



# OECD Development Co-operation Peer Review

## SWEDEN 2013

# Organisation for Economic Co-operation and Development

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# Conducting the peer review

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The OECD's Development Assistance Committee (DAC) conducts periodic reviews of the individual development co-operation efforts of DAC members. The policies and programmes of each member are critically examined approximately once every four or five years. Five members are examined annually. The OECD's Development Co-operation Directorate provides analytical support, and develops and maintains, in close consultation with the Committee, the methodology and analytical framework – known as the Reference Guide – within which the peer reviews are undertaken.

The objectives of DAC peer reviews are to improve the quality and effectiveness of development co-operation policies and systems, and to promote good development partnerships for better impact on poverty reduction and sustainable development in developing countries. DAC peer reviews assess the performance of a given member, not just that of its development co-operation agency, and examine both policy and implementation. They take an integrated, system-wide perspective on the development co-operation and humanitarian assistance activities of the member under review.

The peer review is prepared by a team, consisting of representatives of the Secretariat working with officials from two DAC members who are designated as “examiners”. The country under review provides a memorandum setting out the main developments in its policies and programmes. Then the Secretariat and the examiners visit the capital to interview officials, parliamentarians, as well as civil society and NGO representatives of the donor country to obtain a first hand insight into current issues surrounding the development co operation efforts of the member concerned. Field visits assess how members are implementing the major DAC policies, principles and concerns, and review operations in recipient countries, particularly with regard to poverty reduction, sustainability, gender equality and other aspects of participatory development, and local aid co-ordination. During the field visit, the team meets with representatives of the partner country's administration, parliamentarians, civil society and other development partners.

The Secretariat then prepares a draft report on the member's development co-operation which is the basis for the DAC review meeting at the OECD. At this meeting senior officials from the member under review respond to questions formulated by the Secretariat in association with the examiners.

This review contains the Main Findings and Recommendations of the Development Assistance Committee and the report of the Secretariat. It was prepared with examiners from Belgium and the United Kingdom for the Peer Review of Sweden on 11 September 2013.

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# Abbreviations and acronyms

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<b>ACTT</b>	Anti-Corruption Task Team
<b>B4D</b>	Business for Development Programme
<b>CAP</b>	Common Agricultural Policy
<b>CDI</b>	Commitment to Development Index
<b>CERF</b>	Central Emergency Relief Fund
<b>CLEAR</b>	Regional Centres for Learning on Evaluation and Results
<b>COHAFA</b>	Council of the European Union's Working Party on Humanitarian Aid and Food Aid
<b>CPA</b>	Country programmable aid
<b>CRS</b>	Creditor Reporting System
<b>CSO</b>	Civil society organisation
<b>DAC</b>	Development Assistance Committee
<b>DRC</b>	Democratic Republic of Congo
<b>ECHO</b>	European Community Humanitarian aid Office
<b>ERRF</b>	Emergency Rapid Response Funds
<b>EU</b>	European Union
<b>FAO</b>	Food and Agricultural Organisation of the United Nations
<b>FDI</b>	Foreign direct investment
<b>GBS</b>	General budget support
<b>GPOBA</b>	Global Partnership for Output-based Aid
<b>HAP</b>	Humanitarian Accountability Partnership
<b>HIP</b>	Humanitarian Implementation Plans
<b>IATI</b>	International Aid Transparency Initiative
<b>LDC</b>	Least developed country
<b>MCDA</b>	Military and Civil Defence Assets
<b>MDG</b>	Millennium Development Goals
<b>MFA</b>	Ministry for Foreign Affairs
<b>MOPAN</b>	Multilateral Organisations Performance Assessment Network
<b>MSB</b>	Swedish Civil Contingency Agency
<b>NAP</b>	National Action Plan
<b>NGO</b>	Non-governmental organisation

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<b>ODA</b>	Official development assistance
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OOF</b>	Other official flows
<b>PCD</b>	Policy coherence for development
<b>PPDP</b>	Public-private development partnerships

<b>SADEV</b>	Swedish Agency for Development Evaluation
<b>SEPA</b>	Swedish Environmental Protection Authority
<b>Sida</b>	Swedish International Development Co-operation Agency
<b>Swedish NAO</b>	Swedish National Audit Office

<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>UNFPA</b>	United Nations Populations Fund
<b>UNHCR</b>	United Nations Refugee Agency
<b>UNICEF</b>	United Nations Children's Fund
<b>UNOCHA</b>	Office for the Co-ordination of Humanitarian Affairs

**Signs used:**

<b>SEK</b>	<b>Swedish Kronor</b>
<b>USD</b>	<b>United-States dollars</b>

<b>( )</b>	<b>Secretariat estimate in whole or part</b>
	<b>(Nil)</b>
<b>0.0</b>	<b>Negligible</b>
<b>..</b>	<b>Not available</b>
<b>...</b>	<b>Not available separately, but included in total</b>
<b>n.a.</b>	<b>Not applicable</b>

**Slight discrepancies in totals are due to rounding.**

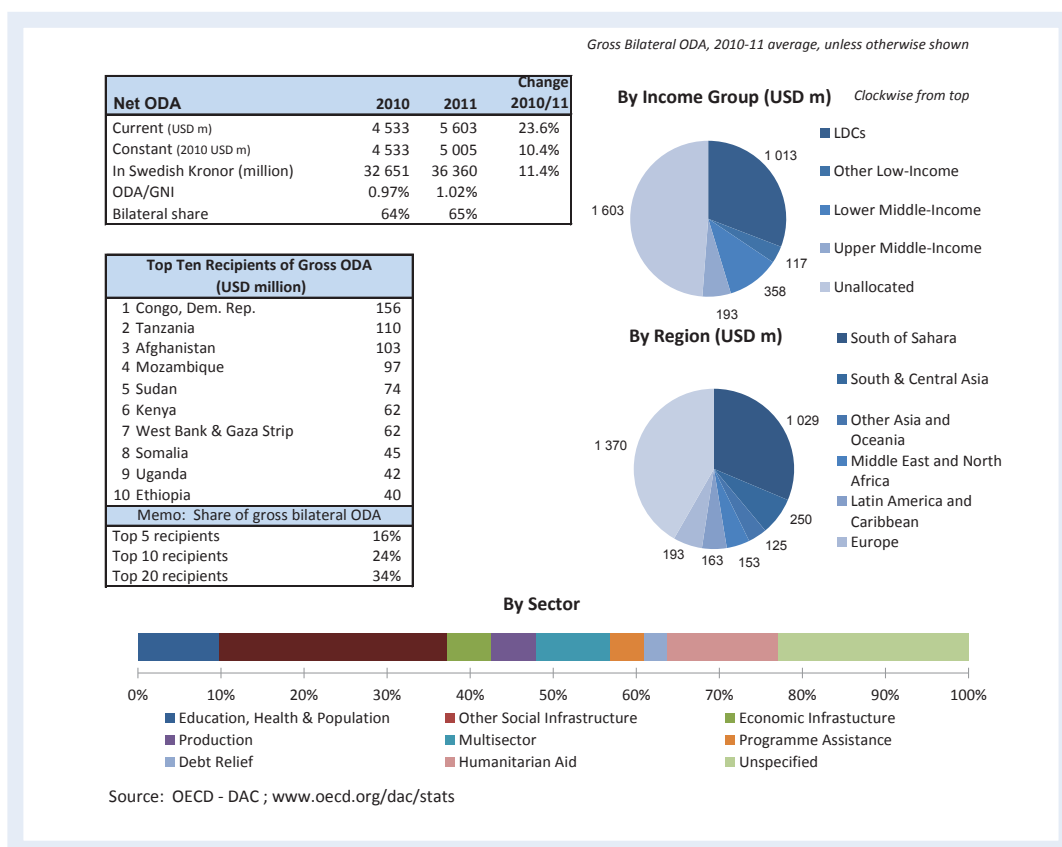
**Annual average exchange rate:**

1USD = SEK

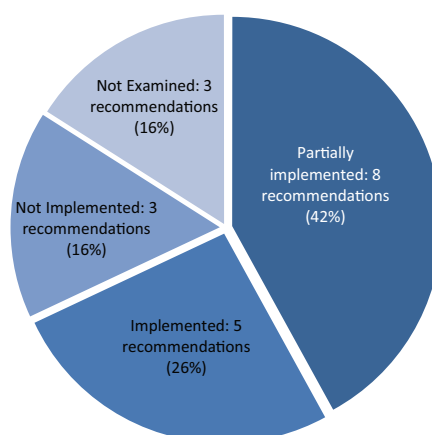
2008	2009	2010	2011	2012
<b>6.6797</b>	<b>7.6322</b>	<b>7.2022</b>	<b>6.4892</b>	<b>6.7689</b>



# Sweden's aid at a glance



## Sweden's implementation of 2009 peer review recommendations



# Context of Sweden's Peer Review

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## Economic and political context

Sweden, with a population of 9.51 million in 2012, stands out among OECD and EU member countries for having high per capita income, low inequality and poverty rates, good health status and environmental quality, a sound balance between work and life and high trust in institutions. Moreover, Sweden has exhibited economic resilience in the face of international turbulence since 2008 (OECD, 2012). After a drop in gross domestic product (GDP) in 2009, growth was 5.1% on average in 2010 and 2011. The latest OECD Economic Survey concludes that Sweden has been able to weather the global economic crisis thanks to the sound macroeconomic policies and substantial structural reforms carried out since the early 1990s. The economic survey sees a positive medium-term outlook for the Swedish economy and forecasts steady growth for 2013 and 2014 (OECD, 2012).

The OECD also found that Sweden's public finances are in very good shape and its fiscal position is among the best in the OECD. The government recovered from a small deficit in 2009 to be in surplus again by 2011. In contrast to many other OECD countries, Sweden has no need for fiscal consolidation to meet EU requirements.

The centre-right Alliance for Sweden – consisting of the Moderate Party (the largest member), the People's Party Liberals, the Christian Democrats and the Centre Party – is currently in power, having returned to office in September 2010 albeit short of an absolute majority. The next general election will take place in September 2014.

## Continuing reform of Swedish aid

Since its 2009 DAC Peer Review (OECD, 2009b), Sweden has continued to reform its development co-operation policy and its aid management arrangements to be more transparent, accountable and focused on results (Ministry for Foreign Affairs, 2013). As outlined in Sweden's Memorandum to the DAC, the ambitious development co-operation reform agenda is driven by cross-party political commitment to remaining at the forefront of a coherent approach to development focusing on the needs, priorities and rights of people living in poverty. A key reflection of this commitment is that since 1975 Sweden has kept its aid volume above the United Nation's target of 0.7% of its gross national income. Indeed Sweden was the first country to reach the target, and since 2006 Sweden has been committed to providing at least 1% of its national income as official development assistance (ODA). In 2012 Sweden delivered USD 5.24 billion in official development assistance, equivalent to 0.99% of its national income.

Sweden wants to ensure that its large aid budget is well targeted and spent and reduces poverty. Thus, since 2007 the Swedish government has been focusing its support on fewer countries and thematic areas. Sweden has also further developed and fine-tuned results-based management in its aid administration. This has been accompanied by restructuring the Ministry for Foreign Affairs (MFA) – responsible for Sweden's development policies and management – and the Swedish International Development Co-operation Agency (Sida) – the main agency responsible for implementing those policies and strategies. This peer review takes place as Sweden consolidates those reforms by finalising an overall aid policy framework and new guidelines for results strategies.

# The DAC's main findings and recommendations

# 1 Towards a comprehensive development effort



**Indicator:** The member has a broad, strategic approach to development and financing for development beyond aid. This is reflected in overall policies, co-ordination within its government system, and operations

## Main Findings

With development at the heart of its foreign policy, Sweden engages strategically on global issues and contributes through high-level political leadership to freedom, peace, security and development. Sweden seeks strategic alliances – within the Nordic countries, the EU and across the multilateral system – that build on its field presence in developing countries to generate greater impact. Sweden's willingness to take the lead in addressing global development challenges is commendable.

Sweden was the first DAC member to publish a strategy for considering the impact of domestic policies on developing countries (known as policy coherence for development, or PCD). It continues to lead on these issues within the DAC and the EU. Its 2003 Policy for Global Development has been a powerful advocacy tool and has raised awareness in Sweden and within the EU. Sweden's whole-of-government processes for policy making ensure all major EU and domestic policies are screened for their impact on developing countries. However, development considerations do not always take precedence as a consequence of this process.

Sweden has implemented all three PCD building blocks: policy statements, co-ordination mechanisms and reporting systems – an achievement matched by very few other DAC members. However, the Swedish parliament and civil society organisations would like the government to be more transparent in how it deals with conflicts of interest and policy adjustments. It might be time for Sweden to renew its political commitment to PCD. The 2009 peer review recommended Sweden evaluate its approach to PCD in order to strengthen it further, and it has plans to do so. However, a second recommendation – to develop indicators for monitoring progress towards PCD – has not been implemented. This lack of indicators means Sweden cannot tell the full story about its efforts towards coherent policy making.

Sweden's strategic framework, institutional structures and mechanisms facilitate coherent action across government for development co-operation. It has a generally sound framework for ensuring co-ordinated

and cohesive development co-operation, backed up by inter-ministerial policies, strategies and collaborations in Stockholm. However, there is scope to build on this in partner countries to exploit synergies and increase impact on the ground.

Sweden appreciates the need and advocates for development finance in addition to official development assistance (ODA). Over the last few years Sweden has been developing instruments for catalysing ODA and co-operating with the private sector. The next step is to scale up the use of these to promote ODA as a catalyst to bring in private investment to support development efforts in partner countries. This use of aid is of increasing relevance for Sweden given its strong focus on the private sector in its recent policy statements. Identifying clearly how ODA brings on board other finance, and measuring that effect, is a challenge for all DAC members. Sweden could take the lead among DAC members by implementing research and analysis on this subject.

## Recommendation

**1.1** Sweden's independent evaluation of PCD should help to renew and deepen its commitments and further improve coordination, monitoring and reporting, including the development of indicators. The evaluation's investigations could include: the transparent management of conflicts of interest between development and other policies; and levels of understanding in government and diplomatic missions of how Swedish and EU policies affect development.

# 2 Sweden's vision and policies for development co-operation



**Indicator:** Clear political directives, policies and strategies shape the member's development co-operation and are in line with international commitments and guidance

## Main Findings

Sweden's 2003 Policy for Global Development continues to provide a strong foundation for its development co-operation system. Sweden has maintained its focus on poverty reduction and on three thematic priorities identified in 2007: 1) democracy and human rights; 2) environment and climate change; and 3) gender equality and the role of women in development. However, a large number of additional priorities – each with their own policies and strategic documents – make for a very complex picture overall. Sweden recognises this weakness in its system and is striving to replace the “forest of policies” with an eagerly awaited brief (50-page) aid policy framework that puts forward a clearer policy vision and a strategy for translating it into concrete actions that get results. The Committee was informed that Sweden has published preparing guidelines for new “results strategies” for its bilateral and multilateral ODA. This should help to remove uncertainty about Sweden's future direction.

In the absence of clear policy priorities, Sweden allocates its bilateral resources across a wide range of countries, themes and programmes and the evidence-base behind decisions is not always clear. One result is a fragmented bilateral programme.

Sweden faces a major task to renew most of its 32 bilateral results strategies by the end of 2013. Sweden is adjusting its timeline for this work to facilitate the necessary consultation to ensure that its aid continues to focus on partners' priorities and reflects both human rights' perspectives and those of the poor – the touchstones of Swedish development assistance. Sweden's new aid policy framework and results guidelines should provide the necessary criteria for prioritising resource allocations and choices in the future.

Sweden's policies and strategies prioritise fighting poverty, especially in least developed countries and fragile states. However, Sweden's criteria for selecting partner countries and thematic priorities do not always result in a strong poverty focus. Links between humanitarian and development programmes are not made sufficiently (see page 22).

Sweden's multilateral strategy provides a stronger framework for decision-making.

Sweden has mainstreamed gender equality and women's empowerment across its programmes. It has also made progress with mainstreaming a human rights perspective. However, Sweden needs to do more to mainstream environment and climate change.

## Recommendations

**2.1** Sweden should urgently consult on, finalise and implement its planned aid policy framework, ensuring that it provides a clear hierarchy of policies, adequate criteria for effective prioritisation of goals and perspectives and indicates how these can be translated into concrete actions that get results.

**2.2** As it finalises its new results strategies, particularly the bilateral ones, Sweden should allow sufficient time for adequate analysis and consultation with partners. Sweden's new bilateral results strategies should include humanitarian assistance where relevant, and whole-of-government approaches.

# 3 Allocating Sweden's official development assistance

**Indicator:** The member's international and national commitments drive aid volume and allocations



## Main Findings

Sweden's international and national commitments, combined with strong cross-party political support, underpin its financial commitment as a donor. Since 2006 Sweden has maintained its ODA at close to 1% of its gross national income (GNI). In 2012, Sweden was the second highest DAC donor in terms of national income given as ODA (0.99%). Sweden was the ninth largest DAC donor in 2012, delivering USD 5.24 billion in ODA. Most of Sweden's ODA system is concentrated in two institutions: the Ministry for Foreign Affairs and Sida. The Ministry for Justice and the Swedish Migration Board manage the fast-growing refugee expenditures, a consequence of more people seeking asylum in Sweden, which comprised 10% of Sweden's total ODA in 2011. Other significant trends in Sweden's aid since the last peer review are the steady increases in its use of multi-bi aid (bilateral aid channelled through multilateral organisations) and in its support to and through civil society organisations.

Sweden meets most OECD requirements for its ODA reporting. However, reporting needs to be more punctual and transparent if Sweden is to meet its Busan commitments and as a signatory and co-provider of the Secretariat of the International Aid Transparency Initiative (IATI).

Sweden's policies and strategies commit it to becoming a more concentrated donor, but these commitments are taking time to feed through into geographical and thematic allocations. As of 2011, Sweden's aid remained largely as it was at the time of its last peer review: spread thinly across a wide range of partner countries and sectors. Sweden has a low level of country programmable aid and its in-donor costs are increasing, particularly those related to refugees. Sweden is delivering more of its aid through non-government channels and the private sector, but its criteria for using these are not always clear.

Sweden has partially implemented the DAC's 2009 recommendation to ensure that its aid allocations are aligned to the strong poverty reduction focus of its Policy for Global Development. Almost two-thirds of Sweden's allocated aid was given to least developed countries in 2011.

Sweden is using its multilateral channels with increasing effectiveness, taking a more focused and strategic approach and using performance assessments. Sweden has implemented the DAC's 2009 recommendations for its multilateral ODA. At the same time there is scope for doing more to make the most of the synergies between different channels. Sweden is a member of MOPAN and is working closely to improve the performance of multilateral partners. Its multilateral assessment tool – together with the multilateral engagement strategy and annual scorecards – provides a strong rationale for decisions on allocating multilateral aid, especially core and thematic funding. Sweden is continuing to improve on its assessment methods.

## Recommendations

**3.1** In the context of Sweden's stated goal of 1% ODA/GNI over the medium term, it should maintain efforts to concentrate its assistance on fewer countries and sectors.

**3.2** In line with its commitment to transparency and openness, Sweden should continue to:

- > monitor its in-donor costs, particularly those relating to refugees, and explain clearly and publicly how these costs are calculated and the reasons for any increases or decreases;
- > ensure that its bilateral support for both state and non-state actors is reported to its partner countries; and
- > prioritise punctual and transparent reporting of its aid expenditures in line with Busan commitments and its role in IATI.



# 4

## Managing Sweden's development co-operation

**Indicator:** The member's approach to how it organises and manages its development co-operation is fit for purpose



### Main Findings

Since the last peer review, Sweden's development co-operation system has gone through a rapid period of institutional change which now appears to be coming to an end. These reforms should strengthen Sweden's ability to deliver an effective aid programme. Some have already delivered positive results, but many will need more time to take effect. The Ministry for Foreign Affairs has integrated development within its structure at headquarters and in the field and is strengthening its ability to provide policy and strategic guidance for Swedish aid. Sida is improving its programme and financial management and has enhanced its governance structures. The division of labour between these two institutions has been clarified since 2009 and co-ordination between them and other relevant government agencies is good. Sweden has also taken steps to further decentralise its implementation arrangements by increasing the number of field offices with full delegated authority. Its system supports the implementation of its policy priorities and commitments.

Sweden's system does support innovation to a certain extent, but reforms and incentives could be better managed. Sida has strengthened how it communicates change, as recommended in the 2009 peer review and despite a difficult period of further reform in 2010/11, morale among the agency's staff is good.

However, policy reforms in the Ministry for Foreign Affairs are not being managed or communicated as well as they could be and their sequencing is problematic. Once the on-going policy rationalisation process is completed, Sweden could benefit from putting further reforms on hold while it consolidates the changes to date and encourages an important sense of staff ownership. Incentives for staff to develop and use innovative approaches are weak, despite a strong commitment by Sweden to deliver in this area.

Following a turbulent period from 2009 to 2011, Sweden is strengthening how it manages its staff. It has human resource plans in place and is making progress in key areas such as decentralisation, posting a greater proportion of staff to the field. It is investing in staff development and being more strategic about

training. Nevertheless, Sweden has not managed to protect overall staffing levels, despite the DAC 2009 recommendation to do so. While the Ministry for Foreign Affairs has maintained its development co-operation staff levels, drastic staff cuts in Sida have seen a 20% drop in numbers since the last peer review, despite an increase in ODA. The reduction in staffing numbers came as a result of challenges in financial management, monitoring and control of costs discovered in 2009 within Sida. As Sweden looks to the future, it would benefit from assessing whether it has adequate capacity to fulfil its ambitions.

### Recommendations

**4.1** Once the new aid policy framework, guidelines for results strategies and results strategies have been put in place, MFA and Sida would benefit from a period of consolidation to develop ownership and management of the reforms by those in charge of the development policy and its implementation.

**4.2** Sweden should implement its human resource development plans within MFA and Sida, ensuring that staff have the capacity necessary for delivering the objectives set out in the aid policy framework. It also needs to ensure, particularly in its partner countries, the necessary skills and capacity to assure a strategic policy dialogue and to manage a range of partnerships and aid modalities, including programme-based approaches.

# 5 Sweden's development co-operation delivery and partnerships



**Indicator:** The member's approach to how it delivers its programme leads to quality assistance in partner countries, maximising the impact of its support, as defined in Busan

## Main Findings

While Sweden is dedicated to improving its aid in line with the Paris, Accra and Busan commitments to aid and development effectiveness, it has fallen short of meeting some of them. Sweden has met its Busan commitment to ensure multi-year predictability to partners about aid levels, and is planning to strengthen its performance further in this area. However, it failed to meet the Paris commitment to in-year predictability. Sweden also fell far short of the indicative international target for aligning its aid with partner countries' national priorities, though it did meet the target for using partner country systems. Sweden uses a mix of aid instruments according to partner countries' needs, capacity and risks. Sida's new Contribution Management System should enhance its capacity for programme and risk management.

Sweden has reported high shares of untied aid since the last peer review. In addition, Sweden has improved the way it communicates with its partners on conditionality, meeting the 2009 DAC recommendation in this area.

Sweden did not meet the Paris Declaration indicative target for using programme-based approaches and acknowledges its challenges in meeting this target. Sweden expects that its recent drive to channel more of its support through civil society and the private sector will be balanced with a continuation of strong support for state actors. Sweden's bilateral support for both state and non-state actors should be reported to its partner countries to facilitate transparency and predictability; this is not yet happening in every case.

Sweden is committed to working in partnership with other donors to enhance its impact, in line with its Busan commitments. It is also committed to working with country-led co-ordination arrangements and participates in division of labour exercises. It will be important for Sweden to manage the planned rationalisation of its bilateral aid responsibly, as recommended by the DAC in 2009, ensuring well-managed exit strategies from sectors and countries. Sweden participates in mutual accountability mechanisms in partner countries and internationally and seeks to strengthen domestic accountability in

countries. It engages in a wide range of partnerships to increase its impact. In particular, it has strengthened its partnerships with the private sector in line with the 2009 DAC recommendation. Sweden has a clear policy for working with civil society and transparent criteria for funding such organisations.

Sweden has the funding and policy tools to deliver quality programmes in fragile contexts, and is working hard to promote joined-up donor approaches to funding and advocacy. However, the new process for developing bilateral results strategies may pose challenges for implementing the core principles of the New Deal for Engagement in Fragile States. In particular, Sweden will need to take care that difficult peacebuilding and statebuilding objectives remain at the core of its programmes in these challenging contexts. Sweden should reflect on how to capture whole of government efforts in its new bilateral results strategies. Sweden will also need to take care to balance trade-offs between risks and opportunities in ensuring sustainable results, especially when working to align with and strengthen partner country systems.

## Recommendations

**5.1** Sweden should increase the share of its aid delivered through programme-based approaches and make more use of partner country systems for programme design, management, expenditure, monitoring and reporting. It should continue to use an appropriate mix of aid instruments, balancing state and non-state partners, to suit specific country contexts and situations.

**5.2** Sweden should continue to ensure that its bilateral aid is included on the budgets of its partner countries.

# 6 Results and accountability of Sweden's development co-operation

**Indicator:** The member plans and manages for results, learning, transparency and accountability



## Main Findings

Sweden takes results-based management seriously and already has a strong culture of planning for, and monitoring of, programme results. Where possible, Sweden identifies its programme results from indicators in its partners' monitoring frameworks and assesses progress jointly against these shared indicators. However, it sometimes has problems linking these results to its broader development objectives. Sweden also needs to get better at incorporating evidence from its results monitoring into bilateral and multilateral aid decision-making.

Sweden is currently engaged in a second round of reforms to streamline and prioritise its many development co-operation objectives to provide greater focus and put results right at the heart of its decision-making processes and bilateral, thematic and multilateral strategies. However, the sequencing of these reforms has been a challenge.

Swedish aid is evaluated by several different government bodies, each with clear roles and responsibilities. While operational and programme evaluations are produced regularly in accordance with the DAC's 2009 recommendation for Sida, Sweden has struggled to deliver quality independent strategic and policy-oriented evaluations. Sweden's independent Agency for Development Evaluation (SADEV) failed to perform this role adequately and has been closed down, leaving a worrying knowledge gap at the strategic level since the last peer review. A new independent Expert Group on Evaluation and Analysis is expected to enhance Sweden's capacity in this area. Sweden has made good progress in working with other partners to carry out joint evaluations and helps build capacity in this area in its partner countries.

Despite the existence of guidelines for feeding evaluation findings back into policy and strategy, the MFA's lack of routine systems for incorporating evaluation findings into its strategic decision-making is undermining its ambition to be a learning organisation. In contrast, Sida has good systems for disseminating programme evaluation results and lessons, although greater involvement by its governing board could increase incentives for follow up by

management. Sida's thematic staff networks are designed to be knowledge hubs, but do not all function well and it is not clear how these networks feed their learning into programme design and decision-making.

Sweden communicates its aid and development results in a transparent and open manner and there is a strong government-wide commitment to, and culture of, openness. Since the last peer review and in line with its Busan commitments, Sweden has taken steps to further improve transparency with the launch of its Openaid web-based platform and the Swedish Aid Transparency Guarantee. Sweden's communications on its development results and risks are extensive, thorough and open at the programme level, but dialogue and consultation on its policies and strategies could be improved.

## Recommendations

**6.1** Sweden should build on its achievements in managing for results by ensuring that it: takes a balanced approach to risk in setting objectives and results; allocates sufficient resources for monitoring results; strengthens links between results that are being tracked within individual programmes and its broader development objectives and decision-making processes.

**6.2** As planned, Sweden should strengthen and adequately resource its capacity to deliver and use high quality strategic and independent evaluations and ensure that the MFA and Sida fulfil their ambitions to be learning organisations.

**6.3** Sweden should use the learning from its results monitoring and evaluation to sharpen its ability to define (and build) its comparative advantage.

# 7 Sweden's humanitarian assistance



**Indicator:** The member contributes to minimising the impact of shocks and crises; and saves lives, alleviates suffering and maintains human dignity in crisis and disaster settings

## Main Findings

Sweden remains a good humanitarian donor overall. It has a clear cross-government policy and strategic framework for humanitarian assistance, and appropriate emphasis on recovery and risk reduction efforts. The updated policy framework has been matched by a significant, and growing, humanitarian budget, backed by solid public and parliamentary support. Sweden remains a staunch defender of humanitarian principles, including through principled civil-military relations.

The Swedish system continues to offer flexible and predictable funding during protracted crises and has a flexible toolbox for responding to new and escalating emergency situations. Partners appreciate the quality of their relationship with Sweden and the frank and open dialogue. Sweden has also taken a lead role in donor co-ordination, both globally and in the field.

The division of labour between the Ministry for Foreign Affairs and Sida has been refined and clarified, and co-ordination between these two main arms of Swedish humanitarian assistance seems to work well.

There has also been good progress in a number of other areas, which now needs to be consolidated. First, Sida's new bilateral humanitarian funding criteria have helped it to more clearly target major risks to life and livelihood. These criteria, and those used by the MFA to make the case for multilateral allocations, now need to be published each year to demonstrate how Sweden upholds humanitarian principles in its decision-making process.

Second, Sweden actively promotes beneficiary participation in the programme cycle, but it will need to take care that the new drive for results does not lessen this focus on accountability to beneficiaries.

Sweden could also learn from its positive experiences in deploying a humanitarian staff member to the Democratic Republic of Congo, and consider expanding its humanitarian field presence in other major crises.

Sweden is aware of the need to monitor its own performance as a donor, and Sida has evaluated its humanitarian programme. However, the lack of

measurable indicators in the Swedish humanitarian policy may hinder these efforts – at present only Sida has measurable indicators for its humanitarian work. There is also a focus on monitoring partner performance, which works best where Sweden has dedicated staff in the field.

Remaining challenges include: (1) the need for greater engagement by development colleagues, which would do more to support recovery and risk resilience (see Recommendation 2.2); and (2) the growing delay in humanitarian disbursements, and partners' concerns over the growing administrative burden and poor predictability of funding requirements.

## Recommendations

**7.1** Sweden should speed up its disbursements to humanitarian partners.

**7.2** Sweden should increase efforts to inform partners about new administrative requirements resulting from reforms.

# Report

# Chapter 1: Towards a comprehensive Swedish development effort

## Global development issues

**Sweden continues to be one of the leaders in promoting international development. With development at the heart of its foreign policy, Sweden engages strategically on global issues and contributes through high-level political leadership to freedom, peace, security and development internationally. Sweden seeks strategic alliances – within the Nordic countries, the European Union and across the multilateral system – that build on its field presence and implementation capacity in developing countries to generate greater impact. Sweden's willingness to take the lead in addressing global development challenges is commendable.**

### Sweden has a strategic approach and growing contribution to global development

Sweden recognises that global challenges require effective multilateral and global forms of governance (Government Offices of Sweden, 2011). It therefore works with the international development community strategically, especially on issues where it sees opportunities for a successful, global system to benefit all countries. International law and respect for human rights are cornerstones of Swedish foreign policy and it sees these as preconditions for sustainable globalisation and development. In line with its status as an important member of the European Union with a distinct Nordic identity, Sweden is committed to good international civic values. Accordingly, Sweden champions a range of development issues globally (Government Offices of Sweden, 2013). For example, Sweden:

- > works hard to improve the European Union's influence on democratic systems and civil liberties in the world, particularly through a reformed European Neighbourhood Policy and a proposed European Global Strategy;
- > is chairing the United Nations' Global Forum on Migration and Development for the period 2013-2014 (Government Offices of Sweden, 2012); and
- > is contributing to the post-2015 development agenda through the participation of its Minister for International Development Co-operation in the UN's High Level Panel of Eminent Persons;

According to Sweden's Budget Bill for 2013 (Ministry of Finance, 2013), it is in Sweden's national interest as a trading nation to support open and free trade, to address concerns over climate change, and to promote peace and stability.<sup>1</sup> The Budget Bill for 2013 outlines 10 key global trends that Sweden's development co-operation must take into consideration and relate to: the freedom revolutions, new financial flows and actors, digitalisation, urbanisation, demographic changes, the state of the world economy, climate change, environmental challenges and shortages of energy, humanitarian crises, and the unequal distribution of resources and conflicts. Sweden's development co-operation is being shaped to respond to these challenges with an increasing focus on low-income countries, democracy and human rights and more flexible and innovative approaches.



