

December 1988

**DOES SIDA LEARN?**

**An examination of SIDA's (Swedish International  
Development Authority) readiness to  
learn from its experience**

**A summary of Audit Report 1986:858**

The complete report,  
which is only available  
in Swedish, consists  
of a main report of  
about 170 pages and  
four sub-reports

Executive Head: Britt-Marie  
Bystedt,  
Head of  
Department

Advisory Head: Hans Grohman  
Audit Director

Project Leader: Senior auditors  
Siv Näslund and  
Lennart Widell

The Swedish National Audit Bureau (RRV) Box 34105,  
S-10026, Stockholm, Sweden, Tel: Sweden (0)8-7384000

## 1. The Approach

In this audit report, the Swedish National Audit Bureau (RRV) examines the readiness of the Swedish International Development Authority (SIDA) to learn, i.e., the organization's ability to make use of the experience it gains and to make changes in its actions on the basis of this experience.

The effectiveness of an organization may be assessed from two standpoints, which are different in principle. The first is a static perspective which addresses questions like "What was the result?", and the second is a dynamic perspective which addresses issues such as "What results may be expected in the future?".

In recent years awareness of the significance of the dynamic perspective has increased. Research in the social sciences and in the business world is focussing more and more on the ability of organizations to develop, adapt and change.

The static perspective is the most relevant one for organizations which perform uncomplicated and fixed tasks in predictable environments. For organizations which perform complex and varied tasks in changeable and unpredictable environments the dynamic perspective must be an extremely important approach if not the predominant one.

Since SIDA undoubtedly falls into the latter category, the RRV has opted to adopt a largely dynamic approach in its audit of SIDA. The audit of SIDA's effectiveness will use as its main starting point the way in which SIDA is able to develop and change its actions and its organization on the basis of both its own experience and the experience of others.

## 2. External constraints on the learning process in SIDA

There are a number of notable paradoxes in the field of foreign assistance which complicate the learning process in SIDA. One of these paradoxes may be expressed as follows: "The cost of good quality foreign assistance is low, while at the same time it is

difficult for foreign assistance donors to disburse their foreign assistance appropriations". Another paradox may be expressed as the conflict between the short-term effectiveness requirements of foreign aid and long-term survival. These paradoxes in foreign assistance may compromise the organization's ability to act or may cause significant disparity between words and actions.

Various limitations are placed on SIDA's own area of action. The most important limitations are related to politics, administration, opinion and knowledge.

More severe limitations are placed on SIDA's decision-making rights than on those of other Swedish agencies in similar fields. This is largely because, unlike most other Swedish agencies, SIDA has to consider two political structures, mainly that of Sweden and of the recipient country.

SIDA is one of Sweden's most hotly-debated authorities and it has attracted its full share of mass media attention. This mass media interest affects SIDA's readiness to learn in various ways. Active interest from outside the organization may serve to accelerate the learning process. But if the organization takes into account the way the mass media concentrates on short-term results, it may attempt to conceal undesirable results and avoid introducing changes which are risky or which are expected to show only long-term results.

The limitations related to knowledge are that there is an enormous amount of information on SIDA's operations while there may be little information available on more specific issues (for example the health situation in a given district) and the quality of this information is often poor. Taken together, this means that although SIDA has to spend a great deal of time collecting and processing all information, it is often forced to make its decisions on very uncertain grounds.

### 3. SIDA

Founded as recently as 1965, SIDA is a young agency. SIDA is responsible to the Department for International Development Cooperation in the Ministry for Foreign Affairs, and has its Head Office in Stockholm (SIDA-S) and 16 local Development Cooperation Offices in the recipient countries. The SIDA workforce currently totals about 500 people.

In fiscal year 1988/89 SIDA's foreign assistance appropriation totalled SEK 5.6 billion. SIDA assistance is channeled into various forms of support. The most common forms are project support (direct support of specific projects), sector support (assistance given to an entire sector) or commodity support (assistance for the purchase of foreign goods). SIDA's project - and sector support is largely concentrated in five main sectors: agriculture, health care, education, industry and infrastructure. The agency also provides emergency assistance in the event of natural disasters, for example, and makes contributions to humanitarian assistance, non-Government organizations, innovative projects, methodological development etc.

