and strengths.

The EU's projects in the region are funded through the European Neighbourhood Partnership Instrument (ENPI) and the Instrument for Development Co-operation (DCI), which are administered by the Commission.

## FLAGSHIP PROJECTS

The flagship projects are derived from and built around the following five themes:

### **1. Security**

A cluster of research institutes in the field of foreign and security policy has been established to work out multi-year research programmes in the target region. The main goals of the research projects are to highlight the link between security and development in accordance with the concept of comprehensive security, increasing interaction and networking between research institutes, and confidence building measures in the target areas.

Cooperation with the Organisation for Security and Co-operation in Europe (OSCE) will also be continued.

### **2. Trade and Development**

An Aid for Trade (AFT) programme has been started in cooperation with the United Nations Development Programme UNDP and the Trade and Development Working Group of the Ministry for Foreign Affairs. The plan is based on Finland's Aid for Trade Action Plan. During the first phase of the programme, extensive needs surveys have been made, serving as the outline for the second phase of the programme launched in 2011.

### **3. Information society development**

In cooperation with the European Bank for Reconstruction and Development (EBRD), a project to develop telecommunications links and particularly the capacity of the telecommunications sector has been launched in Eastern Europe, the South Caucasus and Turkmenistan. Furthermore, the World Bank's infoDev programme is used to strengthen business incubation and innovation systems by means of training activities.

### **4. Energy and the environment**

In order to implement key initiatives in the water sector, the Ministry for Foreign Affairs has concluded a framework agreement with the Finnish Environment Institute (SYKE). The water programme is a package of diverse support measures to the principal multilateral players in the region and also includes projects carried out directly by SYKE.

Finland will continue to support the Environment and Security Initiative ENVSEC and will be in charge of donor coordination for the present. Inter-institutional meteorology and geology projects help the region to prepare for natural catastrophes and support ecologically sustainable development.



*A group of children on the way to collect clean water in Kyrgyzstan. Photo: Ari Mäkelä*

### **5. Social sustainability**

In July 2011, a programme in the judicial sector was launched in Central Asia, aiming especially at facilitating access to justice by easily marginalised groups.

In addition, Finland is cooperating with the International Labour Organization ILO to carry out its Decent Work Country Programmes (DWCPs) in eight partner countries. The DWCPs support employment and improve labour protection and social security.

## DEVELOPMENT PROSPECTS IN PARTNER COUNTRIES

### GENERAL

The partner countries' problems include underdeveloped public sector, deficiencies in the rule of law and democracy development and the challenges linked with good governance. The infrastructure, originating in the Soviet era, is crumbling and serious environmental, energy and natural resources problems occur in the region. The global financial crisis exacerbates especially the situation of the poorest countries of the region.

Regional and ethnic conflicts between and within the countries as well as border disputes complicate regional cooperation, increase inequality, and weaken the preconditions of civil society development. Human rights problems are common and women's position is poor in many of the countries.

As Eastern European and South Caucasian countries belong to the sphere of the European Neighbourhood Policy and its Eastern Partnership, the partner countries should launch reforms to strengthen the operational preconditions of the media, NGOs and the opposition. The EU Strategy for Central Asia for its part, focuses on environmental/water problems, the rule of law development and training.

### Eastern Europe (Belarus, Moldova, Ukraine)

In Eastern Europe, the Wider European Initiative prioritises stability, security and socially sustainable development. The activities focus on environmental, water and climate issues. Finland participates in energy efficiency and renewable energy projects. Efforts are also made to improve the operation of the private sector and the infrastructure.

Belarus, Moldova and Ukraine are all in a different position. Moldova and Ukraine have set as their goal to bring their countries closer to the European Union and they take an active part in the Union's Eastern Partnership activities. Belarus is only partly involved in the partnership

**Belarus** (population 9.5 million) started a tentative opening up towards the West in 2008–10, but the human rights violations recorded after the presidential election of December 2010 interrupted the positive trend. Dialogue and cooperation with the EU will be resumed if Belarus makes progress in its reforms. Economic reforms are essential. Belarus is highly dependent on Russian economic support and energy. Problems troubling the environment include nutrient fallout from rivers to the Baltic Sea.



*Collecting fish samples in Ukraine. Photo: Ari Mäkelä*

**Moldova** (population 4.3 million) has experienced the steepest economic downward trend in the past 20 years. A high number of Moldovan citizens have left their country in search for employment in Russia and the EU; one of the east-west routes of human trafficking passes through Moldova. Despite its economic difficulties, Moldova has assumed an active role in the European Union's Eastern Partnership and is making rapid progress in its reforms. Through its constructive EU policy, Moldova has managed to gain the confidence of the international community and

is receiving considerable financial and technological support from it. The prolonged conflict in Transnistria heightens tensions throughout the entire area, even though armed conflicts have not occurred after the early 1990s.

**Ukraine** (population 45.8 million) has potential for growth thanks to its advanced technological know-how and well educated population. Ukraine's economic growth has outstripped its neighbours' performance. However, the country suffers from a weak public sector, widespread corruption and cumbersome bureaucracy, which are typi-



cal features of transition economies. The economy builds on extractive and heavy industries, but reforms should be made. The agricultural sector is vast. Ukraine's position as a transit country for Russian energy flows reflects in the EU's energy security.