## Policy coherence for development

Indicator: Domestic policies support or do not harm developing countries

Sweden was the first DAC member to have a published, explicit strategy for considering the impact of domestic policies on developing countries and it has been leading on these issues within the DAC and the EU ever since. Sweden's whole-of-government processes for policy making screen all major EU and domestic policies for their impact on developing countries; although these processes do not necessarily ensure that development considerations always take precedence. Sweden has implemented all three building blocks for policy coherence – policy statements, co-ordination mechanisms and reporting systems – an achievement matched by very few other DAC members. However, the Swedish parliament and civil society organisations would like the government to deal with conflicts of interest and policy adjustments in a more transparent way. A renewal of its political commitment to policy coherence for development may be timely. In partial response to a DAC 2009 recommendation, a planned evaluation of policy coherence for development should help Sweden to strengthen its approach further. A second DAC 2009 recommendation to develop indicators for monitoring progress towards policy coherence for development has not been implemented.

### Time for Sweden to renew its political commitment to policy coherence for development

Sweden's government is publicly committed to coherent foreign, security and international economic and environmental policies which are development-friendly and have clear links to poverty reduction and internationally agreed development goals, particularly the Millennium Development Goals (MDGs)<sup>2</sup>. Sweden's commitment to policy coherence for development is outlined in its whole-of-government policy, *Shared Responsibility: Sweden's Policy for Global Development* (Government of Sweden, 2003) and is a responsibility for all ministries.

While Sweden's Policy for Global Development has been a powerful force for advocacy and raising awareness in the country and within the EU (Box 1.1) over the last 10 years, there is a growing impression among certain stakeholders, such as civil society organisations (CSOs) and academics, that progress on policy coherence for development is too slow. The feeling is it is only being driven by the Ministry for Foreign Affairs (MFA) and, more specifically, the Minister for International Development Co-operation, rather than the whole of the Swedish government. In their latest report, *Barometer 2012*, a large number of Swedish CSOs and non-government organisations (NGOs) argue that policy coherence for development is "largely absent from the daily political agenda" and that on certain key issues, such as arms exports, there is a need for stronger leadership (CONCORD, 2012). The Policy for Global Development is now more than a decade old: the world has changed considerably since 2003, and new international agreements, such as the EU's Lisbon Treaty<sup>3</sup>, must be taken into account. It may therefore be time to re-new and to deepen Sweden's PCD commitments at the highest political level and put them back at the heart of government.

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**Box 1.1 Illustrations of policy coherence for development efforts in specific areas.**

Sweden has strongly advocated for policy coherence for development in EU forums. In particular, Sweden has been vocal in criticising the lack of ownership of policy coherence for development outside the EU's Directorate-General for Development and Cooperation (DEVCO). Sweden "drove the development of the EU's PCD Work Programme 2010-2013 (EC 2010) during the Swedish Presidency of the Council of the EU in 2009, heavily inspired by the Swedish institutional arrangements for promoting development friendly policies" (Galeazzi et al., 2013).

Sweden's Ministry of Rural Affairs, in consultation with the MFA, has a clearly stated position that the EU's Common Agricultural Policy (CAP) should continue to undergo reforms towards greater market orientation, increased focus on rural policy and solidarity with poor countries (Ministry for Rural Affairs, 2013).

In 2008, Sweden introduced a focus on six global challenges. These are: i) oppression, ii) economic exclusion, iii) climate change and environmental impact, iv) migration flows, v) communicable diseases and other health threats, and vi) conflicts and fragile states. Concentrating on these specific challenges has contributed to more structured work on policy coherence for development within the Government and enables better comparability between different areas over time. The Swedish Government has assessed its work on the six global challenges in 2008-2010 (Report to the *Riksdag* 2010) and 2010-2012 (Report to the *Riksdag*, June 2012). The next assessment is planned for the Report to the *Riksdag* on policy coherence for development in 2014 (Government of Sweden, 2013).

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**Sweden could strengthen its policy co-ordination mechanisms and deal more transparently with conflicts of interest**

Sweden has formal and informal mechanisms for inter-ministerial co-ordination and policy arbitration involving all relevant ministries and based on joint drafting procedures (Annex E; OECD, 2009a; Galeazzi et al., 2013). Under these arrangements, specific policy dossiers, such as international trade and migration, are discussed in formal working groups, complemented by informal discussions. The working groups comprise civil servants from relevant ministries and departments.

When it comes to the coordination of policy coherence for development within its Government offices, all ministries have focal points for this purpose in accordance with Sweden's Policy for Global Development. These focal points form an overall working group coordinated by the MFA. This working group deals with overall issues, especially with the preparation of the Government's report on policy coherence for development to the *Riksdag*. As noted above, Sweden's responsible ministries have worked together effectively to establish clear government positions on major EU policies and to represent these in appropriate forums (Box 1.1).

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Conflicts of interests do arise in the interface between Sweden's development policy and its other policies. It is often difficult for these to be dealt with satisfactorily by the existing co-ordination mechanisms. Current examples include Sweden's arms exports to non-democratic developing countries and tensions between bioenergy production and food security. There are also issues of transparency regarding how these conflicts of interest are managed. The MFA has highlighted these difficulties in its two reports to the *Riksdag* on Sweden's Global Policy on Development (Government Offices of Sweden, 2008 and 2012). Making Swedish policy more coherent for development means:

1. acknowledging the problems involved and increasing awareness of these conflicts of interest among the different ministries and the general public - while awareness is high in ministries such as rural affairs, environment and trade, some focal points are more active than others; and
2. managing the policy trade-offs among ministries effectively and transparently.

Responding to a recommendation from its last peer review (OECD, 2009b), Sweden is about to implement an external evaluation of policy coherence for development that focuses on its co-ordination and steering mechanisms within the Government offices. This evaluation is an opportunity to take a close look at how Sweden manages conflicts of interest between its development policy and its other policies, and how transparent it is. The evaluation should also assess the levels of knowledge and impact of Swedish and EU policies on development across the Swedish government, including in its diplomatic missions.

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**Sweden has systems in place for analysis and reporting, but needs to talk more with key stakeholders**

The Minister for International Development Co-operation is responsible for reporting on policy coherence for development across the Swedish government. Since 2008 the Minister has reported to the *Riksdag* every two years on the government's progress in implementing its 2003 Global Policy for Development. Representatives of the *Riksdag* view this bi-annual report on policy coherence for development as an important tool. However, it would be more effective if combined with better discussions with key stakeholders, such as civil society representatives and the general public, and if there was greater openness about some of the conflicts of interest within government discussed above. The planned external evaluation of policy coherence for development will feed into the MFA's next report to the *Riksdag*, due in 2014. In response to calls for more dialogue and visibility, the MFA followed up its latest report to Parliament with outreach activities in the first quarter of 2013; these involved representatives of academia, the private sector, civil society and other government ministries. This has helped to improve transparency and to inform policy discussion.

Given that so many of Sweden's policies are EU policies, its efforts to promote policy coherence for development within that body are crucial. As Sweden notes in its memorandum to the DAC, EU delegations in developing countries are central for working on policy coherence for development and for integrating and responding

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to partner country demands for it (MFA, 2013). Sweden has clear positions on certain key EU policies, such as the CAP (Box 1.1), and is representing these at EU headquarters in Brussels. Sweden could do more to promote and enhance engagement of EU delegations in the monitoring and regular reporting of the impacts of EU policies on development.

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**The government is responding to critical independent assessments of Sweden's PCD performance**

Another way in which discussions with key stakeholders can be improved is by responding in MFA reporting to issues raised by independent assessments. This is starting to happen. For example, in order to better illustrate examples of potential conflicts of objectives and interests, the MFA focused on just one of the six global challenges – economic exclusion – in its latest report to parliament (Government Offices of Sweden, 2012a). In selecting this single challenge for its report, the Ministry was able to respond to areas of policy where civil society representatives had highlighted little progress, such as capital flight and tax evasion.

In their latest report, *Barometer 2012*, a large number of Swedish CSOs and NGOs maintain that the Swedish government has acted in many areas in a way that they believe goes against the objectives of the 2003 Bill (CONCORD, 2012). The report highlights security and military armaments issues, aid investments that contribute to capital flight, migrant workers, trade policy and climate financing as areas of policy where Sweden needs to act quickly to ensure coherence with development objectives. Other independent assessments of policy coherence for development, such as the Commitment to Development Index (CGD, 2012) and the European Centre for Development Policy Management (referred to above), rank Sweden among the best performers. Nonetheless, there is evidence to suggest that on security issues, particularly Sweden's arms exports to undemocratic countries, it could do better.<sup>4</sup> Future reporting by the MFA should continue to clarify the government's performance in areas highlighted by the CSOs and other independent assessments.

As well as reporting, Sweden is also taking action to respond to these criticisms. For example, the government has appointed a Parliamentary Committee to investigate future Swedish exports of military equipment and the framework of rules governing this. The main purpose of the investigation is to present proposals for new legislation on military equipment with the aim of tightening export controls in relation to non-democratic states, as well as to audit the expected consequences of increasing export controls to these states. In addition, the Committee will assess the extent to which the EU Common Position on arms exports and Sweden's Policy for Global Development have been implemented and look at how Swedish military exports can be made more open and transparent. The Committee will report on its investigation at the end of 2014.

**Sweden does not have the tools to demonstrate PCD results**

The DAC recommended in 2009 that Sweden should develop workable indicators and independent evaluation of PCD (see Annex A and OECD, 2009b). The MFA was not able to identify indicators in time for the 2010 or 2012 reports to the *Riksdag*. This continued gap hinders Sweden's ability to tell a story about the results of its policy coherence for development efforts. Sweden acknowledges the need to understand the complexity of tracking single country progress indicators. It suggests that a multilateral solution is required, perhaps facilitated by the OECD or the EU. Sweden does not make use of field-level resources and international partnerships to monitor the impacts of policy coherence and incoherence for development.

## Engaging in partner countries: co-ordinated government approach at partner country level

Indicator: Strategic framework, institutional structures and mechanisms facilitate coherent action

**Sweden's strategic framework, institutional structures and mechanisms facilitate coherent action across government in support of its development co-operation. It has a generally sound framework for ensuring co-ordinated and cohesive development co-operation, backed up by inter-ministerial policies, strategies and collaboration. However, there is scope to build on this strategic co-ordination at the operational level in partner countries to exploit synergies and increase impact on the ground.**

**A co-ordinated approach in partner countries**

Sweden has formulated whole-of-government policies, strategies and objectives in key areas of its development co-operation, exploiting synergies across its own policy communities. As noted above, development is at the heart of Sweden's foreign policy and this has facilitated a coherent approach towards Africa in particular. In its policy for Africa Sweden outlines the foreign policy framework governing its actions as well as the many instruments and channels available for its co-operation with the continent (Government Offices of Sweden, 2008b). The policy gives particular emphasis to the key role of the strategic partnership between Africa and the EU. It also reflects a broad approach to development in Africa, in which Sweden's security, aid and trade policies, and initiatives in areas such as climate and the environment, economic growth, social development and health, are viewed and treated as an integrated whole.

In partner countries, Sweden has made some progress in whole-of-government development co-operation through the Swedish Business and Development Councils. These councils have been established in most of Sweden's partner countries to develop synergies among the business/private sector and development co-operation. In particular, Sweden has used the councils to strengthen the private sector's contribution to development and poverty reduction and to

stimulate business development and entrepreneurship in developing countries. Sweden's new emphasis on sustainable economic growth and the private sector in development is very much in line with the focus on public-private co-operation in the outcomes of the Fourth High Level Forum on Aid Effectiveness (held in Busan in 2011, HL4, 2011). This is particularly so for creating an enabling environment for business and supporting access to markets for developing countries. Sweden appreciates that there should be no confusion between development objectives and the promotion of its commercial interests. Sweden is committed to ensuring that development objectives and partner country ownership are paramount in the activities and programmes it supports.

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**Sweden's  
new results  
strategies offer  
an opportunity to  
strengthen whole-  
of-government  
approaches at  
country level**

Sweden has a co-ordination mechanism and processes to manage trade-offs among competing priorities. The results of these co-ordination mechanisms are certain pieces of whole-of-government analysis, policies, strategies or joint objectives for specific regions or countries, such as those noted above for Africa and business for development. Sweden is about to prepare a new generation of country strategies with a focus on results (Chapter 2). This is an opportunity to ensure that its diplomacy and development perspectives are integrated in its approaches to its partner countries in the future, as well as other relevant areas such as defence.



## Financing for development

Indicator: The member engages in development finance in addition to ODA

**Sweden appreciates the need for development finance in addition to ODA and promotes this. Over the last few years Sweden has been developing adequate and well-functioning instruments for catalyzing ODA and co-operating with the private sector. The next step is to scale up the use of these to further promote ODA as a catalyst to bring private investment to support development efforts in partner countries. This use of aid is of increasing relevance for Sweden given its strong focus on private sector development in its recent policy statements. Identifying clearly how ODA catalyses other finance, and measuring that catalytic effect, is a challenge for all DAC members. Through research and analysis on the catalytic effect of aid, Sweden could show leadership internationally in clarifying how sources of finance other than ODA contribute to development.**

### Sweden could do more to promote ODA as a catalyst for increasing private flows

Sweden remains committed to providing 1% of its national income as ODA, but also appreciates the catalytic role of aid for increasing private flows that support development. In particular, Sweden recognises the central role of the private sector in advancing innovation; creating wealth, income and jobs; mobilising domestic resources; and contributing to its overall mission of poverty reduction. Since the last peer review the MFA and Sida have been working with the private sector in Sweden and developing countries to explore ways in which private enterprises can participate in the design and implementation of development projects and programmes. The main instruments used by Sweden in these collaborations are its Swedfund (the Swedish Development Finance Institution), and Sida's Public-Private Development Partnerships, Challenge Funds, Drivers of Change development loans and guarantees. As Sweden implements these programmes, care needs to be taken to ensure that development objectives and partner country ownership are adequately reflected in the activities and programmes that are developed with the private sector and that Sweden sticks to its commitment on untying aid (Chapter 5). In addition, Sweden should consider how the private sector projects it supports, as well as activities such as "aid for trade," can more directly create a good climate for investment and business in partner countries.

Sida has only limited official financial instruments for leveraging private investments in developing countries. They mainly consist of guarantees (including export credit guarantees). These are used to share the risk of investments with private finance, including local private finance. Swedfund's portfolio is divided among equity, loans and funds.

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**Sweden's ODA is much greater than its private flows to developing countries**

In 2011, ODA (USD 5.6 billion) accounted for almost all of Sweden's official development finance. Sweden's "other official flows" (OOF), mainly investment activities in developing countries (equities and loans), declined from USD 62 million in 2009 to USD 32 million in 2011.<sup>5</sup> Over the last six years, OOF amounted to only 1% of Sweden's total official flows to developing countries. A recent OECD review of development finance institutions' portfolios and reporting highlighted large coverage and classification issues and different practices in DAC members' reporting of DFI activities. This also showed that Swedfund's outflows were not reported at activity level in DAC statistics; instead the Government of Sweden reported its contribution to Swedfund under the ODA category. In addition, private flows at market prices from Sweden to developing countries reached just over USD 1 billion in 2011; a three-fold increase in annual net private flows over 2010, but some way from the peak year of 2007, when private flows reached USD 2.5 billion (Table B.2, Annex B). Another recent OECD review of the coverage and quality of DAC statistics on export credits and foreign direct investment (FDI) pointed out potential issues with regard to the data coverage of FDI in 2009 and especially in 2010, and also to the classification of EKN (the Swedish Export Credit Agency) export credit guarantees.

Although Swedish NGOs estimate they receive as much as USD 1 billion in private donations annually for development finance (in addition to the donations from government), there are no accurate data on these contributions.

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**Sweden is promoting co-ordination between ODA and innovative finance**

Building on DAC work and the efforts of other international organisations on innovative financing, Sweden has examined and in some cases used different forms of leveraging, catalysing and associating financial flows to enable value for money in development. For example, Sweden has contributed to the International Finance Facility for Immunisation (IFFIm, established in 2006). On the basis of these experiences and other relevant activities Sweden can contribute to research and analysis on the catalytic effect of aid within the development co-operation of DAC members and more broadly.

## Notes

1. The Swedish Government makes clear in its latest foreign policy statement how pursuing an ambitious free trade agenda, fighting protectionism, contributing to international security and providing effective development assistance will all contribute to the Swedish economy and to creating more Swedish jobs in the long term (Government Office of Sweden, 2013).
2. Sweden has signed up to the OECD Ministerial Declaration on Policy Coherence for Development. In this declaration ministers resolved “to ensure that development concerns are taken into account across relevant policies inter alia through improved impact analyses and better policy co-ordination both at country level and within the OECD, taking into account the impact on international development objectives of policies such as environment, agriculture, fisheries, economic and finance, trade, migration, security, energy, science and technology” (OECD, 2008).
3. The Treaty of Lisbon entered into force on 1 December 2009. It provides the EU with modern institutions and optimised working methods to tackle challenges in a rapidly changing world, such as globalisation, climatic and demographic changes, security and energy.
4. The CDI is produced annually by the Washington-based organisation the Centre for Global Development (CGD). It regularly gives Sweden high scores for its policy coherence for development. In its 2012 index (CGD, 2012), the CGD ranked Sweden third out of 27 countries (all of them OECD members), a drop of two places from 2011 when it was ranked first. The reason for Sweden's lower performance in 2012 is because of its exports of large amounts of arms to poor and undemocratic countries.
5. The term official development finance refers to the inflow of the following resources to partner countries: 1) bilateral ODA; 2) grants and concessional and non-concessional development lending by multilateral agencies; and 3) other official flows which are considered developmental (including refinancing loans) but which have too low a grant element to qualify as ODA (OECD, 2012).

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# Chapter 2: Sweden's vision and policies for development co-operation

## Policies, strategies and commitments

Indicator: Clear policy vision and solid strategies guide the programme

Sweden's Policy for Global Development continues to provide a strong foundation for its development co-operation system. Sweden has maintained its focus on poverty reduction and its three thematic priorities identified in 2007: 1) democracy and human rights; 2) environment and climate change; and 3) gender equality and the role of women in development. However, it has a large number of additional priorities, each with their own policies and strategic documents which contribute to layers of complexity. Sweden recognises this weakness in its system and is striving to replace the "forest of policies" highlighted in its last peer review with a clearer policy vision and results-oriented strategies. Until it does so there will be uncertainty about Sweden's future direction, with consequences for its partnerships and programmes.

### Sweden is rationalising its overall aid policy framework

Sweden is implementing the previous peer review recommendation to overhaul, rationalise and clarify its complex policy framework (OECD, 2009; Figure 2.1). In 2011 the Swedish Government assigned the Statskontoret (Swedish Agency for Public Management) to look further into the management of Swedish aid. In its subsequent report, Statskontoret drew attention to the overarching problem that Sweden's aid "steering documents collectively form a highly complex management system without any clear hierarchy of aims which rank them in terms of priority. Accordingly, it is difficult to discern the Government's will and ambition in its development co-operation" (Statskontoret, 2011).

Figure 2.1. A complex overlay of policies and themes



Source: Data presented by the Ministry of Foreign Affairs to the peer review team

Sweden's Ministry for Foreign Affairs (MFA) and its implementation agency Sida must find their way through this maze of perspectives, thematic priorities, central component elements, policies and thematic and bilateral strategies<sup>1</sup>. In response to recommendations by both the DAC and Statskontoret, Sweden is now developing an eagerly awaited aid policy framework of no more than 50 pages that is expected to clarify the hierarchy and priorities among the various perspectives and goals and to specify how these should be translated into concrete actions that get results.<sup>2</sup>

Sweden is also preparing guidelines for new strategies for a greater focus on results in its development co-operation. Sweden's new guidelines for results strategies will be applicable to bilateral development co-operation as well as co-operation with multilateral organisations and thematic multi-bi support. It will be important for Sweden to carefully manage how it sequences the introduction of the new aid policy framework and these new results guidelines. Sweden intends to put the results guidelines and the aid policy framework in place by mid-2013<sup>3</sup>.

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### Sweden's development co-operation priorities for its partner countries need to be clarified

It is taking time to finalise Sweden's aid policy framework and results guidelines and in the absence of these documents there is uncertainty over its priorities and future direction, particularly in its 32 continuing partner countries. One of the main ways in which Sweden plans and delivers its aid is through its bilateral country strategies and Sweden's priorities and future direction in respect of these needs to be clarified. The central tenet of Sweden's development assistance is that it should be based on "the lives, experiences, capacities and priorities of poor people" (Government of Sweden, 2003). Sweden combines this with a human rights perspective. These two perspectives are reflected in its bilateral strategies. Currently Sweden has 42 such strategies in Africa, Asia, Latin America, the Caribbean and Eastern Europe (Figure 2.2). These were prepared in consultation with partners and are generally based on their own national development strategies and priorities.

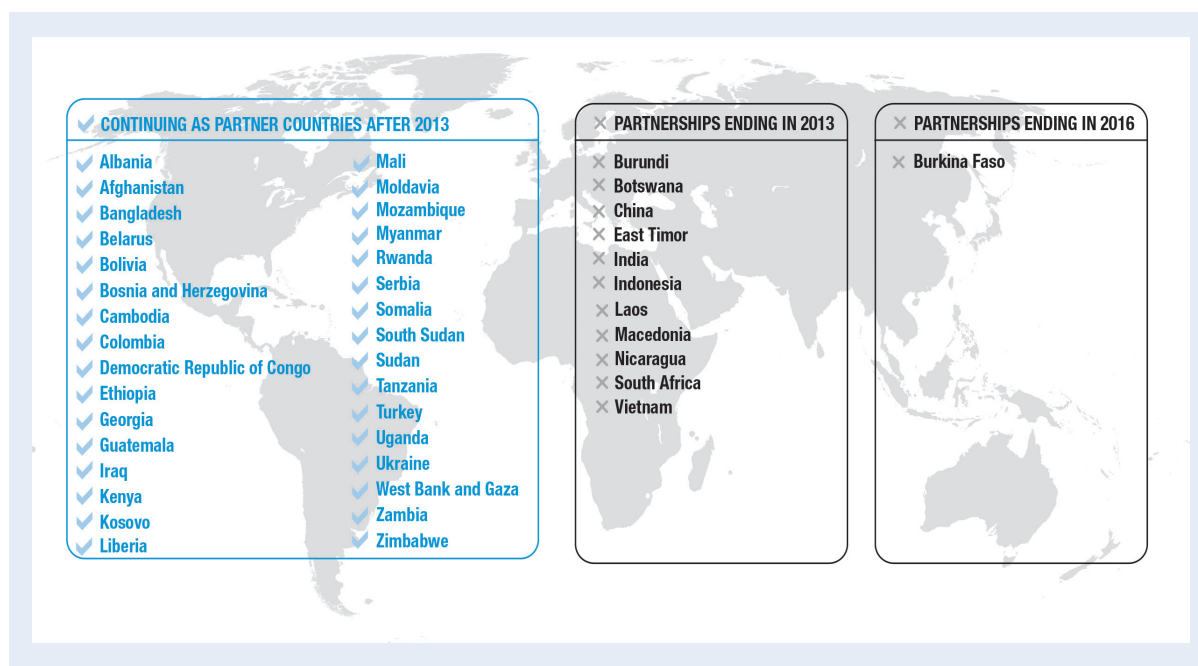
All but one of Sweden's bilateral strategies have now expired or will expire in either 2013 or 2014. Sweden has confirmed that 30 of these countries will continue to be partner countries after 2013, but will phase out from the remaining 12 (Figure 2.2). All of Sweden's 30 continuing partner countries, plus the new partner countries of Myanmar and South Sudan (making a total of 32 in all), require new country strategies covering the next seven years.<sup>4</sup> As for Eastern Europe and the Western Balkans, Sweden is replacing bilateral strategies with two regional strategies with a strong regional focus and close co-operation with the EU's support within the Eastern Partnership and the Stabilisation and Association Process (SAP). These renewed bilateral and regional strategies should ideally be guided by Sweden's new aid policy framework and results strategy guidelines to enable a more focused approach.



The MFA confirmed to the peer review team that the following steps will be followed in preparing Sweden's new bilateral results strategies:

1. The government approves and communicates country specific directions (entry values) for the results proposal to be prepared by Sida.
2. Sida prepares a results proposal (the expected results that Swedish aid should contribute to in a specific country) based on the entry values. Usually, Sida involves the Swedish Embassy in the process where the embassy prepares the draft proposal in close consultation with the partner country and other co-operation partners in the field.
3. Sida transmits the final results proposal to the MFA.
4. The MFA writes the bilateral results strategy based on the results proposal from Sida.
5. The Swedish Government approves the results strategy and instructs Sida to implement it.

**Figure 2.2 Sweden's partner countries, 2013**



Source: Data presented by the MFA to the peer review team

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### **Enough time should be allowed for consultation and analysis in developing Sweden's new bilateral results strategies**

Sweden faces a major task in renewing 23 bilateral results strategies during 2013 and a further 9 subsequent to this (a total of 32 in all).<sup>5</sup> Sweden is adjusting its timeline for this work to facilitate the necessary consultation to ensure that aid continues to focus on partners' priorities and reflects both human rights' perspectives and those of the poor. To safeguard sufficient preparation, some of the above country strategies may be extended by an additional year to ensure that activities and disbursements at the country level are not affected. According to the MFA and Sida, Sweden's new results strategy for Uganda, the Democratic Republic of Congo (Annex C) and its 30 other continuing partner countries will be prepared over a period of seven months; the same timeframe specified in Sweden's current guidelines. Given that most of its bilateral strategies have expired or are about to expire, it is understandable that Sweden needs to move quickly to put new results strategies in place. However, Sweden should ensure that enough time is allocated for meaningful local consultation to seek the views of poor people and incorporate a human rights perspective. Without such consultation, the perception that Sweden's priorities are driven by headquarters in Stockholm will only increase.

The MFA and Sida aspire to be learning organisations. A learning organisation is committed to seeking and using feedback and evidence when developing its policies, strategies and programmes. As will be discussed later in this report (Chapter 6), Sweden needs to improve its evaluation system so it can generate and use evidence in preparing its policies and strategies, especially at headquarters. In developing its new policy framework Sweden also intends to clarify how it will assess the results and impacts of its development co-operation. This will require the MFA and Sida in particular, to make more systematic use of evaluations and the rich knowledge and experience of their development co-operation staff to inform policies, strategies and programmes. Other characteristics of learning organisations include the capacity to better understand comparative advantage and to provide evidence for more ambitious and stretching policies and results. Within the reformation of its results-based management system the Swedish government has showed awareness of the necessity to strengthen its ability to analyse and draw conclusions from follow up and evaluations.

## Decision-making

Indicator: The rationale for allocating aid and other resources is clear and evidence-based

**In the absence of clear policy priorities, Sweden is allocating its bilateral resources across a wide range of countries, themes and programmes and the evidence driving decisions is not always transparent. This is producing a fragmented bilateral programme. In contrast, Sweden's multilateral strategy provides a stronger framework for decision-making. Sweden's new aid policy framework and results guidelines should provide the necessary criteria for prioritisation of resource allocations and choices in the future.**

### Sweden has a flexible approach to allocating its bilateral resources

Sweden chooses channels, instruments and partners according to: (1) which is most appropriate and effective in achieving its objectives and delivering the required results; and (2) an appraisal of risk. Sweden expects that its allocation criteria will be strengthened by its new aid policy framework. Sweden divides its aid, all of which is in the form of grants, according to an established ratio of 65% to the bilateral channel and 35% to the multilateral (Chapter 3). Sweden does not have a specific strategy or policy for allocating resources among countries – these decisions are essentially political.<sup>6</sup> However, in making its choices it prioritises poor people in low income countries and also countries that are struggling with good governance and human rights (MFA, 2013). The available instruments for Sweden to choose from include general budget support; sector budget support; pooled funds and project support for working with the state and civil society organisations; and private sector and multi-bi support (see endnote 1 in Chapter 3) for working with non-state actors.

### Sweden's new bilateral results strategies will be a chance to reassess its ambitions in partner countries

Sweden has had a long-standing aim to concentrate its bilateral resources on a smaller number of country partnerships, but it is taking time to achieve this. At the time of its last peer review (2009) Sweden had already decided to reduce the number of its partner countries from 67 to 33 over a period of three years. Sweden considered 33 to be an optimal number given the size of its bilateral programmes and the scale of its ambitions. Now Sweden is about to reduce the number of its partner countries from 33 to 32 (Figure 2.2), including 15 low income countries, 12 lower middle income countries and 5 upper middle income countries – compared to other similar sized DAC members, such as the Netherlands (which has 15 partner countries), this is still a high number. Sweden's new bilateral results strategies (discussed further in Chapter 6) will be an opportunity to reassess its ambition in each of its partner countries and to also further concentrate its aid to maximise impact. Sweden is a small or medium-sized development partner in most of the countries it supports (Chapter 3). To achieve its aim of being a more significant development partner for more partner countries and to focus its aid on poverty reduction in poor countries, it will need to make some hard choices about where and how to concentrate its aid.

### Sweden has a strategic approach to its multilateral ODA

Sweden's multilateral development strategy provides a rationale for an informed and criteria-based prioritisation of its core funding of multilateral organisations (MFA, 2007). Sweden is a good, strategic contributor to the multilateral system. It works hard to influence multilateral aid policies, strategies and programmes by taking a whole-of government approach involving the MFA, the Ministry of Finance, Sida and other relevant departments. Sweden provides strong support for the UN system, particularly to the reform to achieve consistency across all the UN development agencies and to strengthen their results-based management. It also makes a considered contribution to the work of the World Bank (Box 2.1) and International Monetary Fund (Chapter 3). More generally, Sweden has taken a leading role with other development partners to discuss multilateral effectiveness and progress on reform.<sup>7</sup> In particular, it aims for results, cost effectiveness transparency, and anti-corruption and accountability as key elements in its multilateral collaboration. Sweden should continue to make use of and contribute to joint evaluations of the relevance, effectiveness and need for reform of multilateral organisations. In particular, it should continue to support the work of the Multilateral Organisation Performance Assessment Network (MOPAN), of which it is an active and long-standing member.

Since the last peer review, Sweden's multilateral strategy has been evaluated positively on two separate occasions: firstly, by the independent Swedish Agency for Development Evaluation (SADEV, 2010) and, secondly, by the Statskontoret (Statskontoret, 2011). Sweden has used the second of these evaluations in particular to improve the quality of its implementation. For example, Sweden has adopted or developed institutional strategies for most of the 12 organisations with which it works the most.<sup>8</sup> The strategy for multilateral development co-operation will be among the documents replaced by the new aid policy framework. Sweden is also aiming to replace existing organisational strategies with results strategies guided by Sweden's new aid policy framework and results guidelines. Their main objectives will be to encourage the organisations to focus on results and anti-corruption activities. All Swedish ministries and agencies engaging with the 12 organisations are expected to follow these institutional strategies.

In completing its new aid policy framework, Sweden should outline the complementarity between its multilateral and bilateral efforts in the context of its hierarchy of priorities and objectives. It should also consider the choice of channels, in particular the split between core and non-core funding (Chapter 3), keeping in mind the importance of striking an appropriate balance between these.

### Box 2.1 Sweden's gender equality discussions with the World Bank

Sweden wants to see more gender mainstreaming across all the World Bank's activities so as to promote women's economic empowerment and the development of rural areas. This could help women farmers gain access to loans and agricultural advice, for example, so as to improve their production of crops, or to give women the right to own and use land.

Sweden's support to the World Bank's Gender Action Plan 2007-2010 and the participation of the Minister for International Development Cooperation in the Bank's Advisory Council on Gender Equality laid the foundation for MFA's and Sida's dialogue with the World Bank's Gender Team on how the plan could be integrated into the Bank's activities. In 2008 MFA and Sida began a dialogue with the World Bank about women's economic empowerment and terms of employment. The goal was to make gender equality a special focus for the 16th replenishment of the World Bank's International Development Association (IDA) in the following three years to systematically increase investments to promote gender equality in partner countries. This goal was achieved during the first negotiation meeting in March 2010. The MFA is continuing this work for IDA17.

Sida then developed indicators to measure gender equality in the Bank's next planning period of 2011-2014. The indicators were integrated into the World Bank's transition plan and results matrix for gender equality in IDA. Sweden also contributed substantially to the Bank's *World Development Report 2012 on Gender Equality and Development*, and is now continuing talks to develop detailed indicators that can measure the impact of World Bank activities on gender equality.