As an organization SIDA may be seen as a kind of hybrid. The organization must function both by giving assistance and by spreading information about assistance. As SIDA has in practice been given an increasing amount of responsibility for implementing the programmes that are given support, the organization has also taken on a partly production function. In recent years, SIDA has increasingly appointed consultants to carry out its projects. This has meant that SIDA has moved towards a purchasing or agency role with the job of coordinating different actors and resources.

### 4. The methods used in the examination

All appraisals must be carried out in relation to some kind of basis for assessment. The approach used in "Does SIDA Learn?" has as its starting point a dynamic view of organizations. This also means that the audit must use other bases for assessment

than those used, for example, in the more traditional goal attainment analyses. The RRV has therefore used the following audit questions:

- A Has SIDA actually learned from its own and others' experience, and has it made changes in its behaviour?
- B Does SIDA's organization provide good conditions for learning?
- C How does SIDA's readiness to learn compare with other aid organizations?

Because this kind of question cannot be answered unequivocally, in many cases the RRV produced analytical conclusions on conditions within SIDA which affect the organization's readiness to learn.

5. Has SIDA learned from its experiences?

Different approaches were used in analyzing audit question A. An historical analysis of the development of SIDA assistance over the last twenty years shows that the attitude towards foreign assistance has undergone major changes since SIDA began to operate. The RRV considers that some of these changes are based on practical experience and genuine learning, while other changes have been brought about by SIDA coming into line with trends in foreign assistance, or may be explained by changes in Sweden's foreign aid policy.

The RRV has made a detailed analysis of three foreign aid programmes: the Secretarial College in Kenya, the Institute of Work Supervisors in Sri Lanka and the SIDA Water Project in Kenya. All of these projects have encountered fairly serious problems. It has taken a long time to bring about changes in the projects. However, once SIDA had realized what the problems were, the organization was relatively open and amenable to change. The problems were partly caused by the limitations related to politics, administration, opinion and knowledge placed upon SIDA,

and the so-called paradoxes which occur in the field of foreign assistance. Internal factors such as staff turnover, poor internal communications and, in certain cases, a lack of competence, also made the learning process more difficult.

The RRV also noted that SIDA found it difficult to specify what a successful foreign aid activity is, which also makes the learning process within the organization more difficult.

On the basis of the examples cited above, the RRV's opinion is that it is difficult to arrive at a uniform and generally applicable statement on the speed and relevance of the learning process within SIDA and the way the organization changes on the basis of its experience. However, there does appear to be a trend, namely that changes in political policy and the ideology of foreign assistance, both in Sweden and at the International level, are very important factors in explaining SIDA's actions. But the RRV analysis also indicate that certain strategic factors within SIDA have a major effect on the organization's readiness to learn. These factors are analyzed below.

6. Does SIDA's organization provide good conditions for learning?".

A special chapter is devoted to the analysis of audit question B, "Does SIDA's organization provide good conditions for learning?". With the help of documentation on the learning process in organizations, RRV identified ten areas and factors which researchers considered to have an important effect on the learning process of organizations.

In summary, the RRV notes a clearly-expressed interest for learning within the SIDA organization and that SIDA has built up good systems in a number of these areas while in others there are conditions which impede the process of learning and change. The RRV considers that in order to improve the learning process in the organization, SIDA should put particular priority on issues related to the composition of the operations it runs, it's different roles, and staff policies and management.

The following are comments on the situation in SIDA in the light of these ten factors.

### Objectives

The overall objective for SIDA and Swedish foreign assistance, which is set by the Swedish Parliament, is to "raise the standard of living of poor people". To make this possible, foreign assistance should help to bring about the following:

- An increase in resources
- Economic and social equalization
- Economic and political autonomy
- Democratic social development
- The far-sighted and planned utilization of natural resources and the care of the environment in recipient countries

By their very nature, there is a major inherent risk of a conflict of objectives in the goals set for foreign assistance policy, and the RRV view is that it is difficult for SIDA to deal with the conflicts which arise. The RRV considers that SIDA has no overall policy on how to deal with the goals that have been set for its operations, and the way they are dealt with as expressed in different strategy documents lacks the uniformity of a stated agency policy.