### **South Caucasus (Armenia, Azerbaijan and Georgia)**

In the South Caucasus, the Wider Europe Initiative prioritises security and sustainable development. The main themes are information society development, science and technology cooperation, and trade and development. Since regional cooperation between the countries in the South Caucasus is hampered by regional conflicts, cooperation is conducted mainly with international players and NGOs. Cooperation between Finnish and local universities and research institutes is supported

The South Caucasus is of strategic importance for Europe because important energy transmission routes from the Caspian Sea to Europe run through the South Caucasus. The region has traditionally been a target of geopolitical interest for the superpowers. The countries of the region proceed at a different pace towards closer integration with the European Union. All the three countries have started negotiations with the EU on an association agreement in 2010.

There are three protracted conflicts in the region: the Nagorno-Karabakh conflict between Armenia and Azerbaijan, and the conflicts in Abkhazia and South Ossetia in Georgia, which escalated into a war between Georgia and

Russia in August 2008. The conflicts have left hundreds of thousands of internally displaced persons in the region.

**Armenia** (population 3.3 million) suffers from isolation caused by the Nagorno-Karabakh conflict. The energy network in the Caspian Sea region, for example, has been built to exclude Armenia and Turkey has closed its Armenian border. Investment in the building sector and industries, which boosted economic growth prior to the global recession of 2009, are not expected to reach the same level any more. The country is placing greater emphasis on knowledge-based trades and industries. In addition to deficiencies in the development of democracy and rule of law, poverty continues to be a major problem in Armenia. Remittances sent by Armenians living abroad serve as a major contribution to the country's economy.

**Azerbaijan** (population 8.9 million) is the most prosperous of the countries in the region because of its oil and gas reserves. The internal political situation is stable, but problems in the rule of law development occur in the form of shortcomings linked with the freedom of assembly and expression and minority rights. Azerbaijan is trying to diversify the structure of its industries, for example by developing its ICT sector.

**Georgia** (population 4.5 million) does not have its own oil and gas reserves but energy is transmitted through the country to Europe. Georgia is a clearly pro-Western country and it has made solid progress in its economic reforms but, as its neighbours, suffers from social and economic inequality and weak rule of law development. The repercussions of the conflicts in South Ossetia and Abkhazia will reflect in the situation in Georgia for a long time.

## **Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan)**

In Central Asia, the Wider Europe Initiative prioritises cooperation in energy and environmental matters as well as security and development. Projects supporting trade aim at the creation of trade policy systems that are based on non-discrimination. Central Asia has huge environmental problems. One of the key issues in the region concerns comprehensive management of water resources, and efforts to resolve these problems are sought through cross-border cooperation in the sector. Social development is strengthened especially by means of projects that support the development of the rule of law.

Significant reserves of energy and other raw materials and the region's strategic location have attracted international interest in the region. The geopolitical situation in Central Asia is challenging: drug trafficking routes run from Afghanistan through Central Asia to Russia and Europe, and the unpredictable situation in Afghanistan causes concerns, such as fear of the build-up of extremist Islamic movements in the region.

The European Union works to promote stability in Central Asia through the EU-Central Asia Strategy. The Union is carrying out projects in the region under the Development Cooperation Instrument (DCI.)

**Kazakhstan** (population 16.0 million) is the most prosperous and stable state in Central Asia and the engine of its economic development. Its aim is to be among the world's 50 most competitive countries. In addition to

the oil and gas sector, metallurgy and metal industries together with the food industry and agriculture occupy a central role in the economy. Kazakhstan is trying to diversify the oil export driven economy. The environmental problems in the Aral Sea region are considerable.

**Kyrgyzstan** (population 5.5 million) has made faster progress in democracy development than its neighbouring countries. However, the political situation is not stable and the country is largely dependent on foreign support. Based on economic indicators, it is one of the poorest states in Central Asia alongside Tajikistan. Kyrgyzstan has rich water resources and mineral reserves. The use of water resources and energy needs is troubled by prolonged regional disputes.

**Tajikistan's** (population 7.5 million) is the poorest country in the region. Its long border with Afghanistan is inhospitable because of the rough terrain, and the poor security situation of Afghanistan has also impact on Tajikistan. Cross-border drug trafficking is extensive. Poverty has driven over a million Tajiki citizens to seek employment abroad as migrant workers. Migration impacts the situation and livelihoods of women and children especially in rural areas. The main crop in agriculture is obtained from growing cotton. Tajikistan has the potential to exploit hydroelectric power but the use of water resources for crop production in neighbouring countries creates regional tensions similar to those in Kyrgyzstan.

**Turkmenistan** (population 5.0 million) has some of the world's largest natural gas reserves. The country has also considerable oil reserves. In spite of generous subsidies for basic commodities, poverty is extensive, espe-



*Partners countries' economic growth and trading capacity are promoted by supporting small-scale entrepreneurs. Photo: Karri Eloheimo*

cially in rural areas. The investment climate is difficult because of the isolated location, weak governance and legislation of the country. In social development, priority is given to health and education sector reforms. Turkmenistan has strictly adhered to its status as a neutral country and started to establish contacts with the international community and strengthen its relations with the EU and its Member States as recently as in 2007.