Source: Government Offices of Sweden (2011), *Gender Equality for Development: Results and Lessons*, Government Offices of Sweden, Stockholm

## Policy focus

Indicator: Fighting poverty, especially in LDCs and fragile states, is prioritised

**Sweden prioritises fighting poverty, especially in LDCs and fragile states, in its policies and strategies. However, Sweden's criteria for selecting partner countries and its thematic priorities within these do not appear to emphasise the poorest countries or the poorest people within countries. There are no systematic links between development and humanitarian programmes. Sweden has mainstreamed gender equality and women's empowerment across its programmes. It has made progress with mainstreaming democracy and human rights. Sweden needs to do more to mainstream environment and climate change.**

### Sweden's focus on poverty reduction is not always apparent in its selection of partner countries or priorities

Although Sweden has specific policy guidance on poverty reduction in line with the MDGs and DAC guidance (Government of Sweden, 2003), its selection of partner countries and resource allocation criteria do not always appear to prioritise the poorest countries or the poorest people within countries. As noted above, the overarching purpose of Sweden's development co-operation is "to create conditions that will enable poor people to improve the quality of their lives" and its approach is, in part, to incorporate and reflect "the perspectives of poor people on development" in its policies, strategies and programmes (Government of Sweden, 2003). This focus on poor people in poor countries is, as we have seen, balanced with an emphasis in Sweden's policies on a second perspective: human rights and, increasingly, the support to democratic development, including good governance. It is not always clear how Sweden strikes a balance between these perspectives to achieve its overall goal of poverty reduction. For example, Sweden's support for reform co-operation with the Western Balkans, Turkey and the neighbourhood, the focus of its 10 bilateral strategies in that region, have the stated aim of "strengthening democracy, promoting fair and sustainable development and bringing these countries closer to the EU and its value base" (MFA, 2013). These recipient countries are all middle-income (half of them are upper middle-income) – in these cases Sweden's aid is neither focused on the poor in these countries nor on poverty reduction.

### There are no systematic links between development and humanitarian programmes

Humanitarian issues are currently not included in partner country (development) strategies, even when the country receives both humanitarian and development funds. Country analyses and decision processes for these two strands also occur separately. Sweden could improve this situation by extending the scope of the new results proposals, especially in protracted crisis countries, so that they use a joint context analysis and include all Swedish development and humanitarian activities in that country (see Chapter 5). It could also deploy dedicated humanitarian programme officers to the field in relevant contexts, as it has in DRC, to help foster these links.



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**An appropriate policy for fragile contexts**

Sweden has a policy for engaging in fragile contexts<sup>9</sup> which focuses on promoting peace, security and providing peace dividends (MFA, 2010). The policy respects the *Principles for Good International Engagement in Fragile States and Situations* (OECD, 2007) and international guidance on peacebuilding and statebuilding. The establishment of the Conflict and Fragility department at Sida helps in providing context-specific advice that takes into account the complexity of working in the challenging environments of fragile states. Sweden has also signed up to the *New Deal for Engagement in Fragile States* (International Dialogue on Peacebuilding and Statebuilding, 2012), one of the Busan building blocks, and is taking a lead donor role in the New Deal pilot in Liberia (see Chapter 5).

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**Sweden has adopted a twin-track approach with its three thematic priorities: treating them also as cross-cutting issues**

Since 2006 Sweden has focused its development co-operation on three thematic priorities that are also cross-cutting issues: (1) environment and climate change; (2) gender equality and the role of women in development; and (3) democracy and human rights. Sweden chose these thematic priorities because it sees them as critical elements for reducing poverty. It has put in place policy documents to guide its work in these areas (Government Offices of Sweden, 2010a, b and c). While the three cross-cutting themes apply to all Swedish development assistance, Sida takes the lead in integrating them across its bilateral development co-operation. It has specific tools, such as its Contribution Management System (CMS, discussed in Chapter 5), for this purpose. Sida's experience of mainstreaming cross-cutting issues to date has mainly been in gender equality and women's empowerment, although it has also made progress in mainstreaming a human rights perspective since 2006 (Box 2.2). However, Sweden acknowledges that it needs to do more to mainstream environment and climate change issues.

**Gender equality and women's empowerment**

According to Sida and MFA staff, the Swedish Government's thematic policy on gender equality and women's empowerment, *On Equal Footing* (Government Offices of Sweden, 2010a), has been a powerful tool for increasing the emphasis of this issue in Sweden's development co-operation, including its multilateral aid (Box 1.1). Its overall objectives are gender equality, greater influence for women and greater respect for women's rights in developing countries. To achieve these, Sweden concentrates its efforts on four areas:

1. women's political participation and influence;
2. women's economic empowerment and working conditions;
3. sexual and reproductive health and rights; and
4. women's security, including combating all forms of gender-based violence and human trafficking.

Sweden's gender equality policy provides clear guidance and a strategic approach for mainstreaming the issue, including quality assurance mechanisms and a focus on sustainable results. In addition, gender mainstreaming is supported throughout Sweden's programmes in a systematic way, backed up by targeted human and financial resources and appropriate tools, such as Sida's *Gender Black Box*<sup>10</sup>. Since gender equality became a thematic priority for Sweden, and especially since the launch of its thematic policy document in 2010, the roles and rights of women have increasingly permeated its co-operation strategies, interventions and implementation methods, including policy and political dialogue. However, the quality of implementation of gender equality interventions varies across programmes.

### Environment and climate change

The *Policy for Environmental and Climate Issues in Swedish Development Co-operation, 2010-2014* (Government Offices of Sweden, 2010b) sets out fundamental principles and the Swedish Government's general position on environmental and climate issues within its development co-operation. The overarching objectives are to achieve a better environment, sustainable use of natural resources, stronger resilience to environmental impact and climate change in developing countries, and limited climate impact. Sweden is implementing several flagship programmes as part of this policy, including:

- > the Environment for Development initiative: a capacity building programme in environmental economics focusing on research, policy advice, and teaching in several developing countries; and
- > a global partnership to support developing countries in scaling up their efforts to combat short-lived climate pollutants.

However, unlike its gender equality policy, Sweden's environment and climate change policy does not mention mainstreaming this issue across all of its programmes. This is a surprising omission in such a key document, especially in the light of the recommendation in the last peer review to strengthen mainstreaming of environment and climate change (OECD, 2009 and Annex A). This omission is also reflected in Sweden's organisational structures. For example, in the MFA environment and climate change does not have an organisational home. Several partner countries lack focal points for this issue (see Chapter 4). While Sida's Contribution Management System (CMS) makes environmental screening mandatory for all interventions and it does have guidelines and a help-desk<sup>11</sup> for screening aid investments and activities to ensure that environmental and climate aspects are addressed in each case, it is clear that more could be done to mainstream this issue, including training staff and increasing resources to support this activity.

### Human rights

Sweden's policy document *Change for Freedom: Policy for democratic development and human rights in Swedish development co-operation, 2010–2014* (Government Offices of Sweden, 2010c) raises the level of ambition and clarifies its goals: democratic development and greater respect for human rights in developing countries (Government Offices of Sweden, 2010c). Sweden's basic premise is that human rights are universal, interdependent and indivisible. The policy prioritises three focus areas: (1) civil and political rights; (2) the institutions and procedures of democracy and the rule of law; and (3) democracy actors. This policy and its implementation are to apply to that part of the Swedish development co-operation programme which focuses principally on democratic development and greater respect for human rights.

The positions by the government regarding the rights perspective are to apply across the entire development co-operation sphere, regardless of sector. It includes guidelines for mainstreaming the issue (Box 2.2). This ensures that Sweden emphasises human rights in its dialogue with partner countries (on budget support, sector level programmes and operational funding), and helps to strengthen capacity for both central government reporting and civil society's shadow reporting to the UN monitoring bodies. Sweden is also supporting the preparation and implementation of national action plans for human rights and providing capacity-building assistance to organisations active at global, regional, national and even at sector level within countries. For example, in Uganda Sweden has been instrumental in promoting a human rights-based approach to health in the context of its sector-wide support approach.

### Box 2.2 Sweden's human rights-based approach in Kenya

Sweden's human rights-based approach (HRBA) in Kenya has its origins in a pilot initiative called Mainstreaming in Action (Mainiac) that began in 2003. This was intended to implement the four principles of the HRBA: non-discrimination, participation, openness, transparency and accountability – and to ensure that programmes with Swedish support promoted the development, democracy and human rights of people living in poverty (including those of women and children), sustainable development, peace and the fight against HIV and AIDS.

The pilot initiative was carried out in one of Kenya's poorest provinces. Sida's support was based exclusively on a human rights-based approach. For example, in supporting the development of roads in the province Sida helped to establish interest groups that provided advice and support locally to the Ministry of Roads to ensure that the interests of the population were taken into account. By participating in the planning of road committees, people in the area had a sense of responsibility, increasing their desire to maintain the road. Today the HRBA principles are a fundamental part of Sweden's development co-operation with Kenya. It is integrated within all the sectors where Sida is active: it is present in the dialogue with Kenya and influences strategic choices in planning processes and the follow-up of contributions.

*Source:* information presented to the peer review team by the MFA

## Notes

1. The MFA provides annual instructions to Sida and its other implementing agencies through an Ordinance with Instructions, annual appropriations directions and decisions on policies, strategies and guidelines in accordance with existing policy and strategy documents.
2. Sweden was unable to share a draft of its aid policy framework with the peer review team.
3. The MFA had originally intended to launch its aid policy framework and guidelines on results strategies in the first quarter of 2013, but this has now slipped to mid-2013.
4. In addition, Sweden has three regional strategies (sub-Saharan Africa, Asia and Middle East and North Africa) that will expire in 2015.
5. Sweden approved the first of its new bilateral results strategies (Tanzania and Zambia) in mid-May 2013 and intends to approve most of the remaining 30 before the end of 2013.
6. The Department for Development Policy of the MFA states that "the decision as to which countries Swedish bilateral aid will focus on is a political decision." (MFA, 2007a).
7. In November 2012 Sweden's MFA convened a two-day meeting of 17 donors in Stockholm to discuss multilateral effectiveness and progress on reform. This continued a process initiated nine months earlier in London, and it will be maintained in the future.
8. Adopted: The World Bank; The African Development Bank; United Nations Development Programme (UNDP); United Nations Refugee Agency (UNHCR); United Nations Relief and Works Agency (UNRWA); World Food Programme (WFP); World Health Organisation (WHO); Food and Agricultural Organisation of the United Nations (FAO); International Labour Organization (ILO); and United Nations Educational, Scientific and Cultural Organisation (UNESCO). Developed/prepared but not yet adopted: the Global Fund for AIDS, Tuberculosis and Malaria (GFATM); United Nations Populations Fund (UNFPA); United Nations Children's Fund (UNICEF); Office for the Coordination of Humanitarian Affairs (OCHA); International Organization for Migration (IOM), and EU.
9. The analysis for this report uses a list of 47 countries and economies considered to be fragile, 28 of which are in Africa. The list is derived from the World Bank-African Development Bank-Asian Development Bank harmonised list of fragile and post-conflict countries for 2012 and the 2011 Failed State Index (FSI). It is not an official DAC list but it is used for all peer reviews.
10. Sida's Gender Black Box contains 20 different guiding documents to help staff develop and implement activities related to gender equality and women's empowerment. The Black Box is under revision in 2013 and a new up-dated version will be launched by December 2013.
11. Sida's Helpdesk on Environment and Climate Change is based at the University of Gothenburg as well as the University of Agricultural Sciences. The Helpdesk assists in integrating environmental perspectives, and the latest research, into Swedish development co-operation practice. The Helpdesk develops guiding documents and briefs, gives support, on demand, to all Sida staff by providing advice and strategic guidance on environment and climate change integration into policies, results strategies (previously country strategies) programmes and projects and it supports capacity building and dialogue on environment and development issues. The helpdesk is available to all Sida staff at headquarters and at Swedish embassies in partner co-operation countries.

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# Chapter 3: Allocating Sweden's official development assistance

## Overall ODA volume

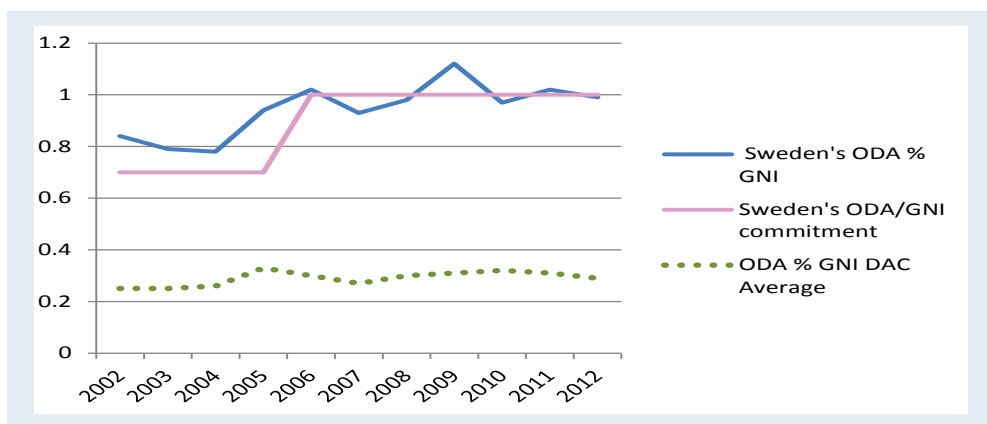
Indicator: The member makes every effort to meet ODA domestic and international targets

Sweden's international and national commitments, combined with strong cross-party political support underpin its generosity as a donor. In 2012, Sweden was the ninth largest DAC member, delivering USD 5.24 billion in official development assistance (ODA). It was the second most generous DAC member in terms of how much of its national income was given as ODA (0.99%). This reflects its commitment since 2006 to maintain its ODA at 1% of its national income. Most of Sweden's ODA system is concentrated in just two institutions: the Ministry for Foreign Affairs (MFA) and Sida. Beyond these, the fast-growing refugee expenditures, a consequence of more people seeking asylum in Sweden, managed by the Ministry for Justice and the Swedish Migration Board, comprised 10% of its total ODA in 2011. Sweden meets most OECD requirements in its ODA reporting. However, reporting needs to be more punctual and transparent if Sweden is to meet its Busan commitments and its requirements as a signatory and co-provider of the secretariat of the International Aid Transparency Initiative (IATI).

**Sweden is commended for living up to its promise to keep ODA at 1% of gross national income**

Sweden continues to be one of the most generous DAC members. Every year since 2006 Sweden has committed 1% of its gross national income (GNI) to ODA (Figure 3.1). This commitment exceeds the long-standing international target of 0.7% set by the UN and which Sweden was the first country to achieve in 1975. This 1% of national income has been a firm commitment of the *Riksdag*, across parties, over the past six years, and is strongly supported by the Swedish public (MFA, 2013). Sweden has the highest public support in the EU for a generous aid policy, enabling the government to maintain such high ODA levels (Eurobarometer, 2012). Thanks to this broad political and public support and the overall growth in Sweden's economy, its ODA has increased in real terms since the last peer review, despite reductions in 2010 (caused by a one-off contraction in Sweden's economy in the previous year) and in 2012. In 2012 Sweden's aid amounted to USD 5.24 billion, equating to 0.99% of GNI.

**Figure 3.1. Sweden's net ODA as a percentage of GNI, 2002-2012**



Sources: Data from 2009-2012 are from the OECD DAC aggregate data, 2012.

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### Sweden is set to continue its strong track record of maintaining high levels of ODA and meeting its targets

Sweden is determined in its stated intention to continue to dedicate 1% of its national income to ODA, and the latest annual Budget Bill (Government Offices of Sweden, 2013) confirms this level for 2013 and as a forecast for 2014-2016. Sweden's mechanism to ensure it continually meets its volume target is to base its ODA budget on 1% of its forecast national income each year. Given the forecast of continuing growth in the Swedish economy over the next three years, ODA will increase each year in step with this. Sweden regularly evaluates its overall performance against this target. While Sweden's aid actually dropped by 3.4% between 2011 and 2012, this was due to reduced capital subscriptions to international organisations, although cash disbursements to these organisations increased.

Since 2009, Sweden has been reasonably predictable in the way that it allocates its aid. In the first instance, Sweden divides its aid between the bilateral and multilateral channels.<sup>1</sup> As illustrated in Table B.2 in Annex B, each year since 2009 Sweden has allocated, on average, 65% of its total ODA to the bilateral channel and 35% to the multilateral channel. Within Sweden's bilateral channel there have been three strong trends since the last peer review:

- > rapid growth in support provided to and through civil society organisations: from USD 765 million in 2008 to USD 1.1 billion in 2011;
- > a steady increase in multi-bi support, from USD 635 million in 2007 to USD 838 million in 2011; and
- > an increase in expenditures from Sweden's ODA budget on costs within Sweden, such as on refugees and administration, from USD 401 million in 2006 to USD 706 million in 2011, largely as a consequence of more people seeking asylum in Sweden.

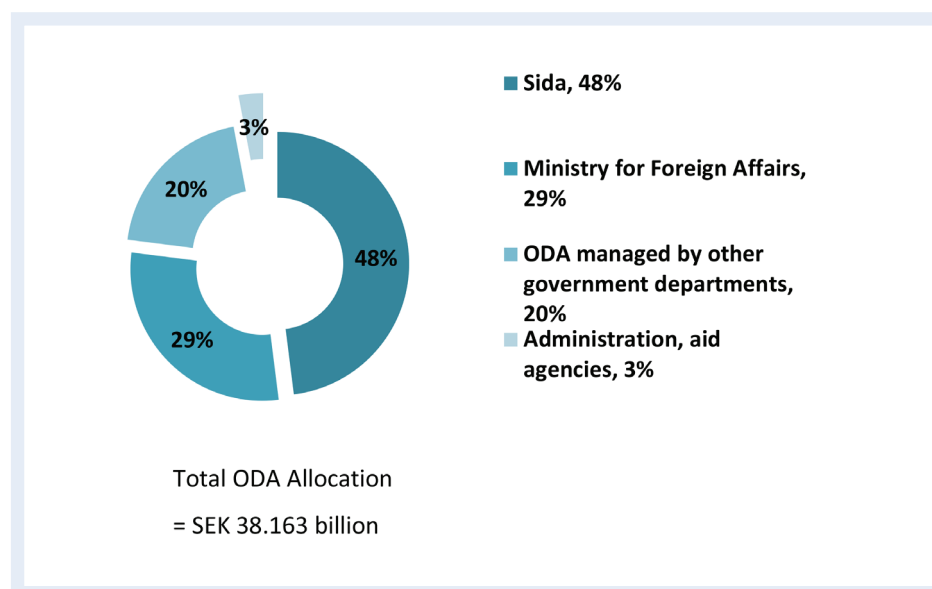
In line with its commitments to openness, Sweden is providing information about these expenditures annually in the budget bill, including information about why expenditures have increased in these areas. Sweden is fully following DAC criteria and guidance on how it counts administrative and refugee costs.

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### The MFA and Sida manage the bulk of Sweden's ODA

Compared to most DAC members, Sweden's system for managing aid is highly concentrated. In 2013 77% of Sweden's ODA was allocated through the MFA and Sida (Figure 3.2) and these two institutions have a strong track record in budget execution, routinely spending 98% or 99% of their allocations each year. In addition, the ODA budget also includes small annual appropriations for three other agencies that fall under the MFA's responsibility (see Chapter 4): the Nordic Africa Institute; the Folke Bernadotte Academy; and the Swedish Agency for Development Evaluation (SADEV), the latter of which was wound up in February 2013. Other government departments were administering the remaining 20% of Sweden's ODA in 2013, mostly consisting of refugee costs and some member fees and contributions to multilateral organisations. The fact that one-fifth of Sweden's aid is managed by other government agencies means that it continues to be important for the MFA to provide them with advice to ensure aid is delivered effectively (Chapter 1).

**Figure 3.2. Sweden's ODA by government department, 2012/13 revised budget estimates**



Source: data presented to the peer review team by the MFA

Note: Administration, aid agencies includes the costs of: Sida; the Nordic Africa Institute (NAI); the Folke Bernadotte Academy (FBA); the National Audit Office (NAO); and the Swedish Agency for Development Evaluation (SADEV)

### Sweden is taking the lead in the DAC on transparent and predictable aid

At the Fourth High Level Forum in Busan, the international community stated that transparency and accountability to the intended beneficiaries of its co-operation, and to its respective citizens, organisations, constituents and shareholders, is critical to delivering results. In this vein, at the DAC high level meeting in London in 2012, ministers stated their ambition to turn the DAC into a “hub for transparency” (OECD, 2012b). In order to take this commitment forward, the DAC needs to be clear about what transparency means for the OECD/DAC, and what elements it aims to prioritise. Sweden, with its Openaid initiative and transparency guarantee (Chapter 6) and also with its focus on results and through its support for the International Aid Transparency Initiative (IATI),<sup>2</sup> is playing a leading role among DAC members. This is very much in line with the Busan commitment to open, standardised reporting on aid (HL4, 2011).

Sweden complies with all the DAC Recommendations on aid and its statistical reports conform to ODA rules. Sweden reports on a monthly basis to IATI and publishes activity level documentation including project assessments, evaluations, forward spending at activity level on [openaid.se](http://openaid.se). According to Publish What You Fund's 2012 Aid Transparency Index, Sweden ranked 7th amongst 72 donors (Publish What You Fund, 2012). However, there are several reporting issues that it needs to address. In particular, the mapping of Sweden's Free-standing Technical Co-operation marker method to DAC's Creditor Reporting System (CRS) needs some

adjusting. There are also technical issues regarding the compilation of its DAC tables and the failure of Sweden to report the descriptions of some CRS projects. The timeliness of Sweden's reporting is also an issue – data are often not complete or agreed with the OECD before November each year, which is late. Sweden has indicated that it plans to speed up its submission of data to the OECD. Recent system improvements in Sida's CMS aimed at increasing comparability with the DAC's statistics should also help.

Sweden is one of the few DAC members to provide all of its partner countries with 3-5 year spending plans – one of the commitments made in Busan (OECD, 2012a). However, Sweden still needs to update these plans on a rolling basis and also to include all of its aid. For example, in Uganda in 2011 at least USD 8 million worth of Swedish assistance to the country was not forecast or reported to the government (Annex C). Sweden plans to implement the standard for electronic publication of timely, comprehensive and forward-looking information by December 2015, and to ensure that implementation meets the deadline set by IATI, of which Sweden is a leading proponent<sup>3</sup>.

## Bilateral allocations

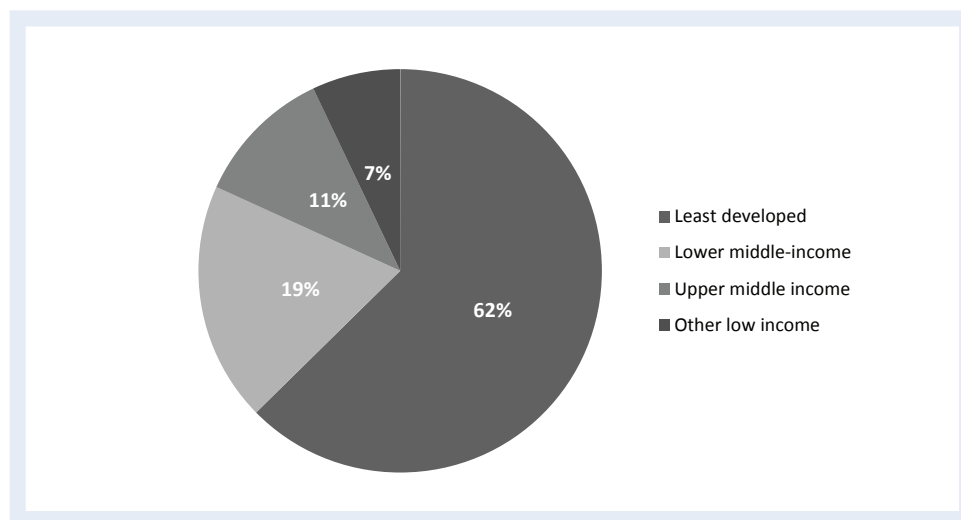
Indicator: Aid is allocated according to the statement of intent and international commitments

**Sweden's policies and strategies commit it to becoming a more concentrated donor, but these commitments are taking time to feed through into geographical and thematic allocations. As of 2011, Sweden's aid remained largely as it was at the time of its last peer review; spread thinly across a wide range of partner countries and sectors. Sweden has a low level of country programmable aid and its in-donor costs are increasing. Sweden is delivering more of its aid through non-government channels and the private sector. Sweden has partially implemented the DAC's 2009 recommendation to ensure that its aid allocations are aligned to the strong poverty reduction focus of its Policy for Global Development. Almost two-thirds of Sweden's allocated aid was given to least developed countries in 2011.**

### Sweden continues to emphasise the poorest countries in its bilateral allocations

In line with its goal of helping poor people in poor countries to overcome poverty, since 2006 Sweden has steadily increased the share of its bilateral aid going to the least developed countries, mostly in sub-Saharan Africa (Table B.3, Annex B). In 2010/11 62% of its allocated bilateral aid went to these countries (Figure 3.3). It should be noted, however, that since the last peer review on average half of Sweden's bilateral aid is unallocated by country each year (Table B.3, Annex B). This is mainly because around 25% of Sweden's bilateral assistance is channelled to and through civil society organisations based in Sweden, while another 25% is channelled from headquarters through thematic and regional programmes. In addition, Sweden's relatively high in-donor costs are also not allocable. In these cases geographical and income group allocations are not reported.

**Figure 3.3 Sweden's allocated bilateral gross ODA by income group, average 2010/11**

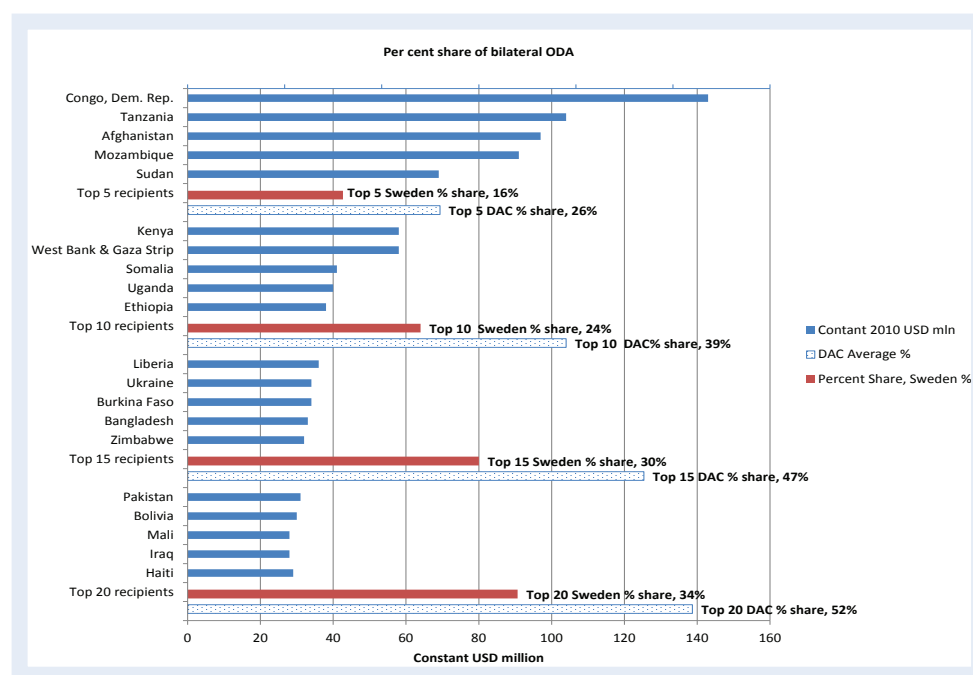


Source: OECD/DAC statistics

**Sweden's allocations do not yet reflect its commitment to concentrate its aid on fewer countries**

The Government of Sweden's strong emphasis on poor people in poor countries is mirrored by the priority it gives in its allocations to least developed countries and fragile states. Sweden's bilateral aid is spread across 109 countries in 2011. In most of these Sweden is a small development partner with limited opportunity to influence development. Of Sweden's bilateral aid that was allocated directly to countries in 2010/11 (rather than through CSOs), only 34% went to its top 20 recipients (Figure 3.4), much lower than the DAC average of 52%. Moreover, Sweden was only one of the 10 largest development partners in five countries: Bolivia, Iraq, Mozambique, Ukraine and Zimbabwe. The MFA reported to the peer review team that the full effect of Sweden's bilateral concentration efforts from 2007 will be felt in 2013 but acknowledged that Swedish aid is still too fragmented in relation to many other donors and to international aid effectiveness agreements. As discussed in Chapter 2, Sweden should reassess its ambition in its priority countries and make further efforts to become a significant development partner in more of these.

Figure 3.4 Top 20 recipients of Sweden's bilateral aid, average 2010-2011



Source: OECD CRS and DAC aggregate data, 2012

### Country programmable aid is low and too dispersed

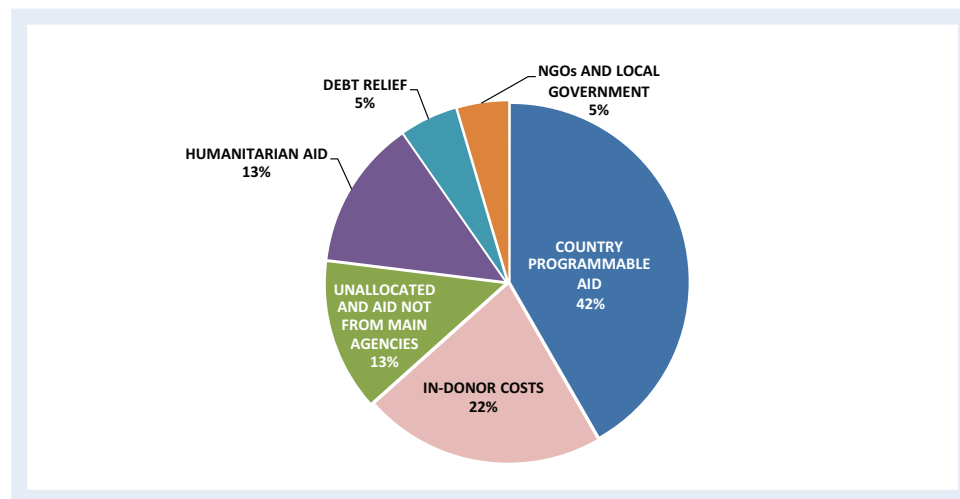
A relatively small proportion of Sweden's bilateral ODA is "country programmable"<sup>4</sup>: 42%, or USD 1.52 billion, in 2011 (Figure 3.5). Country programmable aid (CPA) is a measure of a donor's contribution to "core" development programmes; such aid gives partner countries scope to decide how to use it to meet their priorities. Sweden's low share of CPA (much lower than the DAC average of 55%) is mainly due to its high refugee and administrative costs, its large proportion of unallocated aid (discussed above) and its sizeable humanitarian assistance. The share of refugee costs in particular has increased considerably since the last peer review which is explained by an increasing amount of asylum seekers coming to Sweden - it remains one of the countries in Europe that receives most asylum seekers.

Sweden increased the number of partner countries to which it provides CPA from 68 in 2008 to 82 in 2011, 32 of these were priority partner countries. This reflects a gap between its stated policy of concentration and its actual implementation. Sweden is one of the least-concentrated DAC members in terms of the distribution of its CPA: it was a significant donor in only 33 of 81 partner countries.<sup>5</sup> In addition to countries it identifies as its priority partners (in which it is a significant donor in all but two), in terms of CPA Sweden was a significant donor in Botswana, Korean Democratic Republic, Myanmar and Macedonia. Sweden's relatively low level of aid concentration is explained by its provision of scholarships, small grants and partnerships in a large number of countries where it does not have a large



bilateral programme. Sweden should regularly assess the development impact and sustainability of these investments. Also, as indicated in earlier sections of this report, Sweden should reassess its ambition in its priority partner countries and concentrate more of its bilateral resources on these.