The Swedish Parliament has ruled that 1% of Sweden's gross national income must be donated as foreign assistance. It is, however, SIDA which has to pay out the funds allocated to the agency. This means that in addition to the five official goals for foreign assistance there is also an unofficial goal for SIDA namely the "disbursements goal".

By contrast to the official foreign assistance policy goals, this "disbursements goal" is easy to appraise and is in itself operationalized and thus, in the RRV's view, tends to have a considerable impact on the way foreign assistance is handled.

The RRV studies indicate that it is difficult to find goals at the project level which can provide good guidance for project management and can form the basis of a realistic appraisal of the projects while also having some links with the foreign assistance policy goals. These goals tend primarily to be expressed in physical terms, which means that their links with results and effectiveness will diminish in the long-term.

### Operations

The number of countries which are main recipients of SIDA foreign assistance, the so-called programme countries, has gradually increased from 6 in 1966 to 17 in 1988. SIDA is also currently giving assistance outside the programme countries to some 40 other countries and regions. Although SIDA maintains that it has managed to concentrate its activities in recent years, the RRV assessment is that by and large no such concentration has taken place.

With the existing broad spread of efforts in terms of both sectors and nations, it will be difficult for SIDA to develop its knowledge of foreign assistance. The RRV considers that SIDA has not taken the best advantage of its opportunities to concentrate and change the composition of its projects. The RRV therefore looks for more long-term and strategic thinking which should have as its starting point SIDA's role in the various recipient nations and the comparative advantages of both SIDA and Sweden in various sectors.

### Management Systems

The selection, structure and follow-up of Swedish foreign assistance is a complicated process involving many parties. The SIDA management system also has a number of planning cycles at different levels which must be compiled and co-ordinated both with the Swedish budgetary process and with various planning processes in the recipient countries. The large number of decisions involved means that SIDA produces a wealth of documentation. The RRV



considers that SIDA's flow of information is far too extensive and that SIDA places too high priority on the volume of information at the expense of the quality of this information.

Turning to the appraisals, the RRV considers that many individual actors make efforts to carry out accurate assessments but a number of factors, including a lack of time, mean that few of them actually manage to put the right questions or digest the responses they are given.

The RRV sees as a positive development the increasing tendency in the appraisal department to formulate distinct demands for comprehensive appraisals and that the department has initiated several such appraisals in recent years. In the RRV's opinion the appraisal group should concentrate more on strategic assignments than it does today.

In summary, the RRV considers that despite their promising ambitions, various circumstances such as lack of time, the "disbursements goal" etc., create the risk that the various follow-up systems used by SIDA will largely serve to place the stamp of approval on their activities.

#### Capacity versus Consultants

The staff at SIDA report a considerable increase in their workloads. Despite this, SIDA's capacity, measured as the staff payroll costs set against the foreign assistance appropriation, has not diminished.

SIDA usually put forward higher demands for quality and rapid results as causes of the lack of time. The RRV considers that SIDA's increased efforts to become involved in assistance ("concerned participation"), and the greater geographical and sectoral fragmentation of SIDA's foreign assistance activities are also major causes for the increase in workload. At the same time SIDA has taken various steps to meet this problem including rationalization and subcontracting work assignments to consultants. This has clearly not been enough.

The increase in the practice of contracting out work to consultants has led to a change (in practice if not yet formally) in SIDA's role, from foreign assistance administrator to that of purchaser/agent. The RRV considers an important factor contributing to staff stress is that SIDA, while assuming this new role, has not relinquished its old one. Many case officers in SIDA are today working with a growing number of consultants, but with the same levels of ambition in terms of maintaining contact with their projects. Contracting out work has thus also led to a greater, and not lesser, workload in some cases.