**Uzbekistan** (population 27.6 million) has oil and gas as well as mineral reserves, including gold. The economy has become one-sided because emphasis is given

to extensive cultivation of only cotton and wheat. The biggest challenges in the environmental sector include problems concerning the Aral Sea region and insufficient water resources for crop irrigation. In the highly populated Fergana Valley region poverty is extensive and the atmosphere is favourable for the growth of extremist Islamic movements. However, the relations between Uzbekistan and Europe are expected to gradually improve. Some reforms promoting the rule of law have been implemented, which suggests that there is willingness to open up to the international community.

## WIDER EUROPE INITIATIVE: IMPLEMENTATION PLAN (JULY 2011)

Programme, project by theme	Country/region	Objective	Period	Budget, MEUR	Cooperation partner
<b>1. Security</b>					
Research on security and development	Central Asia, South Caucasus, Eastern Europe	Security and development research projects, cooperation and networking	2009-2013	2.5	Finnish and local research institutes, administered by the Institute for Russia and Eastern Europe
Security and social sustainability projects	Central Asia, South Caucasus, Eastern Europe	Promotion of security, stability and social sustainability	2009-2013	5.0	Organization for Security and Co-operation in Europe (OSCE)
Promotion of stable development in the Crimea region	Ukraine	Promotion of regional stability through dialogue between key sectors and stakeholders	2009-2013	1.2	PATRIR (Peace Action, Training and Research Institute of Romania)
<b>2. Trade and development</b>					
Aid for Trade (AFT)	Central Asia, South Caucasus, Eastern Europe	Developing trade procedures and promoting the capacity to trade	2009-2013	6.2	United Nations Development Programme, UNDP
Improving food security	Kyrgyzstan	Increasing fish production, improving living conditions and livelihoods	2009-2013	1.76	United Nations Food and Agriculture Organization (FAO)
Promoting clean technology	Ukraine	Promoting clean technologies in agriculture	2009-2012	1.6	International Finance Corporation (IFC)

Programme, project by theme	Country/region	Objective	Period	Budget, MEUR	Cooperation partner
<b>3. Information society development</b>					
Promoting more efficient telecommunications	South Caucasus, Eastern Europe, Turkmenistan	Developing the legislative parameters of telecommunications	2009–2013	2.25	European Bank for Reconstruction and Development (EBRD)
Improving companies' competitiveness in the global information economy (InfoDev)	South Caucasus, Eastern Europe, Turkmenistan	Companies' capacity-building through information and communications technology	2009–2013	3.0	World Bank/InfoDev
<b>4. Energy and the environment</b>					
The Environment and Security Initiative (ENVSEC)	Central Asia, South Caucasus, Eastern Europe	Promoting sustainable development of the environment and regional stability	2009–2013	7.6	Environment and Security Initiative (ENVSEC) organisations (UNEP, UNDP, UNECE, OSCE, REC, NATO)
Cooperation in the water sector	Central Asia, South Caucasus	Developing comprehensive use and management of water resources	2009–2013	5.0	Finnish Environment Institute (SYKE), international organisations (UNECE, UNDP, OECD)
Cooperation in the geological sector (inter-institutional development cooperation, ICI)	Central Asia	Enhancing the capacity of the geological sector	2011–2014	2.96	Geological Survey of Finland (GTK)
Cooperation in the meteorological sector (inter-institutional development cooperation, ICI)	Uzbekistan (partly the whole Eastern Asia)	Developing the observation and weather service operations of meteorological service agencies	2011–2013	0.53	Finnish Meteorological Institute
Nuclear safety	Ukraine	Improving the structural safety of the Chernobyl nuclear plant	2011–2014	3.1	EBRD



Programme, project by theme	Country/region	Objective	Period	Budget, MEUR	Cooperation partner
<b>5. Social sustainability</b>					
Support programme in the judicial sector	Central Asia	Access to justice by easily marginalised groups	2011–2013	5.0	Eurasia Foundation, Venice Commission
Statistics cooperation project (inter-institutional development cooperation, ICI)	Kyrgyzstan	Developing and enhancing the capacity of statistics systems	2009–2012	0.4	Statistics Finland
Promoting decent work	Central Asia, South Caucasus	Developing employment policy, strengthening social partnerships between employers and employees, and developing social protection	2010–2013	4.0	International Labour Organization, ILO
Projects funded from appropriations for local cooperation (administered by embassies)	Central Asia, South Caucasus, Eastern Europe	Including promotion of good governance, strengthening civil society	2009–2014	7.3	Local NGOs and other actors
<b>Other</b>					
Participating in multi-donor funds	Central Asia, South Caucasus, Eastern Europe	Promotion of economically, socially and ecologically sustainable development	2009–2013	8.7	For example, EBRD and the Neighbourhood Investment Facility (NIF)



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