**Figure 3.5 Composition of Sweden's gross bilateral ODA, 2011**

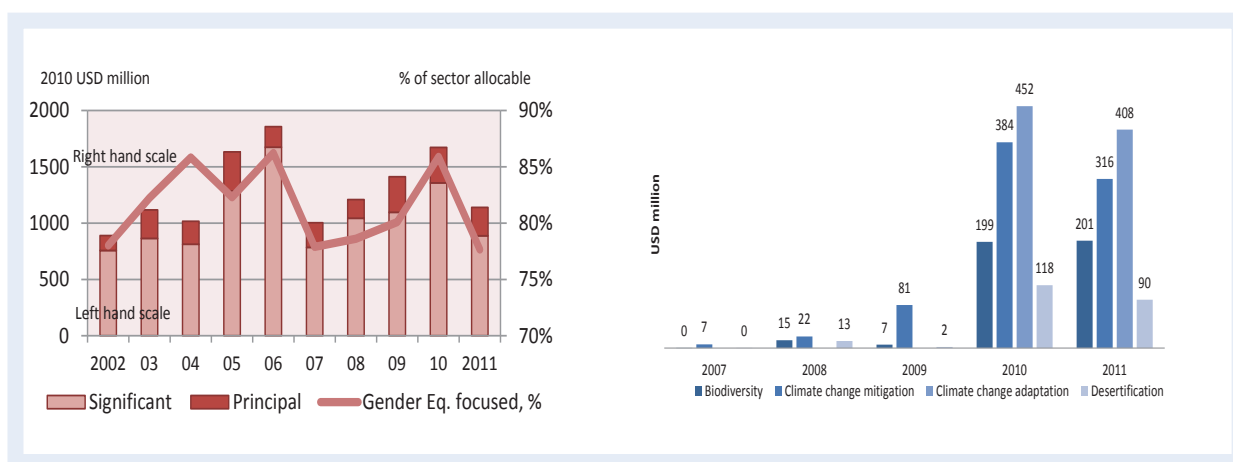


Source: OECD CRS and DAC aggregate data, 2012

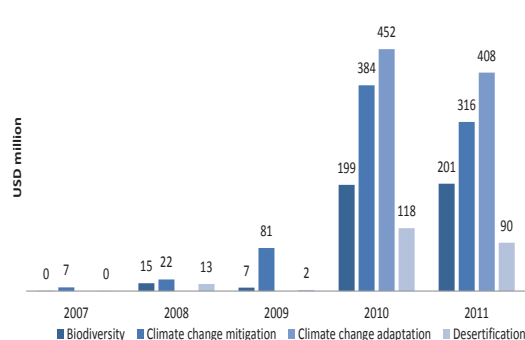
**Sector and thematic allocations are also spread thinly, reflecting Sweden's lack of prioritisation**

Sweden's complex policy framework and absence of prioritisation (Chapter 2) means its bilateral aid is spread thinly across a wide range of sectors (Table B.5, Annex B). For example, in 2011 Sweden provided 4% of the CPA received by Burkina Faso but was active in 12 sectors. In six of these sectors, Sweden was among the top donors that together account for 90% of the sector's CPA, but was a minor donor in the other six. The 2009 DAC Peer Review (Annex A) urged Sweden to narrow its range of sectors in partner countries. Sweden has started to consolidate its aid programme into fewer, larger programmes in a smaller number of sectors in an effort to make its aid more effective. This was seen in Uganda (Annex C), where in 2013 it has 36 separate development contributions in 4 sectors, down from 48 in 8 sectors in 2009.

According to DAC statistics on average in 2010/11, one-third of Sweden's aid directly supported its three long-standing thematic priorities: gender equality and the role of women in development; environment and climate change; and democracy and human rights<sup>6</sup>. Data suggest that two of these thematic and cross-cutting issues, gender and environment, are central to its aid investments. In 2011, 78% of Sweden's bilateral commitments had gender equality and women's empowerment as a principal or significant objective (Figure 3.6). Figure 3.7 shows that significant amounts were allocated to climate change, desertification and biodiversity in 2010 and 2011.

**Figure 3.6 Sweden's ODA for gender equality and women's empowerment, 2002-2011**

Source: OECD CRS and DAC aggregate data, 2012

**Figure 3.7 Sweden's ODA support to the objectives of the Rio Conventions, 2007-2011**

Source: OECD CRS and DAC aggregate data, 2012

### Sweden is delivering more of its aid through non-government channels

In accordance with its Policy for Support to Civil Society in Developing Countries within Swedish Development Cooperation (MFA 2009) Sweden provides bilateral ODA through non-government channels. As noted above, it has significantly increased its core<sup>7</sup> and non-core support to non-governmental organisations (NGOs) since the last peer review. In 2011, Sweden's contributions to and through NGOs, most of which were Swedish, amounted to USD 1.1 billion, or 27% of its bilateral ODA, one of the highest shares in the DAC. Sweden's support to and through CSOs is governed by strategies. One of the more significant in terms of strategic importance and volume (27% of the overall support to and through civil society) is the *Strategy for Support through Swedish Organisations within Civil Society, 2010-2014* (MFA, 2010). According to this strategy, the Swedish organisations supported with ODA must raise at least 10% of their programme funds from their own resources (MFA, 2010). The MFA informed the peer review team that Sweden plans to maintain the current level of its annual contributions to NGOs over the medium term. As noted in Chapter 2, Sweden has also increased the amounts of its aid that it is channelling through the private sector in Stockholm and in partner countries, particularly through its Swedfund, which at the end of 2011 had an investment portfolio worth SEK 2.6 billion divided between 90 investments in 36 countries (Swedfund, 2013). In addition, Sida's Business for Development (B4D) programme includes public-private partnerships and a USD 8 million challenge fund to support development innovations from small and medium enterprises (see Chapter 5).

## Multilateral allocations

Indicator: Member uses bilateral and multilateral channels effectively

**Sweden is using its multilateral channels with increasing effectiveness, with a more focused and strategic approach and the use of performance assessments. Sweden has implemented the DAC's 2009 recommendations for its multilateral ODA. At the same time there is scope for doing more to make the most of the synergies among different channels. Sweden is working closely to improve the performance of multilateral partners. Its multilateral assessment – together with the multilateral engagement strategy and annual scorecards – provides a strong rationale for providing multilateral aid, especially core and thematic funding. Sweden is continuing to improve on its assessment methods.**

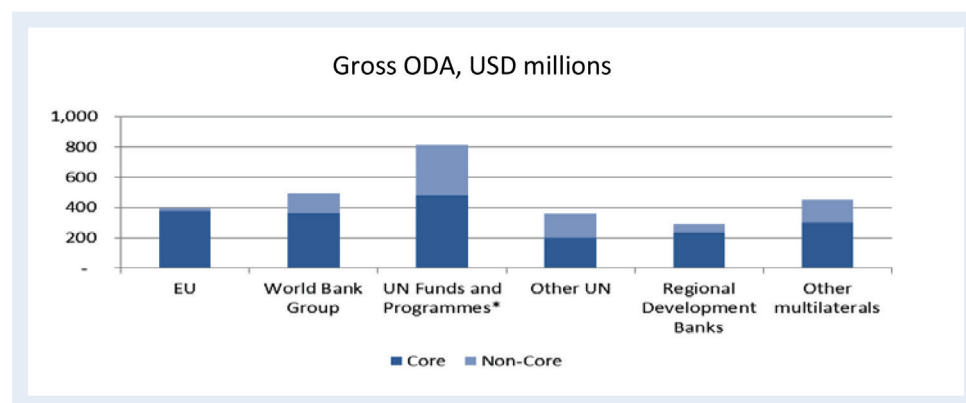
### Sweden makes good use of the multilateral channel

Sweden uses its multilateral aid in accordance with its strategy for this channel (MFA, 2007). Performance assessments of multilateral organisations and potential synergies between multilateral and bilateral assistance are factored into Sweden's decision-making process. The 2009 DAC Peer Review recommended that Sweden continue to focus its support to the multilateral system strategically, in line with the development priorities and strategic objectives identified in its Policy for Global Development (Government of Sweden, 2003), and it has done this to a large extent (Annex A). However, owing to the timing of replenishments of certain multilateral mechanisms, particularly IDA, which means that Sweden's increased commitments have not yet fallen due for payment, this greater focus is not yet visible in all of Sweden's allocations. Since 2007 Sweden's multilateral ODA has increased steadily in volume, reaching USD 1 961 million in 2011. Sweden has maintained its multilateral aid at an average of 35% of its total gross ODA disbursements, much higher than the DAC average of 27% for the same period (Table B.2, Annex B).

As noted above, Sweden has steadily increased its non-core (multi-bi) contributions to multilateral agencies from USD 635 million in 2007 to USD 838 million in 2011 (Figure 3.8) – in that year multi-bi was 30% of the total Swedish aid channelled through the multilateral system. Sweden's reliance on the multilateral system as an implementing partner has thus slightly increased since the last peer review and this reflects the value it assigns to working in partnership with these organisations (Chapter 5). The MFA informed the peer review team that Sweden's non-core funding to multilateral organisations is expected to continue to increase; Sweden sees non-core funding as especially important to target fragile states and as an alternative to using country systems in contexts where these are not ready for use, as in the case of DRC.

The multilateral organisations interviewed for this peer review<sup>8</sup> welcomed Sweden's high levels of core contributions and the built-in flexibility to redirect Swedish funds when the need arises. Sweden is committed to maintain, or even increase, its multilateral funding at current levels while aiming to focus on fewer organisations.

**Figure 3.8 Sweden's core and non-core contributions to multilateral development agencies, 2011**



Source: OECD/DAC statistics

The 2009 peer review also encouraged Sweden to increase strategic linkages between its bilateral programme and its multilateral engagement (OECD, 2009). Sweden has an opportunity to improve information flows and co-ordination among its different aid channels in partner countries. As discussed above, some country-level funding through NGOs and multilateral organisations comes direct from Stockholm and is not easily identifiable as “Swedish aid” in the partner country. Partners and staff in country offices indicated that a more comprehensive picture of Sweden’s development co-operation would be appreciated (beyond that already contained in its country strategies) to enhance synergies and co-ordinated approaches, while also allowing them the opportunity to make Sweden’s aid more visible to government and other development partners.

#### Sweden makes valuable contributions to the international aid architecture

Sweden participates in joint efforts to make the multilateral system and individual multilateral agencies more effective, including reducing the proliferation of multilateral channels as agreed in Busan (HLF4, 2011). In particular, Sweden is supporting the UN harmonisation process, “delivering as one”, the Quadrennial Comprehensive Review (QCPR) of the General Assembly of the UN’s operational activities for development and the Utstein Group. Sweden also participates actively with like-minded donor countries through “Senior Level Donor Meetings on Multilateral Reform” with the aim to increase focus on results, cost-effectiveness, transparency and anti-corruption, reduce fragmentation and managing risks in the multilateral system.

Sweden is intent on improving the co-ordination of its development assistance. For example, it is working with DAC members to align different assessments of multilateral organisations. It is also committed to improving the performance and results of multilateral organisations through stronger engagement. For example, it is a member of the Multilateral Organisation Performance Assessment Network (MOPAN).

## Notes

1. Multilateral ODA is comprised of DAC members' unearmarked core contributions to multilateral organisations. This is distinct from DAC members' non-core or earmarked contributions to multilateral organisations which is treated as bilateral ODA and referred to as "multi-bi" aid.
2. Sweden is part of a consortium made up of Ghana, the UNDP/UNOPS and Development Initiatives selected to host the IATI from 2013. IATI is a voluntary, multi-stakeholder initiative that seeks to improve the transparency of aid in order to increase its effectiveness in tackling poverty.
3. IATI developed and agreed a common, open, standard for the publication of aid information – the IATI standard. Donors implement IATI by publishing their aid information in IATI's agreed electronic format – usually on their website – with a link to a central registry, the IATI Registry. The Registry acts as an online repository or index of links for all of the raw data published to IATI.
4. Country programmable aid (CPA) is a measure of a donor's contribution to core development programmes; such aid gives partner countries scope to decide how to use it to meet their priorities. It is bilateral aid that excludes humanitarian aid, administrative costs, imputed student costs, costs related to research and refugees in donor countries, core funding to NGOs, ODA equity investments, and aid not allocable by country or region. CPA is derived from DAC statistics, and may also include bilateral aid channelled through other partners.
5. In the context of CPA analysis, a donor is deemed significant when it is among the group of donors that are providing 90% of the CPA to a particular country or if it provides a higher share of aid to the country than its global share of CPA (OECD, 2011).
6. It should be noted that Sweden's own statistical classification, as opposed to the DAC's, records that democracy, human rights and gender sectors received 28% of its aid in 2011.
7. According to the "Review of Civil Society Support Models at Sida HQ and Swedish Embassies", (Indevelop 2013), core funding and programme funding is increasing although mainly for large, professional CSOs. For example, core or programme funding is provided by Sweden to 19 accredited NGOs under two of Sida's framework agreements.
8. These include IFAD, UNDP, UNFPA and UNICEF.

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# Chapter 4: Managing Sweden's development co-operation

## Institutional system operation

Indicator: The institutional structure is conducive to consistent, quality development co-operation

Since the last peer review, Sweden's development co-operation system has gone through a period of rapid institutional change which now appears to be coming to an end. These reforms should strengthen Sweden's ability to deliver an effective aid programme. Some have already delivered positive results, but many will need time to take effect. The Ministry for Foreign Affairs (MFA) has integrated development across many of its departments and is strengthening its ability to provide policy and strategic guidance for Swedish aid. Sida is improving its programme and financial management and has enhanced its governance structures. The division of labour between these two institutions has been clarified since 2009 and co-ordination between them and other relevant government agencies is good. Sweden has also taken steps to further decentralize its operations by increasing the number of field offices with full delegated authority. Its system supports the implementation of most of its policy priorities and commitments, with the exception of environment and climate change where structures supporting this in the MFA are currently weak.

### Sweden's reform of its aid management is beginning to bear fruit

Sweden's institutional set up for development co-operation largely follows its general model of government. The Swedish Government, as a whole, is responsible for decisions on policy, for setting the strategic direction for Sweden's development co-operation and for overseeing its management. Several government agencies are responsible to the overall Swedish Government for implementation.<sup>1</sup> Sweden's main implementation agency, Sida, is responsible for 48% of Sweden's ODA in 2013. The relationships between the Government and its implementing agencies are set out in annual ordinances and/or appropriation letters that communicate the Government's priorities and requirements to each agency. The only exception to this arrangement is multilateral ODA, where both policy and implementation is handled largely within the MFA itself. Sweden also has a development finance institution – SwedFund AB – a wholly state-owned company overseen by the MFA (see Chapter 5).

Since the last peer review, the MFA and Sida have implemented reforms to improve the leadership and management of Swedish aid. As part of this, and supported by a critical independent evaluation of Sweden's aid management (Statskontoret, 2011), the MFA has invested additional resources and training to build its own capacity (Government of Sweden, 2013) while also completing a further round of efforts to integrate development co-operation policy within most of its departments.<sup>2</sup> The MFA's geographical and functional departments have a significant role in writing and overseeing the implementation of Sweden's aid strategies (See Annex D.1 and D.2 for organograms of Sida and the MFA). Sweden is commended for the excellent integration of development co-operation within the MFA structure. This reflects and reinforces the centrality of development co-operation within Sweden's foreign policy (discussed in Chapters 1 and 2). An in-house management team, consisting of all relevant department heads<sup>3</sup> has also been established with the explicit aim

of strengthening co-ordination within the MFA on development issues. While this should help, the eagerly awaited aid policy framework and guidelines on results strategies are required to focus the co-ordination efforts clearly.

Sida has undertaken a series of brave and necessary institutional reforms, partly in response to financial management challenges that it faced in 2009/10. The agency has introduced a quality assurance structure<sup>4</sup> and a promising new Contribution Management System which should further strengthen financial controls and programme and risk management (see Chapter 5). In addition, Sida's management structure has been streamlined and strengthened<sup>5</sup> and the Swedish Government has acted to improve the Agency's governance by the re-establishment of a governing board with full oversight powers.<sup>6</sup> However, these reforms have not been painless. During this period of change, Sida lost 163 employees (one-fifth of the total workforce) as a result of administrative cutbacks.

### **A clearer division of labour between the MFA and Sida**

Since the last peer review the MFA and Sida have established a clearer division of labour<sup>7</sup> and co-ordination between these institutions has improved. While the MFA is organised along geographical and functional lines, Sida is set up according to country types and themes (Annexes D.1 and D.2 and Government of Sweden, 2013). In Stockholm there are quarterly meetings between the Director General of Sida and the Minister for International Development Co-operation to discuss issues of strategic significance. In addition, regular operational meetings are held every six weeks involving the Deputy Director General of Sida, the Head of the Department for Aid Management and key staff at Sida and MFA (depending on the issues discussed). There are also twice yearly formal geographical and thematic consultations held between the MFA and Sida to look at country, regional and thematic strategies. In the field, Sida delegates its authority to the ambassador and Sida staff work side by side with their MFA colleagues in the embassies.

While the overall picture of system co-ordination is positive, concerns have been raised about the clarity of the mandates of two of Sweden's other government agencies involved in development: the Nordic Africa Institute and the Folke Bernadotte Academy.<sup>8</sup>

### **Structures and systems are in place to support policy objectives**

Sweden has structures and systems in place to support the implementation of its policy priorities and commitments to aid effectiveness. The only area where it would appear strengthening may be needed is environment and climate change in MFA. This thematic priority has its institutional home within the Department for Multilateral Development Cooperation. The thematic area is co-ordinated by the Department for Multilateral Development Cooperation and supported by other departments depending on the issue. Given that environment and climate change is one of three thematic priorities for Sweden and there is more to do on mainstreaming (Chapter 2), there may be a case for strengthening MFA's capacity in this area.

Sweden has also made progress decentralising its aid management since the last peer review. This is both in line with its goals and with good practice outlined in the Busan Partnership for Development (HLF4, 2011). Approximately 25% of Sida employees were based in the field in 2013, and the number of country offices with delegated authority has increased. This gives Sida the resources and flexibility to respond to country needs as they evolve (Box 4.1), provided the people in these offices have the necessary training, knowledge and expertise to achieve a developmental impact in Sweden's priority areas.

In addition, Swedish staff working in fragile states feel well supported by Sida's Conflict and Fragility Team, who can give specific advice on working in challenging environments such as the Democratic Republic of Congo (Annex C).

#### **Box 4.1 Sweden's decentralisation: increased delegation of financial authority**

Sweden began to decentralise its development co-operation in 1998 driven by a desire to ensure local situations are better taken into account when designing interventions. Currently, Sida has 25% of its staff located in the field, up from 20% in 2008, and the agency aims to increase this to 30% by 2014. Sida uses three levels of financial delegation: full, partial and none. In 2012, out of 36 country offices, 60% (22) have full delegation, up from 51% in 2009. The proportion of offices with full programme delegation is expected to increase further in the coming years. Full financial delegation allows the Swedish Head of Development Co-operation in the field to decide on commitments of up to USD 7.5 million within Sida's country budget allocations (OECD, 2012a). This is above the DAC average. In line with its Busan commitments (HLF4, 2011) Sida has also thoroughly reviewed its decentralisation process (Sida, 2012). The review clearly supports the continued strengthening of decentralisation, especially given Sweden's focus on results, and the need for stronger monitoring in the field.

Source: Sida, 2012 and OECD, 2012

#### **Strategic and management tasks are balanced at headquarters, but not in the field**

The division of labour at headquarters ensures a balance between strategic and administrative tasks within Sweden's system, but in the field it appears that more staff time is devoted to aid management than to strategic policy dialogue (Annex C). This is linked to the fragmented nature of Sweden's bilateral programme (Chapters 2 and 3), with field staff managing large numbers of interventions across a range of sectors. If Sweden does concentrate its bilateral resources further for greater impact, it would allow field staff to review the balance between aid management and strategic policy discussions.

## Innovation and behaviour change

Indicator: The system supports innovation

**Sweden's system does support innovation to a certain extent, but reforms and incentives could be better managed. Sida has strengthened how it communicates change, as recommended in the 2009 peer review and, even after a difficult period of further reform in 2010/11, the agency's employees are satisfied overall with management. However, reforms in the MFA are not being managed or communicated as well as they could be and the sequencing of reforms is problematic. Sweden could benefit from putting further reforms on hold while it consolidates the changes to date and encourages an important sense of staff ownership. Incentives for staff to be innovative are weak, despite a strong commitment by Sweden to deliver in this area.**

### Sweden can improve the way it manages organisational change and policy reform

While reorganisation of the MFA has been handled well since the last peer review, the current work on Sweden's new aid policy framework and guidelines for results strategies has been poorly communicated – both to internal and external stakeholders – and consultation has been limited (discussed further in Chapter 6). This policy framework – the engine for rationalising Sweden's development co-operation priorities – has been slow to get started. In its absence, Sweden's main development co-operation institutions are unable to offer a real vision for its aid. These new policy documents have significant implications for how Sweden manages its aid. They should be accompanied by a clear communication strategy that addresses the needs and interests of MFA and Sida staff, as well as consultation with external stakeholders such as civil society organisations and partner countries. Inadequate internal communication regards the preparation of these documents during 2012 and the first half of 2013 has strained relations within the MFA and between the MFA and Sida.<sup>9</sup> These internal communication problems may also hinder staff ownership of these reforms in the future.

Sida has improved its reform management over the last couple of years, following a difficult period of change in 2010 and 2011. The agency has undertaken two successive rounds of reform in the space of the last five years. The first round, which was not fully completed, was prompted by a desire to clarify the division of labour between the MFA and Sida and improve its management structures. The second round of reform was driven by a need to address budgetary challenges and in fact reversed some of the reforms made in the first round, particularly concerning governance and management. The first round was not communicated clearly enough, particularly to staff. However, the agency has built on lessons from that experience and has implemented the 2009 DAC recommendation to improve communication with employees and external stakeholders.<sup>10</sup>

### Sweden could increase staff incentives for innovation

Sida has clear directives to prioritise innovation and flexibility, but there is no overall agency incentives framework directly aimed at staff to encourage them to use innovative approaches. In response to this, in 2011 Sida commissioned an internal working group called *Project Innobis* to investigate and recommend how the agency could better promote innovation and the use of innovative methods and instruments with its co-operation partners. Based on recommendations from the Innobis group, Sida is preparing a plan to enhance the agency's capacity to act in a more innovative and flexible way. The plan should build on Sweden's experience and that of other agencies on the results of innovation and innovative instruments and methods. It should also suggest how to link innovation with individual staff performance objectives.

## Human resources

Indicator: The member manages its human resources effectively to respond to field imperatives

**Following a turbulent period after the last peer review, Sweden is strengthening the management of its staff. It has human resource plans in place and is making progress in key areas such as decentralisation, posting a greater proportion of staff to the field. It is investing in staff development and taking a more strategic approach to training. Nevertheless, Sweden has not managed to protect overall staffing levels, despite the DAC 2009 recommendation to do so. While the MFA has maintained its development co-operation staff levels, drastic staff cuts in Sida have seen a 20% drop in numbers since the last peer review, despite an increase in ODA. As Sweden looks to the future, it would benefit from assessing whether it has adequate capacity to fulfill its ambitions.**

### Human resource management is improving though staff levels are reduced

Sweden has not been able to protect its staff levels, despite the DAC recommendation in 2009 (Annex A). While the number of staff working on development issues in the MFA has been maintained at 2009 levels,<sup>11</sup> Sida lost one-fifth of its staff over this same period because of budgetary challenges.<sup>12</sup> These cuts took place as Sweden's aid budget expanded. As a result the ratio of ODA to staff in the MFA and Sida has increased considerably since the last peer review. Despite the projected growth in Sweden's aid budget over the medium term, Sweden has no plans to increase staffing levels.

Human resource planning has been strengthened in both Sida and the MFA. Since the last peer review Sida has developed a new human resource strategy in consultation with trade unions; this has been approved by the board. The strategy focuses on developing the capacity of existing staff and increasing personnel in the field (both Swedish nationals and locally employed).<sup>13</sup> The MFA also has new human resource guidelines tied to its four year budget cycle. They focus on managing staff mobility and rotation, at home and overseas.<sup>14</sup> A work flow and organisational analysis could usefully inform discussions across the two organisations on whether there is sufficient capacity within the system to deliver Sweden's steadily growing aid programme.

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**Strong incentives for staff to work in fragile states**

Postings to, and good performance in, fragile contexts are seen as career enhancing within the MFA and Sida. In addition, Sweden provides attractive economic incentives for staff to work in these areas. This encourages Swedish staff to work and make a difference in these challenging environments. However, Sida only allows senior staff to be posted to fragile states and this can hold up recruitment, as seen in Kinshasa (Annex C).

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**Sweden is investing in strategic staff development but could do more for locally engaged staff**

Following a difficult period in 2010/11, Sweden now has adequate training plans in place for developing its Swedish staff. Sida's budgetary challenges saw temporary cuts to its training budget in 2010, reducing staff development opportunities and contributing to dissatisfaction with training among Sida employees at that time (Advantum Progress, 2012). However, the agency's training budget has increased since 2011, and is now well above the level at the time of the last peer review.<sup>15</sup> Sida is taking a more strategic approach to staff development. This involves shifting its training focus from what the individual wants to what the organisation needs. The agency's training is now based on a competence gap analysis that has identified the following areas as priorities: analytical skills, an innovative financing environment and risk analysis.

MFA employees have been trained in new ways of working, focusing on strategic management, results-based management and aid effectiveness. MFA generalist staff posted overseas also receive training in development issues if going to countries where this is relevant. Approximately 45-50 people in the ministry have been recruited to the generalist pool on the basis of their development expertise. Close links between the MFA and Sida are nurtured through staff exchanges at headquarters. Each year approximately 5 to 10 people are exchanged between the two institutions on secondments of between one to three years.

Locally engaged employees are a major asset for the Swedish development programme and provide vital institutional memory. These key members of staff appreciate the training opportunities and access to professional learning networks that are available to them. However, career progression options for this group of employees remain limited, which risks reducing their motivation.



## Notes

1. These include: the Nordic Africa Institute (a centre for research, documentation and information on Africa in the Nordic region); the Folke Bernadotte Academy (dedicated to enhancing the quality and effectiveness of international conflict and crisis management); Rikspolisstyrelsen (The National Police Board); Kriminalvården (Swedish Prison and Probation Service); the Swedish Institute; Myndigheten för samhällsskydd och beredskap (Swedish Civil Contingencies Agency); and Vetenskapsrådet (The Swedish Research Council). Furthermore, an additional number of Swedish agencies are engaged by Sida when a particular agency is deemed relevant for particular interventions and can offer specific expertise required for their implementation.
2. Steps to integrate development further into the MFA began with a major institutional reform as early as 1996, with the geographic departments taking responsibility for working on development issues in their respective regions. Recent changes have involved; closing down the MFA's department for Development Policy; strengthening the capacity of the MFA's department for Aid Management to provide strategic leadership; and, giving the MFA's geographic and thematic departments greater responsibility with regards to development co-operation policy.
3. The committee is chaired by the Secretary of State for Development and attended by the heads of the ministry's functional and geographical departments. There is also a series of informal networks.
4. The new quality assurance structure was put in place in March 2011. It involves committees at the local, departmental and governing board level assessing proposals for contributions according to their size (and other factors).
5. An additional layer of management introduced in Sida's 2008/9 reforms has been removed. Under its new, simpler structure, key support functions like human resources and communications have become core departments. Senior management has also been strengthened through the creation of a new Deputy Director General post.
6. Sida's governing board was removed in 2008 as part of an earlier round of reforms and replaced by an Advisory Council that did not have formal oversight powers. The governing board was re-established in 2010 with full oversight powers.
7. According to interviews with Sida's senior managers, the clear division of labour between the MFA and Sida means that the two institutions have a better understanding of their respective mandates and roles.
8. A recent review of the Nordic Africa Institute by the Swedish Agency for Public Management found the Institute's assignments were '*broad and unfocused*' and its governance structure confusing (Statskontoret, 2013:3). In addition, a report by the Swedish National Audit Office (NAO, 2011) on Sweden's whole-of-government approach in Afghanistan and Kosovo, revealed inconsistencies in the guidance given to Folke Bernadotte Academy and other agencies, with regard to their respective roles.
9. A recent consultancy report commissioned by the Minister for International Development Co-operation has also highlighted the adverse impact of unclear policy guidance on the management of Sweden's aid (Ramboll Management Consultants, 2012).
10. Sida's communication plans are based on stakeholder analysis; communication about changes in the Swedish development co-operation system forms a central part of these plans. In addition, Sida maintains frequent contact and close dialogue with key external partners and stakeholders through special meetings and its Development Talks seminars.
11. According to the MFA, the proportion of staff time devoted to development in the ministry has remained the same since 2009, with approximately 15% of staff in Stockholm and 7% posted overseas.
12. Between 2009 and 2012 Sida reduced its staff from 796 to 633.
13. The strategy also seeks to further clarify the role of people in the organisation, the skills needed for posts and recruitment guidelines.



14. The MFA currently employs 100 development specialists who are recruited on separate contracts to generalists. However, they are not able to take senior management posts.
15. Sida's general budget for staff development was SEK 2 850 000 in 2009, SEK 1 011 000 in 2010, SEK 3 330 000 in 2011, SEK 4 400 000 in 2012 and 3 525 000 in 2013.

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# Chapter 5: Sweden's development co-operation delivery and partnerships

## Budgeting and programming processes

Indicator: These processes support quality aid as defined in Busan

While Sweden is dedicated to improving its aid in line with the Paris, Accra and Busan aid effectiveness commitments, it has fallen short of meeting some of them. Sweden has met the Busan commitment on multi-year predictability and is planning to strengthen its performance further in this area. However, it failed to meet the Paris commitment on in-year predictability. On alignment, Sweden also fell far short of meeting the indicative target for aligning its aid with partner country's national priorities, though it did meet the target for use of partner country systems. Sweden uses a mix of aid instruments, which are adjusted to match partner countries' needs and capacity as well as risks and Sida's new Contribution Management System should enhance its capacity for programme and risk management. Sweden has reported, until recently, high shares of untied aid. Finally, Sweden has improved the way it communicates with its partners on conditionality, meeting the 2009 DAC recommendation in this area.

### Sweden has strong multi-year predictability

While Sweden did not meet its Paris Declaration commitment on in-year aid predictability, it has already delivered on the Busan commitment for multi-year predictability. (HLF 4, 2011). Sweden's current country strategies provide an indicative<sup>1</sup> annual budget for the coming three to five years. This is updated annually in line with the Busan commitment. The Ministry for Foreign Affairs (MFA) gives Sida flexibility to spend 10% more or less than its annual allocation; larger deviations require ministry approval. Under Sweden's forthcoming new results strategy (Chapter 2), the MFA will set an indicative budget for its country strategies covering five to seven years without specific annual disbursements. The aim is to increase the flexibility of disbursements between years. Within this enabling framework Sida should ensure that it still provides annual, in-year and medium-term aid forecasts to partner countries.

Sweden provides data to the OECD on its forward-looking aid allocations for individual countries and regions (OECD, 2012a). It is also providing forecasts on aid activities for the International Aid Transparency Initiative and is committed to meeting its Busan commitments (IATI, 2013). In line with Sweden's Busan commitments, the data will be provided within the recipient's financial year and in the recipient's language.

### Sweden's programmes could be more aligned with partner country strategies

While Sweden's programming processes are set up to support alignment with partner country strategies, Sweden did not meet its Paris Declaration commitments on alignment. According to the last Paris Declaration survey, Sweden only managed to align 55% of its aid with partner countries' national priorities (OECD, 2011), falling short of the indicative target of 85%. Sweden's position is that aid to the government sector in partner countries should be registered in partner countries' national budgets and Sida has been monitoring Paris Declaration indicators in each partner country. Sweden reports that in countries for "long term development

co-operation" the share of its aid registered in the budget increased from 30 % in 2005 to 78 % in 2010. It has proven much more difficult to get Swedish aid reported in the national budgets of fragile states and countries in Eastern Europe. A major reason for this is that regulations and systems for registering aid in the budget are not in place. With regard to the co-operation with Eastern Europe, Sida has underlined this challenge in its Annual reports for 2010 and 2011. Sweden's existing country strategies have been produced following discussion with partners and are based, where possible, on partner country national strategies (see the Uganda case study in Annex C). Sida's new Contribution Management System, put in place in 2012, also supports alignment (Sida, 2012a).