Since the crisis in the work situation is not caused by reduced capacity but by the changed nature of the work assignments themselves it is, in the RRV view, not possible to resolve the problem of resources solely by increasing the number of employees. For that reason the solution must primarily be found in changing SIDA's conditions, work assignments and role.

#### Roles and the allocation of responsibility

The RRV studies have revealed a great deal of vagueness on the allocation of responsibility at various levels in SIDA. This has an effect on SIDA's possibilities to learn as an organization. If staff have no clearly defined picture of their roles, it is difficult for them to know what they need to learn to deal with their work assignments.

The RRV assessment is that the process of centralization within the organization has led to longer decision-making chains and a tendency to inform everyone about everything, which in its turn has led to duplication of work.

At the same time the present organization still shows some flexibility, for example in the way the responsibility is apportioned between SIDA-S and the Development Cooperation Offices, where consideration is given in each case to the level of competence and experience at the Sector Office in Stockholm and the Development Cooperation Offices respectively. This is a positive learning factor.

### Continuity

In SIDA, external staff turnover is low, while internal staff turnover is high. The latter is largely because the staff circulate between jobs in the Development Cooperation Offices and in the Swedish Agency.

However, mobility is also a built-in factor in the culture of the organization. SIDA has both emphasized and rewarded broad rather than in-depth experience. Experience of many areas within the SIDA organization has been considered an advantage when it comes to advancement in the organization - and status has therefore been attached to circulation in the organization.

All studies and observations show that the lack of continuity in SIDA is a major obstacle to the learning process because the benefit of experience within the organization is lost. In the RRV's opinion there is far too much internal mobility in SIDA for it to be an effective learning organization. In recent years SIDA has attempted to break this trend, which RRV considers to be a positive move.

### Memory

A great deal of information is stored in SIDA's memory (files etc). However, there are major shortcomings in, for example, the relevance of stored documents, and the system is not modified to meet the need for easy retrieval that is essential when there is a large staff turnover.

### Personnel Policy

The RRV has focused on three aspects here: the issue of competence, the pay system and the learning climate. In all three factors, circumstances at SIDA complicate the learning process.

Today, some SIDA staff have the wrong qualifications and competence, and the RRV assessment is that this problem may increase. For example, there is a great risk that some of the staff are

neither suited nor willing to work in the way required by the organization's role as agent.

The SIDA pay structure is not easy for the case officers to interpret. It is also not compatible with the organization's stated long-term goals for foreign assistance, and favours short-term approaches. Neither does the pay structure help reduce the considerable shortage of qualified case officers at the Development Cooperation Offices.

SIDA shows strong tendencies towards becoming an inward-looking organization. Most SIDA staff have very similar experience and most of them are in the same age group. The RRV view is this may lead to stagnation in the organization.

Today, SIDA is in the process of changing into an organization which acts as an agency and this requires radical changes in competence and in the organization's behaviour. Despite the fact that SIDA is in a classic situation of change the RRV study shows that the organization makes no strategic use of personnel policy to facilitate the process of change.

#### Management

In RRV's examination of the different factors in this chapter, one phenomenon recurs, namely that it is difficult for SIDA to implement its ideas. In other words the organization is better at changing its thinking than its actions. One can frequently discern a discrepancy between the strategies produced in SIDA at a senior level and the actions which develop in practice.

This is caused by a number of factors, including the "disbursements goal". As the RRV studies indicate, the SIDA management is very highly qualified when it comes to foreign assistance issues but less successful in dealing with the organization's internal matters. This may also be one of the explanations for the major difference between words and actions in SIDA.

7. How does SIDA's readiness to learn compare with other foreign assistance organizations?

The RRV has compared the readiness to learn in SIDA with the foreign assistance agencies of other countries. A questionnaire circulated to international researchers and consultants was particularly valuable in making this comparison.