**Sweden uses and strengthens partner country systems where possible**

Sweden's default approach is to use partner country financial systems for its co-operation. Sweden increased its share of aid delivered through partner country systems from 47% in 2005 to 71% in 2010. It therefore exceeded the Paris Declaration indicative target of 65%. The starting point for all Swedish programmes according to Sida's new manual (Sida, 2012a) is full alignment to Sweden's partners' programme design, implementation and financial management, reporting and monitoring systems (Sida, 2012). Thus, most of Sweden's contributions to its partner countries are on-budget and use country systems for reporting and monitoring. However, there are also sizeable off-budget flows, as seen in Uganda (Annex C), where at least USD 8 million was not on-budget in 2011. When use of country systems is judged not to be possible, for example when there are concerns about financial mismanagement (fiduciary risk) and risks to Sweden's reputation, as in the case of the Democratic Republic of Congo, Sweden's programme officers must explain their reasoning and assess how the not using partner systems may threaten the development objectives (Sida, 2012a). Sida should ensure that its approaches in these circumstances are in line with the Busan outcome document and its commitment to co-ordinated, joint assessments of country systems and co-ordinated, joint responses to these (HLF4, 2011).

Sweden did not meet the Paris Declaration indicative target for using programme-based approaches, providing 57% of its aid through programme-based approaches in the 32 countries assessed in 2010 (OECD, 2011). This was some way short of the indicative target of 66%. Sweden acknowledges it faces challenges in meeting this target (Ministry of Foreign Affairs, 2013). In 2011, 3% of Sweden's ODA was provided as general budget support (GBS). This is above the DAC average of 1% for this year. In 2012, GBS was used in Burkina Faso, Mozambique and Tanzania. As with other DAC members, it is likely that Sweden's use of budget support will decline in the future.

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Sweden uses a mix of aid instruments to match partner countries' needs and capacity and any risks involved. Where the conditions are not right for using partner country systems or where the situation is deteriorating, such as in the Ugandan health sector during 2012 (Annex C), Sweden will adapt its approach to strengthen systems at sector level and more generally. Sweden expects that its recent drive to channel more of its support through civil society and the private sector (Chapters 2 and 3) will be balanced with a continuation of strong support for state actors.

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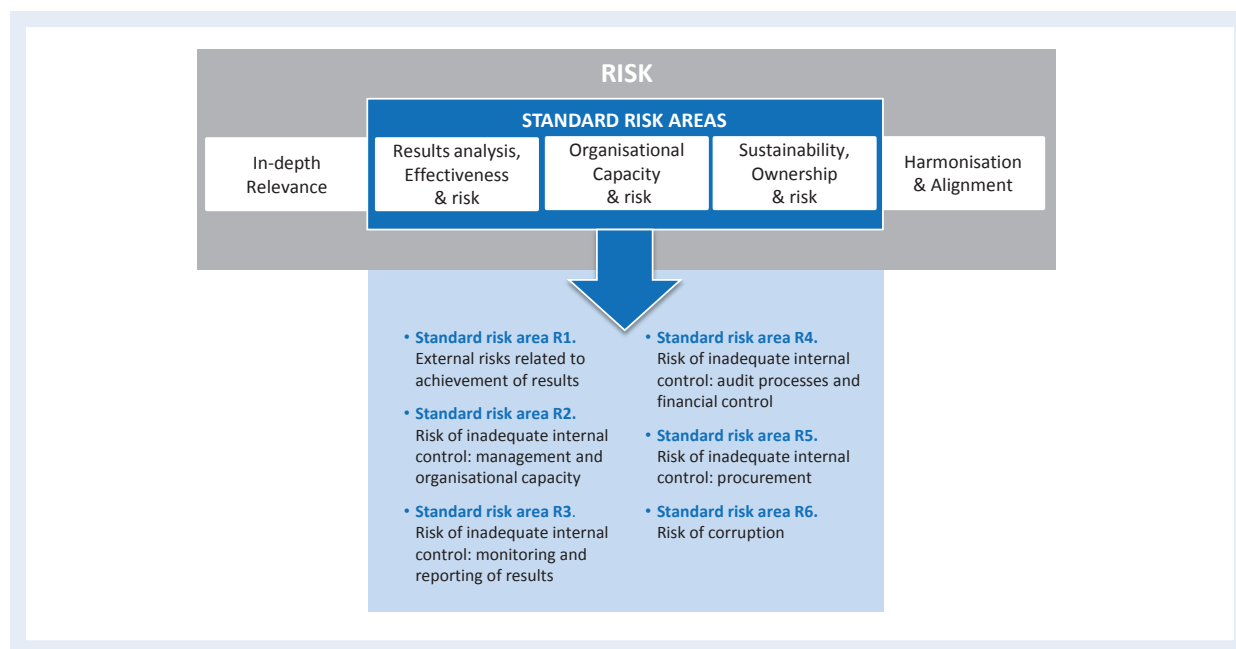
**Sida's new Contribution Management System should enhance Sweden's risk analysis and management capacity**

Assessing and managing risk is standard practice in Sweden's development co-operation system, and this should be enhanced by Sida's new Contribution Management System. Sida, as well as a number of other government agencies that are required to have an internal audit function, is also governed by an ordinance specifically addressing the management and control of risk. Sida's Contribution Management System analyses three areas of risk:

1. External risks that could hamper the effective and efficient achievement of results.
2. Partners' capacity to manage results and their financial management and control mechanisms. This includes assessing partners' willingness to prevent and deal with corruption.
3. The sustainability and ownership of programme objectives; partner ownership of the programme is seen as critical for sustainability.

These three areas are then entered into a risk analysis register (Figure 5.1) that uses a four-step scale to assess the level of risk: minor, moderate, major and severe. Sida recognises that it is impossible to avoid risks and that mitigation measures should be identified, where possible, that build Sweden's partners' capacity to manage risks for themselves. It should be noted that the risk register gives far greater attention to fiduciary risks than external political risks – this may need to be adjusted in the future. In addition, Sida should ensure that its risk analyses also enable responsiveness to positive changes in the spirit of strengthening systems.

Figure 5.1 Standard risk areas



Source: Sida (2012a), Sida at Work, Manual for Sida's Contribution Management Process, Sida, Stockholm.

### Sweden is taking steps to ensure a joint approach to tackling corruption

Sweden believes that corruption is a major obstacle to development which should be taken seriously. Its approach to anti-corruption adheres to the *DAC Policy and Principles on Anti-Corruption* (OECD, 2007) and its motto is “Always prevent, never accept, always inform and always act.”<sup>2</sup> It has also put in place an anti-corruption regulation (Sida, n.d) as well as whistle-blowing guidelines (Sida, 2011). In 2012, three-quarters of the Swedish embassies in partner countries had anti-corruption strategies which follow DAC guidance. Sweden is also an active member of the OECD/DAC network for good governance (GovNet) and the Anti-corruption Task Team that reports to this.

Sweden is working with other donors to tackle corruption in several of its partner countries, such as Rwanda, Uganda and Zambia. In Uganda, Sweden has worked with other donors to develop a co-ordinated joint response to findings by Uganda's Auditor General of misuse of donor funds intended for post-war recovery in the north of the country.<sup>3</sup> Sweden should ensure that it adopts a joint approach to these kinds of issues in all cases.

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**Sweden remains committed to untying its aid**

Sweden is committed to the principle of untying its aid and up until 2010 it was reporting high shares of untied aid (95% in 2010 and 83% in 2009). These levels were in line with its international commitments made in Accra (HLF3, 2008) and Busan (HLF4, 2011).

In 2011, the share of Swedish aid reported as untied fell to 55%. This did not reflect any actual changes in Sweden's policy or aid projects but was a consequence of difficulties it had in classifying some activities in Sida's Contribution Management System. This resulted in Sweden not reporting the tying status of 31% of its bilateral ODA.<sup>4</sup> Sweden is seeking clarity from the DAC on how to report on some areas which it sees as "untie-able" because they represent no opportunities for international procurement. An example is aid to help refugees in the donor country.

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**Sweden's aid conditions are agreed with partners, harmonised and transparent**

Since the last peer review Sweden has improved the way it communicates with its partners about aid conditions, thus implementing the 2009 DAC recommendation (Annex A). Sweden's aid conditions are drawn from its partners' results frameworks and harmonised with other donors, where possible. The last peer review recommended that Sweden improve transparency to partners over how it assesses their progress in meeting its aid conditions. This was in response to criticism from partners that there was insufficient communication on Sweden's decisions<sup>5</sup> (OECD, 2009). Sweden has acted on this – its Open Aid website clearly documents communications with governments such as Tanzania, Mali and Burkina Faso in the form of letters and memos in which it outlines its conditionality assessments.

Sweden uses results-based conditionality in several of its partnerships. In Bangladesh, for example, it provides sector budget support to education with half of the funds paid upfront and the other half released on the achievement of specified results. In Uganda, Sweden is supporting an output-based voucher programme in the health sector together with the World Bank Global Partnership for Output Based Aid (GPOBA), USAID and the Government of Uganda/Ministry of Health.



## Partnerships

**Indicator: The member makes appropriate use of co-ordination arrangements, promotes strategic partnerships to develop synergies, and enhances mutual accountability**

**Sweden is committed to working in partnership to enhance its impact. This is in line with its Busan commitments. It is also committed to working with country-led co-ordination arrangements and participates in division of labour exercises. It will be important for Sweden to manage the planned rationalisation of its bilateral aid responsibly, as recommended by the DAC in 2009, ensuring well managed exit strategies from sectors and countries. Sweden participates in mutual accountability mechanisms in partner countries and internationally and seeks to strengthen domestic accountability in countries. Sweden engages in a wide range of partnerships to increase its impact. In particular, it has strengthened its partnerships with the private sector in line with the 2009 DAC recommendation. Sweden has a clear policy for working with civil society and provides transparent criteria for its funding.**

### **Sweden could be more active in its support to country-led aid co-ordination**

Sweden is viewed by other development partners as a flexible, reliable and co-operative partner who genuinely seeks out common positions. It is committed to working with and supporting country-led aid co-ordination arrangements in its partner countries. Sweden was praised by its partners in Uganda and DRC for its support for aid co-ordination arrangements in these countries (Annex C). Sweden's long-running co-operation with and knowledge of its main partner countries and key sectors – especially in sub-Saharan Africa – means it could play a more active role in bringing donors together for political and strategic discussions. Partners in Uganda mentioned that Sweden had opportunities to lead in more sectors, such as the justice, law and order sector, but this would mean adjusting how field-based staff allocated their time (Chapter 4). Concentrating bilateral resources on to fewer countries (as discussed in Chapters 2 and 3) would allow Sweden to have greater impact, and would also allow field-based staff to reallocate their time between aid management and strategic policy dialogue.

### **Sweden should take a responsible and consistent approach to division of labour as it rationalises its aid**

Sweden has participated in country-led division of labour processes in a number of its partner countries, including Mali, Mozambique, Tanzania, Uganda and Zambia. However, there remain concerns that its decision-making processes are not taking this aspect of aid management fully into account. In Uganda, Sweden has led in certain sectors and has worked hard to improve harmonisation and division of labour through co-ordinated withdrawal from the water and energy sectors and an increased presence in health (Annex C). However, in other cases, such as Burkina Faso, Sweden has unilaterally chosen to exit from an under-aided country or from an under-aided sector. In the Democratic Republic of Congo, Sweden also left the agriculture sector without proper consultation with its partners. As it rationalises its aid allocations, Sweden should continue to bear the DAC's 2009 recommendation in mind to ensure that its selection of partner countries and its choice of thematic priorities within countries consistently takes into account division of labour

concerns and follows meaningful consultation with partners. An important step in this direction has been taken with the planned introduction of the new guidelines for result strategies. According to the MFA, under the guidelines, it will provide “entry values” to Sida which specifies the rationale for Swedish aid to the country concerned and a limited number (result) areas which Sweden will focus on.

**Sweden's participation in mutual accountability mechanisms has varied results**

Sweden is helping to strengthen domestic accountability in its partner countries and is working with other donors to help it fulfil mutual accountability commitments. However, the results of these efforts are mixed. Sweden participates in joint frameworks for budget support or sector programme support in several of its partner countries – these include mutual commitments on the part of donors and partner country governments. As noted earlier, Sweden has struggled to fulfil its aid predictability commitments, but its new budget and programme management processes should help to improve this. Sweden also works to strengthen domestic accountability in partner countries. In Uganda, for example, Sweden contributes to the Deepening Democracy Programme, which supports political parties, parliament, independent media and public engagement (Sida, 2012c). In the Democratic Republic of Congo, Sweden is also supporting local civil society organisations to hold their government better to account.

A recent evaluation of Sweden's engagement with mutual accountability mechanisms in Mozambique highlighted the challenges of applying these in practice (SADEV, 2012). The report found that while the mechanisms had improved the mutual “answerability” between Sweden and Mozambique, the arrangements for enforcing progress and sanctioning weak performance remained weak for the partner country government. The report concludes that weak domestic accountability structures meant that Mozambique's national government was often more accountable to Sweden's citizens than its own.

**As promised at Busan, Sweden has strengthened its private sector partnerships**

In 2009 the DAC recommended that Sweden build stronger relationships and linkages between its development co-operation and the private sector (Annex A). Sweden has achieved this through two key initiatives:

1. The Business and Development Council: an initiative at different levels (Stockholm and in partner countries) to establish networks for relevant private and public sector representatives to discuss how Sweden's development co-operation can better use the business world to support development. The initiative was taken in 2009 and is now under evaluation, which will decide the future direction of further activities.
2. The Business for Development Programme: a Sida-managed financing instrument that includes public-private development partnerships, challenge funds, driver of change funds and credit guarantees. The programme is intended to use ODA to leverage other funds for development. According to Sida, it mobilised approximately SEK 200 million from other actors by disbursing approximately SEK 90 million of its own funds.<sup>6</sup>

In addition, the MFA is providing a growing amount of grant money to Swedfund International AB. Swedfund is a wholly stated-owned financing company that offers equity, loans and expertise for investments in low and middle-income countries and works with commercial partners looking to start up or expand their business. In light of recommendations from the Swedish National Audit Office (NAO, 2009) the MFA has tightened its instructions to Swedfund, requesting more transparency. The company has recently published a report on its development results (Swedfund, 2012). However, there has not been an independent evaluation of Swedfund's investments since 2009 and a fresh appraisal is therefore due.

Sweden has stated that engagement with the private sector, particularly its own business community, will not subsidise corporate social responsibility and that its aid will remain fully untied. This is good and in line with Sweden's Busan commitments. During 2012, an internal mapping/assessment took place encompassing all aspects of Sweden's aid-related engagement with the private sector. The purpose of this mapping was to ensure an effective and comprehensive approach towards relevant aid instruments in this regard. The conclusions from this assessment have been used in the Aid Policy Framework, and will continue to guide the steering/management of Swedish engagement with the private sector. The MFA and Sida should ensure that they remain the drivers of this agenda and be clear to themselves and their partners on the added value of this increased engagement. In particular, Sweden should be clear that these partnerships contribute to sustainable development in its partner countries.

**Sweden's good practice approach to civil society partnerships could be more strategic**

Sweden has a clear policy and strategy for working with civil society (Government of Sweden, 2009; Sida, 2010). It views these partnerships as key to reducing poverty, contributing to democratic development and helping to increase respect for human rights in developing countries. Sweden's civil society partnerships are dominated by support to and through Swedish CSOs, including the 15 that have framework agreements with Sida. While an evaluation of Sweden's CSO Framework Agreements in the context of the above mentioned strategy by the Swedish Agency for Public Management found that the system was fit for purpose and cost-efficient, it did highlight too great a focus on internal organisational efficiency at the expense of strategic follow-up and discussion with framework organisations (Statskontoret, 2013). CSOs interviewed in Stockholm by the peer review team also agreed with these findings.

The majority of Sweden's development co-operation strategies include support to civil society. Sweden's strategy for democratisation and freedom of expression (Government Offices of Sweden, 2012) and the humanitarian strategy are two examples. The latter is similar to the Strategy for Support to Swedish organisations with its 'strategic partnership organisations' supporting humanitarian CSOs (Chapter 7). Sida also provides direct support to Swedish, international and national/local organisations and networks contributing to the implementation of Sida's bilateral co-operation programmes in partner countries as well as for raising development awareness in Sweden as part of its communication strategy (Chapter 6). However,

there is insufficient co-ordination across Sida's different CSO funding mechanisms and between Sida and the MFA for more strategic understanding and management of how Sweden supports CSOs. Recent changes to the rules surrounding funding for CSOs' information and advocacy work in Sweden have also been challenged by civil society representatives (see Chapter 6).

## Fragile states

Indicator: Delivery modalities and partnerships help ensure quality

**Sweden has the funding and policy tools to deliver quality programmes in fragile contexts, and is working hard to promote joined up donor approaches to funding and advocacy. However, the new results offers may pose challenges for implementing the core principles of the New Deal for Engagement in Fragile States. In particular, Sweden will need to take care that difficult peacebuilding and statebuilding objectives remain at the core of the programme, and should reflect on how to capture all Swedish government efforts in the results offers. Sweden will also need to take care to balance trade-offs between risks and opportunities in ensuring sustainable results, especially when working towards alignment with and strengthening of country systems so they can be used.**

### The new results strategies must take into account field knowledge and capture whole of government efforts

Sweden envisages that long-term peace and statebuilding objectives will be at the heart of its new "results proposals" (the expected results that Swedish aid should contribute to in a specific country - Chapter 2) for fragile states. However, it should also consider applying these results proposals to Sweden's whole-of-government effort in fragile contexts. For example, in DRC (Annex C), the peer review team found that Swedish embassy staff had a good understanding of the major challenges in that context, including illicit flows, security sector reform, corruption and lack of country ownership. However, it was not clear how this knowledge would feed into Sida's upcoming results offer. In addition, it would be useful to include all Swedish government contributions in the new results offer to help exploit synergies and increase impact on the ground, especially by improving and formalising links between the development and humanitarian portfolios. Sweden will need to ensure that long-term, complicated, peacebuilding and statebuilding objectives are not undermined by a desire to show short-term results. Lastly, Sweden will need to match its ambition with the necessary staff resources and skills to ensure the full range of Swedish objectives can be delivered in challenging fragile contexts.

### Promoting joined-up approaches in fragile contexts

Sweden co-leads the *New Deal* pilot in Liberia<sup>7</sup>, and is developing a *Liberia Compact* to monitor peace and statebuilding results. The compact is an agreement reached between the country's government and donors covering the transition from conflict to peaceful development. In this way it is taking the approach of a shareholder in the country's consolidated results. Sweden is commended for its progress in the Liberia pilot and should share any useful lessons with the other six pilots for the New Deal that are less advanced. In DRC, Sweden has started to harmonise its

programmes with other donors, in particular through co-financing arrangements. It also works closely with other EU member states to ensure joint advocacy messages that are given sufficient political weight. Sweden favours multilateral channels in fragile environments, and actively promotes co-ordination between these agencies, both in the field and globally. However, the peer review team found that given its solid reputation and lack of vested interest, Sweden could be more proactive in promoting donor co-ordination and joint approaches in DRC.

**A flexible toolbox for fragile contexts – but possibly at the expense of alignment with country systems**

Sweden adapts its approach and tools to each fragile context – in line with the *Principles for Good International Engagement in Fragile States and Situations*<sup>8</sup> – in order to remain flexible where context and needs are constantly changing. The Swedish fragile states toolkit includes support to multilateral agencies and peacekeeping missions, bilateral aid channelled through Sida, pooled and multi-donor funding baskets, thematic funding through NGO partners, and a pool of seconded personnel. Sweden also provides support to local civil society – in DRC this was done through two basket funds to increase efficiency. However, the mission to DRC (admittedly a very fragile state) also found that Sweden needs to take care to balance trade-offs between risks and opportunities in ensuring sustainable results. It should especially work towards aligning with and strengthening country systems (which for the moment, mid 2013, is not the case, given the lack of mandate to work with government institutions) so that they can eventually be used. Here Sweden could learn from other donor experiences in that country.

## Notes

1. Sweden, like most donors, has its ODA budget decided on an annual basis. This means any commitments beyond a year are only indicative.
2. Sida work involves promoting ethics and integrity within its own organisation; tackling corruption in Swedish-financed projects; supporting partner countries' efforts to combat corruption through strategic interventions (and working with state and civil society); and participating in international anti-corruption work.
3. In October 2012 Uganda's Auditor General uncovered the theft from the Prime Minister's office of about USD 15 million in donor funds intended for post-war recovery in Northern Uganda. As a result of this, aid worth 1.25% of Uganda's GDP from both multilateral and bilateral partners (including Sweden) was suspended (IMF, 2013). The authorities and the donors have now reached a preliminary understanding on a set of short-term measures, which are currently being monitored for compliance.
4. The share of untied aid is calculated by dividing the share of untied bilateral aid by total bilateral aid; and aid not reported is treated as tied in this calculation.
5. The recommendation was made after discovering that partners were feeling badly-informed about Sweden's decision in Mozambique to withhold 33% of its variable tranche of general budget support in 2009.
6. Email correspondence with Henrik Riby, Coordinator B4D, February 2012 cited in Billing *et al.* (2012).
7. On 21st April 2012 the United States, Liberia and Sweden announced their partnership to pilot the New Deal together in Liberia. The New Deal is a key agreement between fragile states and partners to change the policy and practice of engagement.
8. See [www.oecd.org/dac/incaf/effectiveengagementinfragilestates.htm](http://www.oecd.org/dac/incaf/effectiveengagementinfragilestates.htm)



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# Chapter 6: Results and accountability of Sweden's development co-operation

## Results-based management system

**Indicator:** A results-based management system is in place to assess performance on the basis of development priorities, objectives and systems of partner countries

Sweden takes results-based management seriously and is currently engaged in a second round of reforms to strengthen its performance in this area. Sweden already has a strong culture of planning for, and monitoring of, programme results. Where possible, Sweden identifies its programme results from indicators in its partners' monitoring frameworks and assesses progress jointly against these shared indicators. However, it sometimes has problems linking these results to its broader development objectives. Sweden also needs to get better at using evidence from its results monitoring to inform its bilateral and multilateral aid decision-making. Sweden's reforms are aimed at streamlining and prioritising its many development co-operation objectives to provide greater focus and put results right at the heart of its decision-making processes and bilateral, thematic and multilateral strategies. However, the sequencing of these reforms has been problematic and delays in finalising the new guidelines on results strategies are hampering Sweden's efforts and those of its partners.

### Sweden is strengthening its results-based management system

The OECD's Development Assistance Committee (DAC) defines results-based management as "a management strategy focusing on performance and achievement of outputs, outcomes and impact" (OECD, 2010). Managing for results is a shared challenge for DAC members. Sweden in particular has done much to rise to this challenge since it put its current results-based management model in place in 2007.<sup>1</sup> Sweden has learned several lessons about developing and implementing a results-based management system since the last peer review. It is currently enhancing its approach, largely in response to a critical evaluation of its system by the Swedish Agency for Public Management (Statskontoret, 2011). The evaluation was initiated by the Government in order to identify a more effective management of Swedish aid.

The Statskontoret evaluation found that sector objectives in Sweden's bilateral development strategies were often too vague and abstract and hence hard to measure. The evaluation called for Sweden's strategies to more clearly define how "overall objectives and priorities are intended to be transformed into concrete measures in individual partner countries" (Statskontoret, 2011). In addition, the evaluation found that Sweden's results analysis was "seldom used as a basis for strategic management [and] results are used to a limited extent for revising priorities and reviewing development co-operation" (Statskontoret, 2011). The exception is multilateral aid, where the analysis of results, along with other factors, are currently used to guide Sweden's aid allocations.<sup>2</sup>

In response to the Statskontoret evaluation, the Ministry for Foreign Affairs (MFA) is preparing and piloting new guidelines on results strategies designed to ensure that Sweden's new co-operation strategies (bilateral, thematic and multilateral) include

concrete and measurable objectives and expected results. As discussed in earlier chapters, Sweden aims to streamline its objectives in a new aid policy framework. In the context of this framework the new guidelines for results strategies will make the expected results the point of departure for Swedish contributions. They will also link programme outcomes more effectively with expected country, thematic and multilateral strategy results and aggregate progress across the entirety of Sweden's aid. The guidelines will state that indicators should be used, as far as possible, to follow up expected results and assess progress towards the overall objectives that are defined in the policy aid framework.

**Sweden measures results even in complex areas of development**

Sida's recent report on *Results for Justice and Development* (Sida, 2012b) demonstrates that even in complex areas of development, such as building democracy and improving human rights, it is possible to identify and measure tangible results (see Box 6.1). However, perseverance and a broad approach to results is required. Sweden's ambition to ensure that results (quantitative and qualitative) are possible to follow-up and monitor should not discourage it from trying to achieve more complex and qualitative development results. In two of the countries where Sweden has piloted its new results strategies – Zambia and Tanzania – there have been attempts to highlight quantitative results.<sup>3</sup> While quantitative results are of course important, realistic qualitative goals and process indicators are also vital. Sida's Reality Checks<sup>4</sup> and its preparation of indicators on gender equality results areas also show the importance of more qualitative data in assessing results in reducing poverty. It is important that Sweden builds on its excellent work in this area to ensure it does not give too much emphasis to quantitative, short-term and easy-to-measure results in its results strategies.

**Sweden should not lose sight of its contribution to its partners' own results**

It is important as Sweden moves forward that it continues to focus on its contribution to jointly achieved results, and not seek to attribute results to its efforts alone, especially if there is pressure to communicate progress towards short-term outputs.<sup>5</sup> Sweden is clear that the starting point for its management of results is its partners' monitoring and results frameworks in line with the Busan Partnership for Effective Development Co-operation (Sida, 2012a). In Uganda, for example, the 2009-2013 results matrix for Sweden's country strategy is based on the Government of Uganda's National Development Plan and draws heavily on its results and monitoring framework, especially in key sectors supported by Sweden, such as health and justice (Sida, 2012c). Sweden's funding to multilateral organisations also draws on their own results frameworks and monitoring systems. This is also largely true for Sweden's support to and through CSOs (Government Offices of Sweden, 2011a). Sweden is also good at supporting its partners' capacity to carry out effective results management.<sup>6</sup> In Uganda, both CSOs and the government noted Sweden's support to building this capacity.

### Sida's new Contribution Management System should complement Sweden's focus on results

Sida's new Contribution Management System (Chapters 4 and 5) is in its infancy and not yet fully rolled out. However, Sweden expects this system to soon support the focus on results at all stages of the programme management cycle. For this to happen the system will need to widen its current focus from tracking financial contributions and their results at the programme level, so that it can aggregate these results for reporting on Sweden's entire development co-operation programme.

### Emerging good practice on measuring results in fragile states

In fragile contexts, Sweden channels a substantial amount of its assistance through multilateral agencies, and therefore relies on their planning and results systems. In DRC, the peer review team found that partners appreciated Sweden's focus on results while retaining a quality partnership (Annex C). In Liberia, where Sweden co-leads the New Deal pilot (Chapter 5), Sweden intends to use the indicators outlined in the Compact to guide its results strategy, taking a *shareholder* type approach; this is good practice and may offer useful lessons for setting results in other fragile contexts. Other, less tangible, results are also achieved in fragile contexts, especially through political dialogue, and Sweden is thinking about how to capture these results in its reporting. Currently, annual reports are written in Swedish, as the team found in DRC, and thus cannot be shared with partners and local staff. Sweden should consider translating these reports systematically into locally appropriate languages. Sweden will also need to take care that the new results strategies are sensitive to contexts where conflict is present and are focused on achieving results that are realistic in the given timeframe.

## Evaluation system

Indicator: The evaluation system is in line with the DAC evaluation principles

**Swedish aid is evaluated by several different government bodies, each with clear roles and responsibilities. While operational and programme evaluations are produced regularly in accordance with the DAC's 2009 recommendation for Sida, Sweden has struggled to deliver quality independent evaluations that are strategic or policy oriented. Sweden's independent Agency for Development Evaluation (SADEV) failed to adequately perform its role and was closed down. The new independent Expert Group is expected to enhance Sweden's capacity to deliver in this area, but the failure of SADEV to perform its role has left a worrying knowledge gap at the strategic level since the last peer review. Sweden has made good progress in working with other partners to carry out joint evaluations and helps build capacity in this area in its partner countries.**

### Evaluation policies and structures are in place

Swedish aid is evaluated by several different government bodies. These bodies include Sida's Unit for Monitoring and Evaluation; the MFA's Department for Multilateral Development Co-operation; and the newly formed Expert Group on Evaluation and Analysis, which is being set up to replace the closed Swedish Agency for Development Evaluation (SADEV). In addition, the National Audit Office and Agency for Public Management (Statskontoret) audit and evaluate Swedish

aid. Unlike Sida, SADEV, The Expert Group and Statskontoret, the National Audit office is an agency under the Swedish parliament. Their mission is to examine the governmental activities and thereby to contribute to good resources and effective management of the State. The MFA has adopted the *Guidelines, Methods and Procedures to Handle Relevant Evaluations within the Ministry* (MFA, 2012b), which set out the roles and responsibilities of the various government actors engaged in the evaluation of Sweden's aid.<sup>7</sup> Most of these actors have evaluation policies<sup>8</sup> which draw on DAC guidance and good practices disseminated by the DAC Evaluation Network.

**Sweden is currently tackling its weak capacity for independent strategic evaluations**

Sweden's capacity to deliver independent and strategic evaluations of sufficient quality has been weak since the last peer review. The closure of Sweden's independent Agency for Development Evaluation (SADEV) in December 2012 followed critical assessments of its performance by the Agency for Public Administration (Statskontoret, 2012). An external qualitative review of SADEV's work commissioned by the MFA also found its reports to be of low quality and relevance (Government Offices of Sweden, 2013). SADEV was not the only body that has made independent evaluations of Sweden's aid: Sida's Unit for Monitoring and Evaluation has a dual mandate of supporting the Agency's various units regarding decentralised independent evaluations of Sida funded programmes and undertaking more independent and strategic evaluations. However, since the last peer review Sida's Evaluation Unit has been far more focused on delivering support to manage decentralised evaluations that are carried out as part of programmes –approximately 80-100 each year compared with only 5-6 independent strategic evaluations (Government Offices of Sweden, 2013). The 2009 peer review recommended that action be taken to ensure the unit's independence and an appropriate focus on strategic issues. Sweden has struggled to meet this recommendation, but is now taking action to address this.

The situation should be improved by the establishment of a new independent Expert Group on Evaluation and Analysis in 2013 to replace SADEV. The group is still being set up, but is made up of ten experts appointed by the government. It will have full control over its agenda and budget and will primarily cover activities conducted within the framework of the development assistance budget. However, its directives do enable it to study other areas of relevance to international assistance (Government Offices of Sweden, 2013). This is important, given Sweden's commitment to policy coherence for development (PCD) and the fact that the DAC 2009 recommendation for independent evaluation of PCD has not been met (Chapter 1; Annex A). While the Expert Group's directives stipulate the need for transparency, there does not appear to be any requirement for it to report directly to parliament. Such a requirement might strengthen its independence and impact. According to Sweden's constitutional order, agencies (including committees) under the government cannot report to the parliament. However, the Expert Group is required to report to the Government twice yearly on the overall direction of on-going and planned projects, and once a year submit a report summarising the

content and conclusions of the evaluations, analyses and studies published the year before. The Expert Group is encouraged in its directives to engage in dialogue with Sida, Statskontoret and other relevant actors in order to secure the strategic use of the state administration's overall evaluation resources in the area of development co-operation. The work of the Swedish National Audit Office in this area should also be considered in determining the Expert Group's work programme. This will be crucial to ensure coherency and an effective division of labour between the different arms of Sweden's evaluation system.

The Expert Group is still in the process of developing its work plan and recruiting staff for its secretariat. Its 2013 budget will be limited – only half the amount allocated to its predecessor, SADEV (SEK 11 million out of SEK 22 million). This is because of the continuing costs involved in closing down the agency. This is unfortunate given the urgent need for more strategic evaluations to inform the Ministry for Foreign Affairs' policy and decision-making. The peer review team encourages MFA to restore the Expert Group's budget after 2013 to the levels previously enjoyed by SADEV.

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**Sida has clear plans and an appropriate budget for evaluation**

For its part, Sida plans to strengthen its Unit for Monitoring and Evaluation, particularly its independent evaluation capacity. This unit has a clear, time-bound plan for its evaluations, which is organised into appropriate categories and linked, for the first time, to Sida's overall strategic framework (Sida, 2012d). It also has an appropriate budget in place to deliver on its activities. Indeed, Sida is to be commended for substantially increasing the unit's resources. In 2012 Sida allocated SEK 15 million for independent and strategic evaluations, almost three times the amount allocated in previous years (Sida, 2012d).

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**A leader in joint evaluations with its development partners**

Sweden is a leader in working with other partners to carry out joint evaluations and provides support to build its partners' capacity in this area. Sweden has met the Paris Declaration target on joint evaluation, increasing its share of analytical work done with its development partners from 34% in 2005 to 67% in 2010 (OECD, 2011a). Since the last peer review, Sweden has undertaken 30 joint evaluations with its development partners. It is also the main funder of CLEAR (Regional Centres for Learning on Evaluation and Results), a World Bank programme which has established regional centres to promote evaluation capacity building. Sweden also funds the International Initiative for Impact Evaluations (3ie) which promotes the use of high quality impact evaluation in developing countries. Finally, Sida is part of the OECD/DAC task team for evaluation capacity development.

With regards to its multilateral aid, Sweden draws on these institutions' own assessments and also undertakes its own reviews. Last year, it assessed five multilateral organisations and contributed to assessments conducted by MOPAN. As Sweden moves forward it should ensure its evaluations of agency performance complement those by MOPAN and other joint efforts.

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## Institutional learning

**Indicator: Evaluations and appropriate knowledge management systems are used as management tools**

**Despite the existence of guidelines on feeding evaluation findings back into policy and strategy, the MFA has more work to do in this area. The MFA's lack of routine systems for incorporating evaluation findings into its strategic decision-making is undermining its ambition to be a learning organisation. In contrast, Sida has good systems for disseminating programme evaluation results and lessons, although greater involvement by its governing board could increase incentives for follow up by management. Sida's thematic staff networks are designed to be knowledge hubs, but do not all function well and it is not clear how these networks feed their learning into programme design and decision-making.**

### **The MFA has weak evaluation feedback mechanisms**

In its recent assessment of Sweden's aid evaluation arrangements, Sweden's Agency for Public Administration found that the MFA lacks routine systems for incorporating evaluations into its decision-making and policy formulation processes (Statskontoret, 2012). These weaknesses have been exacerbated by SADEV's failure to deliver quality strategic evaluations and are frustrating the Ministry's efforts to be a better learning organisation. Although the MFA has guidelines and mechanisms in place for managing evaluation feedback, they are not always followed. In addition, there has been uncertainty about how the Ministry and Sida were expected to respond to SADEV and other independent evaluations.

With the advent of the new Expert Group, the MFA is now updating its guidance on managing evaluation feedback. It will be important to have clear reporting lines for the group and a systematic process for management to respond to the group's evaluations.

### **Sida is improving the way it acts on evaluations**

Building on the recommendation of the last peer review, Sida has taken steps to strengthen its mechanisms for acting on the findings of evaluations (Sida, 2012d). A key feature of these improvements is the establishment of a Working Group for Evidence within the agency, composed of representatives from various departments. This working group reviews the recommendations of evaluations and proposes management responses that are subsequently approved by the agency's Director General. In addition, Sida has issued strict guidelines to ensure evaluation recommendations are realistic and operational. Sida has linked its independent evaluations to its strategic plan to ensure they feed in to the agency's decision-making. However, it is not evident that evaluations are systematically discussed by Sida's governing board. Enabling the board to get involved in strategic evaluations could be helpful and provide greater incentives for follow up by management.

### Sida's knowledge management system could be strengthened

Sida's staff networks, established in 2009, were designed to enable people to come together and share ideas, both on a thematic level and also a regional basis – the experience with these has been mixed. The 2009 peer review recommended that the networks be used to facilitate cross-departmental learning and maintain and enhance regional knowledge (OECD, 2009). In 2011, the Agency's Director General announced that the thematic networks' primary function was knowledge management and dissemination of learning between staff. The networks are both intranet-based and also meet physically to disseminate new knowledge, insights and best practices and alert members to opportunities for learning in the form of seminars, conferences and other meetings. Views on the effectiveness of the networks vary: some are felt to work very well, such as the Gender Equality Network, but others were not so active. However, even where these networks are working well, it is unclear how agency learning is feeding up to Sida's senior management to ensure that knowledge is being used as a tool for decision-making.

## Communication, accountability, and development awareness

Indicator: The member communicates development results transparently and honestly

**Sweden communicates its aid and development results in a transparent and open manner and possesses a strong commitment to, and government-wide culture of, openness. Since the last peer review and in line with its Busan commitments, Sweden has taken steps to further improve its transparency with the launch of its Openaid web-based platform and the Swedish Aid Transparency Guarantee. Sweden's communications on its development results and risks are extensive, thorough and open at the programme level, but dialogue and consultation on its policies and strategies could be improved.**

### Sweden has increased transparency, but could improve consultation with stakeholders

Sweden is transparent about how it works and what it is achieving with its aid, but it could do more to improve its consultation with stakeholders and partners on its aid policies and strategies. In 2009 Sweden launched Openaid, and a web platform was created in 2011 which provides information on overall flows by aid channel, country and sector, plus programme documents and the conditions for aid contracts and evaluations. The information is also published in an open standard for publishing digital information (in line with IATI standards) so that Sweden's programme can be compared with other partners and donors. This is in line with its Busan commitments (HLP4, 2011). In 2010 Sweden made its transparency guarantee, which requires all actors in the Swedish aid administration to account for when, to whom and why money has been made available and what results have been achieved.



Sweden systematically disseminates the results and lesson of its evaluations in a range of ways. In accordance with the Swedish transparency guarantee almost all of Sida's evaluations are posted on the Openaid site and/or the Sida website (Sida.se). In addition, Sida's online publication database includes all of its evaluations along with a wealth of other information, reviews and reports which are easily accessible to the public. Every evaluation is accompanied by a brief. Strategic evaluations are also printed out and distributed to concerned stakeholders. Sida's regular Development Talks seminars are open to all and enable informed discussion of development issues. Directives from the new Expert Group on Evaluation and Analysis also stress the need for transparency in all of its reports.

Although the MFA consulted on its new development policies in the past,<sup>9</sup> there is concern among parliamentarians and civil society representatives that there has been no detailed consultation on Sweden's new aid policy framework or its new guidelines for results strategies. However, the MFA confirmed to the peer review team that there will be a public web-based consultation on the aid policy framework.

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### High standard of communication on results

Sweden invests in and plans for communicating its development results and is open and transparent with the Swedish public about the successes and failures of its aid activities. The Swedish government, mainly through the MFA, has for the last four years provided extensive and thorough annual reporting of its programme results to parliament. Since 2010 these reports have been based on priority themes; the most recent was democracy and human rights (Box 6.1 and Sida, 2012b). The report to parliament has been presented in tandem with the annual government budget bill. In addition, Sida had been required to include a results annex with its annual report that goes to the Swedish Government. The MFA has now reviewed its reporting procedures following a recent evaluation that noted that the reporting burden on Sida was too high and was hindering the agency's ability to focus on longer term results (Statskontoret, 2011). Swedfund AB – Sweden's Development Finance Institute – also publishes an annual report on its contributions to development (Swedfund, 2012), which provides examples of its impact on the enterprises it is supporting.

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**Box 6.1 Sweden's results reporting on democracy and human rights**

In 2012 Sida published Results for Justice and Development - Report on Sida's results on Democracy, Human Rights and the Human Rights Based Approach. It analyses 24 contributions out of the 1 233 that are promoting democracy and human rights. The contributions were chosen at random, but were supplemented with a few strategically selected examples to ensure that relevant types of contributions and regions were covered. The report analyses each contribution's objectives and results (outputs and outcomes), and explores risks and how these were managed. In addition, it has a whole chapter dedicated to dialogue and the important role this played in delivering results. The report is an impressive example of how it is possible to measure and report on difficult and often qualitative results.

Source: Sida (2012b)

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**Raising  
development  
awareness**

Sida has a relatively large budget for building public awareness of development results and spends approximately USD 14 million annually on this. Two-thirds of this amount is used to support CSOs' own public information programmes and the rest is used by Sida directly. Sida's annual communications and outreach plan guides activities and national opinion surveys are carried out regularly. According to the latest Eurobarometer poll, Sweden has the highest public support in the EU for generous aid volumes (European Commission, 2012). The Eurobarometer results show that eight out of ten Swedes think that the level of official development assistance (from the EU and its Member States) is reasonable or could increase. There is a firm commitment in the Swedish *Riksdag*, as well as among the Swedish public, to allocate 1% of the country's GNI as development assistance. However, public support needs to be maintained by effective communication on the results achieved and Sweden's international reputation as a good donor.

Sensitive to the fact that results management and information are often highly political, Sweden has sought to regulate who funds its results communication. During 2012 Sida introduced changes to the rules surrounding its funding for CSOs' information and advocacy work. In 2012 Sida received new instructions from the MFA prohibiting the use of public funds for advocacy on politically controversial issues in accordance with Government Bill 2009/10:175. CSOs in Sweden are concerned that these new rules will limit their advocacy work on development in the country. Moreover, these rules seem to contradict the active advocacy role of CSOs that Sweden tends to fund in partner countries.

**Accountability arrangements are in place**

Sida, led by its governing board which was re-instated in 2010 with full oversight powers (Chapter 4), is accountable to the Swedish Government. The Swedish government reports formally to parliament on development co-operation every year in three ways:

1. in a results report compiled by the MFA;
2. through Sida's annual report and results annex; and
3. through the annual government budget bill.

These reports appear to meet the needs of parliament, but members of the Foreign Affairs Committee would like the reports to be accompanied by broader discussion with key stakeholders.

## Notes

1. In 2007 the Swedish government made results-based management a priority and Sida put out a short pamphlet on what it means. The MFA also published its model for strengthening results-based management, which focused heavily on improved reporting.
2. Multilateral organisations are assessed on a regular basis. The assessments examine internal systems for delivering results, alongside the organisation's external impact on results.
3. In Tanzania for example, Sweden's contribution is expected to give up to 400 000 people access to electricity from modern renewable energy sources by 2019 (Development Today, 2012).
4. Reality Checks are a form of evaluation and results monitoring used by Sida to capture qualitative assessments by local people on the impact of development programmes and policies. They are used in key countries and regions and are often done at intervals to assess progress over time. For example, Sida has undertaken Reality Checks in Mozambique and Bangladesh and for certain sectors in Nicaragua.
5. As cautioned by the previous peer review (OECD, 2009) the desire for attribution – linking Swedish aid to specific results – must not encourage Sweden to abandon good practice aid modalities like programme-based approaches and joint funding arrangements that are more difficult to link to Sweden's specific role. Here the evidence from the countries that have piloted results strategies is more positive; with results phrased as contributions and continued Swedish support to work with national systems with other donors.
6. Sweden and five other donors are part of the Informal Working Group (IWG) on the Results of UN agencies. The group discusses the results achieved by UN agencies to come up with a shared perspective on the challenges these organisations face and to make recommendations for moving forward which are then pushed at the board level.
7. The MFA's guidelines will be updated in light of the closure of SADEV and the creation of the Expert Group.
8. Sida's Unit for Monitoring and Evaluation has guidelines, and an Evaluation Manual (Sida, 2013); SADEV had an Evaluation Handbook. The Ministry of Foreign Affairs does not currently have a policy to govern its multilateral aid evaluations.
9. For example, on the Government's Global Development Policy in 2003 and more recent thematic policies in 2010.

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# Chapter 7: Sweden's humanitarian assistance

## Strategic framework

Indicator: Clear political directives and strategies for resilience, response and recovery

**Sweden has set out a policy and strategic framework for humanitarian assistance, with appropriate emphasis on recovery and risk reduction efforts. This has been matched by a significant, and growing, humanitarian budget. However, if development colleagues were better engaged more could be done to support recovery and resilience. This could be achieved by integrating humanitarian risks, issues and programmes within the new results offers that will guide Swedish programming in partner countries.**

### Sweden has a clear cross-government policy framework for humanitarian assistance

Sweden now has a cross-government humanitarian policy spanning 2010 to 2016 (Ministry of Foreign Affairs, 2010). This respects the principles and good practice of humanitarian donorship (Good Humanitarian Donorship, 2003) and the EU Consensus on Humanitarian Aid (EU, 2007). However, it lacks measurable indicators for monitoring progress across the humanitarian programme – indicators are only available for Sida's work, as outlined in their strategy document. The finalisation of this policy complies with the DAC's 2009 peer review recommendation. The policy applies to Sweden's multilateral humanitarian assistance and to humanitarian programming at Sida, the Swedish Civil Contingencies Agency (MSB) and other concerned government agencies. Overall policy goals include meeting present and future humanitarian needs, supporting a strong and co-ordinated international humanitarian system and improving interactions with development assistance and other types of interventions. Sida's humanitarian programme is further guided by a strategy that is aligned with the overall Swedish policy and valid until 2014 (Ministry of Foreign Affairs, 2011).

### Sweden's flexible humanitarian funding supports recovery, but greater synergies with development needed

Sweden's humanitarian programme has made significant efforts to support recovery, offering flexible grant conditions and often multi-annual funding arrangements which allow partners to plan ahead and adapt programmes to an evolving context, including meeting emerging recovery needs. Sweden is also able to co-finance specific recovery efforts from both its humanitarian and development budget lines, as it does, for example, with its health programme in Somalia. However, there are no systematic links between humanitarian and development programmes: humanitarian issues are not included in current partner country development strategies, even when both humanitarian and development funds are being used in the same context – as is the case in DRC (Annex C) – and country analyses and decision processes are undertaken separately. Sweden could improve this situation by extending the scope of the new results offers and subsequent results strategies (Chapter 2), especially in protracted crisis countries, so that they use a joint context analysis and include all Swedish development and humanitarian activities in that country, taking care to continue to guard against the politicisation of humanitarian aid.

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**Risk reduction remains largely a humanitarian concern**

Despite some progress, the DAC's 2009 recommendation to embed risk reduction in development co-operation remains valid. Sweden has made efforts to strengthen its approach to disaster risk reduction and resilience, but this area remains largely a humanitarian concern, with development colleagues still not fully engaged. Sida has a disaster risk reduction goal in its current humanitarian strategy, and allocates 4% of its humanitarian budget to risk reduction. Sida and the Ministry for Foreign Affairs (MFA) also support multilateral risk reduction efforts through the UN and the World Bank, including with climate funds.<sup>1</sup> Efforts have been made to further engage development colleagues, including through new resilience working groups in Sida and in the MFA, and by mapping existing resilience efforts. However partners are not clear on whether, or where, a window exists for funding resilience proposals. Sweden could do more to actively reduce disaster risks if these were systematically analysed and included in the new results offers.

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**The humanitarian budget is growing and significant**

Sweden remains a major humanitarian donor in terms of volume, allocating 15% of its total ODA to humanitarian programmes (USD 802 million in 2012<sup>2</sup>). This should remain unchallenged given that humanitarian assistance remains high on the MFA's agenda, funding volumes have increased under the current Swedish government's tenure, and humanitarian assistance enjoys strong public support.<sup>3</sup> As the amount of Swedish ODA is projected to rise in the medium term (Chapter 3), the humanitarian budget is also likely to increase in real terms.<sup>4</sup>



## Effective programme design

Indicator: Programmes target the highest risk to life and livelihood

**Sida's new bilateral humanitarian funding criteria have helped focus assistance on major risks to life and livelihood. These criteria, and those used by the MFA to make the case for multilateral allocations, now need to be published each year to demonstrate how Sweden upholds humanitarian principles in its decision-making process. Sweden is actively promoting the participation of beneficiaries in the programme cycle, but it will need to take care that the new drive for results does not lessen the focus on accountability to beneficiaries.**

### Rigorous criteria for funding allocation decisions now need to be made public

Sweden splits its humanitarian assistance budget between the MFA (receiving 44% of the total humanitarian budget in 2012), which uses it for core funding to multilateral partners; and Sida (receiving 56% of the total humanitarian budget in 2012), which uses it for bilateral funding and NGO partnerships. The MFA uses multilateral assessments of the relevance, effectiveness and results of each agency to make proposals to parliament on annual funding amounts (Chapters 2 and 3). Funding is, at most, lightly earmarked to country level, based on annual discussions with partners.

Sida has a new, rigorous, system to guide its bilateral funding. Firstly, allocations are made between on-going crises (70% in 2012), sudden onset crises (25%), and methods and disaster risk reduction (5%). For on-going crises, Sida then decides on where, what and who to fund:

- > *Where to fund:* decisions are made after analysing various information, including the European Commission's Global Needs Assessment tool,<sup>5</sup> the Consolidated Appeals and historical Sida funding patterns. This analysis helped Sida concentrate its funding on 22 crises in 2013,<sup>6</sup> down from 123 in 2011. The budget for each of these crises is based on a second severity of crisis calculation, using a wide range of indicators.<sup>7</sup>
- > *What and who to fund:* these are decided through a humanitarian country analysis process, which analyses the context, prioritises sectors, and finally decides which partner is best placed to deliver results. Partners are also required to focus on gender.

This system is a clear improvement, helping Sida ensure that its decision-making process remains based on humanitarian principles, and is thus free from any other influences. Sida now needs to go one step further, and publish both the calculation of where to fund, and the annual humanitarian country analyses – removing sensitive information where necessary – to increase transparency about the criteria that drive Sweden's humanitarian allocations.

**Early warning not yet linked to early response**

As with other donors, Sweden does not yet have a clear system to monitor early warning signals or to ensure that early warning signals lead to systematic early response to sudden onset or escalating crises.

**Sweden is actively promoting beneficiary participation**

Sweden, like many other donors, relies on its partners to promote beneficiary participation throughout the programme cycle. This is actively followed up – Sida requires partners to assess and report on how they plan to integrate beneficiary input and feedback. It also funds the Humanitarian Accountability Partnership<sup>8</sup> to research and promote the participation of affected populations. The MFA lobbies UN partners to increase focus on the role of beneficiary communities in crisis response. However, partners are concerned that Sweden's focus on results may leave them less time to ensure accountability to beneficiaries. Sweden will need to take care to maintain this delicate balance.

## Effective delivery, partnerships and instruments

Indicator: Delivery modalities and partnerships help deliver quality assistance

**Sweden continues to offer flexible and predictable funding for protracted crises and has a flexible rapid response toolbox. Partners appreciate the quality of their relationship with Sweden and the frank and open dialogue. Sweden has also taken a lead role in donor co-ordination, both globally and in the field. However, the timeliness of disbursements has slipped in 2013, and partners are concerned about the growing administrative burden and lack of predictability of funding requirements.**

**Funding to protracted crises and recovery is flexible and predictable – but no longer timely**

Sweden was one of the first humanitarian donors to offer multi-annual funding arrangements for partners – including NGOs<sup>9</sup> – working in protracted crises, all of which come from the humanitarian budget. Partners report a number of benefits from this added predictability – longer-term planning has increased the quality of the response, increased flexibility has allowed partners to adapt to evolving contexts, bulk buying and longer horizons have led to lower purchasing and leasing costs, and the administrative burden has been significantly reduced. Sweden now also offers multi-annual funding to pooled funds, including in DRC (Annex C). Sweden backs up its funding to the DRC pooled fund with hands-on engagement – on the governance board and in initiatives to support more effective pooled fund operations and systems; these efforts are much appreciated by the wider humanitarian community.

The timeliness of funding disbursements is, however, of growing concern. Sweden's new results focus, and the requirements of Sida's new Contributions Management System (Chapter 4), slowed down disbursements to most partners in 2013. These may just be teething problems; in any case, Sweden is encouraged to return to timely funding disbursements, so that partners can deliver optimal results.

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**Sweden has developed a useful rapid response toolbox**

Sweden has a number of rapid response tools:

- > Budget reserves of 25% of Sida's humanitarian funding, which Sweden estimates to be sufficient to cover two major new crises in any financial year. The reserves are accessed first through pre-arranged rapid drawdown mechanisms (known as the rapid response mechanism) with seven pre-selected NGO partners plus the Swedish Civil Contingency Agency (MSB).
  - > Consistently large contributions to the global Central Emergency Relief Fund (CERF) rapid response mechanism<sup>10</sup> (USD 72 million in 2012), and funding country specific rapid response funds (known as ERRFs).
  - > Providing surge personnel and material supplies for emergencies through the MSB, for example to build the support compound for the response to the Lord's Resistance Army crisis in DRC (Annex C).
  - > Supporting, through Sida, rosters of standby personnel, including the Assessment Capacities Project (ACAPS), and the protection and gender rosters (known as ProCap and GenCap).
- 

**Good partnerships with the humanitarian community, but an increasing administrative burden**

Multilateral partners appreciate their frank and open dialogue with Sweden, the flexible funding conditions, the appropriate administrative burden (for MFA partners), and the focus on results while maintaining a quality partnership. However, most partners interviewed for this peer review are concerned about the increasing administrative burden linked to Sida grants, and the lack of predictability of Sida's administrative and assessment requirements, and the timeliness of disbursements. This is especially the case since the implementation of the new Contribution Management System. Sida should work to ensure that partners are made aware of the new system's requirements, and to maintain the balance between improving accountability and the use of partner capacity for reporting requirements. A standard format for proposals and reporting may help.

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**A lead role in promoting the co-ordination of humanitarian donors**

Globally, Sweden participates actively through the MFA in the European Union's humanitarian co-ordination forum,<sup>11</sup> and the Geneva-based Good Humanitarian Donorship initiative. Sweden is also working more strategically with ECHO, seeking to find complementarities in the response, and reaching out to new donors, including Brazil. Sweden hosts regular meetings to review the funding status of humanitarian appeals, and to seek increased complementarities between donor funding allocations. Sweden is also an active member of the pooled fund working group and the field emergency fund (ERRF) steering group. It co-ordinates advocacy positions with other Nordic and like-minded donors, for example on the Transformative Agenda.<sup>12</sup> In DRC, Sweden co-chairs the local Good Humanitarian Donorship group, finances and seeks to increase the effectiveness of the DRC pooled funding mechanism, and enters into co-financing arrangements with other donors, as well as sponsoring and promoting joint advocacy efforts (Annex C).

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## Organisation fit for purpose

Indicator: Systems, structures, processes and people work together effectively and efficiently

**Sweden has a clear division of labour for its humanitarian assistance, and is a staunch defender of humanitarian principles and principled civil-military relations. More systematic links with colleagues involved in development programming would be useful, at least in terms of joint analysis and strategic reflections. Sweden could also learn from its positive experience of deploying a humanitarian staff member to DRC, and reflect on the possibility of expanding its humanitarian field presence in other major crises.**

### Clear humanitarian division of labour, but links with development colleagues not systematic

The humanitarian policy sets out a clear division of labour between the MFA and Sida on humanitarian assistance, with the ministry setting policy, engaging with other donors and managing core contributions to multilateral actors. The ministry then delegates responsibility for bilateral grants and NGO funding to Sida through an annual appropriation letter, which sets out the funding envelope and endorses Sida's strategy. The two organisations meet every two weeks in the Humanitarian Consultative Group<sup>13</sup> to co-ordinate their actions. The Swedish Civil Contingencies Agency is charged with mine action, and preparedness for immediate disaster relief efforts. In some special cases there is also a clear link with development colleagues, for example in the Syria task force, which brings together different parts of the government working on funding, advocacy, and foreign policy towards the Syria conflict. However, such well co-ordinated programming is not yet systematic across other partner countries.

### Strong defender of international principles for civil-military interaction

Sweden is taking a proactive stance on humanitarian principles and civil-military co-ordination, including involvement in joint efforts to attempt to limit the risks in working alongside military actors in DRC (Annex C). Appropriate references to the international principles underpinning civil military interactions<sup>14</sup> are present in Sweden's humanitarian policy. Sida works with the civilian side of the Ministry of Defence in order to uphold these principles and maintain a civilian chain of command. Within the EU, Sweden continues to be a strong advocate of the principled use of military assets and personnel, and has sponsored debates leading to appropriate EU-wide action in Libya,<sup>15</sup> and on-going discussions around interventions in Mali and Syria.

### Experimenting with placing humanitarian staff in embassies

The split of dedicated humanitarian staff between the MFA (20% of all humanitarian staff) and Sida (80%) appears reasonable, given those organisations' mandates and workloads. Like many other humanitarian donors, Sweden concentrates its humanitarian staff in headquarters, despite an internal Sida study that recommended stronger humanitarian capacity in the field. However, since 2012 a dedicated humanitarian programme officer has been based in Sweden's embassy in DRC (Annex C). The peer review team found that this has been very useful, as the

officer can offer sound analysis of the challenges facing humanitarian partners. The role also ensures closer and more effective co-ordination with other humanitarian donors, better monitoring of partner programmes and more coherent support to the wider humanitarian system. Sweden could learn from this experience, and expand its field presence in other major humanitarian crises.

This latest peer review period has been a difficult time for staff given the reorganisation in Sida (Chapter 5); partners feel that this has affected their relationships with Sida staff, but this situation should ease as the new organisation settles into place.

## Results, learning and accountability

Indicator: Results are measured and communicated, and lessons learnt

**Sweden is aware of the need to monitor its own performance as a donor, and Sida has evaluated its humanitarian programme. However, the lack of measurable indicators in the Swedish humanitarian policy may hinder these efforts – indeed, indicators are only available for Sida's share of the work. There is a focus on monitoring partner performance as well; this works best where Sweden has dedicated staff in the field. There are various reports on the results and the rationale for the humanitarian programme though this could be more systematically done. As a humanitarian donor, Sweden is risk tolerant.**

### Donor performance is actively monitored

Sweden actively monitors its own performance as a humanitarian donor, most recently with an evaluation of Sida's humanitarian assistance (Sida, 2010), an exercise that will be repeated in 2014. The overall humanitarian policy is due for a mid-term review in 2013. The policy lacks measurable indicators, however, and this may complicate the measurement of results and impact. The DAC's recommendation from the last peer review – to include measurable indicators in the policy – therefore still stands (Annex A).

### Monitoring of partner programmes would benefit from more systematic field input

The last peer review asked Sweden to finalise its plan for learning, research and accountability in the humanitarian sector; this has been done. Sweden also monitors the results of programmes it funds through field visits (although countries are not visited every year, due to staffing constraints), partner reports and regular dialogue. Staff in diplomatic missions actively monitor the performance of multilateral partners, as the peer review team witnessed in DRC (Annex C), providing important evidence for the annual partner dialogue process at global level. Providing monitoring tools and training would, however, be useful, to ensure a systematic approach.

Sweden's partners are encouraged to evaluate their programmes, and NGOs who receive Swedish funding are systematically evaluated. Sweden is also a strong supporter of better monitoring of pooled funding mechanisms. Partners are, however, concerned that the new focus on results (Chapters 2 and 6) will detract from mutual learning – Sweden should take care to ensure that monitoring remains firmly focused on improving programme results, especially in allowing programmes to adapt to evolving contexts and new evidence.

**Sweden is getting better at communicating results**

Sida produces an annual report on its humanitarian strategy, but it is not made available on its website. The peer team noted that reporting on results is being strengthened. For example, an analysis of the humanitarian portfolio is due to be published in 2013. The press are briefed on Sweden's humanitarian aid, most recently in April 2013 (MFA, 2013b).

**Sweden has high levels of risk tolerance**

Sweden's humanitarian policy does talk about corruption in general terms,<sup>16</sup> but not about other types of risks. In practice, the MFA seems to trust in its multilateral partners to assess and manage their own risk exposure, while Sida conducts independent analyses of all partners to determine risk levels. Partners report that Sweden generally has a high tolerance for risk, so long as this helps deliver better results. Failure is treated more as a learning exercise than a negative event, so long as staff are kept informed.

## Notes

1. Sweden is the largest donor to the United Nations International Strategy on Disaster Reduction (USD 11.9 million in 2010/11) and is the third largest donor to the World Bank's Global Facility for Disaster Risk Reduction (USD 9.7 million in 2011/12).
2. Equivalent to SEK 5.2 billion.
3. The 2012 Eurobarometer poll on humanitarian aid and civil protection found that 88% of the Swedish citizens who responded either totally support, or tend to support, funding for humanitarian aid to provide assistance to people in urgent need around the world (EC, 2012).
4. Under the EU Consensus on Humanitarian Aid (EU, 2007), European member states have committed to providing "adequate and effective humanitarian aid, and to consider increasing their bilateral humanitarian aid contributions within the increase in [their] overall ODA".
5. For more on the Global Needs Assessment see [http://ec.europa.eu/echo/policies/strategy\\_en.htm](http://ec.europa.eu/echo/policies/strategy_en.htm).
6. Afghanistan, Burma, Central African Republic, Colombia, DRC, Ethiopia, Haiti, Iraq, Yemen, Kenya, Mali, North Korea, the occupied Palestinian Territories, Pakistan, the Sahel crisis – Burkina Faso, Chad, Mauritania, Niger, Mali – South Sudan, Somalia and the Syria crisis.
7. Indicators include the size and funding level of Consolidated Appeals (CAPs); the European Commission's Global Needs Assessment and Forgotten Crisis Assessment tools; trends in needs – increase or decrease, the size of the affected population and the percentage share of the population who are affected by the crisis; cost per beneficiary as compared with other crises; access and possibilities for monitoring; and Sweden's role as a humanitarian and development donor in that context.

8. For more on the Humanitarian Accountability Partnership see [www.hapinternational.org](http://www.hapinternational.org).
9. Framework agreements cover periods of up to four years, with earmarking to individual crises. Funding amounts are renegotiated every year.
10. For more on the CERF see [www.unocha.org/cerf](http://www.unocha.org/cerf).
11. The Working Party on Humanitarian Aid and Food Aid (COHAFA).
12. For more on the Transformative Agenda see the Inter-Agency Standing Committee's webpage at [www.humanitarianinfo.org/iasc//pageloader.aspx?page=content-template-default&bd=87](http://www.humanitarianinfo.org/iasc//pageloader.aspx?page=content-template-default&bd=87)
13. Known in Swedish as HUMSAM.
14. The 2003 *Guidelines on the Use of Military and Civil Defence Assets to Support United Nations Humanitarian Activities in Complex Emergencies* ("MCDA Guidelines"), and *The Use of Military and Civil Defence Assets In Disaster Relief* ("Oslo Guidelines").
15. The recent crisis in Libya provides a good practice example that could be used to guide future European civil military co-operation. The Decision of the Council providing the legal framework of the Libya operation specified that any use of military assets to support humanitarian assistance would be contingent on a request from OCHA for assistance. OCHA never made a request, and the Council's Decision was respected by all Member States (OECD, 2012).
16. Sweden will ensure that there are clear rules for how suspected corruption is followed up" (MFA, 2010).