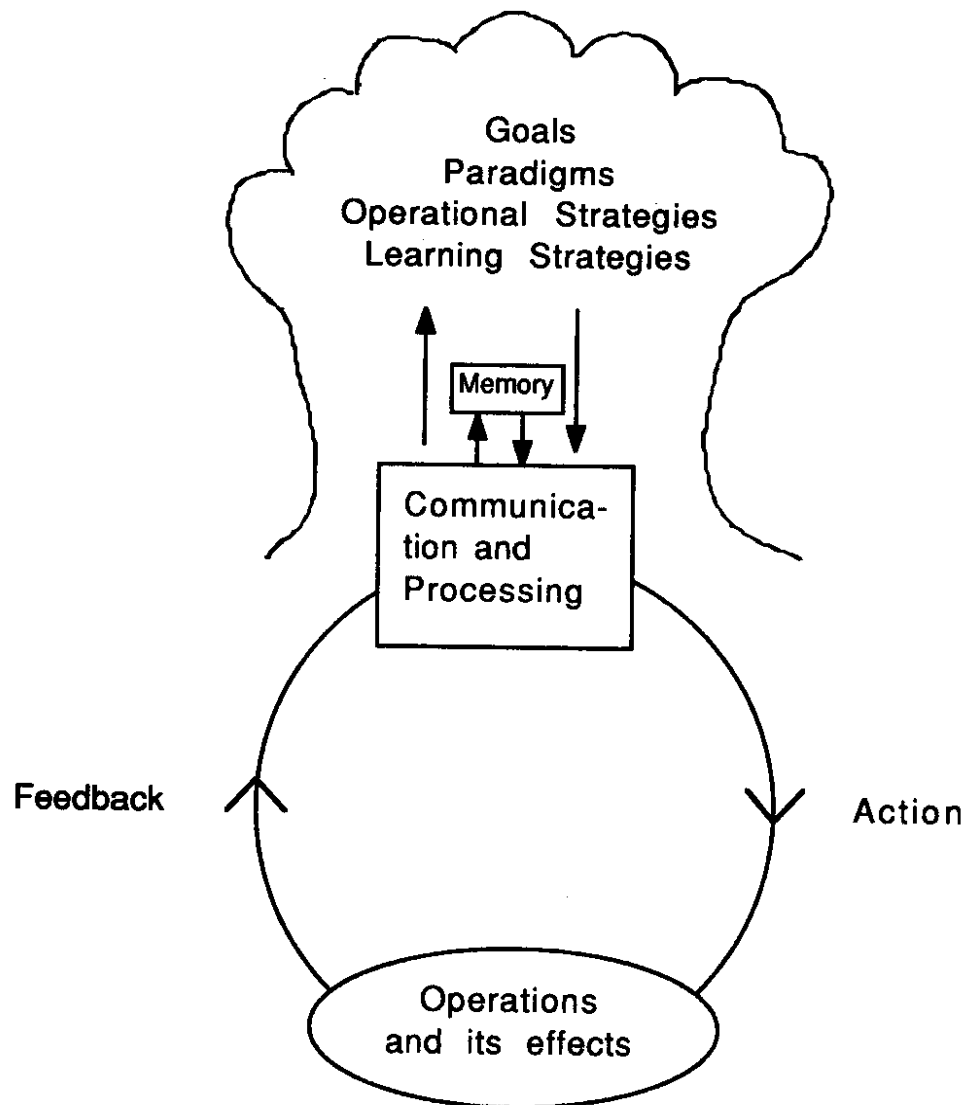
Of the eleven foreign assistance organizations that were assessed (four multi-lateral and seven bilateral organizations) SIDA was ranked in terms of the specialist qualifications and competence of the staff, the short-term flexibility of the organization and the long-term readiness to learn (i.e., the ability to assimilate experience and change its behaviour in the long-term) as number 3, 1 and 2 respectively.

Even if consideration is given to the methodological shortcomings of the questionnaire survey, the RRV considers that SIDA fares well in a comparison with other foreign assistance organizations, but there are also donors which function better in a number of respects. Seen in the learning perspective, this means that SIDA has a great deal to teach but also a great deal to learn from other donors. This in turn highlights the importance of increasing the exchange of experience between different donors.

8. A summary of the analysis of SIDA's learning process

A summarizing chapter in the Auditing Report analyzes the SIDA learning process on the basis of a learning model (see Fig. 1). According to the model, information on the effects of foreign assistance production, i.e., the different projects, is fed back to SIDA through a number of systems.