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# Annex A: Progress since the 2009 DAC peer review recommendations

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## Key Issues: Strategic orientations

Recommendations 2009	Progress in implementation
Continue to overhaul, rationalise and clarify the complex policy framework and ensure appropriate alignment with the Policy for Global Development. Sweden should also ensure that Sida's guidance documents do not act as additional policy documents.	Partially implemented
Communicate effectively, to both internal and external stakeholders, how Sweden's development co-operation system is changing and how this is likely to affect its partners. This will be crucial to sustain Sweden's ambitious agenda for change.	Partially implemented

## Key Issues: Development beyond aid

Recommendations 2009	Progress in implementation
Assign a suitable organisation to provide independent monitoring and evaluation of Swedish policy coherence for development and report results to parliament.	Not implemented
Finalise, in close co-operation with international partners, workable indicators for measuring overall progress towards cross-government objectives and different agencies' contributions to policy coherence for development.	Not implemented

## Key Issues: Aid volume, channels and allocations

Recommendations 2009	Progress in implementation
Ensure that any changes to the geographical allocation of bilateral aid are closely aligned with the strong poverty reduction focus of the Policy for Global Development.	Partially implemented
<p>Focus support to the multilateral system strategically, in line with the development priorities and strategic objectives identified in the Policy for Global Development.</p> <p>Use recent assessments of multilateral organisations as a basis for reducing the large number of separate contributions. Be mindful that more staff resources may be required to fulfil the policy objective of deeper multilateral engagement.</p>	Implemented
Invest in building stronger relationships and linkages between development co-operation staff and private sector counterparts to increase private sector involvement in development.	Implemented

## Key Issues: Organisation and management

Recommendations 2009	Progress in implementation
Manage closely the challenges posed by Sida's new structure. In particular, by: (i) protecting regional knowledge and analysis now that teams working in neighbouring countries may come under different departments; and (ii) making the new staff networks, which Sida sees as crucial to the functioning of its new structure, an effective tool to overcome departmental boundaries, through careful planning and management and strong working-level ownership.	Partially implemented
Ensure both the independence and impact of Sida's internal evaluation function, including the proper functioning of the management response system. The new evaluation guidelines should set out how this will be guaranteed.	Partially implemented
Protect overall human resource levels, particularly in the MFA and in the field, and allocate resources and skills appropriately to implement Sweden's objectives and commitments. For example, increased engagement in conflict-affected countries and more strategic engagement with multilateral organisations require appropriate staff levels and skills.	Partially implemented

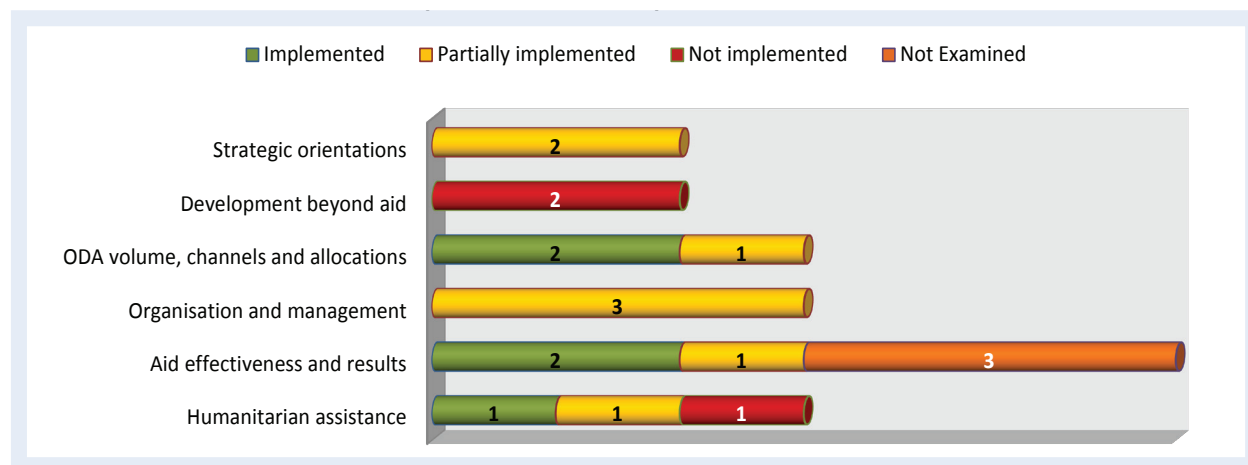
**Key Issues: Aid effectiveness and results**

<b>Recommendations 2009</b>	<b>Progress in implementation</b>
Increase the proportion of technical co-operation which is co-ordinated with other donors and aligned with partner country strategies and increase the proportion of missions which are conducted jointly.	<b>Implemented</b>
Ensure that it communicates clearly to its partners how it will apply any jointly agreed conditions to a variable tranche of general budget support.	<b>Implemented</b>
Provide results-orientated support to capacity development and seek an appropriate balance between its welcome long-term commitment with the need, nevertheless, to establish time-bound objectives and associated exit strategies.	<b>Not examined</b>
Broaden staff awareness that capacity development should be at the core of all Swedish development co-operation. Improve staff understanding of difficult issues such as political context, what to prioritise in fragile situations and how to define reasonable timeframes. Integrate these into overarching guidance documents and communicate them directly to front-line staff.	<b>Not examined</b>
Ensure there are enough experts and trained staff to allow Sweden to lead the international community in following up the International Commission on Climate Change and Development report.	<b>Not examined</b>
Simplify and consolidate assessment tools and guidance on environment and climate change in order to help mainstreaming.	<b>Partially implemented</b>

## Key Issues: Humanitarian Assistance

Recommendations 2009	Progress in implementation
Proceed with the update of the humanitarian policy and identification of suitable indicators to monitor progress against strategic humanitarian objectives.	Partially implemented
Embed disaster risk reduction approaches within development co-operation strategies and better integrate key cross-cutting policies, including gender and environment, within humanitarian action.	Not implemented
Finalise the plan for learning, research and accountability in the humanitarian sector.	Implemented

Figure A.1. Sweden – Implementation of 2009 peer review recommendations



# Annex B: OECD statistics on official development assistance

**Table B.1. Total financial flows**

USD million at current prices and exchange rates

Sweden	Net disbursements						
	1997-2001	2002-2006	2007	2008	2009	2010	2011
<b>Total official flows</b>	<b>1 683</b>	<b>2 873</b>	<b>4 293</b>	<b>4 763</b>	<b>4 617</b>	<b>4 534</b>	<b>5 470</b>
Official development assistance	<b>1 680</b>	<b>2 890</b>	<b>4 339</b>	<b>4 732</b>	<b>4 548</b>	<b>4 533</b>	<b>5 603</b>
Bilateral	1 168	2 047	2 932	3 142	3 009	2 915	3 642
Multilateral	511	843	1 407	1 589	1 539	1 618	1 961
Other official flows	<b>3</b>	<b>- 17</b>	<b>- 46</b>	<b>31</b>	<b>68</b>	<b>0</b>	<b>- 133</b>
Bilateral	3	- 17	- 46	31	68	0	- 133
Multilateral	-	-	-	-	-	-	-
<b>Net Private Grants</b>	<b>36</b>	<b>23</b>	<b>78</b>	<b>25</b>	<b>74</b>	<b>221</b>	<b>31</b>
<b>Private flows at market terms</b>	<b>1 253</b>	<b>- 64</b>	<b>2 541</b>	<b>1 108</b>	<b>2 473</b>	<b>372</b>	<b>1 097</b>
Bilateral: of which	1 253	- 64	2 541	1 108	2 473	372	1 097
Direct investment	749	263	2 232	- 314	885	69	1 369
Export credits	504	- 327	309	1 422	1 588	303	- 272
Multilateral	-	-	-	-	-	-	-
<b>Total flows</b>	<b>2 972</b>	<b>2 832</b>	<b>6 911</b>	<b>5 896</b>	<b>7 164</b>	<b>5 127</b>	<b>6 598</b>
<i>for reference:</i>							
ODA (at constant 2010 USD million)	2 435	3 523	4 344	4 533	4 891	4 533	5 005
ODA (as a % of GNI)	0.75	0.88	0.93	0.98	1.12	0.97	1.02
Total flows (as a % of GNI) (a)	1.33	0.87	1.49	1.22	1.77	1.10	1.20
ODA to and channelled through NGOs							
- In USD million	223	375	643	621	567	257	1 068
- In percentage of total net ODA	13	13	15	13	12	6	19
- DAC countries' average % of total net ODA	6	9	7	7	7	8	10

a. To countries eligible for ODA.

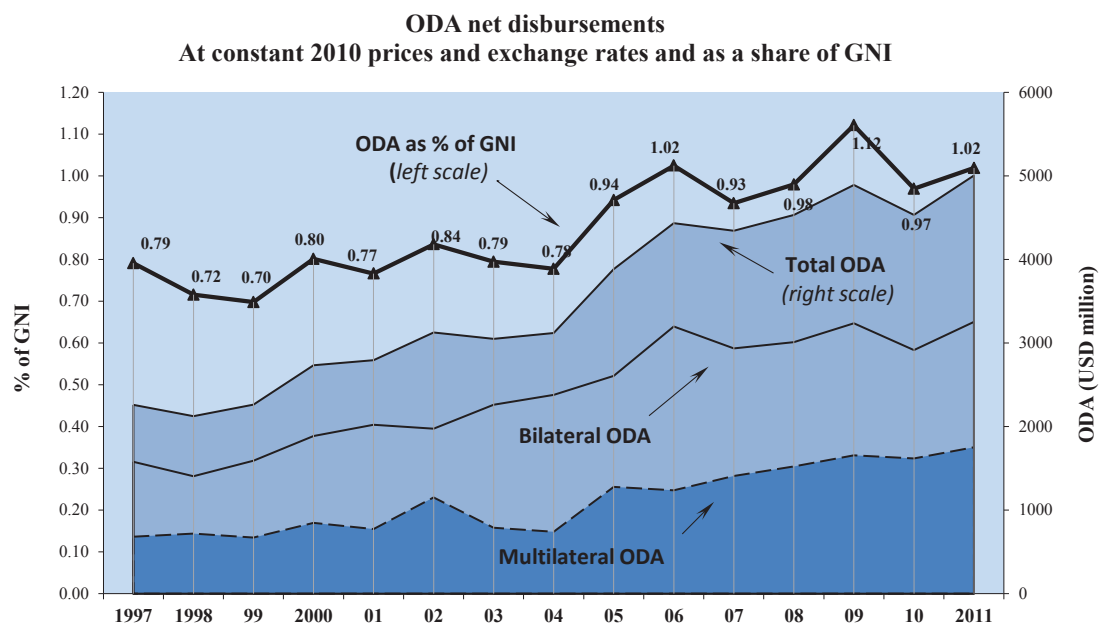




Table B.2. ODA by main categories

Sweden	Constant 2010 USD million					Disbursements					
						Per cent share of gross disbursements					Total DAC 2011%
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	
<b>Gross Bilateral ODA</b>	<b>2 935</b>	<b>3 013</b>	<b>3 241</b>	<b>2 923</b>	<b>3 256</b>	<b>68</b>	<b>66</b>	<b>66</b>	<b>64</b>	<b>65</b>	<b>73</b>
General budget support	143	147	151	120	128	3	3	3	3	3	1
Core support to national NGOs	234	256	226	104	16	5	6	5	2	0	1
Investment projects	100	64	189	92	70	2	1	4	2	1	14
Debt relief grants	74	-	22	-	166	2	-	0	-	3	4
Administrative costs	214	215	236	242	249	5	5	5	5	5	4
Other in-donor expenditures	284	383	368	399	452	7	8	8	9	9	3
<b>Gross Multilateral ODA</b>	<b>1 408</b>	<b>1 523</b>	<b>1 655</b>	<b>1 618</b>	<b>1 752</b>	<b>32</b>	<b>34</b>	<b>34</b>	<b>36</b>	<b>35</b>	<b>27</b>
UN agencies	539	588	623	666	612	12	13	13	15	12	4
EU institutions	313	355	320	394	337	7	8	7	9	7	9
World Bank group	321	307	376	299	325	7	7	8	7	6	7
Regional development banks	141	93	180	25	212	3	2	4	1	4	3
Other multilateral	94	180	156	234	267	2	4	3	5	5	4
<b>Total gross ODA</b>	<b>4 344</b>	<b>4 535</b>	<b>4 896</b>	<b>4 541</b>	<b>5 008</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Repayments and debt cancellation	-	-3	-4	-8	-3						
<b>Total net ODA</b>	<b>4 344</b>	<b>4 533</b>	<b>4 891</b>	<b>4 533</b>	<b>5 005</b>						
<i>For reference:</i>											
Free standing technical co-operation	160	180	146	697	583						
Net debt relief	74	-	22	-	166						
Imputed student cost	-	-	-	-	-						
Refugees in donor countries	259	360	330	397	437						

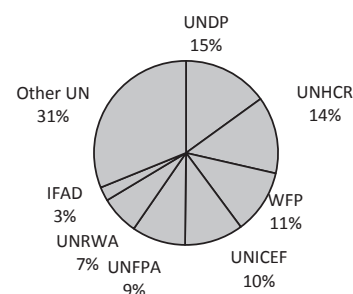
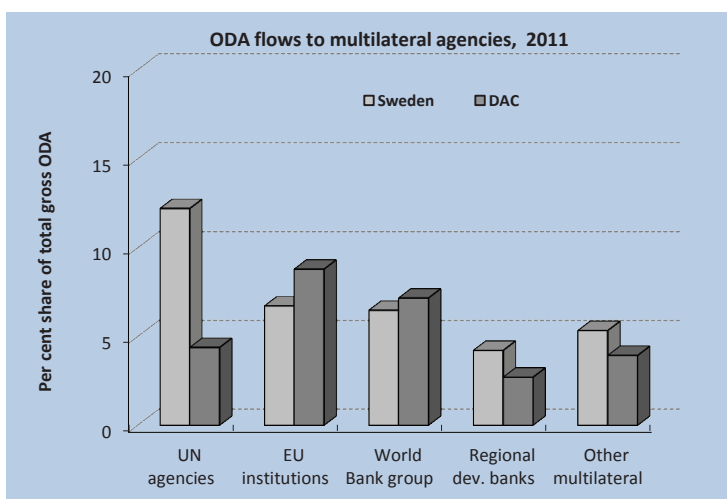
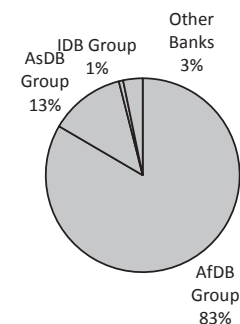
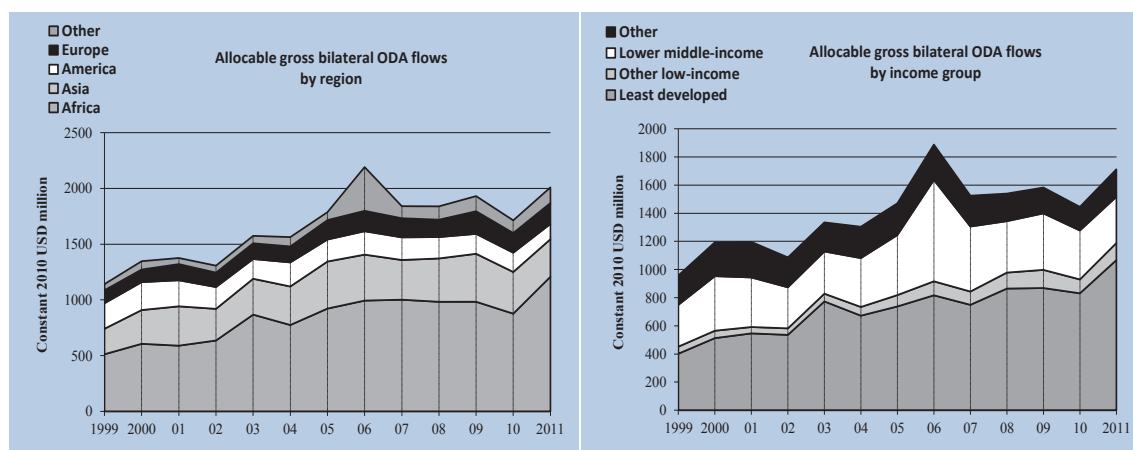
Contributions to UN Agencies  
(2010-11 Average)Contributions to Regional Development  
Banks (2010-11 Average)

Table B.3. Bilateral ODA allocable by region and income group

Gross disbursements											
Sweden	Constant 2010 USD million					Per cent share					Total DAC
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2011%
Africa	1 002	983	984	877	1 208	54	53	51	51	60	44
Sub-Saharan Africa	927	907	893	809	1 116	50	49	46	47	56	38
North Africa	6	5	4	3	29	0	0	0	0	1	4
Asia	356	389	430	374	336	19	21	22	22	17	33
South and Central Asia	166	222	246	253	221	9	12	13	15	11	19
Far East	161	138	140	103	95	9	7	7	6	5	12
America	203	192	179	173	137	11	10	9	10	7	11
North and Central America	122	106	90	101	58	7	6	5	6	3	5
South America	67	74	74	66	72	4	4	4	4	4	5
Middle East	108	119	136	114	140	6	6	7	7	7	6
Oceania	0	0	0	0	0	0	0	0	0	0	2
Europe	171	155	202	176	187	9	8	10	10	9	4
Total bilateral allocable by region	1 840	1 839	1 930	1 713	2 009	100	100	100	100	100	100
Least developed	749	865	869	831	1 067	49	56	55	58	62	43
Other low-income	94	114	129	99	121	6	7	8	7	7	5
Lower middle-income	462	365	402	348	328	30	24	25	24	19	34
Upper middle-income	213	193	183	168	196	14	13	12	12	11	19
More advanced developing countries	6	3	1	0	-	0	0	0	0	-	-
Total bilateral allocable by income	1 525	1 540	1 583	1 445	1 712	100	100	100	100	100	100
For reference:											
Total bilateral	2 935	3 010	3 236	2 923	3 256	100	100	100	100	100	100
of which: Unallocated by region	1 095	1 172	1 306	1 210	1 247	37	39	40	41	38	23
of which: Unallocated by income	1 411	1 471	1 653	1 478	1 544	48	49	51	51	47	30



1. Each region includes regional amounts which cannot be allocated by sub-region. The sum of the sub-regional amounts may therefore fall short of the regional total.

Table B.4. Main recipients of bilateral ODA

Sweden	2000-04 average				Memo: DAC countries' average %				2005-09 average				Memo: DAC countries' average %				2010-11 average				Memo: DAC countries' average %	
	Current USD million	Constant 2010 USD mln	Per cent share		Current USD million	Constant 2010 USD mln	Per cent share		Current USD million	Constant 2010 USD mln	Per cent share		Current USD million	Constant 2010 USD mln	Per cent share		Current USD million	Constant 2010 USD mln	Per cent share			
Tanzania	64	90	4		107	113	4		156	143	5		Congo, Dem. Rep.									
Mozambique	52	72	3		99	104	3		110	104	3		Tanzania									
Congo, Dem. Rep.	43	55	3		72	79	3		103	97	3		Afghanistan									
Nicaragua	34	48	2		60	63	2		97	91	3		Mozambique									
Serbia	33	47	2		57	60	2		74	69	2		Sudan									
Top 5 recipients	227	314	15	26	394	419	14	30	540	504	16	26	Top 5 recipients									
Afghanistan	31	42	2		56	59	2		62	58	2		Kenya									
West Bank & Gaza Strip	31	44	2		56	59	2		62	58	2		West Bank & Gaza Strip									
Uganda	30	42	2		54	57	2		45	41	1		Somalia									
Bosnia-Herzegovina	30	42	2		49	53	2		42	40	1		Uganda									
Vietnam	29	42	2		45	47	2		40	38	1		Ethiopia									
Top 10 recipients	379	527	25	41	655	694	23	44	791	739	24	39	Top 10 recipients									
Ethiopia	28	39	2		42	45	1		38	36	1		Liberia									
Bangladesh	27	39	2		38	41	1		37	34	1		Ukraine									
South Africa	26	37	2		37	40	1		36	34	1		Burkina Faso									
Honduras	25	36	2		37	39	1		35	33	1		Bangladesh									
Bolivia	22	30	1		35	37	1		34	32	1		Zimbabwe									
Top 15 recipients	507	708	33	51	845	896	30	52	971	909	30	47	Top 15 recipients									
Zambia	20	29	1		32	34	1		32	31	1		Pakistan									
Kenya	20	27	1		26	28	1		31	30	1		Bolivia									
Gambia	18	25	1		26	27	1		30	28	1		Mali									
Laos	17	24	1		26	28	1		30	28	1		Iraq									
Sri Lanka	17	25	1		24	26	1		30	29	1		Haiti									
Top 20 recipients	600	838	40	58	979	1 039	34	58	1 125	1 055	34	52	Top 20 recipients									
Total (147 recipients)	878	1 225	58		1 512	1 601	53		1 681	1 579	51		Total (138 recipients)									
Unallocated	636	880	42	23	1 328	1 397	47	25	1 603	1 511	49	34	Unallocated									
Total bilateral gross	1 515	2 105	100	100	2 840	2 999	100	100	3 284	3 089	100	100	Total bilateral gross									

**Table B.5. Bilateral ODA by major purposes**  
at constant 2010 prices and exchange rates

Sweden	2000-2004 average		2005-09 average		2010-11 average		2010-11 Total DAC per cent
	2010 USD million	Per cent	2010 USD million	Per cent	2010 USD million	Per cent	
<b>Social infrastructure &amp; services</b>	<b>677</b>	<b>38</b>	<b>984</b>	<b>38</b>	<b>1 152</b>	<b>38</b>	<b>40</b>
Education	99	6	113	4	126	4	8
of which: basic education	30	2	52	2	93	3	2
Health	87	5	148	6	106	3	5
of which: basic health	31	2	85	3	69	2	3
Population & reproductive health	51	3	86	3	73	2	7
Water supply & sanitation	52	3	71	3	52	2	5
Government & civil society	264	15	480	18	734	24	13
of which: Conflict, peace & security	-	-	97	4	142	5	3
Other social infrastructure & services	123	7	87	3	61	2	3
<b>Economic infrastructure &amp; services</b>	<b>168</b>	<b>9</b>	<b>183</b>	<b>7</b>	<b>165</b>	<b>5</b>	<b>16</b>
Transport & storage	58	3	37	1	29	1	6
Communications	13	1	8	0	2	0	0
Energy	51	3	50	2	58	2	7
Banking & financial services	21	1	20	1	12	0	2
Business & other services	24	1	68	3	65	2	1
<b>Production sectors</b>	<b>65</b>	<b>4</b>	<b>163</b>	<b>6</b>	<b>169</b>	<b>6</b>	<b>8</b>
Agriculture, forestry & fishing	51	3	96	4	87	3	5
Industry, mining & construction	7	0	36	1	41	1	1
Trade & tourism	7	0	31	1	41	1	1
<b>Multisector</b>	<b>151</b>	<b>8</b>	<b>243</b>	<b>9</b>	<b>272</b>	<b>9</b>	<b>12</b>
<b>Commodity and programme aid</b>	<b>100</b>	<b>6</b>	<b>138</b>	<b>5</b>	<b>127</b>	<b>4</b>	<b>3</b>
Action relating to debt	63	4	98	4	83	3	4
<b>Humanitarian aid</b>	<b>234</b>	<b>13</b>	<b>338</b>	<b>13</b>	<b>409</b>	<b>14</b>	<b>9</b>
Administrative costs of donors	150	8	213	8	227	8	5
Refugees in donor countries	185	10	260	10	417	14	3
<b>Total bilateral allocable</b>	<b>1 792</b>	<b>100</b>	<b>2 620</b>	<b>100</b>	<b>3 022</b>	<b>100</b>	<b>100</b>
<i>For reference:</i>							
Total bilateral	2 012	70	2 999	68	3 089	65	75
of which: Unallocated	228	8	379	9	68	1	1
Total multilateral	860	30	1 420	32	1 685	35	25
<b>Total ODA</b>	<b>2 872</b>	<b>100</b>	<b>4 419</b>	<b>100</b>	<b>4 775</b>	<b>100</b>	<b>100</b>

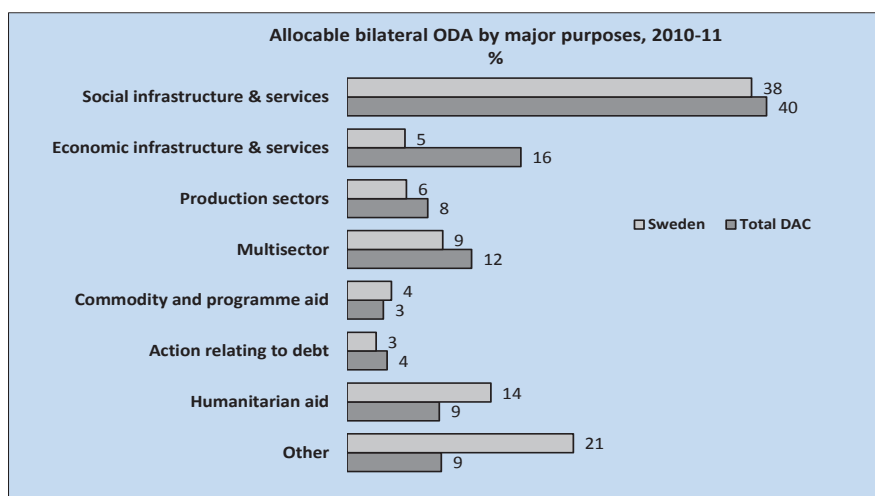


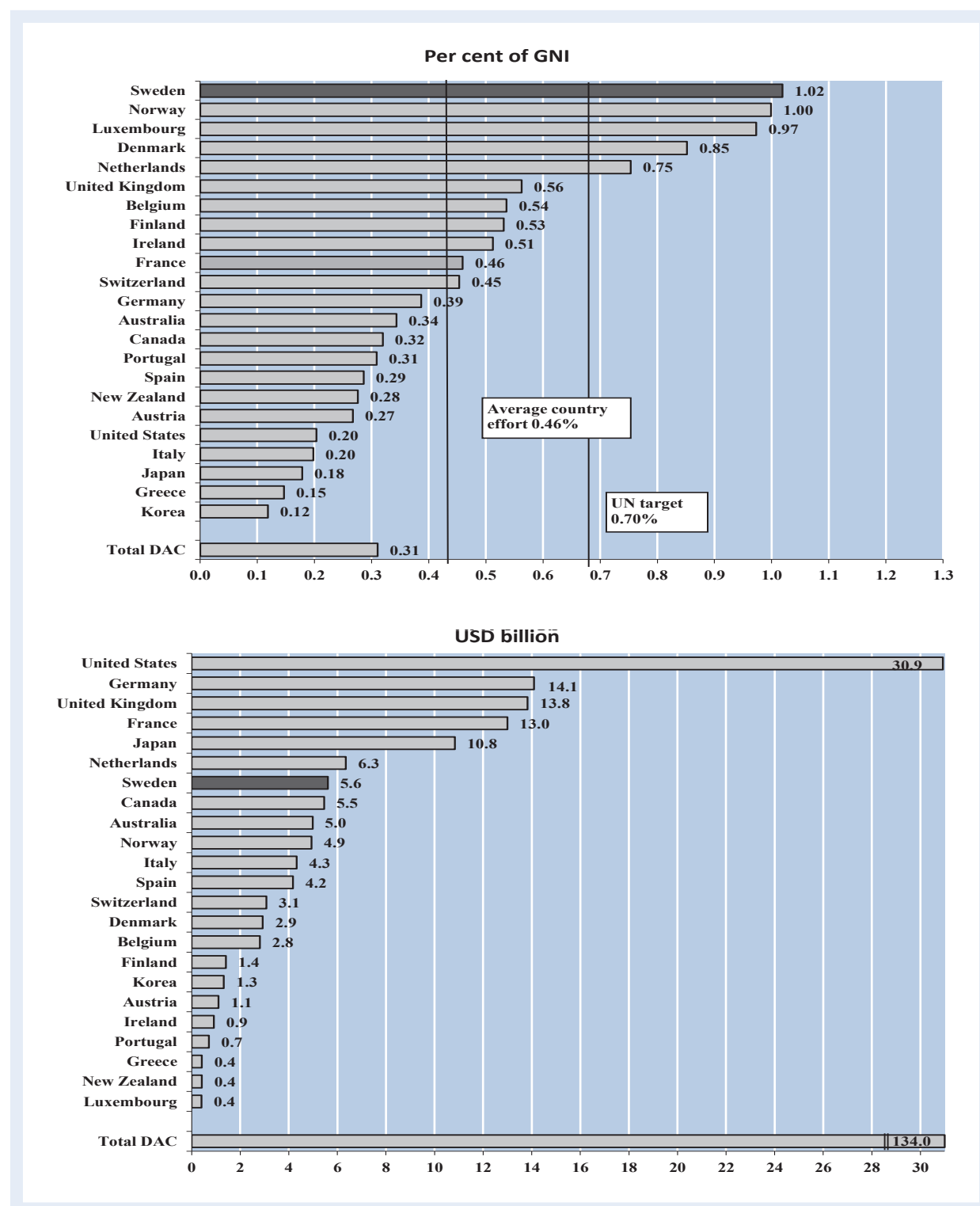
Table B.6. Comparative aid performance

Net disbursements									
Official development assistance			Grant element of ODA (commitments) 2011	Share of multilateral aid				ODA to LDCs Bilateral and through multilateral agencies 2011	
2011		2005-06 to 2010-11 Average annual % change in real terms		2011					
USD million	% of GNI			% of ODA (b)	% of GNI (c)	% of ODA (b)	% of GNI (c)	% of ODA	% of GNI
Australia	4 983	0.34	8.0	99.8	13.5	0.05		27.5	0.09
Austria	1 111	0.27	-8.5	100.0	55.9	27.6	0.15 0.07	29.1	0.08
Belgium	2 807	0.54	4.3	99.9	38.0	19.4	0.20 0.10	39.3	0.21
Canada	5 457	0.32	2.0	100.0	24.7		0.08	34.7	0.11
Denmark	2 931	0.85	1.8	100.0	26.8	17.5	0.23 0.15	36.8	0.31
Finland	1 406	0.53	5.6	100.0	40.3	25.1	0.21 0.13	33.9	0.18
France	12 997	0.46	1.3	86.2	34.6	16.0	0.16 0.07	29.4	0.14
Germany	14 093	0.39	3.0	90.8	38.0	18.8	0.15 0.07	27.6	0.11
Greece	425	0.15	-1.7	100.0	63.8	3.4	0.09 0.01	21.1	0.03
Ireland	914	0.51	0.4	100.0	33.9	17.2	0.17 0.09	53.1	0.27
Italy	4 326	0.20	-6.8	100.0	60.6	16.2	0.12 0.03	39.1	0.08
Japan	10 831	0.18	-6.7	89.2	39.1		0.07	39.2	0.07
Korea	1 328	0.12	15.6	93.9	25.2		0.03	35.8	0.04
Luxembourg	409	0.97	2.8	100.0	31.6	22.8	0.31 0.22	37.9	0.37
Netherlands	6 344	0.75	0.8	100.0	31.6	20.8	0.24 0.16	23.5	0.18
New Zealand	424	0.28	2.2	100.0	22.3		0.06	28.7	0.08
Norway	4 934	1.00	4.0	100.0	24.2		0.24	29.6	0.30
Portugal	708	0.31	8.2	86.5	32.6	7.1	0.10 0.02	50.9	0.16
Spain	4 173	0.29	4.7	99.2	45.3	17.6	0.13 0.05	28.2	0.08
Sweden	5 603	1.02	2.8	100.0	35.0	28.3	0.36 0.29	35.0	0.36
Switzerland	3 076	0.45	2.4	100.0	22.8		0.10	26.0	0.12
United Kingdom	13 832	0.56	3.5	100.0	38.7	25.0	0.22 0.14	38.1	0.21
United States	30 924	0.20	1.5	100.0	12.0		0.02	35.1	0.07
Total DAC	134 038	0.31	1.1	95.9	29.8	0.09		33.3	0.10
Memo: Average country effort		0.46							

Notes:

- a. Excluding debt reorganisation.
- b. Including EU institutions.
- c. Excluding EU institutions.
- .. Data not available.

Figure B.1. Net ODA from DAC countries in 2011





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# Annex C.1: Field visit to Uganda

The peer review team – made up of examiners from Belgium and the United Kingdom and OECD/DAC Peer Review Analysts – visited Uganda in April 2013. In Kampala, the team members met with Swedish government officials, as well as key external stakeholders and development partner representatives. This annex summarises the team's observations.

## Development context

### Significant development and governance challenges despite progress to reduce poverty

Uganda had been one of Africa's success stories in terms of growth and poverty reduction, but growth has slowed recently and governance is a concern for its development partners. Between 1990 and 2010 Uganda had strong growth rates, averaging 7% per year (World Bank, 2013). During this period, the percentage of people living in poverty in the country was halved: 56% of the population lived in poverty in 1992, but by 2010 this had fallen to 24% (World Bank, 2013). Despite this progress, Uganda still remains a poor country, with a per capita income of USD 510 (World Bank, 2013). It is unlikely to meet all the MDG goals by 2015, particularly those related to health (Ministry of Finance, Planning and Economic Development, 2010).

In 2009, the pace of economic growth in Uganda slowed dramatically and has not yet recovered. As a result, Uganda now lags behind some of its neighbours in East Africa. In 2012, growth stood at just below 3.5%, barely matching the rate of population increase (IMF, 2012) and far below the growth rates projected in Uganda's 2010-2015 National Development Plan. In the short-term growth is likely to remain weak, but medium-term growth prospects are more upbeat as a result of anticipated revenues from future oil production (IMF, 2012). There are concerns, however, that oil revenues may not be spent prudently (World Bank, 2013).