Fig. 1 A model of the organization's learning process



Within the SIDA organization information is communicated and processed and the organization then acts, possibly by changing its activities. Data from the activity and the change are stored in the organization's memory. The whole model is controlled by the general goals and strategies for the organization.

The RRV noted that the various stages of the analysis model, particularly the feedback and processing phases, are not in balance with each other. Because there is such a large quantity of documentary feedback, there is far too little time to process incoming material.

The RRV considers that SIDA should reduce the volume of data fed back and instead improve the quality of feedback and processing. This may be done, for example, by SIDA continuing its simplification of the formal foreign assistance processes and the related documentation and making fewer, but more thorough, appraisals, and also by extending the current policy of making overall appraisals. SIDA also needs to allow the staff to renew themselves and process their experience. This may in turn provide the basis for more logical and long-term actions. The RRV considers it particularly important that paradigms and foreign assistance methods are evaluated systematically so that SIDA does not fall victim to trends in the field of foreign assistance.

There are underlying reasons for the shortcomings uncovered in feedback, processing and action, one being the fragmentation of the activities. Another is the lack of continuity within the organization. Vaguely defined goals, combined with the difficulties of measuring the results and effects, taken together with problems related to the "disbursements goal", are also obstacles to the learning process.

SIDA has no homogenous, well-planned view of the level of competence its staff need or on what action the organization should take to develop good learning processes. The attitude towards knowledge therefore develops on an ad-hoc basis in different departments of SIDA. The RRV observed three predominant views of learning. The first is that learning takes place in running operations, i.e., "learning by doing". Secondly, a dominant attitude in SIDA seems to be that knowledge is primarily spread from above down through the organization and not the other way round. The RRV opinion is, however, that this attitude could easily lead to the ultimate isolation of management and their inability to take on board what actually happens in the production process. Thirdly, SIDA's learning process is influenced by the view that teaching can mainly be improved by, for example, introducing better routines and more appraisals - that is to say making the learning processes more technical.

9. The possibilities for SIDA to change its organization and improve its readiness to learn

As mentioned above, the RRV studies show that SIDA's staff carry heavy workloads and it may be said that the organization is working under severe stress. The RRV opinion is that this puts SIDA in a vulnerable position which places major constraints on its readiness to learn. At the same time it is obvious that SIDA has reached a breaking point which also gives the organization an opportunity to reconsider its position and make more radical changes.

To some extent SIDA has already begun this process of change. The RRV considers SIDA to be in a good position to introduce changes, but this process will make major demands of the management in terms of clarifying their ideas and winning general support for them.

RRV's observations have shown that throughout SIDA the staff find it difficult to define their roles and work assignments. This has meant that the organization has taken on assignments which are far too big in relation to the resources at its command. The confusion of roles within SIDA has made it difficult for the organization to rank its work assignments by priority, and this has caused duplication of work and is the reason why the learning systems were not brought into line with the role SIDA has assumed. The RRV therefore considers it particularly important for SIDA to establish the roles of the organization, in particular:

- SIDA's role in the world of foreign assistance
- SIDA's role vis-a-vis the recipient
- SIDA's role in Sweden
- SIDA's role in terms of external resources, such as consultants
- SIDA's internal roles

As an example of a different approach about which SIDA must make a conscious decision, the RRV put forward an argument for switching to a role as a purchaser of consultant services and as an agent.



A change to the role of agent will affect every part of the SIDA organization. This means that it will also have an effect on the learning process. The new roles to be assumed will, for example, require a new type of competence and what this competence is must be made clear to SIDA staff and when recruiting from outside the organization. The personnel department, and the way in which SIDA uses personnel policy, will be a strategic issue. It is probable that the planning, management and follow-up processes should also be completely restructured to fit in with this new role. It will probably be even more important during the preparatory period to make advanced and detailed analyses of the way in which a given foreign assistance project should be developed, and to find control variables and control points for this purpose. Overall analyses and synthesizing studies will probably assume even more importance.