President Yoweri Museveni and his governing party, the National Resistance Movement (NRM), have been in power for the last 27 years. Over this period, Uganda has moved towards becoming a multi-party democracy, but governance remains an issue. The last elections, held in February 2011, were deemed peaceful and relatively free but not fair (EU, 2011). The Government of Uganda has also recently been subject to a high-level corruption scandal. In October 2012, Uganda's auditor general issued a report which uncovered the theft of about USD 15 million of donor funds intended for post-war recovery in Northern Uganda from the Prime Minister's Office. This included aid funds from Sweden. As a result, aid worth 1.25% of Uganda's GDP from multilateral and bilateral partners (including Sweden) has been suspended (IMF, 2012). The Ugandan government and its development partners have reached a preliminary understanding on a set of measures to be taken for the resumption of aid to commence and the government is currently working towards achieving these. Trust between the government and its development partners is at an all-time low.

## Uganda: ODA flows and donor co-ordination structures

### ODA to Uganda fell by 17% between 2009 and 2011

In 2011, Uganda received USD 1.58 billion in ODA (net disbursements) representing 9.6% of its GNI (OECD DAC database). ODA to Uganda has fallen since 2009 by 17% in real terms (USD Constant 2011), and ODA levels have not been as low since 2005. ODA in Uganda has historically been highly concentrated, with a handful of donors providing the majority of aid. In 2011, for example, just three out of a total of 40 donors – the United States, the World Bank and the EU – provided over half of all ODA. In 2011, ODA was directed mainly to the health and population sector, followed by other social sectors and economic infrastructure and services. Budget support accounted for an average of approximately 42% of total disbursements between 2000/1 and 2008/9 (Government of Uganda, 2011), but there has been a decline in the amount of ODA delivered in this way in recent years.

### Donor division of labour and alignment could be improved

Uganda was a pioneer in the 1990s in developing many of the principles and modalities that underlie the current aid effectiveness agenda. It established Sector Wide Approaches (SWAPs) in the late 1990s and developed partnership principles for working with donors as early as 2000. These are currently being updated (ODI, 2010).

Currently, donors are organised around a Joint Assistance Strategy based on Uganda's National Development Plan, which includes a Joint Assessment Framework. Within each sector there are also appointed lead donors. However, despite Uganda's pioneering work in aid effectiveness, there have been problems. In terms of alignment with government priorities, for example, donors' sector focus (as measured by the number of donors in each sector) does not always match government needs. The Government of Uganda has ranked the energy and mineral development as its number one priority, followed by roads and transport, but these are only ranked 10 and 11 by donors. For them, the most popular sectors are water and environment (LDPG, 2012). In 2011, the Ugandan government evaluated the implementation of the Paris Declaration in Uganda (Government of Uganda, 2011). The evaluation revealed, amongst other things:

- > Continuing problems with donor division of labour, with some sectors over congested (e.g. health) and others underfunded (e.g. environment and agriculture).
- > A lack of consensus amongst donors on the ideal mode of funding, despite the government's clear preference for general budget support.

- 
- > A large number of donors and NGO projects operating outside the sector wide approach (SWAP), which is posing a significant challenge, especially in health.
  - > High transaction costs of reporting and mission management, even though co-ordination has improved between donors.

## Sweden is a valued partner in Uganda

### **A long-standing and valued development partner**

Sweden is the 11th largest development partner in Uganda, providing USD 41.16 million net ODA in 2011. Sweden has a close and long-standing bilateral relationship with the country, which its partners hope will be maintained.

The Government of Uganda values Sweden's assistance and views the country as a good development partner committed to alignment and harmonisation. Sweden has provided clear and timely reporting to the government on its country programmable aid. It has also managed to maintain good dialogue with the government, even through difficult times.

### **A flexible, reliable and co-operative donor**

Sweden is viewed by other development partners in Uganda as a flexible, reliable and co-operative partner who genuinely seeks out common positions. It has taken the lead in the sector working group for private sector development and trade and on the cross-cutting issue of HIV/AIDs. It has also worked hard to improve harmonisation and division of labour by conducting a co-ordinated withdrawal from the water and energy sectors and increasing its presence in the health sector.

### **Clear country strategy in line with the Government of Uganda's priorities**

Sweden's strategy for development co-operation with Uganda (Government of Uganda (2009) provides clear direction for its assistance in this low-income country. It reflects the broad priorities of the Government of Uganda's National Development Plan 2010/11 to 2014/15: a focus on strengthening the justice sector, improving health and promoting private sector development. It is also in line with Sweden's thematic priorities, with its focus on democracy and human rights.

### **Delegated financial authority**

The Swedish Embassy in Uganda has full financial delegation authority, enabling it to decide within Sida's country budget allocations on commitments up to USD 7.5 million. This is above the DAC average and is in line with Sweden's Busan commitments. Delegation of programme and financial authority to the field is a key factor in Sweden's success and can serve as an example for other donors.

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<b>Welcome focus on results</b>	Sweden's focus on development results is in accordance with the Government of Uganda's own desire to shift the emphasis of monitoring and evaluation efforts towards outcomes and impacts. Results are, where possible, drawn from the agreed donor and Government of Uganda's Joint Assessment Framework.
<b>Good staff capacity and expertise</b>	Sweden has a strong in-country team that has solid development expertise and there appears to be adequate capacity to deliver Sweden's programme at present.
<b>Increased private sector focus</b>	Sweden has made clear progress on increasing its focus on the private sector in Uganda and uses innovative tools to achieve this. Sweden is supporting Uganda's new five year Private Sector Development strategy and has previously chaired the donor group for private sector development. Sweden is also supporting the Agribusiness Initiative (aBi), aiming to increase incomes of farmers, companies and peasant organisations and increase access to financial services. In addition, under Sweden's Business For Development challenge fund – Innovation Against Poverty – it is funding six private sector initiatives in Uganda. It is also commendable that Sweden has increased its field capacity to support this effort, by bringing in an extra member of staff with private sector expertise. Sweden is also, jointly with USAID, supporting a bank guarantee geared towards the lower end of the private health sector.
<b>Strong culture of programme monitoring</b>	Sweden has a strong culture of programme monitoring in the field, which is appropriately budgeted for and undertaken in a timely manner. Uganda's result matrix monitors programme results and their contribution to Sweden's overall country strategy objectives; uses SMART objectives; and has outcome, output and process indicators, with time-bound performance targets and baseline data.

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## Sweden can continue to build on its achievements in Uganda

### Cross-cutting issues integrated to an extent

Gender, democracy and human rights are integrated across Sweden's programmes in Uganda, but more could be done to mainstream environment and climate change. Many of Sweden's programmes in Uganda are aimed at strengthening democracy and human rights. For example, Sweden's support to the justice, law and order sector is clearly aimed at promoting the rule of law and democratic principles in Uganda. The same is true for Sweden's support to the Democratic Governance Facility, a joint donor basket fund for state and non-state actors working on building democracy and supporting human rights. However, there is less evidence that its programmes support the environment and tackle climate change. Sustainable production patterns form part of Sweden's private sector programme Agribusiness Initiative (aBi) mentioned above. In addition, the Swedish Energy Agency has signed an agreement on reforestation in Uganda in an aim to reduce greenhouse gas emissions. However, more could be done to strengthen the focus on environment and climate change in other programmes.

### Need for greater clarity over allocation rationale

Sweden could have a clearer rationale for allocating resources between and within sectors and for its choices of modality in Uganda. At present the rationale for allocating between sectors, for example, appears to be more based on absorption capacity than on current development context or analysis of programme results.

### Sweden could be even more focused

Sweden has made efforts to concentrate its programme in Uganda: in 2013 it agreed or planned 36 separate development contributions in 4 sectors, down from 48 in 8 sectors in 2009. However, there is scope for Sweden to further concentrate its aid given that the average amount of each contribution in 2012 is modest at approximately USD 3 million.

### Increase policy dialogue and sector leadership

If Sweden does concentrate its resources further for greater impact, it would allow embassy staff to spend more time on strategic policy dialogue. For example, partners in Uganda mentioned that Sweden has opportunities to lead in more sectors, such as the justice law and order sector, and take more of a proactive role in dialogue with government. However, at present staff time is too limited to be able to take these positions because they are so involved in managing multiple programmes.

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**Increase support to locally recruited staff**

The embassy's locally recruited staff are a major asset for the Swedish development programme and provide vital institutional memory. However, the current human resource framework for these employees is not clear and is hindering Sweden's ability to get the most from this valuable resource. Locally recruited staff are hired by Sweden's Ministry of Foreign Affairs and not Sida. While MFA staff have access to human resource support back in Stockholm, locally recruited staff do not have a dedicated person either in Uganda or in the capital who deals with their specific human resource issues. In addition, career progression for these staff is limited, which may reduce their motivation.

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**More clarity required on aid flows**

Sweden is seen by its partners as a leader in transparency and openness, but in 2011 off-budget (non-country programmable aid) ODA flows to Uganda, amounted to approximately USD 8 million. These were not reported to the Ugandan government and even staff in the embassy appeared unaware of where this funding is going, as much of it is a result of thematic or humanitarian funding controlled at headquarters. This is problematic, not only for the Government of Uganda, but also for Swedish staff, who are unable to capitalise on potential synergies between different programmes funded by Sweden in Uganda.

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**Stronger evaluation feedback loops required**

Sweden has undertaken several reviews and evaluations of its programmes and analysis of its approaches in Uganda and these have informed its programming. However, the evaluation feedback loop and knowledge sharing between the embassy and headquarters is not strong and hampers the MFA and Sida's efforts to be learning organisations.

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**New Contribution Management System should strengthen programme management**

Sida's new Contribution Management System has the potential to strengthen programme management, in particular the assessment of results and risks. The administrative burden of operating the system will need to be monitored to ensure it is not too time consuming.

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**Results drive must balance desire for attribution with need to work with others**

Partners welcome Sweden's approach to visibility: it has avoided flag-raising and over-branding, which can undermine ownership. These partners expect that as Sweden develops its results strategy it will continue in this spirit; balancing its need to attribute achievements to its own interventions with a demonstration of its contribution to jointly achieved results.

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## Sweden faces some challenges

### Need to monitor impact of policy coherence

Sweden does not make use of its field-level resources in Uganda to monitor the impacts of policy coherence and incoherence for development. There is an opportunity for development partners to initiate action in partnership with the Government of Uganda on these issues.

### Need to continue with a mix of aid instruments

Appreciating the current complicated situation in Uganda, it is important that Sweden remains committed to working with both state and non-state actors and that it maintains a wide range of aid modalities so it can choose the most appropriate for meeting Uganda's needs while managing risks. At present, Sweden is moving away from working with the public sector through core contributions and pooled programmes to working more with civil society and using project type interventions for delivery. Sweden will continue to support five state universities with substantial research co-operation, a new agreement for this covering the years 2015-2020 is currently being prepared. According to the OECD Creditor Reporting System,<sup>1</sup> Sweden provided 46.2% of its aid to the public sector, 37.7% to civil society and 0.7% to multilateral institutions in 2011. In 2010 57.6% of all Swedish aid to Uganda went to the public sector. In contrast, aid to NGOs and multilaterals has risen since 2010.

In 2011 Sweden provided over half of its aid in the form of projects (56% - more than double the figure in 2010), 35.5% as core contributions and pooled programmes, and only 7% as sector budget support. Sector budget support, core contributions and pooled programmes have decline steeply since 2010.

### Need to ensure Sweden's new strategy is developed in a consultative manner

There is a growing perception that Sweden's priorities are being driven increasingly by headquarters in Stockholm and that more could be done to take account of Uganda's needs as expressed by government and civil society and on the basis of evidence gathered from the field. It is vital that as Sweden develops its new country strategy it consults with the Government of Uganda and its partners, as it did when developing its current strategy.

**Sweden needs  
to re-assess its  
ambition in Uganda**

Uncertainty over Sweden's future direction is undermining its partnerships, the quality of its programme and, in some cases, constraining progress in the sectors it supports in Uganda. Sweden's new results strategy offers an important opportunity to reassess its ambition in Uganda. In shaping this strategy, Sweden should take care to:

- > make explicit how its priorities are framed by the perspectives of poor women and men, particularly those in the poorest regions of the country;
- > retain an appropriate balance between long-term goals – particularly institutional strengthening – and short-term results; and
- > take account of its entire government contribution to Uganda's development and exploit synergies and increase impact on the ground.

# Annex C.2: Field visit to Democratic Republic of Congo

The peer review team – made up of examiners from Belgium and the United Kingdom and the OECD/DAC's Humanitarian Advisor – visited the Democratic Republic of Congo (DRC) in April 2013. The team members met with Swedish government officials in Kinshasa, as well as representatives of key external stakeholders and development partners in the Democratic Republic of Congo. This annex summarises the team's observations.

## Development and humanitarian context

### A fragile state with significant operational and political challenges

The DRC is an enormous country, roughly the same size as Europe, with a population of around 67 million, of which around 10 million live in Kinshasa. The economy is set to grow by 6-7% in both 2013 and 2014. While the country possesses unexplored mining resources and massive agricultural potential (World Bank, 2011), it suffers from very limited infrastructure, endemic conflict and numerous localised disasters creating significant humanitarian needs. It also has an increasingly fragile government, leading to major challenges for the ownership of development programmes. Today's challenges include (and see Box C.1):

- > providing environmental safeguards for one of the most important ecosystems on the planet;
- > providing meaningful employment for Congolese youth;
- > dealing with the continuing impact of the situation in DRC on its neighbouring region;
- > dealing with endemic corruption;
- > dealing with a lack of cohesion between central and provincial governments; and
- > reforming the security sector urgently.

In addition, in April 2013 DRC was suspended from the Extractive Industries Transparency Initiative (EITI, 2013). The DRC is not projected to achieve any of the Millennium Development Goals by 2015 (RDC, 2010).

**Figure C.1 The DRC: some key facts**

- > 24 times larger than Liberia and 78 times larger than Belgium
- > Ranked at the bottom of the 2012 Human Development Index
- > Contains over 1 000 conflicts with the potential to escalate
- > Four women die every hour as a result of birth complications
- > 25% of children are malnourished
- > More than 7.6 million children do not go to school
- > Only 47% of the population have access to clean water
- > 2.1 million people are internally displaced in eastern DRC

Source: DRC United Nations Country Team presentation to peer review team, 23 April 2013

## Donor co-ordination systems and structures

### Development donor co-ordination is limited

Effective development donor co-ordination is complicated by significant challenges in terms of government ownership, capacity and leadership. Planning documents are widely viewed as “shopping lists” rather than strategic development priorities, and donors stress the need for realistic expectations around both results and the timeframe needed to achieve them. So far, there are no sector wide approaches and donors have not sought out pooled mechanisms such as multi-donor trust funds. Implementing the *New Deal for Engagement in Fragile States* (International Dialogue on Peacebuilding and Statebuilding, 2012) is in its early stages in DRC, but leadership and whole of government ownership remain an issue and the fragility assessment has not yet been finalised. Some initiatives may help with the overall situation:

- > some donors are actively concentrating their efforts geographically, so as to better understand the main development challenges, and reduce programmatic risk;
- > there has been an increase in delegated co-operation efforts;
- > some sectors have effective co-ordination mechanisms, for example health and education;
- > one donor is working to better understand the political economy aspects of the DRC;
- > some donors are working with government using parallel implementation structures while making efforts to improve public financial management; and
- > there have been initial discussions about setting up joint donor risk management offices in provinces.

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**Active humanitarian donor co-ordination**

Humanitarian donors co-ordinate through a local Good Humanitarian Group based in Kinshasa, which Sweden currently co-chairs with the European Union (ECHO). In this forum donors share their analysis of the evolving humanitarian situation; discuss funding allocations; seek common positions in advance of Humanitarian Country Team meetings and in relation to other major humanitarian issues; exchange information about the performance of current and potential partners; and from time to time conduct joint monitoring missions. These are good practices for other protracted crisis situations. The group also maps who is funding what and where, so as to better inform future discussions. Sweden also co-ordinates its funding with other donors through co-financing arrangements, including joint funding with ECHO, and engages in delegated funding arrangements with the UK Department for International Development (DFID) and the EU.

## Sweden is a valued partner in DRC

**A strong focus on gender**

Gender is a key focus for Sweden's development programme and policy dialogue in DRC, both with government counterparts and implementing agencies. Sweden is highly appreciated as a leader in this important area.

**Ambassador with a development background**

The current Swedish Ambassador was originally a Sida staff member, and thus comes from a development background. This makes sense in a context where development is the main focus of the embassy's portfolio.

**Appropriate support from Stockholm**

The DRC development programme reports through Sida's Conflict and Fragility team. This is useful, ensuring that the advice and support provided is context-specific and takes into account the complexity of working in such a challenging environment. This is much appreciated by the embassy.

**Co-ordinating humanitarian donors**

Sweden has taken a lead role in co-ordinating humanitarian donors. Efforts include co-chairing the local Good Humanitarian Donorship group, financing and seeking to increase the effectiveness of the DRC pooled funding mechanism, and sponsoring and promoting joint advocacy efforts.

**Supporting humanitarian principles**

Sweden is taking a proactive stance on humanitarian principles and civil military co-ordination, including involvement in joint efforts to attempt to limit the risks surrounding the deployment of the MONUSCO Intervention Brigade.

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<b>Support to recovery</b>	The humanitarian programme has made significant efforts to support recovery, including through multi-annual funding arrangements and flexible grant conditions.
<b>A dedicated humanitarian staff member provides significant benefits</b>	Deploying a dedicated humanitarian programme officer to the embassy has been useful, contributing sound analysis on the challenges facing humanitarian partners, allowing for closer and more effective co-ordination with other humanitarian donors, supporting better monitoring of partner programmes and providing more coherent support to the wider humanitarian system.
<b>A good multilateral donor</b>	Multilateral partners appreciate Sweden's flexible funding conditions, appropriate administrative burden, and the focus on results while maintaining a quality partnership. Embassy staff actively monitor the performance of multilateral partners in DRC, providing important evidence for dialogue with those partners at global level.

## Sweden can continue to build on its achievements in DRC

<b>Scope to aim higher</b>	<p>Sweden is widely respected as a solid and neutral development partner in DRC. However, key stakeholders would like Sweden to be more ambitious in its political dialogue, in the type of programming it undertakes, and the scope for it to work with/support government.</p> <p>Sweden has a good understanding of the major development challenges in DRC, including illicit flows, security sector reform, corruption, and poor country ownership. It has shared a paper on these issues with Stockholm. However, it is unclear how Sweden is proactively tackling these issues in its policy dialogue.</p>
<b>Clearer rationale for allocations</b>	Sweden's current development strategy provides a broad framework for its development programme. However, the link between Sweden's strategy and DRC government's objectives, and the rationale for prioritisation and allocations among the different sectors outlined in the strategy, are unclear. There is currently no mandate to work through State Institutions.
<b>Scope to increase harmonisation</b>	Sweden has started to harmonise its development programmes with other donors, in particular through the promotion of co-financing arrangements. Nevertheless, Sweden could be more proactive in promoting donor co-ordination and joint approaches in DRC.

<b>The humanitarian country analysis should be published</b>	The annual humanitarian country analysis provides an important rationale for Sweden's humanitarian engagement in DRC. Removing sensitive information from this document, such as assessments of partner performance, would allow it to be made public, and thus increase transparency over the criteria that drive Sweden's humanitarian allocations.
<b>Local staff career options are limited</b>	Local staff appreciate the embassy's congenial working environment, training opportunities and access to professional learning networks. However, career progression options for these staff remain limited and may reduce motivation amongst this key resource.
<b>Sweden listens to civil society</b>	Sweden is making an effort to work with local civil society, using a basket fund to provide an efficient funding arrangement. Sweden actively listens to its civil society partners, but it is not clear how this information is used in Sweden's political dialogue.

## Sweden faces some challenges

<b>Need to increase visibility of programming</b>	Sweden's current strategy, priorities and programme are not visible to key stakeholders, or to co-ordination structures in government. Substantive policy papers are not systematically available in French.
<b>Challenges in ensuring timely staff recruitment</b>	Timely recruitment for key posts in Kinshasa remains problematic, despite a number of attractive economic incentives. This poses significant risks for the success of the programme, including the potential loss of delegated authority (delegated authority depends on the presence of the development counsellor and the controller). French language skills, and Sida's insistence on only posting senior staff, remain significant barriers.
<b>The upcoming results offer provides important opportunities</b>	<p>Sweden's new results offer will provide an important opportunity to recalibrate its programme in DRC. In shaping the results offer, Sweden should take care to:</p> <ul style="list-style-type: none"> <li>&gt; Factor in the embassy's extensive knowledge of the particular development challenges in this complex and fragile environment.</li> <li>&gt; Clearly set out, and build on, Sweden's comparative advantage in DRC.</li> <li>&gt; Allow sufficient time for consultation with key development partners, including donors and government.</li> <li>&gt; Balance trade-offs between risks and opportunities in ensuring sustainable results, including favouring the gradual application of the Paris principles, especially working towards alignment and strengthening (with a view to eventually using) country systems. Here Sweden could learn lessons from other donor experiences in the DRC.</li> </ul>



- > Provide a clear mandate for Swedish development co-operation to work with state institutions.
- > Ensure the right balance of Swedish programme objectives with staff resources and skills to ensure that Sweden can deliver on the full range of its ambitions in this very challenging environment.
- > Take account of the whole of the Swedish government's contribution to DRC, to help exploit synergies and increase impact on the ground; especially by improving and formalising links between the humanitarian and development portfolios.
- > Ensure predictability, by communicating Sweden's future programming intentions to key stakeholders.

## Notes

1. The figures are based on gross disbursements and use constant 2011 US dollars.

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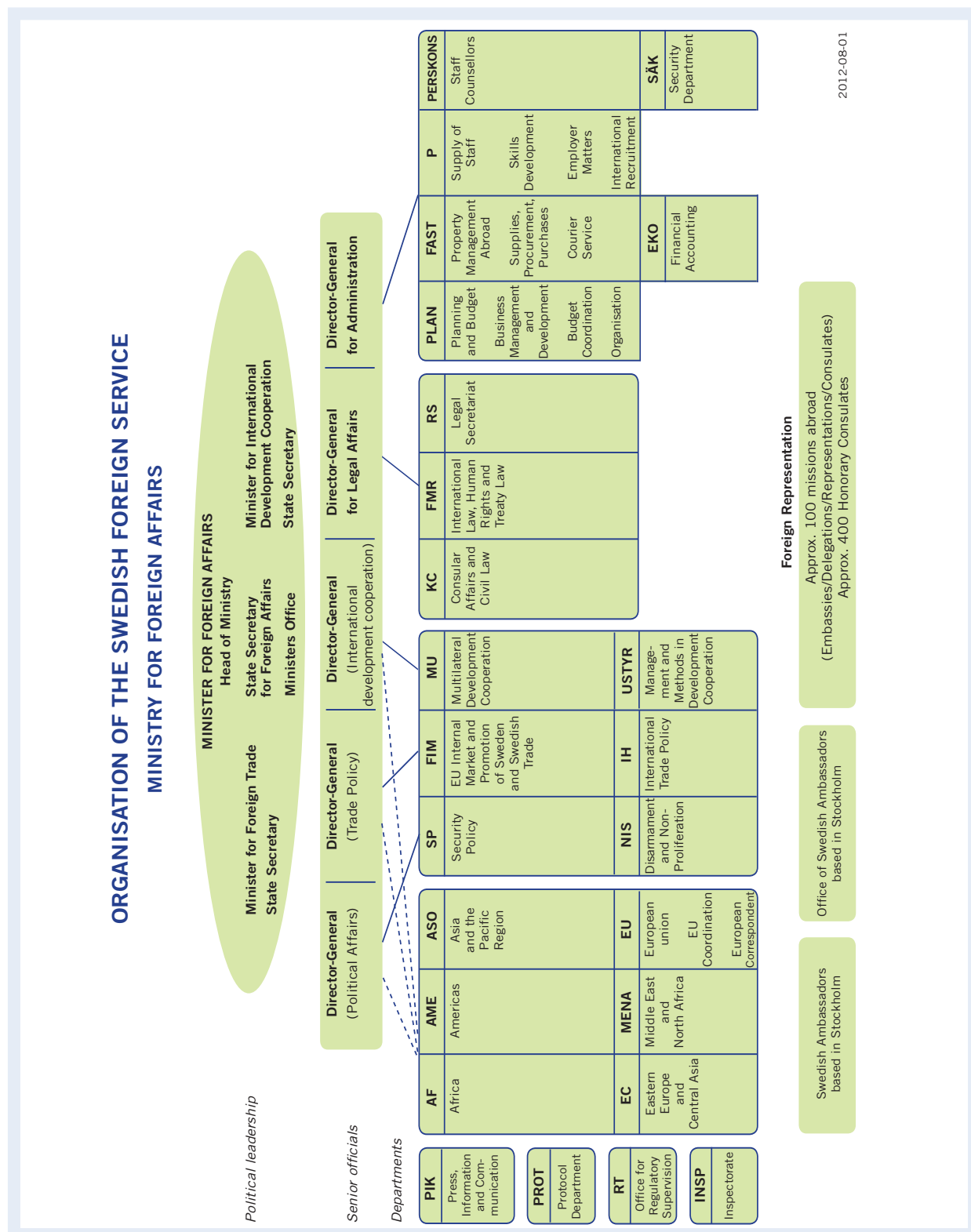
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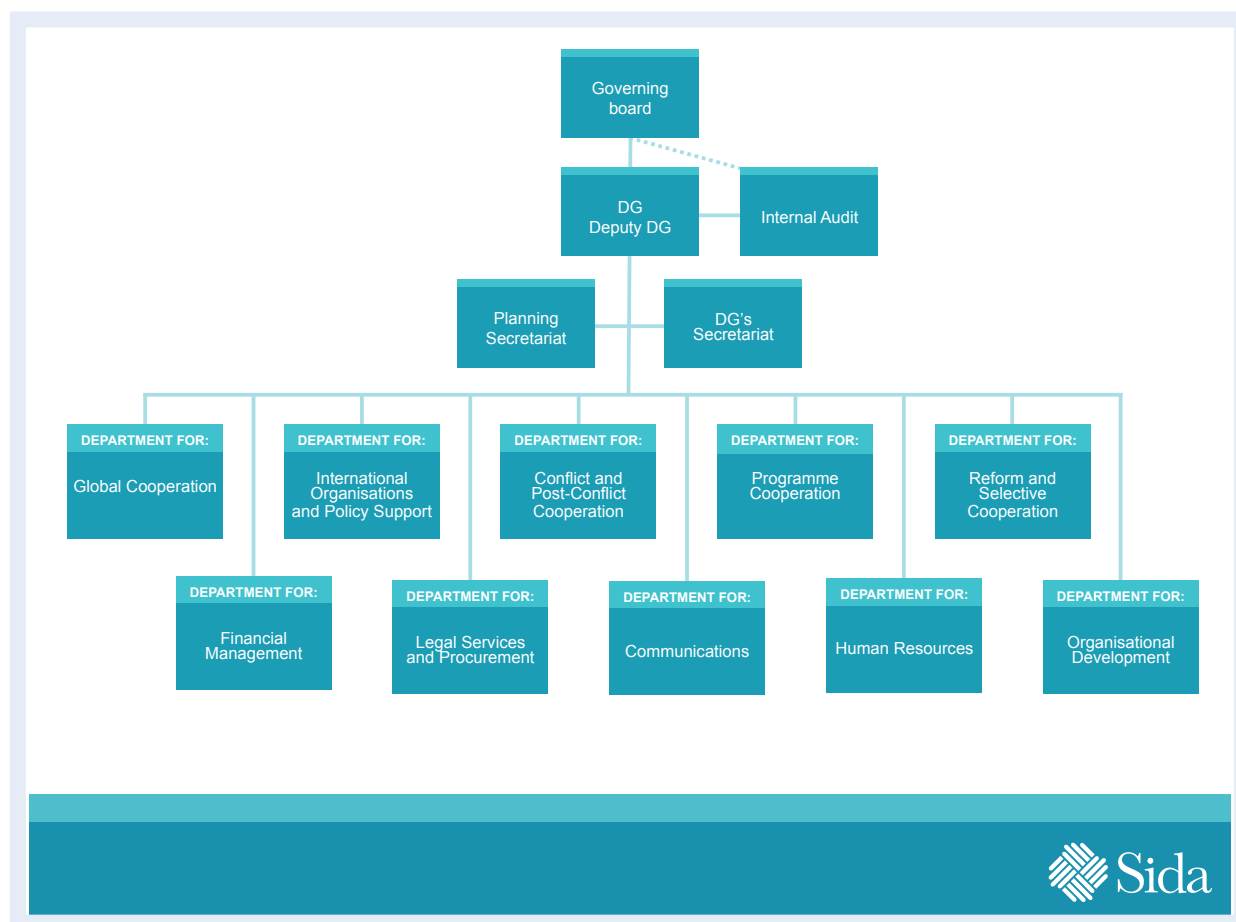
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# Annex D.1: Organogram – Ministry for Foreign Affairs



## Annex D.2: Organogram - Sida



# Annex E: The Government of Sweden's drafting procedures and policy coherence for development

A government decision – from preparations to the final decision

1

## A matter is prepared by the ministry responsible



The civil servants prepare supporting information and make proposals or draft proposals following an initiative by the political leadership.



The civil servants present their findings to the political leadership, which decides on a course of action.



Civil servants make any necessary revisions.

2

The draft proposal is sent to other ministries for comment.

3

## Comments from other ministries are incorporated by civil servants



Where necessary, civil servants from various ministries meet for discussions.



If they do not reach a solution, the political leaderships of various ministries meet for discussions.



The civil servants revise the proposal.

4

The proposal is submitted to the minister.



5

The minister may present the proposal to the whole of the Government at a preparatory meeting.



6

A final decision is taken by the Government as a whole.



# OECD Development Co-operation Peer Review

## Sweden 2013

The OECD's Development Assistance Committee (DAC) conducts periodic reviews of the individual development co-operation efforts of DAC members. The policies and programmes of each member are critically examined approximately once every five years. DAC peer reviews assess the performance of a given member, not just that of its development co-operation agency, and examine both policy and implementation. They take an integrated, system-wide perspective on the development co-operation and humanitarian assistance activities of the member under review.

Sweden delivered USD 5.24 billion in official development assistance (ODA) last year, or 0.99% of its gross national income (GNI). It is the second most generous member of the OECD's Development Assistance Committee (DAC), which groups the world's major donors, when ODA is measured on a GNI basis. The DAC commends Sweden for budgeting to reach its 1% ODA/GNI target each year since its last peer review in a climate of global financial crisis.

"Sweden has put development at the heart of its foreign policy agenda, showing a strong willingness to take the lead in addressing global challenges," said OECD DAC Chair Erik Solheim. "We commend Sweden for its efforts to meet a medium-term goal of maintaining aid at 1% of GNI, and remain confident that recently completed reforms should strengthen its ability to deliver an effective aid programme."

A new DAC review of Sweden notes that its *2003 Policy for Global Development* continues to provide a strong foundation for development co-operation. The country remains focused on poverty reduction and three thematic priorities identified in 2007: democracy and human rights; environment and climate change; and gender equality and the role of women in development. Most of Sweden's bilateral aid resources are committed in support of low income countries and fragile states in line with its poverty focus.

Sweden was the first DAC member to publish a strategy for considering the impact of domestic policies on developing countries - known as Policy Coherence for Development, or PCD – and has been a powerful advocate within the EU on this issue. Sweden's whole-of-government processes for policy making ensure that all major EU and domestic policies are screened for their impact on developing countries. However, the report notes that there is scope for increasing transparency about how conflicts of interest in the process of policy-making are managed.

The Committee found that clear political directives, policies and strategies reflect Sweden's international commitments and good practice. It noted, however, that a large number of additional priorities – each with their own policies and strategic documents – make for a complex overall picture. Sweden has recognised this weakness and is striving to replace its "forest of policies" with an eagerly-awaited aid policy framework that puts forward a clearer policy vision and a strategy for concrete actions that bring results. The Committee said this new framework should provide a clear hierarchy of policies, adequate criteria for effective prioritisation of goals and perspectives, and indicate how these can be translated into concrete actions that get results.

It also urged Sweden to finalise its planned bilateral and multilateral "results strategies" and continue its efforts to concentrate its resources for maximum impact. Currently, Sweden's aid is spread thinly across a wide range of countries, themes and programmes.