The RRV can envisage certain risks associated with this new role, such as:

- Will contracting out foreign assistance work also mean going over to a certain type of assistance?
- How can SIDA find control mechanisms which will stop the consultants' portion of the foreign assistance appropriation from growing more than is justified by long-term development?
- How can SIDA find ways of controlling the consultants so that links are forged between the consultants' responsibility and the long-term effects of foreign assistance?
- How can SIDA retain in the long-term its level of competence so that the organization can make its own decisions on what work should be done and how?

In summary, the RRV's opinion is that SIDA should become aware of its options and clarify the conditions, risks and consequences of its role as agent, and make this known both to its own staff and to its principals outside the organization.

## 10. The RRV proposals

In the RRV's opinion there are many ways in which SIDA can improve the details of its learning processes. However the RRV considers that such changes can only have marginal effects and that the preconditions for learning are more a matter of the way in which SIDA handles the important variables dealt with in Chapter 6 of this summary.

### Objectives

- Continue to work on finding realistic project objectives which can be followed up, and continue to work on producing strategies which may provide guidance in selecting projects and setting project objectives.
- Develop methods to counteract the negative effects of the "disbursements goal", for example having the management issue statements on this subject. It is particularly important to ensure that the rewards system does not favour the "disbursements goal" to the detriment of other goals, and to tackle sub-optimization which is expressed as, for example, payments to consultants not being seen as a cost charged to the operation.

### Operations

- Work out a strategy for SIDA's overall foreign assistance operation. This strategy should be based on the comparative advantages of SIDA and Sweden in terms of foreign assistance and identify areas where SIDA can operate particularly well. This should give SIDA greater opportunities to concentrate its operations on certain areas and thereby make the learning process easier.

### Feedback, Processing and Action

- Improve the balance between the different components of the RRV learning model, that is, between feedback, processing and action. SIDA should reduce the flow of information, for example by producing shorter and more problem-oriented memoranda and

reports and by establishing more precise chains of information. This should provide more time for processing and analysis. SIDA should also follow-up its analyses and decisions better in its practical operations.

- Introduce more strategic follow-up and evaluation procedures. This will be a particularly important point if more work is contracted out. In the RRV view, SIDA should preferably carry-out fewer and more thorough appraisals which can be read and absorbed in the organization, rather than produce a large number of superficial appraisals which there is no time to deal with.
- Place emphasis on good examples of foreign assistance projects, strategies and actions in the foreign assistance process.
- Create procedures for applying the experience of staff and consultants who return home from projects.

#### Memory

- Improve SIDA's organizational memory. In the RRV's opinion there are a number of simple measures which could improve the written memory; for example debriefing of case officers who leave the organization. More opportunities for processing information and issuing documentation in the form of strategies, synthesizing studies etc. will improve the memory in terms of its in-depth knowledge. Greater use of consultants means that the memory is transferred to the consultants. This transfer means that SIDA needs to know and remember less detail and more in the form of processed knowledge and syntheses.

#### Personnel Policy

- Analyze SIDA's requirements as regards competence and qualifications in the light of SIDA's future role, and develop the necessary competence by increasing personnel development programmes and external recruitment. This means that SIDA must adopt a far more strategic approach to personnel issues.

- Make vigorous efforts to solve the problem of staff who are difficult to place.
- Improve continuity by having staff spend longer periods in each post and having them overlap with their successors.
- Develop the organization by introducing links between responsibility and effects in foreign assistance and bring the rewards system into line with these effects.

#### The Organization

- Clarify the responsibility between different actors, both within and outside SIDA, and get to grips with the negative effects of the hierarchical and centralized structure within the organization. One way of tackling this may be to introduce a clearly-defined project leader position, which will also provide better links between responsibility and the effects of foreign assistance work, and provide solutions to the problem of SIDA's homogenous age structure.

#### SIDA and Society

- Increase contact between SIDA and Swedish society outside the world of foreign assistance and with other donors and recipient countries. An exchange of experience with other donors or agencies with similar operations and more co-operation with research institutes in recipient countries are some examples of measures that can be taken under this heading.